



**TOLEDO AREA SHEET METAL WORKERS
PENSION PLAN
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IMPORTANT TAX NOTICE FROM THE FUND OFFICE

November 1, 2011

As you may have heard, the State of Michigan has amended its State Income Tax Act. Depending upon your income and date of birth, these changes may impact you. Please read this notice carefully.

I. Changes in the Law

In general, prior to January 1, 2012, pensions up to \$45,120 for a single person and \$90,420 for joint filers were exempt from Michigan state taxation. Beginning January 1, 2012, these amounts may not be exempt.

Below is a summary of the new rules regarding Michigan taxation of pension benefits:

- If you (or your spouse) were born before 1946, pension benefits are exempt from taxation up to \$45,842 for a single filer, or married filing separately, or \$91,684 if married filing a joint return.
- If you were born between 1946 and 1952 and your total household resources are \$75,000 or less, the first \$20,000 of your pension benefit is exempt from Michigan taxation if you are a single filer or married filing separately.
- If you or your spouse were born between 1946 and 1952 and your total household resources are \$150,000 or less, the first \$40,000 of your pension benefit is exempt from Michigan taxation if you are a joint filer.
- If you and your spouse were born after 1952, all pension benefits are fully taxable.

For joint filers, the age of the oldest spouse determines the age category.

II. Fund Withholding Changes

If the Fund records indicate you or your spouse were born before 1946 and your gross monthly benefit is less than \$3,820 if you are single, or \$7,640 if you are married, no withholding will be made. Marital status will be determined by our last known record. You can ensure the marital status we use is current by submitting the enclosed MI W-4P. If we do not have your spouse's date of birth your age will be used.

If you were born in 1946 or later, beginning January 1, 2012, the Fund will withhold 4.35% of your pension unless you complete the enclosed MI W-4P withholding certificate and return it to our office. Upon receipt of your MI W-4P, we will adjust your withholding accordingly.

Until you indicate otherwise, we are using the mailing address used for this mailing as your state of residence for tax purposes. If you are not subject to the State of Michigan income tax or you change your state of residence to another state you must complete a MI W-4P and send it to us to discontinue the tax withholding. If you do not, your withholding deduction will remain unchanged.

If you elect not to have Michigan income tax withheld or you do not have enough Michigan income tax withheld from your payment, you remain liable for the Michigan income taxes. Under estimated tax payment rules, you may also be subject to tax penalties if your payments of estimated tax and withholding, if any, are not adequate.

Since this is a new tax law, we recommend that you speak with a qualified tax advisor prior to completing the withholding certificate so that your individual tax situation can be evaluated. Please note that the Fund Office personnel are not authorized to provide tax advice or recommendations.

If you have any questions please do not hesitate to contact the Pension Fund Office.

Sincerely,

Pension Fund Office

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