

Form CT-W4P

Withholding Certificate for Pension or Annuity Payments

2025

Purpose: Form CT-W4P is for Connecticut resident recipients of pensions, annuities, and certain other deferred compensation, to tell payers the correct amount of Connecticut income tax to withhold. Read the instructions on Page 2 before completing this form.

New Effective January 1, 2025, new legislation no longer requires payers to withhold income tax from certain retirement income distributions. Payers are still required to withhold income tax from lump sum distributions. A "lump sum distribution" is defined as any distribution greater than \$5,000 or more than 50% of the payee's entire account balance, whichever is less. Payees may request the payer to withhold income tax withholding by completing Form CT-W4P.

Instructions for payees requesting payers to withhold income tax from distributions or payees receiving lump sum distributions:

- Step 1:** (Required) Select the filing status and description of income from the chart below that best matches your situation. Enter the corresponding Withholding Code on Line 1.
- Step 2:** (Optional) To see the amount of tax that will be withheld monthly, see the *Monthly Connecticut Withholding Calculator* in **myconneCT** at portal.ct.gov/DRS-myconneCT.
- Step 3:** (Optional) To increase or decrease the amount that will be withheld, enter an additional amount on Line 2, or a reduction amount on Line 3.

Instructions for Nonperiodic Payments, such as an on demand distribution: Do **not** use the chart below. Either enter *Withholding Code* "E" on Line 1 which will result in \$0 withholding; **or** enter *Withholding Code* "E" on Line 1 and a dollar amount on Line 2 for a specific amount to be withheld. If neither of these options are indicated, your payer will withhold at 6.99%.

Married Filing Jointly	Withholding Code
Our expected combined annual gross income is less than or equal to \$24,000 or no withholding is necessary (i.e., withholding from other income source).	E
My spouse has income subject to withholding and our expected combined annual gross income is greater than \$24,000 and less than or equal to \$100,500.	A
My spouse does not have income subject to withholding and our expected combined annual gross income is greater than \$24,000.	C
My spouse has income subject to withholding and our expected combined annual gross income is greater than \$100,500.	D
I have significant other income and wish to avoid having too little tax withheld.	D

Qualifying Surviving Spouse	Withholding Code
My expected annual gross income is less than or equal to \$24,000 or no withholding is necessary (i.e., withholding from other income source).	E
My expected annual gross income is greater than \$24,000.	C
I have significant other income and wish to avoid having too little tax withheld.	D

Married Filing Separately	Withholding Code
My expected annual gross income is less than or equal to \$12,000 or no withholding is necessary (i.e., withholding from other income source).	E
My expected annual gross income is greater than \$12,000.	A
I have significant other income and wish to avoid having too little tax withheld.	D

Single	Withholding Code
My expected annual gross income is less than or equal to \$15,000 or no withholding is necessary (i.e., withholding from other income source).	E
My expected annual gross income is greater than \$15,000.	F
I have significant other income and wish to avoid having too little tax withheld.	D

Head of Household	Withholding Code
My expected annual gross income is less than or equal to \$19,000 or no withholding is necessary (i.e., withholding from other income source).	E
My expected annual gross income is greater than \$19,000.	B
I have significant other income and wish to avoid having too little tax withheld.	D

Submit completed form to the payer of your pension or annuity, **not** DRS.

Department of Revenue Services
 State of Connecticut

Withholding Certificate for Pension or Annuity Payments

2025 Form CT-W4P

Complete the following applicable lines.

1. Withholding Code: See instructions above. 1. _____
2. Additional withholding amount per payment, if any. 2. \$ _____
3. Reduced withholding amount per payment, if any. 3. \$ _____

First name	MI	Last name	Social Security Number
Home address (number and street, apartment number, suite number, PO Box)			Claim or identification number (if any) of your pension or annuity contract
City/town	State	ZIP code	

Declaration: I declare under penalty of law that I have examined this certificate and, to the best of my knowledge and belief, it is true, complete, and correct. I understand the penalty for reporting false information is a fine of not more than \$5,000, imprisonment for not more than five years, or both.

Payee's signature	Date
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Form CT-W4P Instructions

Payee General Instructions

Form CT-W4P, *Withholding Certificate for Pension or Annuity Payments*, is for Connecticut resident recipients of pension, annuities and certain other deferred compensation subject to Connecticut income tax. Form CT-W4P provides your payer with the necessary information to withhold the requested amount of Connecticut income tax from your pension or annuity payment to ensure that you will not be underwithheld or over withheld.

Distributions subject to Connecticut income tax include taxable distributions from the following: an employer pension, an annuity, a profit-sharing plan, a stock bonus, a deferred compensation plan, an individual retirement arrangement (IRA), an endowment and a life insurance contract. Non-taxable distributions (for example, most distributions from Roth 401(k) or Roth IRA accounts) are not subject to Connecticut income tax.

Connecticut uses the federal definition for periodic and nonperiodic payments.

Periodic and Nonperiodic Payments: Excluding Lump Sum Distributions: Payers of taxable pension or annuity distributions are not required to deduct and withhold the income tax from such distributions. Payees may request the payer to deduct and withhold an amount from such distributions by completing Form CT-W4P. The income tax withheld is calculated using the same method that an employer uses to determine the amount to withhold from wages.

Determining your withholding code: When completing Form CT-W4P, you must first determine your withholding code. Your withholding code is based on the filing status you expect to report on your Connecticut income tax return and the statement that best describes your annual gross income.

Your annual gross income is your total income from all sources. In calculating your total income from all sources, you may deduct 100% of the income received from certain pensions and annuities, such as from a defined benefit plan, 401(k), 403(b) plans as follows:

- For single, married filing separately, or head of household filers with federal adjusted gross income (AGI) for the taxable year of less than \$75,000. For federal adjusted gross income at least \$75,000 but less than \$100,000, the deduction is gradually phased out until it is fully phased out at \$100,000 for these filers.
- For married filing jointly or qualifying surviving spouse filers with federal adjusted gross income (AGI) for the taxable year of less than \$100,000. For federal adjusted gross income at least \$100,000 but less than \$150,000, the deduction is gradually phased out until it is fully phased out at \$150,000 for these filers.
- *In the case of the IRA deduction (other than Roth IRAs), the deduction calculated above applies to 50% of the IRA income.*

For more information, see **Informational Publication 2025(7)**, *Is My Connecticut Withholding Correct?*

- If you receive payments from the Teachers' Retirement System, exclude 50% of the amounts received. If your federal AGI is below the applicable threshold you may claim either the teachers' pension subtraction modification or the pension and annuity subtraction modification, whichever is greater.

Lump Sum Distributions: Withholding is required, unless any portion of the lump sum distribution was previously subject to tax (distribution from Roth 401(k) or Roth IRA accounts), or the lump sum distribution is a trustee-to-trustee transfer or is a direct roll over in the form of a check made payable to another qualified account.

If you receive a Lump Sum Distribution and do not want to have income tax withheld, do not use the chart on Page 1. Enter Withholding Code "E" on Line 1 resulting in \$0.00 withholding.

Failure to give your payer a properly completed Form CT-W4P for lump sum distributions will result in 6.99% withholding from your payment(s).

Form CT-W4P will remain in effect until you submit a new one. You should complete a new Form CT-W4P if you would like the payer to withhold a different amount or your tax situation changes, such as your filing status.

Check Your Withholding

You may be underwithheld if any of the following apply:

- You have more than one source of income;
- If your filing status is married filing jointly and you or your spouse, or both, have more than one source of income; **or**
- You have substantial other income such as interest, dividends or capital gains.

If you are underwithheld, you should consider adjusting your withholding or making estimated payments using **Form CT-1040ES**, *Estimated Connecticut Income Tax Payment Coupon for Individuals*.

If you owe \$1,000 or more in Connecticut income tax over and above what has been withheld from your income for the prior taxable year, you may be subject to interest on the underpayment at the rate of 1% per month or fraction of a month.

To help determine if your withholding is correct, see **Informational Publication 2025(7)**, *Is My Connecticut Withholding Correct?*

Payer Instructions

Lump Sum Distributions: For any payee who does not complete Form CT-W4P, for a lump sum distribution, you are required to withhold at the highest marginal rate of 6.99% without allowance for exemption from any taxable distribution.

Periodic and Non-Periodic Distribution – Excluding Lump Sum Distributions: For any payee who does not complete Form CT-W4P, no amount shall be withheld.

For additional instructions, see **Informational Publication 2025(8)**, *Connecticut Tax Guide for Payers of Nonpayroll Amounts*.