

# DISTRIBUTION REQUEST FOR QUALIFIED RETIREMENT PLANS

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Please read the attached disclosures, instructions, and forms which explain your options in detail. We suggest that you consult a tax professional before completing and signing this form.

For a distribution to be made from a qualified retirement plan (includes 401(a), 403(b), and Governmental 457(b) Plans), a Distribution Request form must be completed by you, or by you and your employer, if applicable. The choices that you select will determine the method of payment and can influence the amount of tax that you pay. In certain cases, the form must also be signed in the presence of a notary public by your spouse.

In addition to providing your account number, date of birth, and the address to mail the check, you must indicate the following:

- Whether or not you would like to directly roll over your eligible rollover distribution to a Traditional IRA, including a Simplified Employee Pension (SEP) IRA, or eligible employer plan and thereby avoid the mandatory 20% federal and applicable state income tax withholding.
- Type of distribution (attainment of age 59½, etc.).
- Annuity waiver and spousal consent, if required.
- Withholding Election for assets that do not require mandatory federal or state income tax withholding.

## Important Information About Your Qualified Retirement Plan Distribution

### QUALIFIED RETIREMENT PLANS

As a participant in your employer's qualified retirement plan, you have accumulated a vested account balance. Please note that participants in governmental plans are fully vested in most circumstances. You may receive your account balance only if you incur a triggering event. You may incur a triggering event if:

- you quit working for your employer
- you attain the normal retirement age indicated in the plan
- you become disabled
- your employer terminates the plan
- your plan permits in-service distributions
- your plan permits distributions during phased retirement (only applicable to certain plans and limited to participants that have attained age 62), or
- you incur a hardship (only applicable to certain plans)
- unforeseeable emergencies (457 governmental plans only)

Please Note: you must refer to your Summary Plan Description to identify the specific triggering events that apply under your plan.

### 403(b) PLANS

As a participant in your employer's 403(b) plan, generally, you have accumulated a vested account balance. You may receive your vested account balance only if one of the following events occurs:

- you quit working for your employer
- you attain the normal retirement age indicated in the plan
- you become disabled
- your plan permits in-service distributions
- you incur a hardship (only applicable to certain plans), or
- you attain age 59½

However, you must refer to your Summary Plan Description (for ERISA 403(b) plans) or your 403(b)(7) custodial account agreement to identify the specific events that apply under your plan. In the event the distribution options in your 403(b) plan document conflict with the distribution options on the 403(b) custodial agreement, the options under your 403(b) plan document will prevail.

**NOTE:** Generally, payments from your employer's qualified retirement plan or 403(b) plan must be delayed for a minimum of 30 days after you receive this notice, to allow you time to consider your distribution options. Although you are entitled to consider your distribution options for a period of 30 days, you may waive this 30-day notice requirement. If you are subject to the Retirement Equity Act (REA) notice requirements and you waive the 30 day notice requirement, your employer must wait seven days from the date you received this notice before commencing distributions.

# DISTRIBUTION REQUEST FOR QUALIFIED RETIREMENT PLANS

The law dictates the optional forms that your payments may take. The law also specifies how the different types of payments will be taxed. This notice summarizes your distribution options and illustrates the financial effect and the tax consequences of each distribution option.

**NOTE:** The payment amounts indicated in this notice are shown for illustrative purposes only. The calculations for the qualified joint and survivor annuity are based on standard mortality tables using a five percent interest rate and a payment age of 65. Actual payment amounts will vary depending upon the entity from which you purchase your annuity. You may obtain financial projections based upon your account balance by submitting a request, in writing, to the plan administrator (usually the employer).

Distributions generally must commence by April 1 following the calendar year the participant attained the age of 73, unless still employed and not a 5% owner. In addition, if a lump sum distribution of the entire account balance is not elected by such a participant, a minimum amount must be distributed each year to avoid a 25% excise tax penalty. Periodic distributions may not be paid over a period extending beyond the life expectancy of the participant or the joint life expectancy of the participant and his or her beneficiary. The Internal Revenue Service (IRS) Publication 939 contains the tables under which life expectancy is determined. In the event of the death of the participant, additional rules apply. Each participant is urged to consult their own tax professional about all the tax rules that apply to distributions from the Plan. A 403(b)(7) participant need not include pre-1987 amounts in the required minimum distribution formula until the calendar year he or she attains the age of 75 years.

## SECTION 1 - PAYMENT OPTIONS FOR PLAN PARTICIPANTS

### Annuity Options Required Under Certain Plans

The law requires that your vested account balance be paid to you in the form of a qualified joint and survivor annuity if you are married, or a single life annuity if you are not married. If you wish to receive your vested account balance using a different distribution option (including a qualified optional survivor annuity), you must waive the qualified joint and survivor annuity (the single life annuity if you are not married) and your spouse must consent to the annuity waiver.

Unless properly waived, you will receive your vested account balance in the form of a qualified joint and survivor annuity (the single life annuity if you are not married).

### OPTION I — QUALIFIED JOINT AND SURVIVOR ANNUITY

The law requires that your vested account balance be paid to you in the form of a qualified joint and survivor annuity if you are married, or a single life annuity if you are not married. If you wish to receive your vested account balance using a different distribution option (including a qualified optional survivor annuity), you must waive the qualified joint and survivor annuity (the single life annuity if you are not married) and your spouse must consent to the annuity waiver.

Unless properly waived, you will receive your vested account balance in the form of a qualified joint and survivor annuity (the single life annuity if you are not married).

### A. QUALIFIED JOINT AND SURVIVOR ANNUITY DEFINED

If you are married, a qualified joint and survivor annuity is a series of periodic payments to you during your lifetime and to your spouse upon your death. The periodic payment amount your spouse receives will be a set percentage of the periodic payment amount you received during your lifetime. To determine the percentage your spouse would receive (i.e., survivor annuity), contact the plan administrator.

If you are not married, a qualified joint and survivor annuity is a series of annuity payments over your lifetime.

### B. WAIVING THE QUALIFIED JOINT AND SURVIVOR ANNUITY

If you wish to receive your vested account balance using one of the other options listed in Options II through IV below, you (and, if you are married, your spouse) must waive the qualified joint and survivor annuity. You can waive the qualified joint and

survivor annuity by completing a distribution form. You can obtain this form from your plan administrator. After waiving the qualified joint and survivor annuity by signing the distribution form, you may receive your vested account balance using one of the other distribution methods explained below.

### C. FINANCIAL EFFECT AND TAX CONSEQUENCES OF A QUALIFIED JOINT AND SURVIVOR ANNUITY

As stated above, a qualified joint and survivor annuity will provide periodic payments to you during your lifetime and, if you are married, to your spouse after your death. Your spouse will generally receive smaller periodic payments than you received while you were alive. The annuity will be provided by purchasing an annuity contract from an insurance company with your account balance under the plan. Generally, each payment will be included in your income in the year in which you receive it. For example, assume a participant retires with a \$10,000 vested account balance. A qualified joint and survivor annuity would provide him or her with the following payments.

Lifetime Monthly Participant Benefit	% of Survivor Annuity*	Monthly Survivor Benefit
\$63.40	100%	\$63.40
\$66.30	75%	\$49.72
\$67.30	66.67%	\$44.86
\$69.40	50%	\$34.70

\*These estimates are derived from standard mortality tables using a participant with a 65-year-old spouse beneficiary beginning payments at age 65. To determine the survivor annuity percentage, contact the plan administrator.

The illustration above uses estimates and should not be viewed as an assurance that an insurer is able to provide the specific amount disclosed.

### D. QUALIFIED OPTIONAL SURVIVOR ANNUITY DEFINED

For plan years beginning after December 31, 2007, if the qualified joint and survivor annuity is waived, you may use your vested account balance to purchase a qualified optional survivor annuity. Like a qualified joint and survivor annuity, a qualified optional survivor annuity is a series of periodic payments to you during your lifetime and to your spouse upon your death.

The optional survivor annuity means an annuity (1) for your life with a survivor annuity for the life of your spouse that is equal

to the applicable percentage of the amount of the annuity, which is payable during the joint lives of you and your spouse, and (2) which is the actuarial equivalent of a single annuity for your life. If the survivor annuity percentage (1) is less than 75 percent, the applicable percentage is 75 percent, and (2) is greater than or equal to 75 percent, the applicable percentage is 50 percent. To determine the amount your spouse would receive, contact your plan administrator.

## OPTION II — ANNUITY CONTRACT

If the plan is not subject to the annuity rules (referred to as a safe-harbor plan), or the qualified joint and survivor annuity is properly waived, you may purchase an annuity contract with your vested account balance. This distribution option allows you to choose the type of annuity contract you wish to purchase. However, if the plan is a safe harbor plan, you generally cannot elect payments in the form of a life annuity. Contact your Plan Administrator or Employer for more information.

## FINANCIAL EFFECT AND TAX CONSEQUENCES OF THE ANNUITY

If you elect to use your vested account balance to purchase a single life annuity, you will receive payments as long as you are alive. The annuity will be provided by purchasing an annuity contract from an insurance company with your account balance under the plan. Generally, each payment will be included in your income in the year in which you receive it. For example, a participant who is age 65 with a \$10,000 vested account balance will receive \$76.60 per month while he or she is alive. This example is an estimate and should not be viewed as an assurance that an insurer is able to provide the specific amount disclosed.

## SECTION 2- PAYMENT OPTIONS FOR BENEFICIARIES OF DECEASED PLAN PARTICIPANTS

### IMPORTANT NOTICE TO BENEFICIARY

*If you are the designated beneficiary of a deceased participant's vested account balance, you are eligible to receive a distribution. The form of the benefit depends on several factors, including the type of plan and the amount in the participant's account.*

## PART I — PARTICIPANT'S ACCOUNT BALANCE

If the participant's vested account balance was \$5,000 or less at the time of distribution, the plan administrator is required to pay your distribution to you in a single cash payment. If the participant's vested account balance exceeded \$5,000, you must consent to the form of payment.

## PART II — TYPE OF PLAN

**NOTE:** The plan administrator can tell you which type of plan this is.

### A. REA SAFE HARBOR PLANS (PROFIT-SHARING OR 401(k) PLANS ONLY)

You may select either Section One, Option III or IV. However, if you select the installment payment method described in Section One, Option IV, the payment schedule you choose cannot be longer than your single life expectancy.

### B. ALL OTHER PLANS

If the plan participant died before distributions commenced

and you are a spouse beneficiary, distributions from the plan must be paid to you (if applicable) in the form of a qualified preretirement survivor annuity, unless the annuity requirement was properly waived. A participant waives the annuity requirement by completing a Designation of Beneficiary Form and obtaining your written consent to the waiver. If the participant did not execute the required waivers, then his or her account balance will be paid to you (the deceased participant's spouse) in the form of a preretirement survivor annuity unless the plan specifically permits you to elect to receive payments in a form other than a qualified preretirement survivor annuity. If you are a nonspouse beneficiary of a deceased participant who was married, you will not receive any payment from the plan unless the participant properly waived the requirement that his or her spouse be the beneficiary.

If the qualified preretirement survivor annuity was properly waived by the participant and/or his or her spouse (if applicable), then you may receive the entire vested account balance in a lump sum payment as explained in Section One, Option III. The rollover option described in Section Three, Part II is available only if you are the spouse of the deceased participant. The other distribution options available to you as a beneficiary are explained in Section One, Option II and Option IV. However, the payment schedule you choose cannot be longer than your single life expectancy.

## SECTION 3- 402(f) NOTICE OF SPECIAL TAX RULES ON DISTRIBUTIONS NOT FROM A DESIGNATED ROTH ACCOUNT

### SUMMARY

**You are receiving this notice because all or a portion of a payment you are receiving from your Employer's Plan (the "Plan") is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.**

This notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth account (a type of account in some employer plans that is subject to special tax rules). If you also receive a payment from a designated Roth account in the Plan, you will be provided a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

## GENERAL INFORMATION ABOUT ROLLOVERS

### How can a rollover affect my taxes?

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59½), unless an exception applies. However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception to the 10% additional income tax applies).

## What types of retirement accounts and plans may accept my rollover?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover.

The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, IRAs are not subject to spousal consent rules, and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

## How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. Generally, you will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

## How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Required minimum distributions after age 70½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949), and age 73 if you were born after June 30, 1950, or after death;
- Hardship distributions;
- Payments of employee stock ownership plan (ESOP) dividends;
- Corrective distributions of contributions that exceed tax law limitations;
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends);
- Cost of life insurance paid by the Plan;
- Payments of certain automatic enrollment contributions that you request to withdraw within 90 days of your first contribution;
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there generally will be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA); and
- Distributions of certain premiums for health and accident

insurance.

The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

## If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax applies to the part of the distribution that you must include in income and is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
- Payments made due to disability;
- Payments after your death;
- Payments of ESOP dividends;
- Corrective distributions of contributions that exceed tax law limitations;
- Cost of life insurance paid by the Plan;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relations order (QDRO);
- Payments of up to \$5,000 made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution;
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days;
- Payments of certain automatic enrollment contributions that you request to withdraw within 90 days of your first contribution;
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters; and
- Phased retirement payments made to federal employees.

## If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions on the part of the distribution that you must include in income, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- The exception for payments made after you separate from



service if you will be at least age 55 in the year of the separation (or age 50 for qualified public safety employees) does not apply;

- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse); and
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.

Additional exceptions apply for payments from an IRA, including:

- Payments for qualified higher education expenses;
- Payments up to \$10,000 used in a qualified first-time home purchase; and
- Payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

## Will I owe state income taxes?

This notice does not address any State or local income tax rules (including withholding rules).

## SPECIAL RULES AND OPTIONS

### PART I — PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Payments from the plan may be “eligible rollover distributions.” This means that they can be rolled over to a Traditional IRA or an eligible employer plan that accepts rollovers. Payments from a plan cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account. Your plan administrator should be able to tell you what portion of your payment is an eligible rollover distribution.

#### A. AFTER-TAX CONTRIBUTIONS

After-tax contributions included in a payment are not taxed. If you receive a partial payment of your total benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. However, if you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in the payment. In addition, special rules apply when you do a rollover, as described below.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and at the same time the rest is paid to you, the portion rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions. In this case, if you directly roll over \$10,000 to an IRA that is not a Roth IRA, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions. If

you do a direct rollover of the entire amount paid from the Plan to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

Similarly, if you do a 60-day rollover to an IRA of only a portion of a payment made to you, the portion rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over \$10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

#### If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

#### If your payment includes employer stock that you do not roll over

If you do not do a rollover, you can apply a special rule to payments of employer stock (or other employer securities) that are either attributable to after-tax contributions or paid in a lump sum after separation from service (or after age 59½, disability, or the participant’s death). Under the special rule, the net unrealized appreciation on the stock will not be taxed when distributed from the Plan and will be taxed at capital gain rates when you sell the stock. Net unrealized appreciation is generally the increase in the value of employer stock after it was acquired by the Plan. If you do a rollover for a payment that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the payment), the special rule relating to the distributed employer stock will not apply to any subsequent payments from the IRA or, generally, the Plan. The Plan administrator can tell you the amount of any net unrealized appreciation.

#### If you have an outstanding loan that is being offset

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the outstanding amount of the loan, typically when your employment ends. The offset amount is treated as a distribution to you at the time of the offset. Generally, you may roll over all or any portion of the offset amount. Any offset amount that is not rolled over will be taxed (including the 10% additional income tax on early distributions,

unless an exception applies). You may roll over offset amounts to an IRA or an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers).

How long you have to complete the rollover depends on what kind of plan loan offset you have. If you have a qualified plan loan offset, you will have until your tax return due date (including extensions) for the tax year during which the offset occurs to complete your rollover. A qualified plan loan offset occurs when a plan loan in good standing is offset because your employer plan terminates, or because you sever from employment. If your plan loan offset occurs for any other reason (such as a failure to make level loan repayments that results in a deemed distribution), then you have 60 days from the date the offset occurs to complete your rollover.

### **If you were born on or before January 1, 1936**

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

### **If your payment is from a governmental section 457(b) plan**

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from the Plan even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA).

However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made before age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences include that you cannot do a rollover if the payment is due to an “unforeseeable emergency” and the special rules under “If your payment includes employer stock that you do not roll over” and “If you were born on or before January 1, 1936” do not apply.

### **If you are an eligible retired public safety officer and your payment is used to pay for health coverage or qualified long-term care insurance**

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income Plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

### **If you roll over your payment to a Roth IRA**

If you roll over a payment from the Plan to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an

exception applies).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs), and IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs).

### **If you do a rollover to a designated Roth account in the Plan**

You cannot roll over a distribution to a designated Roth account in another employer’s plan. However, you can roll the distribution over into a designated Roth account in the distributing Plan. If you roll over a payment from the Plan to a designated Roth account in the Plan, the amount of the payment rolled over (reduced by any after-tax amounts directly rolled over) will be taxed. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

If you roll over the payment to a designated Roth account in the Plan, later payments from the designated Roth account that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a designated Roth account is a payment made both after you are age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying this 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account.

However, if you made a direct rollover to a designated Roth account in the Plan from a designated Roth account in a plan of another employer, the 5-year period begins on January 1 of the year you made the first contribution to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the plan of the other employer. Payments from the designated Roth account that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies).

### **If you are not a Plan participant**

Payments after death of the participant. If you receive a distribution after the participant’s death that you do not roll over, the distribution generally will be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section “If you were born on or before January 1, 1936” applies only if the deceased participant was born on or before January 1, 1936.

## **If you are a surviving spouse**

If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½ (if you were born before July 1, 1949) or age 72 (if you were born after June 30, 1949).

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½ (if the participant was born before July 1, 1949) or age 72 (if the participant was born after June 30, 1949).

## **If you are a surviving beneficiary other than a spouse.**

If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under a QDRO. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a QDRO, you generally have the same options and the same tax treatment that the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). However, payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

## **If you are a nonresident alien**

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

## **Other special rules**

If a payment is one in a series of payments for less than 10 years, your choice whether to do a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than \$200 (not including payments from a designated Roth account in the Plan), the Plan is

not required to allow you to do a direct rollover and is not required to withhold federal income taxes. However, you may do a 60-day rollover.

Unless you elect otherwise, a mandatory cashout of more than \$1,000 (not including payments from a designated Roth account in the Plan) will be directly rolled over to an IRA chosen by the Plan administrator or the payor. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed \$5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, Armed Forces' Tax Guide. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at [www.irs.gov](http://www.irs.gov).

## **FOR MORE INFORMATION**

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs); IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORM.

## **SECTION 4 - 402(f) NOTICE OF SPECIAL TAX RULES FROM A DESIGNATED ROTH ACCOUNT**

For Payments From a Designated Roth Account

## **YOUR ROLLOVER OPTIONS**

You are receiving this notice because all or a portion of a payment you are receiving from the [INSERT NAME OF PLAN] (the "Plan") is eligible to be rolled over to a Roth IRA or designated Roth account in an employer plan. This notice is intended to help you decide whether to do a rollover.

This notice describes the rollover rules that apply to payments from the Plan that are from a designated Roth account. If you also receive a payment from the Plan that is not from a designated Roth account, you will be provided a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

Rules that apply to most payments from a designated Roth account are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

## **GENERAL INFORMATION ABOUT ROLLOVERS**

### **How can a rollover affect my taxes?**

After-tax contributions included in a payment from a designated Roth account are not taxed, but earnings might be taxed. The tax



treatment of earnings included in the payment depends on whether the payment is a qualified distribution. If a payment is only part of your designated Roth account, the payment will include an allocable portion of the earnings in your designated Roth account.

If the payment from the Plan is not a qualified distribution and you do not do a rollover to a Roth IRA or a designated Roth account in an employer plan, you will be taxed on the portion of the payment that is earnings. If you are under age 59½, a 10% additional income tax on early distributions (generally, distributions made before age 59½) will also apply to the earnings (unless an exception applies). However, if you do a rollover, you will not have to pay taxes currently on the earnings and you will not have to pay taxes later on payments that are qualified distributions.

If the payment from the Plan is a qualified distribution, you will not be taxed on any part of the payment even if you do not do a rollover. If you do a rollover, you will not be taxed on the amount you roll over and any earnings on the amount you roll over will not be taxed if paid later in a qualified distribution.

A qualified distribution from a designated Roth account in the Plan is a payment made after you are age 59½ (or after your death or disability) and after you have had a designated Roth account in the Plan for at least 5 years. In applying the 5-year rule, you count from January 1 of the year your first contribution was made to the designated Roth account. However, if you did a direct rollover to a designated Roth account in the Plan from a designated Roth account in another employer plan, your participation will count from January 1 of the year your first contribution was made to the designated Roth account in the Plan or, if earlier, to the designated Roth account in the other employer plan.

### **What types of retirement accounts and plans may accept my rollover?**

You may roll over the payment to either a Roth IRA (a Roth individual retirement account or Roth individual retirement annuity) or a designated Roth account in an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457 plan) that will accept the rollover. The rules of the Roth IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the Roth IRA or employer plan (for example, Roth IRAs are not subject to spousal consent rules, and Roth IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the Roth IRA or the designated Roth account in the employer plan. In general, these tax rules are similar to those described elsewhere in this notice, but differences include:

- If you do a rollover to a Roth IRA, all of your Roth IRAs will be considered for purposes of determining whether you have satisfied the 5-year rule (counting from January 1 of the year for which your first contribution was made to any of your Roth IRAs).
- If you do a rollover to a Roth IRA, you will not be required to take a distribution from the Roth IRA during your lifetime and you must keep track of the aggregate amount of the after-tax contributions in all of your Roth IRAs (in order to determine your taxable income for later Roth IRA payments that are not qualified distributions).
- Eligible rollover distributions from a Roth IRA can only be rolled over to another Roth IRA.

### **How do I do a rollover?**

There are two ways to do a rollover. You can either do a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your Roth IRA or designated Roth account in an employer plan. You should contact the Roth IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit (generally within 60 days) into a Roth IRA, whether the payment is a qualified or nonqualified distribution. In addition, you can do a rollover by making a deposit within 60 days into a designated Roth account in an employer plan if the payment is a nonqualified distribution and the rollover does not exceed the amount of the earnings in the payment. You cannot do a 60-day rollover to an employer plan of any part of a qualified distribution. If you receive a distribution that is a nonqualified distribution and you do not roll over an amount at least equal to the earnings allocable to the distribution, you will be taxed on the amount of those earnings not rolled over, including the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you at the same time, the portion directly rolled over consists first of earnings.

If you do not do a direct rollover and the payment is not a qualified distribution, the Plan is required to withhold 20% of the earnings for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover to a Roth IRA, you must use other funds to make up for the 20% withheld.

### **How much may I roll over?**

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Required minimum distributions after age 70½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949), or after death;
- Hardship distributions;
- Payments of employee stock ownership plan (ESOP) dividends;
- Corrective distributions of contributions that exceed tax law limitations;
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends);
- Cost of life insurance paid by the Plan;
- Payments of certain automatic enrollment contributions that you request to withdraw within 90 days of your first contribution; and
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there generally will be adverse tax consequences if S corporation stock is held by an IRA); and
- Distributions of certain premiums for health and accident insurance.

The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

### **If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?**

If a payment is not a qualified distribution and you are under age



# DISTRIBUTION REQUEST FOR QUALIFIED RETIREMENT PLANS

59½, you will have to pay the 10% additional income tax on early distributions with respect to the earnings allocated to the payment that you do not roll over (including amounts withheld for income tax), unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the earnings not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
- Payments made due to disability;
- Payments after your death;
- Payments of ESOP dividends;
- Corrective distributions of contributions that exceed tax law limitations;
- Cost of life insurance paid by the Plan;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relations order (QDRO);
- Payments of up to \$5,000 made to you from a defined contribution plan if the payment is a qualified birth or adoption distribution;
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days;
- Payments of certain automatic enrollment contributions that you request to withdraw within 90 days of your first contribution; and
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters.

## **If I do a rollover to a Roth IRA, will the 10% additional income tax apply to early distributions from the IRA?**

If you receive a payment from a Roth IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions on the earnings paid from the Roth IRA, unless an exception applies or the payment is a qualified distribution. In general, the exceptions to the 10% additional income tax for early distributions from a Roth IRA listed above are the same as the exceptions for early distributions from a plan. However, there are a few differences for payments from a Roth IRA, including:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 for qualified public safety employees) does not apply;
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to a Roth IRA of a spouse or former spouse); and
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.

Additional exceptions apply for payments from an IRA, including:

- Payments for qualified higher education expenses;
- Payments up to \$10,000 used in a qualified first-time home purchase; and
- Payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

## **Will I owe state income taxes?**

This notice does not address any State or local income tax rules (including withholding rules).

## **SPECIAL RULES AND OPTIONS**

### **If you miss the 60-day rollover deadline**

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

### **If your payment includes employer stock that you do not roll over**

If you receive a payment that is not a qualified distribution and you do not roll it over, you can apply a special rule to payments of employer stock (or other employer securities) that are paid in a lump sum after separation from service (or after age 59½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock included in the earnings in the payment will not be taxed when distributed to you from the Plan and will be taxed at capital gain rates when you sell the stock. If you do a rollover to a Roth IRA for a nonqualified distribution that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the distribution), you will not have any taxable income and the special rule relating to the distributed employer stock will not apply to any subsequent payments from the Roth IRA or, generally, the Plan. Net unrealized appreciation is generally the increase in the value of the employer stock after it was acquired by the Plan. The Plan administrator can tell you the amount of any net unrealized appreciation.

If you receive a payment that is a qualified distribution that includes employer stock and you do not roll it over, your basis in the stock (used to determine gain or loss when you later sell the stock) will equal the fair market value of the stock at the time of the payment from the Plan.

### **If you have an outstanding loan that is being offset**

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the outstanding amount of the loan, typically when your employment ends. The offset amount is treated as a distribution to you at the time of the offset.

Generally, you may roll over all or any portion of the offset amount. If the distribution attributable to the offset is not a qualified distribution and you do not roll over the offset amount, you will be taxed on any earnings included in the distribution

(including the 10% additional income tax on early distributions, unless an exception applies). You may roll over the earnings included in the loan offset to a Roth IRA or designated Roth account in an employer plan (if the terms of the employer plan permit the plan to receive plan loan offset rollovers). You may also roll over the full amount of the offset to a Roth IRA.

How long you have to complete the rollover depends on what kind of plan loan offset you have. If you have a qualified plan loan offset, you will have until your tax return due date (including extensions) for the tax year during which the offset occurs to complete your rollover. A qualified plan loan offset occurs when a plan loan in good standing is offset because your employer plan terminates, or because you sever from employment. If your plan loan offset occurs for any other reason (such as a failure to make level repayments that results in a deemed distribution), then you have 60 days from the date the offset occurs to complete your rollover.

#### **If you receive a nonqualified distribution and you were born on or before January 1, 1936**

If you were born on or before January 1, 1936, and receive a lump sum distribution that is not a qualified distribution and that you do not roll over, special rules for calculating the amount of the tax on the earnings in the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

#### **If your payment is from a governmental section 457(b) plan**

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you receive a payment that is not a qualified distribution and you do not roll it over, you will not have to pay the 10% additional income tax on early distributions with respect to the earnings allocated to the payment that you do not roll over, even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution that is not a qualified distribution made before age 59½ will be subject to the 10% additional income tax on earnings allocated to the payment (unless an exception applies). Other differences include that you cannot do a rollover if the payment is due to an "unforeseeable emergency" and the special rules under "If your payment includes employer stock that you do not roll over" and "If you were born on or before January 1, 1936" do not apply.

#### **If you receive a nonqualified distribution, are an eligible retired public safety officer, and your payment is used to pay for health coverage or qualified long-term care insurance**

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income nonqualified distributions paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

#### **If you are not a Plan participant**

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over,

the distribution generally will be taxed in the same manner described elsewhere in this notice. However, whether the payment is a qualified distribution generally depends on when the participant first made a contribution to the designated Roth account in the Plan. Also, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you receive a nonqualified distribution and you were born on or before January 1, 1936" applies only if the deceased participant was born on or before January 1, 1936.

#### **If you are a surviving spouse.**

If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to a Roth IRA, you may treat the Roth IRA as your own or as an inherited Roth IRA.

A Roth IRA you treat as your own is treated like any other Roth IRA of yours, so that you will not have to receive any required minimum distributions during your lifetime and earnings paid to you in a nonqualified distribution before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies).

If you treat the Roth IRA as an inherited Roth IRA, payments from the Roth IRA will not be subject to the 10% additional income tax on early distributions. An inherited Roth IRA is subject to required minimum distributions. If the participant had started taking required minimum distributions from the Plan, you will have to receive required minimum distributions from the inherited Roth IRA. If the participant had not started taking required minimum distributions, you will not have to start receiving required minimum distributions from the inherited Roth IRA until the year the participant would have been age 70½ (if the participant was born before July 1, 1949) or age 72 (if the participant was born after June 30, 1949).

#### **If you are a surviving beneficiary other than a spouse.**

If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited Roth IRA. Payments from the inherited Roth IRA, even if made in a nonqualified distribution, will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited Roth IRA.

Payments under a QDRO. If you are the spouse or a former spouse of the participant who receives a payment from the Plan under a QDRO, you generally have the same options and the same tax treatment that the participant would have (for example, you may roll over the payment to your own Roth IRA or to a designated Roth account in an eligible employer plan that will accept it).

#### **If you are a nonresident alien**

If you are a nonresident alien, you do not do a direct rollover to a U.S. IRA or U.S. employer plan, and the payment is not a qualified distribution, the Plan is generally required to withhold 30% (instead of withholding 20%) of the earnings for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, *U.S. Tax Guide for Aliens*,

# DISTRIBUTION REQUEST FOR QUALIFIED RETIREMENT PLANS

and IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.

## Other special rules

If a payment is one in a series of payments for less than 10 years, your choice whether to do a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year (only including payments from the designated Roth account in the Plan) are less than \$200, the Plan is not required to allow you to do a direct rollover and is not required to withhold federal income taxes. However, you can do a 60-day rollover.

Unless you elect otherwise, a mandatory cashout from the designated Roth account in the Plan of more than \$1,000 will be directly rolled over to a Roth IRA chosen by the Plan administrator or the payor. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed \$5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, *Armed Forces' Tax Guide*. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at [www.irs.gov](http://www.irs.gov).

## FOR MORE INFORMATION

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, *Pension and Annuity Income*; IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*; IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*; and IRS Publication 571, *Tax-Sheltered Annuity Plans (403(b) Plans)*. These publications are available from a local IRS office, on the web at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORM.

## SECTION 5 - PARTICIPANT'S ACKNOWLEDGMENT

By signing this form, I acknowledge that I have read and understood the Distribution Request for Qualified Retirement Plans and Pershing is not responsible for determining the appropriateness of the distribution and withholding election. Also, my federal, state, and nonresident alien income tax withholding election is applicable to any subsequent scheduled distributions, until I revoke the election under the procedure established by the Custodian.

### POWER OF ATTORNEY (Please read carefully)

If you are signing this form as an active Attorney-In-Fact for the account owner, you are hereby attesting that the Power of Attorney is in full force and effect. In addition, you are attesting that you have no knowledge of any act pursuant to said Power of Attorney or have received actual notice of the revocation or termination of said Power of Attorney by death, disability, or otherwise, or notice of any facts indicating same. That you agree that you will notify the introducing financial institution of the principal's death, of any termination or revocation of the Power of Attorney, and/ or modification of the Power of Attorney; you also agree that, if the Power of Attorney is not durable, then you will notify the introducing financial institution of any incapacity of the principal that would render the Power of Attorney void.

### HOW TO OBTAIN ADDITIONAL INFORMATION

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with the plan administrator or a professional tax advisor before you take a payment of your benefits from the plan. Also, you can find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 575, *Pension and Annuity Income*, and IRS Publication 590, *Individual Retirement Arrangements*. These publications are available from your local IRS office, on the IRS's Internet web site at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORM.

# DISTRIBUTION REQUEST FOR QUALIFIED RETIREMENT PLANS

## REQUEST for DISTRIBUTION from a Qualified Retirement Plan (401(a), 403(b), and governmental 457(b) plans) and AFFIRMATIVE ELECTION FORM

Use of this form will result in a distribution reportable to the Internal Revenue Service (IRS).

### SELECT ONE:

- |  |   |
|--|---|
| <input type="checkbox"/> 401(k) PLAN                 | <input type="checkbox"/> Roth 401(k)                      |
| <input type="checkbox"/> 403(b)(7) CUSTODIAL ACCOUNT | <input type="checkbox"/> Roth 403(b)(7) CUSTODIAL ACCOUNT |
| <input type="checkbox"/> 457(b) ACCOUNT              | <input type="checkbox"/> Roth 457(b) ACCOUNT              |
| <input type="checkbox"/> PROFIT-SHARING PLAN         | <input type="checkbox"/> TARGET BENEFIT PLAN              |
| <input type="checkbox"/> MONEY PURCHASE PENSION PLAN | <input type="checkbox"/> OPTIONAL RETIREMENT PROGRAM      |

### STEP 1. PARTICIPANT INFORMATION

Note: To facilitate tax reporting, this form should be used only for qualified retirement plans distributions for participants with established brokerage accounts. For plans without participant brokerage accounts, distributions are normally paid to the plan for further distribution and tax reporting. If desired, plan trustees may establish participant brokerage accounts to accommodate distributions for participants and tax reporting by the custodian. An account termination fee will be charged. See your investment professional or financial organization for instructions on how to establish participant brokerage accounts and related fees.

Name	Account Number
Date of Birth	State of Residence (for state tax purposes)

### STEP 2. REQUEST REASON (Select option(s). As permitted in the Adoption Agreement)

NOTE: A distribution of plan assets and closing a plan account does not necessarily terminate a plan. All participants must be notified and given payout options. The plan must be kept in compliance until all assets are distributed to participants. Termination should be indicated on Form 5500. Form 5310 may be filed, to obtain an IRS determination letter. Plan trustees should seek legal and tax counsel on these procedures. If you believe you are taking a penalty free distribution, you must complete a Form 5329 and attach it to your tax return.

- ATTAINMENT OF NORMAL RETIREMENT AGE** (As defined by the plan)
- DEATH OF PARTICIPANT** (Copy of death certificate must be attached)
- IN-SERVICE WITHDRAWAL** (Available only if provided by employer in Adoption Agreement)
- HARDSHIP** (Not available for money purchase pension plans and target benefit plans)
- DISTRIBUTIONS FROM 457(B) PLANS INCLUDING UNFORESEEABLE EMERGENCY**
- TERMINATION OF EMPLOYMENT/SEVERANCE FROM EMPLOYMENT**  
(If you meet the age 55 exception, you will need to claim the exemption from the early distribution penalty on your tax return)
- THIS IS A PLAN TERMINATION. THE PLAN WILL TERMINATE ON** \_\_\_\_\_
- RETURN OF EXCESS CONTRIBUTION FOR TAX YEAR**  
(Refer to plan document for amounts that can be corrected as "return of excess contributions")

CONTRIBUTION WAS MADE:

- SPECIFY EXCESS AMOUNT \$ \_\_\_\_\_
- MONTH, DAY, AND YEAR Date: \_\_\_\_\_

EARNINGS ACCRUED ON EXCESS CONTRIBUTION \$ \_\_\_\_\_

- DESIGNATED ROTH ACCOUNT DISTRIBUTION**  
Specify basis amount \_\_\_\_\_ and earnings \_\_\_\_\_  
included in the gross distribution amount.  
(Note: Earnings are taxable upon distribution and are subject to IRS income tax withholding requirements.)





**STEP 3. DIRECT ROLLOVER OR DIRECT ROLLOVER (CONVERSION) TO A ROTH IRA**

**PLEASE DISTRIBUTE AS A DIRECT ROLLOVER FOR MY BENEFIT TO THE QUALIFIED PLAN OR IRA CUSTODIAN LISTED IN STEP 8 OF THIS FORM:**

(include account registration) (Acceptance letter and delivery instructions from the below plan sponsor or IRA custodian must accompany this distribution request. We are unable to process your request without the acceptance letter.)

NOTE: By signing this form you acknowledge that you are aware of the rollover rules and irrevocably designate this distribution as a rollover distribution.

**STEP 4. DISTRIBUTION METHOD**

**PERIODIC DISTRIBUTION INSTRUCTIONS**

TYPE: (Select one)

**NEW REQUEST**

**CHANGE OF INSTRUCTION**  
(Will replace existing instructions)

AMOUNT: (Select one)

**PAYMENT IN THE AMOUNT OF \$** \_\_\_\_\_

**INCOME (Dividends and capital gains) AND INTEREST**

**REQUIRED MINIMUM DISTRIBUTION due to reaching age 73 (Scheduled RMD)**

**Important Information About Year-end RMD Distributions**

By selecting the Required Minimum Distribution option, you agree to a "supplemental" distribution (up to the available cash in your account) to meet the RMD amount if the account's RMD obligations for the year has not been met by the last day of the year.

Please note: Any additional distributions, either from one-time distribution(s) or additional periodic distributions plans, will not automatically reduce your annually calculated RMD schedule payment amount. distributions plans, will not automatically reduce your annually calculated RMD schedule payment amount. In addition, other attributes of your periodic RMD payment schedule will not change. So you may end up distributing more than your required minimum distribution amount for the year.

**Reduce** (if applicable) and suspend my annually calculated RMD scheduled payment for this account if additional distributions from this account meet the RMD or would cause the next scheduled payment to meet the RMD.

FREQUENCY:(Select one)

**MONTHLY**

**QUARTERLY**

**SEMI-ANNUALLY**

**ANNUALLY** (Month/Day/Year)

\_\_\_\_ / \_\_\_\_ / \_\_\_\_

If no date is indicated, the first day of the next month will be selected. If the day selected falls on a nonbusiness day, your distribution will be paid on the first business day thereafter, if sufficient cash is available.

**ONE-TIME OR TOTAL DISTRIBUTION (Select one)**

**ONE-TIME DISTRIBUTION**

Payment in the amount of \$ \_\_\_\_\_

In-kind distribution of securities (Indicate description and quantity)

**DESCRIPTION**

**QUANTITY**

\_\_\_\_\_  
\_\_\_\_\_

**TOTAL DISTRIBUTION** (Select on-account will be closed)

Distribute entire account in cash (Please arrange to have your investment professional liquidate all assets)

Register and deliver securities and cash

Charge closing related fees to the following Pershing Account:

\_\_\_\_\_ - \_\_\_\_\_

## STEP 5. FEDERAL AND STATE WITHHOLDING ELECTION

### Federal Income Tax Withholding (Form W-4R/OMB No. 1545-0074) Dept. of Treasury, Internal Revenue Service).

**(Select one):** If an election is not made below, we will withhold 20 percent of the gross distribution amount.

For states with voluntary withholding, no withholding will apply if a percentage or dollar amount is not specified. For distributions not eligible for rollover, for example, required minimum distributions, you can choose a rate between 0% and 100%. Please refer to <https://www.irs.gov/pub/irs-pdf/fw4r.pdf> for the marginal rate tables to help you determine the appropriate withholding rate.

- Do NOT withhold** federal income tax from the gross distribution amount. (Not applicable to distributions subject to mandatory withholding.)
- Withhold** federal income tax from the gross distribution amount at the rate of 20%.
- Withhold** \_\_\_\_\_ % of federal income tax from the gross distribution amount. Enter the rate as a whole number (no decimals).

### State Income Tax Withholding

If an election is not made, we will withhold from your distribution according to your state of residence requirement. The minimum state of residence requirement must be withheld if a specific percentage or dollar amount is provided.

- Do NOT withhold** state income tax from the distribution. (Not applicable to all states.)
- Withhold** state income tax from the distribution according to the requirements as outlined in Pershing's IRA Federal and State income tax withholding instructions.
- Withhold** \_\_\_\_\_ % or \$ \_\_\_\_\_ of state income tax.

### Nonresident Alien Tax Withholding

If you are a nonresident alien, mandatory withholding may apply. NRA tax will be withheld at a rate of 30% unless you live in a country eligible for a reduced treaty rate, have submitted a W-8BEN form, have a Tax Identification Number, and are claiming a reduced treaty rate. Please see form instructions for details.

- Do NOT withhold** nonresident alien tax from the distribution. I have submitted a W-8BEN claiming a zero treaty rate.
- Withhold** nonresident alien tax from the gross distribution amount at the rate of 30%.
- Withhold** \_\_\_\_\_ % or \$ \_\_\_\_\_ of NRA taxes.

\*For distribution of assets other than cash, tax withholding can only be a % and not a dollar amount.

**If no withholding election is made regarding federal income tax, the custodian is required to withhold federal and appropriate state income tax. Penalties may be incurred under the estimated tax payment rule if your withholding and/or estimated tax payments are not sufficient. In compliance with the "Unemployment Compensation Amendments of 1992," if you do not elect a direct rollover (see More Information Section Three Part III of the disclosures pertaining to this form), the custodian is required to withhold 20% federal income tax (and corresponding state income tax) from all distributions that are eligible retirement plan. Rates are subject to change without notice. For distribution of assets other than cash, tax withholding instructions can only be given as a % and not as dollar amount. If you are a Nonresident alien or a U.S. person taking a distribution abroad, mandatory withholding may apply. Please see form instructions for details.**

## STEP 6. SAFE HARBOR PROVISION

The Safe Harbor Provision: (Generally not applicable to Governmental plans)

- HAS BEEN ELECTED IN THE ADOPTION AGREEMENT
- HAS **NOT** BEEN ELECTED IN THE ADOPTION AGREEMENT

## STEP 7. ANNUITY - WAIVER AND SPOUSAL CONSENT

**CHECK ONE:** (Generally not Applicable To Governmental Plans, Safe Harbor Profit-Sharing Plans And Safe Harbor 401(k) Plans)

- QUALIFIED JOINT AND SURVIVOR ANNUITY OR SINGLE LIFE ANNUITY** (If this box is not checked, be sure to consult Section 5 of the Basic Plan Document for Qualified Retirement Plans, Article IV of the 403(b)(7) Custodial Agreement, the "Distribution Options" section of instructions pertaining to this form, and your legal and tax professional.)
- I AM NOT MARRIED. I HEREBY ELECT TO WAIVE THE SINGLE LIFE ANNUITY FORM OF PAYMENT.**
- I AM MARRIED BUT UNABLE TO LOCATE MY SPOUSE.**
- I AM MARRIED. I HEREBY ELECT TO WAIVE THE QUALIFIED JOINT AND SURVIVOR ANNUITY FORM OF PAYMENT. I UNDERSTAND THAT MY SPOUSE MUST ALSO CONSENT TO THIS WAIVER.**

**NOTE:** If you have named someone other than your spouse as your sole primary beneficiary, your spouse must have consented to that designation for it to be valid.

**SPOUSAL CONSENT TO WAIVER OF QUALIFIED JOINT AND SURVIVOR ANNUITY:**

I consent to the form of distribution selected by my spouse and I hereby waive my rights to a spousal survivor annuity. I understand that by consenting to this waiver I may be forfeiting spousal death benefits. **I understand this consent cannot be revoked unless my spouse revokes the above waiver.**

SPOUSE'S SIGNATURE:

DATE:

NOTARY PUBLIC:

DATE:

## STEP 8. METHOD OF DELIVERY

Select a method of delivery. If left blank, delivery will be in the form of a check and mailed to the address of record.

- Journal entry** to the following Pershing account:

Account Number

- Deliver** check in the name of the account owner to the address of record.

- Alternate payee** name and/or address (a.k.a. third-party) for check or security.

Name

Address

City

State

Zip/Postal Code

- ACH:** Use existing instructions on file. If none exist, complete an ACH Authorization Form

- Overnight check delivery.** (Not available for periodic or standing instructions. Fees will be assessed.)

- Federal Fund Wire**

ABA/Routing Number

DDA/Bank Ultimate Beneficiary Account Number

Bank Name

City

State

Zip/Postal Code

Second Bank Information (if necessary)

Further Credit to Intermediary Name and Number

Ultimate Beneficiary Name (required for third parties)

Purpose of Wire (only required if requested)

**STEP 9. PARTICIPANT'S SIGNATURE**

I acknowledge that I have read and understood the Tax Withholding instructions and Pershing LLC (Pershing) is not responsible for determining the appropriateness of the distribution and withholding election. Also, my federal, state, and nonresident alien income tax withholding election is applicable to any subsequent distributions, until I revoke the election under the procedure established by Pershing LLC. If I have selected Standing Instructions, inclusive of a withholding election, I acknowledge that this may allow my financial professional or their firm to request distributions on my behalf, if their policies permit. I certify that I have provided Pershing with correct information, and I understand that a distribution or distributions will be made from my Qualified Retirement Plan based on that information, and as a result of this direction, I certify that this distribution request is in accordance with the provisions of the Plan and satisfies applicable federal and state law requirements. I understand that I am responsible for maintaining sufficient cash or marketable securities in my account to support these distributions. I understand that the distribution is reported to the IRS (and my state of residence, if it requires reporting) for the tax year in which Pershing processes and makes the distribution and there are no exceptions to this policy. I understand this distribution is irrevocable and will be reported to the IRS. I understand that Pershing does not provide tax or legal advice, and that Pershing strongly recommends that I consult my tax or legal advisor prior to completing this request. I hereby indemnify and hold harmless Pershing LLC and its affiliates for any tax consequences of this distribution request, the elections made above, and any future distribution request utilizing these elections. Pershing LLC may rely on my certification without further investigation or inquiry and shall not be liable for any misrepresentation of fact.

**I acknowledge that I understand the one-rollover-per-year rollover limitation as defined by § 408(d)(3)(B) of the Internal Revenue Code. I also represent that this distribution request is NOT being used to purchase an investment custodied away from Pershing LLC for this referenced Plan. Please speak with your advisor or financial institution about investment eligibility standards.**

Print Name	Date
Signature X	

Upon completion, please return the completed distribution form to your advisor or financial institution. This request must be processed within 60 days of your signature and date. You may keep a copy of the instructions for your reference

**STEP 10. EMPLOYER INFORMATION AND SIGNATURE**

Plan Administrator's Name	Date
Plan Administrator's Signature (REQUIRED) X	

Investment professionals should check with their operations department before submitting a distribution request form, to ensure that firm procedures are being followed.



# Federal and State Income Tax Withholding Instructions

**Qualified Retirement Plan:** In most cases, federal and state income tax law requires that we withhold tax from your distribution. You can submit your elections by completing the Withholding Tax Election Section of your QRP Distribution Request Form and following the chart below. Rates are subject to change without notice. Keep this page for your records.

**If you do not make an election, we will automatically withhold as follows:**

**Federal:** 20 percent when a distribution is eligible for rollover and not paid directly to an eligible retirement plan.

**State:** Based on your residency as outlined below.

STATE OF RESIDENCE and STATE INCOME TAX WITHHOLDING REQUIREMENTS AND ELECTIONS	
<b>State income tax withholding is not required</b>	
AK, FL, HI, NH, NV, SD, TN, TX, WA, WY - State income tax withholding is not required for residents of these states. We will not withhold state income tax from your distribution if you reside in these states.	
<b>Voluntary state income tax withholding</b>	
AL, AZ, CO, DE, GA, ID, IL, IN, KY, LA, MO, MT, ND, NJ, NM, NY, OH, PA, RI, SC, UT, WI, WV - We will withhold state income tax only if you instruct us to do so. If you want state income taxes to be withheld, you must indicate the amount or percentage.	
Note: We require tax withholding amounts to be requested in whole dollars for the following states: <b>Missouri, New Jersey.</b>	
<b>Mandatory state income tax withholding when federal income tax is withheld</b>	
AR, KS, MA, MD, ME, NE, VA, VT - We will withhold state income tax according to the rates below when federal income tax is withheld from your distribution:	
Arkansas, Kansas, Maine, Massachusetts, Nebraska	5.00% of Gross Distribution
Maryland	7.75% of Gross Distribution
Vermont	30.00% of Federal Income Tax Withheld
Virginia	4.00% of Gross Distribution
If you have elected not to withhold federal income tax, but request state income tax withholding, the following rules apply: Specify a dollar amount/percentage equal to or greater than the minimum percentages listed above (exceptions may apply).	
Note: For <b>Massachusetts</b> a rate of 5% is applicable if the total distribution is equal to or less than \$1,053,750. If the total distribution is greater than \$1,053,750, we will withhold at 9% of the amount which exceeds \$1,053,750, see Form M-4P at <a href="http://mass.gov">mass.gov</a> for more information.	
<b>Mandatory state income tax withholding when federal income tax is withheld, unless you indicate otherwise</b>	
CA, CT, DC, IA, MI, MN, MS, NC, OK, OR - We will withhold state income tax according to the rates below whenever federal income tax is withheld from your distribution, unless you indicate otherwise:	
California - For more information on withholding using the DE 4P table, see <a href="http://taxes.ca.gov">taxes.ca.gov</a> .	10.00% of Federal Income Tax Withheld
Connecticut - Withholding is mandatory whether federal income tax is withheld or not. For more information see Form CT W-4P at <a href="http://CT.gov">CT.gov</a> about withholding and the exemption.	6.99% of Gross Distribution
District of Columbia - Income tax withholding on total distributions is mandatory (whether federal income tax is withheld or not) and voluntary for all other types of distributions.	10.75% of Total Distribution
Iowa - Mandatory state income tax withholding. We will withhold state income tax according to the rate displayed unless you indicate otherwise. Alternatively, you can claim exemptions of Iowa income tax withholding in certain circumstances. In absence of claiming an exemption of withholding, we withhold at 5%. For more information, see Form IAW-4P at <a href="http://iowa.gov">iowa.gov</a> .	5.00% of Gross Distribution
Michigan - Mandatory state income tax withholding. We will withhold state income tax according to the rates displayed unless you indicate otherwise. For more information, see Form MI W-4P at <a href="http://michigan.gov">michigan.gov</a> .	4.25% of Gross Distribution
Minnesota - Mandatory state income tax withholding. We will withhold state income tax according to the rate you provide us which should be based on the Minnesota Withholding Tax Tables found at Minnesota Withholding Tax Instructions and Tables ( <a href="http://revenue.state.mn.us">revenue.state.mn.us</a> ). Alternatively, you may be eligible to elect out of Minnesota income tax withholding. In absence of providing us a rate of withholding or an election out of withholding, we withhold at 6.25%.	MN Withholding Tax Tables
Mississippi - Income tax withholding on early or excess distributions is mandatory (whether federal income tax is withheld or not) and voluntary for all other types of distributions.	4.70% of Gross Distribution
North Carolina	4.00% of Gross Distribution
Oklahoma - Mandatory state income tax withholding. We will withhold state income tax according to the rates displayed unless you indicate otherwise. For more information, see Form OK-W-4-R at <a href="http://oklahoma.gov">oklahoma.gov</a> .	4.75% of Gross Distribution
Oregon	8.00% of Gross Distribution

# Federal and State Income Tax Withholding Instructions

**Note: If you want state income tax withholding at a different rate (or no state income tax withholding), check the box "Do not withhold state income tax" in the Withholding Tax Election Section of your Qualified Retirement Plan Distribution Request Form or specify a dollar amount or a percentage to indicate your state income tax withholding election.**

Please refer to <https://www.irs.gov/pub/irs-pdf/fw4r.pdf> as the source for the marginal rate tables:

2024 Marginal Rate Tables					
You may use these tables to help you select the appropriate withholding rate for this payment or distribution. Add your income from all sources and use the column that matches your filing status to find the corresponding rate of withholding. See page 2 for more information on how to use this table.					
Single or Married filing separately		Married filing jointly or Qualifying surviving spouse		Head of household	
Total income over -	Tax rate for every dollar more	Total income over -	Tax rate for every dollar more	Total income over-	Tax rate for every dollar more
\$0	0%	\$0	0%	\$0	0%
14,600	10%	29,200	10%	21,900	10%
26,200	12%	52,400	12%	38,450	12%
61,750	22%	123,500	22%	85,000	22%
115,125	24%	230,250	24%	122,400	24%
206,550	32%	413,100	32%	213,850	32%
258,325	35%	516,650	35%	265,600	35%
623,950*	37%	760,400	37%	631,250	37%

\* If married filing separately, use \$380,200 instead for this 37% rate.

**The information below is from the IRS Form W-4R and is for informational purposes only. Please ensure you complete the appropriate distribution form section for federal income tax withholding.**

## General Instructions

Section references are to the Internal Revenue Code.

**Future developments.** For the latest information about any future developments related to Form W-4R, such as legislation enacted after it was published, go to [www.irs.gov/FormW4R](http://www.irs.gov/FormW4R).

**Caution:** If you have too little tax withheld, you will generally owe tax when you file your tax return and may owe a penalty unless you make timely payments of estimated tax. If too much tax is withheld, you will generally be due a refund when you file your tax return. Your withholding choice (or an election not to have withholding on a nonperiodic payment) will generally apply to any future payment from the same plan or IRA. Submit a new Form W-4R if you want to change your election.

**Nonperiodic payments—10% withholding.** Your payer must withhold at a default 10% rate from the taxable amount of nonperiodic payments **unless** you enter a different rate on line 2. Distributions from an IRA that are payable on demand are treated as nonperiodic payments. Note that the default rate of withholding may not be appropriate for your tax situation. You may choose to have no federal income tax withheld by entering "-0-" on line 2. See the specific instructions below for more information. Generally, you are not permitted to elect to have federal income tax withheld at a rate of less than 10% (including "-0-") on any payments to be delivered outside the United States and its territories.

**Note:** If you don't give Form W-4R to your payer, you don't provide an SSN, or the IRS notifies the payer that you gave an incorrect SSN, then the payer must withhold 10% of the payment for federal income tax and can't honor requests to have a lower (or no) amount withheld. Generally, for payments that began before 2023, your current withholding election (or your default rate) remains in effect unless you submit a Form W-4R.

**Eligible rollover distributions—20% withholding.** Distributions you receive from qualified retirement plans (for example, 401(k)

plans and section 457(b) plans maintained by a governmental employer) or tax-sheltered annuities that are eligible to be rolled over to an IRA or qualified plan are subject to a 20% default rate of withholding on the taxable amount of the distribution. You can't choose withholding at a rate of less than 20% (including "-0-"). Note that the default rate of withholding may be too low for your tax situation. You may choose to enter a rate higher than 20% on line 2. Don't give Form W-4R to your payer unless you want more than 20% withheld.

Note that the following payments are **not** eligible rollover distributions for purposes of these withholding rules:

- Qualifying "hardship" distributions;
- Distributions required by federal law, such as required minimum distributions;
- Generally, distributions from a pension-linked emergency savings account;
- Eligible distributions to a domestic abuse victim;
- Qualified disaster recovery distributions;
- Qualified birth or adoption distributions; and
- Emergency personal expense distributions.

See Pub. 505 for details. See also *Nonperiodic payments—10% withholding above*.

**Payments to nonresident aliens and foreign estates.** Do not use Form W-4R. See Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities, and Pub. 519, U.S. Tax Guide for Aliens, for more information.

**Tax relief for victims of terrorist attacks.** If your disability payments for injuries incurred as a direct result of a terrorist attack are not taxable, enter "-0-" on line 2. See Pub. 3920, Tax Relief for Victims of Terrorist Attacks, for more details.

## Specific Instructions

# Federal and State Income Tax Withholding Instructions

## Line 1b

For an estate, enter the estate's employer identification number (EIN) in the area reserved for "Social security number."

## Line 2

**More withholding.** If you want more than the default rate withheld from your payment, you may enter a higher rate on line 2.

**Less withholding (nonperiodic payments only).** If permitted, you may enter a lower rate on line 2 (including "-0-") if you want less than the 10% default rate withheld from your payment. If you have already paid, or plan to pay, your tax on this payment through other withholding or estimated tax payments, you may want to enter "-0-".

**Suggestion for determining withholding.** Consider using the Marginal Rate Tables on page 1 to help you select the appropriate withholding rate for this payment or distribution. The tables are most accurate if the appropriate amount of tax on all other sources of income, deductions, and credits has been paid through other withholding or estimated tax payments. If the appropriate amount of tax on those sources of income has not been paid through other withholding or estimated tax payments, you can pay that tax through withholding on this payment by entering a rate that is greater than the rate in the Marginal Rate Tables.

The marginal tax rate is the rate of tax on each additional dollar of income you receive above a particular amount of income. You can use the table for your filing status as a guide to find a rate of withholding for amounts above the total income level in the table.

To determine the appropriate rate of withholding from the table, do the following. Step 1: Find the rate that corresponds with your total income not including the payment. Step 2: Add your total income and the taxable amount of the payment and find the corresponding rate.

If these two rates are the same, enter that rate on line 2. (See *Example 1* below.)

If the two rates differ, multiply (a) the amount in the lower rate bracket by the rate for that bracket, and (b) the amount in the higher rate bracket by the rate for that bracket. Add these two numbers; this is the expected tax for this payment. To get the rate to have withheld, divide this amount by the taxable amount of the payment. Round up to the next whole number and enter that rate on line 2. (See *Example 2* below.)

If you prefer a simpler approach (but one that may lead to overwithholding), find the rate that corresponds to your total income including the payment and enter that rate on line 2.

**Examples.** Assume the following facts for Examples 1 and 2. Your filing status is single. You expect the taxable amount of your payment to be \$20,000. Appropriate amounts have been withheld for all other sources of income and any deductions or credits.

**Example 1.** You expect your total income to be \$62,000 without the payment. Step 1: Because your total income without the payment, \$62,000, is greater than \$61,750 but less than \$115,125, the corresponding rate is 22%. Step 2: Because your total income with the payment, \$82,000, is greater than \$61,750 but less than \$115,125, the corresponding rate is 22%. Because these two rates are the same, enter "22" on line 2.

**Example 2.** You expect your total income to be \$43,700 without the payment. Step 1: Because your total income without the payment, \$43,700, is greater than \$26,200 but less than \$61,750, the corresponding rate is 12%. Step 2: Because your total income with the payment, \$63,700, is greater than \$61,750 but less than \$115,125, the corresponding rate is 22%. The two rates differ. \$18,050 of the \$20,000 payment is in the lower bracket (\$61,750 less your total income of \$43,700 without the payment), and \$1,950 is in the higher bracket (\$20,000 less the \$18,050 that is in the lower bracket). Multiply \$18,050 by 12% to get \$2,166. Multiply \$1,950 by 22% to get \$429. The sum of these two amounts is \$2,595. This is the estimated tax on your payment. This amount corresponds to 13% of the \$20,000 payment (\$2,595 divided by \$20,000). Enter "13" on line 2.