



MCPS Employees' Retirement/Pension System Federal and Maryland State Withholding Request

MCPS Form 281-50
March 2008

Employee and Retiree Service Center (ERSC)
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland 20855

INSTRUCTIONS: Before submitting this form to ERSC (new retirees) or Aetna (existing retirees), please consult examples #1-#4 on page 2. You must complete SECTION I. SECTION II is optional.

Social Security Number _____ - _____ - _____ Print Full Name _____

SECTION I: FEDERAL TAX WITHHOLDING

Please check (✓) the appropriate block(s) indicating your election. You may select both SECTION I (Federal) and SECTION II (State).

Withhold Federal Income Tax block(s) indicating your election. You may select both #1 and #2, in which case the sum of the two choices will be withheld. **YOU MAY NOT SELECT ONLY #2.**

| | | | |
|--|--|--|---|
| <input type="checkbox"/> 1. Marital Status <input type="checkbox"/> Single <input type="checkbox"/> Married | Enter Number of Exemptions _____ 1 for yourself _____ 1 for spouse _____ Additional _____ TOTAL EXEMPTIONS | <input type="checkbox"/> 2. Withhold from each monthly pension check the following whole dollar amount: \$ _____ | <input type="checkbox"/> 3. I do not wish to have Federal Income Tax withheld from my monthly retirement check. I realize that I am liable for payment of Federal Income Tax on the taxable portion of my benefit and that I am subject to tax penalties under the estimated tax payment rules if my payments of estimated tax and withholding are not adequate. |
|--|--|--|---|

SECTION II: MARYLAND STATE INCOME TAX WITHHOLDING

Please check the appropriate box indicating your election. Check only one (1).

| | |
|---|---|
| <input type="checkbox"/> 1. I am NOT a Maryland resident. Do not withhold Maryland Income Tax. <input type="checkbox"/> 2. I AM a Maryland resident, but I do not wish to have tax withheld. | <input type="checkbox"/> 3. Withhold from each monthly pension check the following WHOLE DOLLAR amount (not less than \$5). \$ _____ |
|---|---|

FOR STATES OTHER THAN MARYLAND, YOU WILL NEED TO CONTACT YOUR STATE OF RESIDENCE FOR THE APPLICABLE FORM.

SIGNATURE REQUIRED

Signature Telephone Number _____ / _____ / _____
Date

INCOME TAX WITHHOLDING FOR RETIREES

Each retiree is responsible to have the required Federal and State income taxes withheld based upon their overall income and projected tax liability. However, it is not necessary to have withholdings from each individual income source. Instead, retirees normally need to have one Federal and one State withholding account (depending upon your state of legal residence, and applicable state tax laws). Individuals who do not have enough income tax withheld may wish to file estimated taxes or they may be subject to penalties if their withholding is not adequate.

Some states exclude pension income from taxable wages while other states exclude pension income once you have attained a certain age, such as age 65. Other states treat pension income as fully taxable. Therefore, it is critical to familiarize yourself with the tax laws and withholding requirements of your state of residence or consult a qualified tax or financial advisor for additional questions or information.

Each year, you file Federal and State income tax returns to determine your actual tax liability. Then, based upon the amount withheld during the tax year, you will either owe additional taxes or receive a tax refund. As your income grows over time, you may need to increase your tax withholdings to insure that adequate taxes have been withheld. Several forms are used to establish or update the amount of federal and state taxes that are withheld from your pension. The forms you will need depend upon your state of residence, and whether you receive your core retirement benefit from the State Teachers' Retirement System or the MCPS Employee's Retirement/Pension System through MCPS' agent, Aetna, Inc.

The following four examples illustrate the common situations based upon plan membership and state of residence. Each example will explain the necessary forms and where to send them to establish or adjust your withholding amount.

[SEE PAGE TWO FOR EXAMPLES →]

INCOME TAX WITHHOLDING FOR RETIREES

EXAMPLE #1

**Core Benefit from Maryland State Retirement System
Supplemental Benefit from MCPS/Aetna
Resident of Maryland**

| | Federal Tax Withholding | State of Maryland Tax Withholding |
|---|---|---|
| Withheld From | State Monthly Benefit | Either State Monthly Benefit or MCPS Supplemental Benefit |
| Form to use when establishing or adjusting your withholding amount | W-4P section of SRA Form 766 | If from State Benefit, lower portion of SRA Form 766. If from MCPS Benefit, then Section II of MCPS Form 281-50. |
| Available Online | Yes | Yes |
| Online Address | See footnote #1. | For State Form, footnote #1. For MCPS/Aetna Form see footnote #2. |
| Where to send completed tax forms at retirement | To ERSC along with all retirement forms | To ERSC along with all retirement forms |
| Where to send completed forms for subsequent changes | Directly to: State Retirement Agency of Maryland, 120 E. Baltimore St., Baltimore, MD 21202-6700 | State form to State Retirement Agency MCPS Form to: Aetna, Inc., Large Case Pensions, RS2A, 151 Farmington Avenue Hartford, CT 06156 |

EXAMPLE #2

**Core Benefit from Maryland State Retirement System
Supplemental Benefit from MCPS/Aetna
Non-Resident of Maryland**

| | Federal Tax Withholding | State Tax Withholding States Other Than Maryland |
|---|---|--|
| Withheld From | State Monthly Benefit | MCPS Supplemental Benefit |
| Form to use when establishing or adjusting your withholding amount | W-4P section of SRA Form 766 | See footnote #3. |
| Available Online | Yes | Yes |
| Online Address | See footnote #1. | See footnote #2. |
| Where to send completed forms at retirement | To ERSC along with all retirement forms | To ERSC along with all retirement forms |
| Where to send completed forms for subsequent changes | Directly to: State Retirement Agency of Maryland, 120 E. Baltimore St., Baltimore, MD 21202-6700 | Directly to: Aetna, Inc., Large Case Pensions, RS2A, 151 Farmington Avenue Hartford, CT 06156 |

EXAMPLE #3

**Core Benefit from MCPS/Aetna
Supplemental Benefit from MCPS/Aetna
Resident of Maryland**

| | Federal Tax Withholding | State of Maryland Tax Withholding |
|---|--|--|
| Withheld From | MCPS/Aetna Monthly Benefit | MCPS Monthly Benefit |
| Form to use when establishing or adjusting your withholding amount | Section I of MCPS Form 281-50 | Section II of MCPS Form 281-50 |
| Available Online | Yes | Yes |
| Online Address | See footnote #2. | See footnote #2. |
| Where to send completed forms at retirement | To ERSC along with all retirement forms | To ERSC along with all retirement forms |
| Where to send completed forms for subsequent changes | Directly to: Aetna, Inc., Large Case Pensions, RS2A, 151 Farmington Avenue Hartford, CT 06156 | Directly to: Aetna, Inc., Large Case Pensions, RS2A, 151 Farmington Avenue Hartford, CT 06156 |

EXAMPLE #4

**Core Benefit from MCPS/Aetna
Supplemental Benefit from MCPS/Aetna
Non-Resident of Maryland**

| | Federal Tax Withholding | State Tax Withholding States Other Than Maryland |
|---|--|--|
| Withheld From | MCPS/Aetna Monthly Benefit | MCPS Monthly Benefit |
| Form to use when establishing or adjusting your withholding amount | Section I of MCPS Form 281-50 | See footnote #3. |
| Available Online | Yes | Yes |
| Online Address | See footnote #2. | See footnote #2. |
| Where to send completed forms at retirement | To ERSC along with all retirement forms | To ERSC along with all retirement forms |
| Where to send completed forms for subsequent changes | Directly to: Aetna, Inc., Large Case Pensions, RS2A, 151 Farmington Avenue Hartford, CT 06156 | Directly to: Aetna, Inc., Large Case Pensions, RS2A, 151 Farmington Avenue Hartford, CT 06156 |

FOOTNOTES:

- http://www.sra.state.md.us/forms/sramd_forms/sramd_form766.pdf
- <http://www.montgomeryschoolsmd.org/departments/forms/pdf/281-50.pdf>
- If your state has an income tax withholding form for Pension or Annuity payments, you should complete your state form. Information regarding income tax withholding allowances can be obtained from your state taxing authority. For those retirees living in Virginia, Delaware, West Virginia, and the District of Columbia, forms are available from the following Web sites:
<http://www.tax.virginia.gov/>
<http://www.state.de.us/revenue>
<http://www.wv.gov>
<http://cfo.dc.gov/otr/site>

FOR OTHER STATES, YOU WILL NEED TO CONTACT YOUR STATE OF RESIDENCE FOR THE APPLICABLE FORM.