

The Connecticut General Assembly



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Rep. Johnson Advises Residents of Pension Withholding Changes *Income tax withholding now required on retirement income*

State Rep. Susan Johnson (D-Windham) is alerting constituents to a Connecticut Department of Revenue Services (DRS) policy change beginning this year requiring state income tax withholding on pensions, annuities, and other deferred compensation. The change is *not* a tax increase and is intended to reduce costs by streamlining the tax collection process.

Residents receiving taxable pension, annuity or other deferred distributions should be contacted by their plan administrator and provided with instructions as well as the newly designed Form CT-W4P to fill out and return to the plan administrator. If the form is not submitted, taxes will automatically be withheld at the highest rate of 6.99%.

“Many Windham residents have reached out to me with questions about the changes to income tax withholding on pensions. This is simply a change in the way we collect taxes – not a tax increase,” **Rep. Johnson** said. “It’s important for retirees to know that they must submit the new form in order to avoid having taxes withheld at the highest rate. Despite some initial confusion, this change will help prevent situations where people are surprised to receive a large tax bill that they have not budgeted for.”

The form and accompanying instructions are also available by going to ct.gov/drs and clicking on the bold heading “2018 CT-W4P Information.” The form can then be submitted to the payer directly.

According to DRS, many taxpayers already have withholding on retirement income. The change responds to the growing number of taxpayers receiving a wider variety of retirement income who unknowingly face big tax bills and penalties when only filing annually and paying annually.

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