

Form W-4P (substitute)

Notice of Withholding of Federal Income Tax from Periodic Pension Payments

Internal Revenue Code Section 3405(a) requires federal income tax withholding from your periodic pension payment unless you elect not to have withholding apply. Withholding will only apply to the portion of your pension payment that is included in your income subject to federal income tax and will follow the rules for the withholding of tax from wages. Therefore, there will be no withholding on the return of your own nondeductible contributions to the plan.

In the event that we are unable to determine the portion of your payment that is includible in gross income, tax will be withheld on the gross amount of the payment, even though you may be receiving amounts that are not subject to withholding (because they are excludable from gross income). This withholding procedure may result in excess withholding on the payment. You may, however, provide us with the information necessary to calculate the taxable portion of each payment, or you may adjust your allowances claimed on the election notice if you want a lesser amount withheld from each payment.

The amount of federal income tax withheld will change if the periodic amount of your pension changes or if the tax rates change.

You may elect not to have withholding apply to your pension payments by following the instructions in Option A (checking the box after 4(c) of Option B on the election form) on the reverse side of this notice unless you are a U.S. citizen or resident alien and your payment is to be delivered outside of the United States or its possessions, or if you do not provide us with Social Security number.

If you provide an incorrect Social Security number, we are required to withhold as if you were a single person with no adjustments.

If you elect to have withholding, please fill out Option B on the election form and supply the additional information indicated in sections 1 - 4. Withholding will be calculated on the basis of whether you are single, married or head of household and any adjustments that you claim.

You may also elect to have an additional flat amount withheld from each periodic payment; please write in the amount on line 4(c) of the election form.

After completing the election form, please sign, date and return it to Prudential at the address on the reverse side of this notice. Your election choice will become effective no later than with the payment that is due at least one month after our receipt of the election. Your election will remain in effect until you change or revoke it. You may make and revoke elections not to have withholding apply as often as you wish. Additional election forms may be obtained by calling the "800" number on the front of this notice.

If you do not return a signed and completed election form, or if your election is not received prior to the processing of your initial retirement check, we will be required by law to withhold federal income tax from your pension payments as if you were a single person with no adjustments.

Caution: If you elect not to have withholding apply to your pension payments, or if you do not have enough federal income tax withheld from your pension payments, you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient.



Prudential

Form W-4P (substitute) Withholding Election Form and Notice to Payee of Withholding of Federal Income Tax from Periodic Pension Payments

Name of Payee (please print)

Address

Social Security Number

Contract Number

Please read the enclosed notice before making your election. Check the appropriate box(es) below. Then sign and date this form and return it as soon as possible.

A. If you DO NOT want federal tax withheld, please proceed to the checkbox below step 4 of B. Do not complete choice B part 1-4; continue to the Signature section and sign and date the form.

Or

B. I elect to have tax withheld from my annuity payments. Please complete the information on filing status. You may also designate an additional dollar amount to withhold from each payment under No. 4(c) below.

1. Filing Status: (Please check only **one**).

- Single or Married filing separately
- Married filing jointly or Qualifying widow(er)
- Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)

Complete Steps 2-4 **ONLY if they apply to you**; otherwise, please be sure to provide your signature and date in the section below.

2. Income From a Job or Multiple Pensions/Annuities (Including a Spouse's Job or Pension/Annuity)

Use this section if you (1) receive income from a job or more than one pension/annuity, or (2) are married filing jointly and your spouse receives income from a job or a pension/annuity.

a. Reserved for future use

b. Complete the items below :

- i.** If you (or your spouse) have a job(s), enter the total taxable annual pay from all job(s) and any other income entered on Form W-4, Step 4(a), less the deductions entered on Form W-4, Step 4(b). If you (or your spouse) do not have a job(s), enter "-0-" \$ _____
- ii.** If you (or your spouse) have another pension/annuity that pays less annually than this pension/annuity, enter the total annual taxable payments from those other sources. If this is the only pension/annuity or it pays the least taxable amount annually, enter "-0-" \$ _____
- iii.** Add the amounts from items (i) and (ii) and enter the total here \$ _____

TIP: To be accurate, submit a new Form W4-P* for all other pensions/annuities if you haven't updated your withholding since 2021 or this is a new pension/annuity that pays less than the other(s). Submit a new Form W-4 for your job(s) if you have not updated your withholding since 2019. If you have self-employment income, see the General Instructions below.

Complete Steps 3–4(b) on this form only if (b)(i) is blank and this pension/annuity pays the most annually. Otherwise, do not complete Steps 3–4(b) on this form.

3. Claim Dependent and Other Credits

If your total income will be \$200,000 or less (\$400,000 or less if married filing jointly):

Multiply the number of qualifying children under age 17 by \$2,000

\$ _____

Multiply the number of other dependents by \$500

\$ _____

Add other credits, such as foreign tax credit and education tax credits

\$ _____

Add the amounts for qualifying children, other dependents, and other credits and enter the total here

\$ _____

4. (optional) - Other Adjustments

a. Other income (not from jobs or pension/annuity payments). If you want tax withheld on other income you expect this year that won't have withholding, enter the amount of other income here. This may include interest, taxable Social Security, and dividends

\$ _____

b. Deductions. If you expect to claim deductions other than the basic standard deduction and want to reduce your withholding, use the Deductions Worksheet included on page 4 and enter the result here

\$ _____

c. Extra withholding. Enter any additional tax you want withheld from each payment

\$ _____

DO NOT WITHHOLD FEDERAL INCOME TAXES.

*Form W-4P is available on the Internal Revenue website at <https://www.irs.gov/pub/irs-pdf/fw4p.pdf>

You may be able to claim a credit for your spouse and for each dependent. Your most recent tax return may help you in deciding the number of dependents to claim.

You are not required to claim all of the credits and adjustments to which you are entitled. If you expect to itemize deductions, and if they exceed the standard deduction, you may claim additional withholding credits and adjustments in Section 3 and 4 to which you may be entitled. You should consult your tax advisor with any questions on deductions or tax credits that may apply.

Signature

Date

Please return the completed form to:

The Prudential Insurance Company of America
2801 Townsgate Road, Ste 300, Thousand
Oaks, CA 91361

Fax to: (800) 307-0009

Email to: WCTpension@Prudential.com

If you have any questions, feel free to contact us at: (800) 336-3387

Step 4(b) Deductions Worksheet *(Keep for your records.)*

1. Enter an estimate of your 2023 itemized deductions (from Schedule A (Form 1040)). Such deductions may include qualifying home mortgage interest, charitable contributions, state, and local taxes (up to \$10,000), and medical expenses in excess of 7.5% of your income. **1** \$ _____
2. Enter: $\left\{ \begin{array}{l} \bullet \text{ \$27,000 if you're married filing jointly or a qualifying survivor spouse} \\ \bullet \text{ \$20,800 if you're head of household} \\ \bullet \text{ \$13,850 if you're single or married filing separately.} \end{array} \right.$ **2** \$ _____
3. If line 1 is greater than line 2, subtract line 2 from line 1 and enter the result here. If line 2 is greater than line 1, enter “-0-” **3** \$ _____
4. If line 3 equals zero, and you (or your spouse) are 65 or older, enter:
- \$1,850 if you're single or head of household
 - \$1,500 if you're married filing separately
 - \$1,500 if you're a qualifying surviving spouse or you're married filing jointly and one of you is under age 65.
 - \$3,000 if you're married filing jointly and are both of you are age 65 or older.
- Otherwise, enter “-0-”. See Pub. 505 for more information. **4** \$ _____
5. Enter an estimate of your student loan interest, deductible IRA contributions, and certain other adjustments (from Part II of Schedule 1 (Form 1040)). See Pub. 505 for more information. **5** \$ _____
6. **Add** Lines 3 through 5. Enter the result here and in **Step 4(b)** on Form W4-P **6** \$ _____

General Instructions

Section references are to the Internal Revenue Code.

Future developments. For the latest information about any future developments related to Form W-4P, such as legislation enacted after it was published, go to www.irs.gov/FormW4P.

Purpose of form. Complete Form W-4P to have payers withhold the correct amount of federal income tax from your periodic pension, annuity (including commercial annuities), profit-sharing and stock bonus plan, or IRA payments. Federal income tax withholding applies to the taxable part of these payments. Periodic payments are made in installments at regular intervals (for example, annually, quarterly, or monthly) over a period of more than 1 year. Don't use Form W-4P for a nonperiodic payment (note that distributions from an IRA that are payable on demand are treated as nonperiodic payments) or an eligible rollover distribution (including a lump-sum pension payment). Instead, use Form W-4R, Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions, for these payments/distributions. For more information on withholding, see Pub. 505, Tax Withholding and Estimated Tax.

Choosing not to have income tax withheld. You can choose not to have federal income tax withheld from your payments by writing "No Withholding" on Form W-4P in the space below Step 4(c). Then, complete Steps 1a, 1b, and 5. Generally, if you are a U.S. citizen or a resident alien, you are not permitted to elect not to have federal income tax withheld on payments to be delivered outside the United States and its territories.

Caution: If you have too little tax withheld, you will generally owe tax when you file your tax return and may owe a penalty unless you make timely payments of estimated tax. If too much tax is withheld, you will generally be due a refund when you file your tax return. If your tax situation changes, or you chose not to have federal income tax withheld and you now want withholding, you should submit a new Form W-4P.

Self-employment. Generally, you will owe both income and self-employment taxes on any self-employment income you (or you and your spouse) receive. If you do not have a job and want to pay these taxes through withholding from your payments, you should enter the self-employment income in Step 4(a). Then compute your self-employment tax, divide that tax by the number of payments remaining in the year, and include that resulting amount per payment in Step 4(c). You can also add half of the annual amount of self-employment tax to Step 4(b) as a deduction. To calculate self-employment tax, you generally multiply the self-employment income by 14.13% (this rate is a quick way to figure your self-employment tax and equals the sum

of the 12.4% Social Security tax and the 2.9% Medicare tax multiplied by 0.9235). See Pub. 505 for more information, especially if your self-employment income multiplied by 0.9235 is over \$160,200.

Payments to nonresident aliens and foreign estates. Do not use Form W-4P. See Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities, and Pub. 519, U.S. Tax Guide for Aliens, for more information.

Tax relief for victims of terrorist attacks. If your disability payments for injuries incurred as a direct result of a terrorist attack are not taxable, write "No Withholding" in the space below Step 4(c). See Pub. 3920, Tax Relief for Victims of Terrorist Attacks, for more details.

Specific Instructions

Step 1(c). Check your anticipated filing status. This will determine the standard deduction and tax rates used to compute your withholding.

Step 2. Use this step if you have at least one of the following: income from a job, income from more than one pension/annuity, and/or a spouse (if married filing jointly) that receives income from a job/pension/annuity. The following examples will assist you in completing Step 2.

Example 1. Bob, a single filer, is completing Form W-4P for a pension that pays \$50,000 a year. Bob also has a job that pays \$25,000 a year. Bob has no other pensions or annuities. Bob will enter \$25,000 in Step 2(b)(i) and in Step 2(b)(iii).

If Bob also has \$1,000 of interest income, which he entered on Form W-4, Step 4(a), then he will instead enter \$26,000 in Step 2(b)(i) and in Step 2(b)(iii). He will make no entries in Step 4(a) on this Form W-4P.

Example 2. Carol, a single filer, is completing Form W-4P for a pension that pays \$50,000 a year. Carol does not have a job, but she also receives another pension for \$25,000 a year (which pays less annually than the \$50,000 pension). Carol will enter \$25,000 in Step 2(b)(ii) and in Step 2(b)(iii).

If Carol also has \$1,000 of interest income, then she will enter \$1,000 in Step 4(a) of this Form W-4P.

Example 3. Don, a single filer, is completing Form W-4P for a pension that pays \$50,000 a year. Don does not have a job, but he receives another pension for \$75,000 a year (which pays more annually than the \$50,000 pension). Don will not enter any amounts in Step 2.

If Don also has \$1,000 of interest income, he won't enter that amount on this Form W-4P because he entered the \$1,000 on the Form W-4P for the higher paying \$75,000 pension.

Specific Instructions (continued)

Example 4. Ann, a single filer, is completing Form W-4P for a pension that pays \$50,000 a year. Ann also has a job that pays \$25,000 a year and another pension that pays \$20,000 a year. Ann will enter \$25,000 in Step 2(b)(i), \$20,000 in Step 2(b)(ii), and \$45,000 in Step 2(b)(iii).

If Ann also has \$1,000 of interest income, which she entered on Form W-4, Step 4(a), she will instead enter \$26,000 in Step 2(b)(i), leave Step 2(b)(ii) unchanged, and enter \$46,000 in Step 2(b)(iii). She will make no entries in Step 4(a) of this Form W-4P.

If you are married filing jointly, the entries described above do not change if your spouse is the one who has the job or the other pension/annuity instead of you.

Multiple sources of pensions/annuities or jobs. *If you (or if married filing jointly, you and/or your spouse) have a job(s), do NOT complete Steps 3 through 4(b) on Form W-4P. Instead, complete Steps 3 through 4(b) on the Form W-4 for the job. If you (or if married filing jointly, you and your spouse) do not have a job, complete Steps 3 through 4(b) on Form W-4P for **only** the pension/annuity that pays the most annually. Leave those steps blank for the other pensions/annuities.*

Step 3. This step provides instructions for determining the amount of the child tax credit and the credit for other dependents that you may be able to claim when you file your tax return. To qualify for the child tax credit, the child must be under age 17 as of December 31, must be your dependent who generally lives with you for more than half the year, and must have the required Social Security number. You may be able to claim a credit for other dependents for whom a child tax credit can't be claimed, such as an older child or a qualifying relative. For additional eligibility requirements for these credits, see Pub. 501, Dependents, Standard Deduction, and Filing Information. You can also include **other tax credits** for which you are eligible in this step, such as the foreign tax credit and the education tax credits. Including these credits will increase your payments and reduce the amount of any refund you may receive when you file your tax return.

Step 4 (optional).

Step 4(a). Enter in this step the total of your other estimated income for the year, if any. You shouldn't include amounts from any job(s) or pension/annuity payments. If you complete Step 4(a), you likely won't have to make estimated tax payments for that income. If you prefer to pay estimated tax rather than having tax on other income withheld from your pension, see Form 1040-ES, Estimated Tax for Individuals.

Step 4(b). Enter in this step the amount from the Deductions Worksheet, line 6, if you expect to claim deductions other than the basic standard deduction on your 2023 tax return and want to reduce your withholding to account for these deductions.

This includes itemized deductions, the additional standard deduction for those 65 and over, and other deductions such as for student loan interest and IRAs.

Step 4(c). Enter in this step any additional tax you want withheld from **each payment**. Entering an amount here will reduce your payments and will either increase your refund or reduce any amount of tax that you owe.

Note: If you don't give Form W-4P to your payer, you don't provide an SSN, or the IRS notifies the payer that you gave an incorrect SSN, then the payer will withhold tax from your payments as if your filing status is single with no adjustments in Steps 2 through 4. For payments that began before 2023, your current withholding election (or your default rate) remains in effect unless you submit a new Form W-4P.