

2016 VERMONT TAX WITHHOLDING ON PENSION PAYMENTS

If you want the retirement office to calculate your State tax liability, please be sure to enter appropriate information on the ELECTION form before returning it.

If you want to estimate your State tax liability, you may use the following tables (note: these are subject to change per state regulations).

CHECK BOXES TO DETERMINE NUMBER OF EXEMPTIONS:

- SELF:** For yourself.
- SPOUSE:** If you are legally married and your spouse is not claiming his/her own allowances for his/her own income only. If your spouse is claiming his/her own allowances, go to item #1, below.

ITEM #1 (a) Total boxes checked: _____

(b) Number of other dependents: _____

(c) Total allowance (a) + (b) _____

ITEM #2 Multiply the number you are claiming by \$337.50 and enter the amount here: \$ _____

ITEM #3 Subtract the amount from item #2 from the taxable part of your monthly pension.

ITEM #4 Based on the result in item #3, calculate the amount to be withheld from each check from the following chart.

(A) If you are SINGLE (this includes head of household) and the result in item #3 is:

<u>At Least \$</u>	<u>But Not Over \$</u>	<u>Withhold \$</u>	<u>Plus% of excess amount over \$</u>
\$ 0.00	\$ 221.00	\$ 0.00	N/A
\$ 221.00	\$ 3,325.00	\$ 0.00	3.55% of amount over \$ 221.00
\$ 3,325.00	\$ 7,783.00	\$ 110.19	6.80% of amount over \$ 3,325.00
\$ 7,783.00	\$ 16,033.00	\$ 413.34	7.80% of amount over \$ 7,783.00
\$16,033.00	\$ 34,633.00	\$ 1,056.84	8.80% of amount over \$16,033.00
\$34,633.00		\$ 2,693.64	8.95% of amount over \$34,633.00

(B) If you are MARRIED and the result in item #3 is:

<u>At Least \$</u>	<u>But Not Over \$</u>	<u>Withhold \$</u>	<u>Plus% of excess amount over \$</u>
\$ 0.00	\$ 667.00	\$ 0.00	N/A
\$ 667.00	\$ 5,825.00	\$ 0.00	3.55% of amount over \$ 667.00
\$ 5,825.00	\$ 13,371.00	\$ 183.11	6.80% of amount over \$ 5,825.00
\$13,371.00	\$ 20,000.00	\$ 696.24	7.80% of amount over \$13,371.00
\$20,000.00	\$ 35,158.00	\$ 1,213.30	8.80% of amount over \$20,000.00
\$35,158.00		\$ 2,547.20	8.95% of amount over \$35,158.00

NOTICE OF TAX WITHHOLDING ON PENSION PAYMENTS

SOCIAL SECURITY

You should note that Social Security will not withhold State income taxes from your Social Security payment. Depending upon your total taxable income, you might wish to have us withhold additional Vermont state tax from your Vermont pension benefit.

COMPLETION OF THE FORM:

Please complete and return the enclosed election form along with your application for retirement (if applicable). If you want the retirement office to calculate your tax liability, be sure to complete marital status and the number of exemptions you have on the election form before returning it. Whatever you decide will remain in effect until you change it, and you may change it at any time. You may use the reverse side of this notice if you want to determine how much will be withheld for Vermont state tax should you ask us to calculate your withholding. If for some reason you do not return the election form, we will NOT deduct Vermont taxes.

IMPORTANT

Remember that withholding is based on the amount paid to you by retirement only. It does not consider other income. You might wish to have us withhold additional tax because of other income and the fact that in some circumstances Social Security is taxable.

While we can tell you how much of your pension is taxable, we cannot give you tax advice.

Any recipient of a disability should also contact a tax advisor as they may be eligible for additional tax exclusions.

Revised
1/1/2016 JML