

# Withholding Certificate for Michigan Pension or Annuity Payments

**INSTRUCTIONS:** Use Form MI W-4P to provide your information to pension and retirement benefits administrators to determine the amount of Michigan income tax to withhold from your pension, retirement benefit or annuity payments. You may also use this form to choose not to have any Michigan income tax withheld from your payments. Military pensions and pensions paid by the Railroad Retirement Board are not subject to tax or withholding.

Entities subject to Michigan taxes that disburse pension or annuity payments are required to collect withholding if the payment is expected to be taxable unless **you opt out using this form** (see instructions for line 1). Entities over which Michigan does not have jurisdiction are not required to withhold Michigan income tax from your pension or annuity payment(s). If your pension administrator does not withhold, you may need to make estimated income tax payments to avoid owing penalty and interest. For further information, see General Instructions on page two, the *Michigan Estimated Income Tax for Individuals* (MI-1040ES) or consult a tax advisor.

If you have more than one pension administrator, you will need to complete a form for each pension or annuity. If you do not file form MI W-4P, the administrator may withhold even if you will not owe tax on your pension income. **See instructions on page two.**

GENERAL INFORMATION		
Name	Social Security Number	
Mailing Address (Number, Street, P.O. Box)		
City	State	ZIP Code
Marital Status <input type="checkbox"/> Single <input type="checkbox"/> Married, joint return <input type="checkbox"/> Married (withhold the same as "Single")		

1. Check this box if your payments are not taxable or you wish to opt out of default withholding methods described in the instructions. If you would like to calculate your own amount of withholding (greater than zero), also see line 3 or line 4, if your administrator allows.

**NOTE:** Opting out may result in a balance due on your MI-1040 which may be subject to additional penalty and/or interest.

2. Enter number of personal exemptions allowed on your *Michigan Income Tax Return* (MI-1040). If you file form(s) MI W-4 (wages) or multiple form MI W-4Ps, your personal exemptions claimed on all the forms combined should not exceed your total allowable personal exemptions claimed on your MI-1040.

2.	
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**Voluntary Withholding from Pension or Annuity Payment:**

3. **Voluntary percentage amount** you want withheld from each pension or annuity payment (if permitted by your pension administrator). This amount must be a percentage.

3.		%
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4. **Voluntary dollar amount** you want withheld from each pension or annuity payment (if permitted by your pension administrator).

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AUTHORIZATION	
Signature	
Printed or Typed Name and Title	Date

**Sign and return this completed form to the administrator of your pension or annuity. Keep a copy for your records.**

**Visit [www.michigan.gov/taxes](http://www.michigan.gov/taxes) for additional information.**

# Instructions for Completing MI W-4P, Withholding Certificate for Michigan Pension or Annuity Payments

## General Instructions

Throughout these instructions, the terms pension, retirement, and annuity benefits and payments may be used interchangeably.

Your pension, retirement, or annuity payments may be taxable or partially taxable, and your administrator may be required to withhold Michigan income tax. If withholding is too low, an underpayment may result on your annual return (Form MI-1040). Underpayments may be subject to penalty and interest.

Some benefits qualify as “retirement and pension benefits” under the law and some or all of those benefits may not be taxable on your annual return, depending on your year of birth and other factors. Your pension administrator is only required to withhold on the benefits expected to be taxable. However, you may request more or less withholding by completing this form and submitting it to your pension administrator.

Significant income tax changes took effect in 2024 that may reduce your taxable retirement, pension, or annuity payments. Several default withholding rules are described below and should generally allow the administrator to withhold the correct amount; however, they may not apply to every taxpayer or every situation. Please consult a tax advisor or use Treasury’s pension estimator on our website at [www.michigan.gov/taxes/iit](http://www.michigan.gov/taxes/iit), to calculate your taxable benefits. In addition, see *Revenue Administrative Bulletin (RAB) 2023-22* for more information.

The following default rules will be used by your administrator to determine the taxable portion of your benefits. If you do not submit this form to your pension administrator, the amount of tax withheld from your retirement or pension benefits will be automatically calculated based on the following general rules:

- Recipients of qualifying public safety retirement benefits are not taxed on any qualifying public retirement benefits, and may subtract qualifying private pension and retirement benefits up to \$64,040 if single or married filing separately, or \$128,080 if married filing a joint return. Private pension limits are reduced by the subtraction claimed for public pension sources. See the MI-1040 Instruction Booklet and *RAB 2023-22* for more information.
- Recipients born before 1946 may subtract all qualifying pension and retirement benefits received from public sources, and may subtract qualifying private pension and retirement benefits up to \$64,040 if single or married filing separately, or \$128,080 if married filing a joint return. Private pension limits are reduced by the subtraction claimed for public pension sources.
- For 2024, recipients born in 1946 through 1962 may generally subtract qualifying retirement and pension benefits up to \$32,020 if single or married filing separately, or \$64,040 if married filing jointly. If greater, a taxpayer may be eligible for the standard deduction of \$20,000 for single or married filing separately or \$40,000 for married filing jointly, against all income. Regardless which option is most beneficial on the retiree’s annual return, a pension administrator may assume that up to \$32,020 or \$64,040 of payments are not taxable.
- For 2024, payments to recipients born after 1962 will generally be fully subject to tax and withholding after deducting personal exemptions.

If you prefer to opt out of the default rules and calculate your own taxable benefits and withholding, check the box on line 1 and use line 3 or line 4, if allowed by your administrator, to determine the percent or amount of tax you want the administrator to withhold.

**Multiple pensions:** If you (and your spouse) receive multiple pension payments, your withholding on those payments may not cover your entire tax liability. Married couples where each spouse

receives retirement benefits may choose to have withholding calculated as if each was single on the MI W-4P and select one personal exemption in order to have sufficient withholding to cover the tax liability. Taxpayers with multiple pensions may need to make quarterly estimated payments (MI-1040ES) or consult a tax advisor to ensure the proper amount is withheld or paid through estimated payments.

**Estimated Payments:** There are penalties for not paying enough state income tax during the year, either through withholding or estimated tax payments. Taxpayers who choose not to have tax withheld from their retirement benefits may be required to make estimated tax payments. Refer to Form MI-1040ES for estimated tax requirements.

**When should I complete this form?** Complete Form MI W-4P and give it to the administrator of your retirement benefits as soon as possible.

Your tax situation may change from year to year; you may want to evaluate your withholding each year. You can change the amount to be withheld by submitting an updated Form MI W-4P to your pension administrator at any time.

**Is every pension administrator required to withhold Michigan tax?** Only companies over which Michigan has taxing jurisdiction are required to withhold Michigan tax from your retirement benefits. If your pension administrator does not fall under Michigan jurisdiction, you may request to have Michigan tax withheld, but the company is not required to do so. If no taxes are withheld from your payments, it is likely you will be required to make estimated payments in place of the withholding. Contact your pension and/or annuity administrator to verify whether tax will be withheld from your payments.

## Line-by-Line Instructions

**Marital Status:** Only check the “Married, joint return” box if your spouse does not also receive qualifying retirement or pension benefits or if your spouse opts not to consider any subtraction while computing their retirement withholding. Checking this box indicates to your administrator that they may allow the larger, joint limitations in computing your withholding and unless used properly, could result in underpayment on your annual return.

**Line 1:** You may opt out of withholding tax from your retirement benefits if you believe you will not have a balance due on your MI-1040. If you (and your spouse) opt to have no Michigan tax withheld from your retirement benefits by checking the box on line 1, it may result in a balance due on your MI-1040 and penalty and/or interest may apply.

If you prefer to opt out of the default rules (see General Instructions) and calculate your own taxable benefits and withholding, check the box on line 1 and use line 3 or line 4, if allowed by your administrator, to determine the percent or amount of tax you want the administrator to withhold.

**Line 2:** Enter personal exemptions you are claiming for withholding. If you file form(s) MI W-4 (wages) or multiple form MI W-4Ps, your personal exemptions claimed on all the forms combined should not exceed your total allowable personal exemptions claimed on your MI-1040.

**Line 3:** You may designate additional withholding if you expect to owe more than the amount withheld. The amount on line 3 must be a percentage. Check with your pension administrator to see if they permit additional withholding.

**Line 4:** If allowed by your pension administrator, you may enter an additional dollar amount to be withheld from each payment.

**Failure to have sufficient tax withheld from your retirement benefits may result in a balance due on your MI-1040 and penalty and/or interest may apply.**