



# CITY OF ORLANDO

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May 28, 2009

Dear City of Orlando Retiree,

The purpose of this letter is to notify you of changes to the tax tables used to determine the amount of federal income tax withheld from your monthly pension check and the potential tax implications this may present for you at year end.

The American Recovery and Reinvestment Act of 2009 (commonly referred to as the Stimulus Bill) required the development of new income tax withholding tables. The new tax tables reflect the Making Work Pay tax credit, which was intended to put more money into the pockets of taxpayers as quickly as possible. To implement the credit, the IRS revised the income tax withholding tables for 2009 to reduce the amount of federal income tax withheld at applicable income levels and thereby increase the net amount of a paycheck or pension check.

Although the tax credit only applies to "earned income" (as defined under the Internal Revenue Code), the IRS has instructed that the new tables are to be used to calculate withholding on pension payments even though pension payments are not "earned income" and therefore do not qualify for the tax credit. This will give many pensioners a little more money to spend currently, but for some it may mean that not enough is being withheld from their monthly pension check to cover the tax they owe for the year. While the total dollar amounts of the credit are small (\$400 single/\$800 married filing jointly), an unexpected tax bill in April 2010 could be a problem for some pensioners.

For those pensioners that would like to mitigate the impact of this potential under-withholding you can notify the City that you would like an additional amount withheld from your pension check. You can do this by filling out a new Form W-4P (included with this letter) and indicating on Line 3 the additional amount you would like withheld from your monthly check. You can send or fax your completed Form W-4P to us at the address below. If faxing, please call ahead so that we know to expect your fax.

City of Orlando Payroll Division  
400 S. Orange Ave, 4th Floor  
Orlando, Florida 32801  
Phone: (407) 246-2380  
Fax: (407) 246-2707

As with all tax-related matters, you should contact your accountant or tax adviser for further guidance.

Sincerely,

Rebecca W. Sutton, Chief Financial Officer

**OFFICE OF BUSINESS AND FINANCIAL SERVICES**

City of Orlando • 400 South Orange Avenue • PO Box 4990 • Orlando, Florida 32802-4990  
Phone (407) 246-2341 • Fax (407) 246-3712 • <http://www.cityoforlando.net>

**Purpose.** Form W-4P is for U.S. citizens, resident aliens, or their estates who are recipients of pensions, annuities (including commercial annuities), and certain other deferred compensation. Use Form W-4P to tell payers the correct amount of federal income tax to withhold from your payment(s). You also may use Form W-4P to choose (a) not to have any federal income tax withheld from the payment (except for eligible rollover distributions, or payments to U.S. citizens delivered outside the United States or its possessions) or (b) to have an additional amount of tax withheld.

pages 3 and 4. Your previously filed Form W-4P will remain in effect if you do not file a Form W-4P for 2009.

**What do I need to do?** Complete lines **A** through **G** of the **Personal Allowances Worksheet**. Use the additional worksheets on page 2 to further adjust your withholding allowances for itemized deductions, adjustments to income, certain credits, or multiple pensions/more-than-one-income situations. If you do not want any federal income tax withheld (see *Purpose* above), you can skip the worksheets and go directly to the Form W-4P below.

Your options depend on whether the payment is periodic, nonperiodic, or an eligible rollover distribution, as explained on

**Sign this form.** Form W-4P is not valid unless you sign it.

**Personal Allowances Worksheet (Keep for your records.)**

**A** Enter "1" for yourself if no one else can claim you as a dependent . . . . . **A** \_\_\_\_\_

**B** Enter "1" if:   
 { • You are single and have only one pension; or   
 • You are married, have only one pension, and your spouse has no income subject to withholding; or   
 • Your income from a second pension or a job, or your spouse's pension or wages (or the total of all) is \$1,500 or less. } . . . . . **B** \_\_\_\_\_

**C** Enter "1" for your spouse. But, you may choose to enter "-0-" if you are married and have either a spouse who has income subject to withholding or you have more than one source of income subject to withholding. (Entering "-0-" may help you avoid having too little tax withheld.) . . . . . **C** \_\_\_\_\_

**D** Enter number of dependents (other than your spouse or yourself) you will claim on your tax return . . . . . **D** \_\_\_\_\_

**E** Enter "1" if you will file as head of household on your tax return . . . . . **E** \_\_\_\_\_

**F** **Child Tax Credit** (including additional child tax credit):   
 • If your total income will be less than \$61,000 (\$90,000 if married), enter "2" for each eligible child; then less "1" if you have three or more eligible children.   
 • If your total income will be between \$61,000 and \$84,000 (\$90,000 and \$119,000 if married), enter "1" for each eligible child plus "1" additional if you have six or more eligible children. . . . . **F** \_\_\_\_\_

**G** Add lines A through F and enter total here. (Note. This may be different from the number of exemptions you claim on your tax return.) . . . . . **G** \_\_\_\_\_

For accuracy, complete all worksheets that apply.   
 { • If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the **Deductions and Adjustments Worksheet** on page 2.   
 • If you have more than one source of income subject to withholding or a spouse with income subject to withholding and your combined income from all sources exceeds \$40,000 (\$25,000 if married), see the **Multiple Pensions/More-Than-One-Income Worksheet** on page 2 to avoid having too little tax withheld.   
 • If neither of the above situations applies, stop here and enter the number from line G on line 2 of Form W-4P below.

----- Cut here and give Form W-4P to the payer of your pension or annuity. Keep the top part for your records. -----

Type or print your first name and middle initial.	Last name	Your social security number
Home address (number and street or rural route)		Claim or identification number (if any) of your pension or annuity contract
City or town, state, and ZIP code		

**Complete the following applicable lines.**

**1** Check here if you do not want any federal income tax withheld from your pension or annuity. (Do not complete lines 2 or 3.) ►

**2** Total number of allowances and marital status you are claiming for withholding from each periodic pension or annuity payment. (You may also designate an additional dollar amount on line 3.) . . . . . ► \_\_\_\_\_ (Enter number of allowances.)   
**Marital status:**  Single  Married  Married, but withhold at higher "Single" rate

**3** Additional amount, if any, you want withheld from each pension or annuity payment. (Note. For periodic payments, you cannot enter an amount here without entering the number (including zero) of allowances on line 2.) . . . . . ► \$ \_\_\_\_\_

Your signature ►

Date ►