

CITY OF BIRMINGHAM
DEPARTMENT OF FINANCE
OFFICE OF PAYROLL & PENSION ADMINISTRATION

Room 189 City Hall
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2017 ANNUAL REMINDER REGARDING INCOME TAX WITHHOLDING

Dear Retiree/Beneficiary:

As you may recall, when you began to receive your benefit payments, you were given the opportunity to choose whether you wanted federal income tax withheld from those payments. This is to remind you that you may change your decision if you wish.

For 2017, the amount of federal tax being withheld from your payments (if any) may change because the withholding tables have changed. If your payments are less than \$1,720 per month, we will not withholding income tax from those payments unless you specifically request withholding or have already done so.

Until you file a new election or withholding certificate with us, your original choice as to whether to have withholding, and on what basis, will remain in effect. You may change your election using Form W-4P, which is available from the IRS or from us. If you make a change, it will be put into effect by the first of the month that is at least 30 days after we receive the form.

Withholding on your benefit payments is one way for you to pay a portion of your income tax. If not enough tax is being withheld from your total taxable income for the year, you may have to pay estimated taxes during the year or a tax penalty at the end of the year. Of course, whether or not you have to pay federal income tax depends on the total amount of your taxable income, not just on your benefit payments from the plan. Remember, for many people, Social Security benefits are not taxable.

Your decision on withholding is an important one. You may wish to discuss it with a qualified tax advisor.

Very truly yours,

Rachelle Christian

Rachelle Christian
Payroll & Pension Administrator

Do you have questions about this notice? If so, you may call, (205) 254-2146, (205)254-2205 or (205) 254-2754.