

## Important Information for You

Beginning with payments in 2011, federal income tax withholding tables have been updated reflecting higher withholding.

**The American Recovery and Reinvestment Act's (ARRA) "Making Work Pay" Tax Credit expired effective 12/31/2010.**

**Background:** When the IRS revised the Publication 15-T withholding tables back on **April 1<sup>st</sup> 2009** to reflect the "Making Work Pay" tax credit, they structured the tables so that the credit would be applicable to both wages and pension payments. **This may have created an under withholding situation for pension recipients.** The IRS instructed pension recipients to adjust for the under withholding by submitting a revised Form W-4P requesting additional withholding in order to correct this oversight, and reverse the credit.

On Friday, **December 17<sup>th</sup> 2010**, President Obama signed into law a tax cut package which included extending existing tax reductions and cutting the payroll tax by 2 percent for 2011.

However, the **"Making Work Pay" tax credit expired 12/31/2010** and as a result the **Federal Income Tax withholding tables that are effective for 2011 will reflect a noticeable increase to the Fed withholdings for both wage and pension payments.**

Please reference **IRS Publication 15, Withholding Tables** (For Wages Paid Through December 2011) for more information.

Please be advised that as of 12/31/2010, the "Making Work Pay" tax credit, a provision under the American Recovery and Reinvestment Act, has expired. **As a result, recent updates to the 2011 federal income tax withholding tables may cause you to notice a change in your federal withholding amount.**