

NORTHERN CALIFORNIA PIPE TRADES TRUST FUNDS FOR UA LOCAL 342

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MAY 2025

TO: ALL PARTICIPANTS AND BENEFICIARIES RECEIVING PLAN BENEFIT PAYMENTS

**RE: NORTHERN CALIFORNIA PIPE TRADES PENSION PLAN
Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA")
Annual Notice of Right to Elect or Revoke Federal Income Tax Withholding on
Retirement Benefit Payments**

Dear Plan Participant:

We are required to inform you that monthly or lump sum payments from the Northern California Pipe Trades Pension Plan will be subject to federal income tax withholding unless you (or in the event of death, your Beneficiary or Estate) elect not to have withholding apply.

Federal law allows you to change or revoke the amount withheld on these payments at any time. This Notice is being sent to comply with the annual federal notice requirement.

**IF YOU DO NOT WISH TO MAKE AN ELECTION OR CHANGE YOUR
CURRENT WITHHOLDING ELECTION, NO ACTION IS NECESSARY.**

Refer to your payment or payment confirmation, which is enclosed with this Notice.

Periodic Payments (Form W-4P, also called Withholding Certificate for Periodic Pension or Annuity Payments). If you wish to make, change, or revoke an election, you must complete and submit a Form W-4P to the Trust Fund Office. Refer to the Pension Forms section of www.ncpttf.com for Form W-4P and instructions. If you are currently receiving Retirement Benefit Payments and do not wish to change your tax withholding election, no action is required. However, if you decide to update your tax withholding election in the future, you will need to submit a new Form W-4P.

Nonperiodic Payments (Form W-4R, also called Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions). This form is for all nonperiodic Retirement Benefit payments (such as a lump sum payment or eligible rollover distributions from the Pension Plan). If you want to increase or decrease withholding from the applicable default withholding percentage, you must complete and submit a Form W-4R to the Trust Fund Office. Refer to www.ncpttf.com for Form W-4R and instructions. If you are not receiving a nonperiodic Retirement Benefit payment this does NOT apply to you. Instead, refer to Form W-4P and instructions above.

You may revoke an election at any time. Your withholding election will remain in effect until revoked. Any election to not have withholding apply is prospective only and any election made after a payment is not an election with respect to that payment. Note: The withholding rules for nonresident aliens are more complex.

Default Rule. If you did not previously complete a Form W-4P (or a Federal Income Tax Withholding Election Form) or you don't provide a Social Security Number ("SSN") (or the IRS notifies us that you gave an incorrect SSN), federal law requires the Plan to **automatically withhold** income tax from your Retirement Benefit payments *as if you are a single individual with no adjustments or other credits*. For Form W-4R, federal law requires the Plan to automatically withhold at a default rate of 10% (or 20% for eligible rollover distributions).

Your Retirement Benefit will be treated like wages for withholding purposes. However, you can claim an exemption from federal income tax withholding if your annual payment is \$30,000 or less (if married filing jointly or a qualifying surviving spouse) or \$15,000 (single or married filing separately) or \$22,500 (head of household). These dollar amounts are adjusted each year by the IRS.

If you (or in the event of death, your Beneficiary or Estate) elect not to have withholding applied to your Retirement Benefit payments, or if you do not have enough federal income tax withheld from such payments, you may be responsible for payments of estimated tax. **There are penalties for not paying enough federal income tax during the year, either through withholding or estimated tax payments.** Refer to www.irs.gov/pub/irs-pdf/p505.pdf for more details on estimated tax requirements and penalties.

The Trust Fund Office cannot assist you in computing your estimated federal income tax. If you have any questions as to whether you should have federal income tax withheld from your Retirement Benefit payments, **contact your tax advisor or your local IRS Office or refer to the IRS publication found at www.irs.gov/uac/about-form-w4p or www.irs.gov/pub/irs-pdf/fw4r.pdf for more information.**