Orange County Employees
Retirement System
2223 E. Wellington Avenue. Suite 100
Santa Ana, CA 92701
(714) 558-6200
www.ocers.org

Member / Beneficiary Request To Withdraw Contributions / Elect Rollover

Please print or type

1. Member Information

Last Name	First Name	M.I.	Social Security Number	
Home / Mailing Address	City		State	Zip Code
Employer / Department	Date of Termination or Date of Death		Daytime Phone Number	

2. Beneficiary Information (if applicable)

Last Name	First Name	M.I.	Social Security Number	
Home / Mailing Address	City		State	Zip Code
Relationship to Member	Date of Birth		Daytime Phone Number	

3. Election to Withdraw Contributions

Check One:

a.☐ I elect to withdraw my or the member's contributions and request that OCERS pay my or the member's contributions directly to me in the form of a lump sum payment . I understand that income taxes will be withheld from the taxable portion of my payment (see Section 4 below).

b.☐ I elect to withdraw my or the member's contributions and request that OCERS directly roll over all or some portion of the withdrawn contributions to the IRA or eligible employer plan I have designated below. I understand that any rollover amounts will be mailed to me and will be payable to the institution or plan that I have designated below. It is my responsibility to: (i) designate an IRA or other employer plan that is eligible to receive the funds on my behalf in accordance with the applicable tax laws, (ii) submit the funds to my designated IRA/plan, and (iii) provide accurate information to OCERS. I understand that OCERS will not verify that the information I provide is accurate or that any account is open on my behalf.

Initial One:

(i) ____ I elect to directly roll over 100% of my or the member's withdrawn contributions, including all pre-tax and after-tax amounts. I certify that my designated IRA/plan is eligible to receive and will accept a rollover of after-tax amounts on my behalf.

(ii) ____ I elect to directly roll over 100% of my or the member's pre-tax contributions. I understand OCERS will pay any after-tax amounts to me directly.

(iii) ____ I elect to directly roll over $ ______________ of my or the member's withdrawn contributions and to have any remaining funds paid directly to me. If any portion of the rolled over amount includes after-tax funds, I certify that my designated IRA/plan is eligible to receive and will accept a rollover of after-tax funds on my behalf. I understand that income taxes will be withheld from the taxable portion of the funds that are paid to me directly (see Section 4 below).

____

Name of Institution/Eligible Retirement Plan

IRA Account Number (if applicable):______________________________

4. Federal and California State Income Tax Withholding

If you elect to receive a lump sum payment of a taxable distribution that is eligible for a direct rollover and you do not elect a direct rollover, the amount will be subject to federal and state income tax withholding. OCERS is required by law to withhold 20% of the payment for federal income tax and remit it to the Internal Revenue Service on your behalf. California state law also requires income tax to be withheld unless you affirmatively elect to have no state income tax withheld. If you do not want to have state income taxes withheld, you must provide OCERS with a completed California Withholding Certificate for Pension or Annuity Payments, EDD Form DE 4P, indicating this election.

If you elect to directly roll over your distribution to a Roth IRA, you may complete a federal and/or state tax withholding form and ask OCERS to withhold taxes.

5. Member / Beneficiary Authorization

I have read the Important Notice Impacting Deferral, Withdrawal or Rollover of OCERS Funds and the Special Notice Regarding Plan Payments and Federal Income Tax. I understand completely the effect of withdrawing my or the member's contributions from my or the member's OCERS account. I am aware that by withdrawing my or the member's contributions, I will not be eligible for any future retirement benefits from OCERS. I have read and fully understand the distribution options available to me and the income tax consequences of my distribution elections. Please process the OCERS account as requested in Section 3. **I understand that once my election has been processed by OCERS it is irrevocable.**

Member / Beneficiary Signature ____________________ Date ____________

Spouse's Signature (if applicable) ____________________ Date ____________

For OCERS Use Only

6. Department Certification

Date Employment Terminated / Status Changed: ____________________

Certified By ____________________ Date ____________

Reviewed By ____________________ Date ____________

SPECIAL NOTICE / EDD FORM SENT Downloaded from Website

Certified By ____________________ Date ____________

30-day WAIVER NOTICE SENT Downloaded from Website

Certified By ____________________ Date ____________

30-DAY WAIVER REQUEST

I ________________________________, have either terminated membership from the Orange County Employees Retirement System (OCERS) or am entitled to withdraw and rollover contributions due to the death of an OCERS member.

I acknowledge receiving a copy of the Special Notice Regarding Plan Payments and Federal Income Tax. I understand that OCERS will not process my Member/Beneficiary Request to Withdraw Contributions/Elect Rollover form until at least 30 days after my receipt of the Special Notice and that I can waive this 30-day waiting period.

I do hereby waive the 30-day waiting period. OCERS is authorized to take immediate action in accordance with the Member/Beneficiary Request to Withdraw Contributions/Elect Rollover form that I have signed. I understand that a withdrawal of my or the member's funds from OCERS waives my right to any further retirement benefits from OCERS.

I knowingly sign this waiver and have a full understanding of the financial impact to me of the option I have chosen.

____

Signature of Member / Beneficiary   Social Security #   Date

____

Signature of Spouse (if applicable)   Social Security #   Date

*****IMPORTANT NOTICE IMPACTING DEFERRAL, WITHDRAWAL*****
OR ROLLOVER OF OCERS FUNDS

Upon terminating employment with an OCERS' covered employer, you may leave your funds on deposit with OCERS, withdraw your funds and have them paid directly to you, or roll over all or part of your funds to another eligible retirement plan or IRA.

<u>Please consider each option carefully. If you withdraw your funds from OCERS, you will lose any rights to a retirement or disability benefit from OCERS. Your choices will also affect the federal taxes that are withheld, if any, and the taxes that you may owe.</u>

LEAVING FUNDS ON DEPOSIT (DEFERRAL)

If you leave your funds on deposit with OCERS, you may be eligible for future retirement benefits from OCERS. It will depend upon your years of credited service with OCERS and your age at the time you apply for retirement benefits. If you leave your funds on deposit and within 180 days enter service for an employer that is covered by a reciprocal retirement system, you may be eligible for reciprocal benefits. (For a list of reciprocal retirement systems refer to the section entitled "Reciprocity" in your Summary Plan Description, or visit www.ocers.org and see "Reciprocity" under the Active Member tab.) If you choose to leave your funds on deposit, you should ask for a "Request to Defer Retirement" form. Regular interest is paid on June 30th and December 31st of each year on contributions that have remained on deposit a minimum of (6) months.

WITHDRAWING FUNDS

If you withdraw your funds and have any funds paid directly to you in a lump sum, please note that federal law requires that OCERS withhold 20% of the amount of your funds that have not already been taxed. State law also requires taxes to be withheld unless you affirmatively elect to have no state income tax withheld. If you do not want to have state income taxes withheld from your payment, you must provide OCERS with a completed California Withholding Certificate for Pension and Annuity Payments, EDD Form DE 4P, indicating this election. All funds not previously taxed will be reported to the Internal Revenue Service as income. You may be responsible for paying a 10% federal excise tax and a 2.5% state excise tax on the taxable part of your withdrawal when you file your personal income tax return. If you choose to withdraw your funds, you will be provided with a separate tax notice as required by federal regulations.

ROLLOVER OF FUNDS

You may request a direct rollover of the untaxed portion of your withdrawal for deposit into an IRA or other eligible retirement plan. If you made after-tax contributions to OCERS, the portion of the payment representing these contributions may be rolled into either an IRA or to certain employer plans that accept rollovers of after-tax contributions. If you choose to roll over all of your withdrawal and you have made after-tax contributions, it is your responsibility to ensure that the IRA or eligible retirement plan you have selected is eligible to receive and will accept a rollover of the after-tax funds on your behalf in accordance with applicable tax laws. OCERS will mail you check in your name for the after-tax funds if you do not certify to OCERS that the IRA or employer plan you have selected is eligible to receive and will accept after-tax funds on your behalf. OCERS will mail you a separate check consisting of the untaxed funds in the name of the institution or plan you have designated for the direct rollover. If you choose to roll over part or all of your funds, you will be provided with a separate tax notice as required by federal regulations.

It is your responsibility to provide OCERS with the name of the institution or plan you have chosen to receive your rollover and to submit the check to the institution or plan you have designated. It is also your responsibility to make sure that your IRA or chosen retirement plan is eligible to receive your rollover in accordance with federal regulations.

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Withdrawing all your funds from OCERS will terminate your membership with OCERS, whether the funds are paid to you directly in a lump sum payment or rolled over to an IRA or other eligible retirement plan. As a result, you will lose all rights to any retirement or disability benefits from OCERS when you withdraw or roll over your funds.

REVISED
MARCH 2015

ORANGE COUNTY EMPLOYEES' RETIREMENT SYSTEM

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS AND FEDERAL INCOME TAX

This notice explains how you can continue to defer federal income tax on your retirement savings in the Orange County Employees' Retirement System ("OCERS" or "Plan") and contains important information you will need before you decide how to receive your Plan benefits. This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. Other tax rules apply for California.

You are receiving this notice because all or a portion of a payment you are receiving from OCERS is eligible to be rolled over to an IRA, Roth IRA, or an eligible employer plan. A rollover is a payment by you or OCERS (your "Plan Administrator") of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. This notice is intended to help you decide whether to do such a rollover.

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 that is eligible for rollover (see "*How much may I roll over?")* 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 (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 applies).

Where may I roll over the payment?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an eligible 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, no spousal consent rules apply to IRAs 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. For example, if you were born before January 1, 1936, you might be entitled to ten-year averaging or capital gain treatment. If you roll over your benefit, however, to a section 403(b) tax-sheltered annuity, a governmental 457 plan, or an IRA in a direct rollover, your benefit will no longer be eligible for that special treatment. See sections below entitled "*If you were born on or before January 1, 1936*" and "*If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?*"

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. 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). 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 lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (or after death)

The Plan administrator or 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 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 lives or joint life expectancy of you and your beneficiary);
- Payments made after you separate from service if you are a public safety employee and you are at least age 50 in the year of the separation;
- Payments made due to disability;
- Payments after your death;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relations order (QDRO); or
- Payments up to the amount of your deductible medical expenses.

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 from the IRA, 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:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for qualified domestic relations orders 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).
- 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.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to $10,000 used in a qualified first-time home purchase, and (3) 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 describe any State or local income tax rules (including withholding rules).

If my payment is not eligible for rollover, will it be subject to mandatory withholding?

If any portion of your payment is taxable, but cannot be rolled over, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, ask OCERS for the election form and related information.

What are the consequences for failing to defer receipt of an eligible rollover distribution?

If you choose to have an eligible rollover distribution (or a distribution that is not eligible for rollover) paid to you now rather than deferring receipt, for example, by leaving the money in the Plan, or by rolling over the eligible rollover distribution to a traditional IRA or an eligible employer plan:

- You could lose your ability to defer income taxes on the distribution until a later date.
- You may be subject to the additional 10% early distribution penalty if you receive payment before age 59½.
- Your benefit may be less now than it will be if you defer receipt until a later date.
- Your retirement savings may be reduced.

How much time do I have to decide?

Generally, neither a direct rollover nor a payment can be made from the plan until at least 30 days after your receipt of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received by the Plan administrator.

Special Rules And Options

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment, so you cannot take a payment of only after-tax contributions.

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). OCERS can tell you the amount of any after-tax contributions included in your distribution request. If you do a direct rollover to an IRA of only a portion of the amount paid from the Plan and at the same time the rest is paid to you, the portion directly 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 directly rolled over is treated as being after-tax contributions.

If you do a 60-day rollover to an IRA of only a portion of a payment made to you, the after-tax contributions are treated as rolled over last. 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. To apply for a waiver, 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 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 you are an eligible retired public safety officer and your pension payment is used to pay for health coverage or qualified long-term care insurance

If 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. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover).

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).

You cannot roll over a payment from the Plan to a designated Roth account in an employer plan.

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 will generally 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 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 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.

Under current IRS guidance, effective June 26, 2013, same-sex couples legally married in a jurisdiction with laws authorizing same-sex marriage will be treated as married for federal tax purposes and the rules described in this Notice for surviving spouses will be applicable. Note that individuals who are in registered domestic partnerships, civil unions, or other similar relationships that may be recognized under state law but are not considered a legal marriage under state law, will not be treated as married for federal tax purposes. Individuals who are not considered married spouses for federal tax purposes would be covered by the rules described under the section below titled "*If you are a surviving beneficiary other than a spouse*."

Note that California state law recognizes same-sex spouses and, for California state tax purposes, also treats registered domestic partners in the same manner as spouses. This means that it appears there will continue to be a difference in treatment of registered domestic partners for federal and California tax purposes. This area of the law is evolving and anyone affected by these situations may wish to consult with a professional financial or tax advisor.

- *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.

<u>Payments under a qualified domestic relations order</u>. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options 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). 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 make 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, the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.
- You may not elect to have separate portions of an eligible rollover distribution directly rolled over to multiple trustees or custodians.
- You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

For More Information

You may wish to consult with OCERS, 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, or by calling 1-800-TAX-FORM.

If you have additional questions after reading this notice, you can contact OCERS at (714) 558-6200 or toll free in California at (888) 570-6277.

WITHHOLDING FROM PENSIONS, ANNUITIES, AND CERTAIN OTHER DEFERRED INCOME

Taxable Payments

Pensions, annuities, and other deferred income as described in Section 3405 of the Internal Revenue Code are considered wages and subject to the withholding of personal income tax (PIT). However, a payee/recipient may elect NOT to have PIT withheld.

Payments to Out-of-State Residents

Federal law prohibits states from taxing retirement income received by nonresident individuals after December 31, 1995. Therefore, no California income tax is to be withheld from pension recipients who reside outside of California.

To determine a payee's state of residence, the payer may rely on the most recent address of the payee contained in its business records.

Withholding Notice

The payer must provide to each payee, not earlier than six months before distribution of the first payment and not later than the time of the first payment, a notice with the following rights:

(a) To elect not to have withholding apply to any payment or distribution and how to make that election.

(b) To change or revoke an election and when it takes effect.

The election and any change or revocation of an election is effective for payments made more than 30 days after the payer receives the election or revocation unless the payer elects to make it effective at an earlier date. For nonperiodic payments, the payee may make or revoke an election at any time before the distribution.

Withholding Elections

A payee may name the number of allowances, decide how much is to be withheld, or elect not to have withholding for periodic or nonperiodic (including lump sum) payments. To do so, the payee files with the payer a *Withholding Certificate for Pension or Annuity Payments* (DE 4P or W-4P) or a substitute form provided by the payer. Such choice remains in effect until revoked or changed by the payee by filing a new election form. However, the election on nonperiodic payments is on a payment-by-payment basis unless the payer decides to make the election permanent.

When PIT withholding is required, the payer may calculate the PIT using one of the methods shown below:

(a) California Withholding Schedules.

(b) A designated dollar amount as requested by the recipient.

(c) Ten percent of the amount of federal withholding computed pursuant to Section 3405 of the Internal Revenue Code.

If the payee has not filed a withholding form (DE 4P or W-4P), PIT withholding is required. The payer may calculate PIT using one of the following methods:

(a) Using the California Withholding Schedules, treating the payee as a married individual claiming three allowances.

(b) Withholding 10 percent of the amount of federal withholding computed pursuant to Section 3405 of the Internal Revenue Code.

At the payer's option, withholding will not be required with respect to any designated distribution if the amount to be deducted and withheld is less than $10.

1099-R

At the end of the year, the payer shall give each individual a Form 1099-R showing the gross payments and the income tax withheld during the year.

Reporting of California PIT Withheld

Payers are required to:

(a) File a *Quarterly Wage and Withholding Report* (DE 6), listing the pension recipient's social security account number, name, and PIT withheld on the DE 6 each quarter. Do not report the amount of the payment/distribution as either total subject wages or PIT wages.

(b) File a *Payroll Tax Deposit* (DE 88) along with the PIT withheld from the pension payments. The payers' filing date is dependent on both their federal deposit schedule and the amount of accumulated PIT withheld during the quarter. Please refer to the current year's *California Employer's Guide* (DE 44), *California Deposit Requirements* section, to determine if/when the payer must deposit PIT withheld more frequently than quarterly. If PIT is overpaid and overreported in a quarter, an adjustment may be made in the subsequent quarter. Deduct the overpayment from the next Payroll Tax Deposit and reduce the amount of PIT withheld from the individual(s) on the next DE 6. Only current year adjustments can be made in this manner.

(c) File an *Annual Reconciliation Statement* (DE 7).

Separate Reporting Account Number

The payer may request a separate account number to report California PIT withheld from the taxable portion of payments of pensions, annuities, and certain other deferred income. This separate account number for reporting withholdings may be obtained by submitting a completed *Registration Form for Employers Depositing Only Personal Income Tax Withholding* (DE 1P) to the Department.

Additional Information

For more information or assistance regarding PIT withholding from periodic and nonperiodic payments, please contact the nearest Employment Tax Office listed in the *California Employer's Guide* (DE 44) and on our Web site at www.edd.ca.gov/taxrep/taxloc.htm#taxloc. You may also call us toll-free at 1-888-745-3886 for assistance.

EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Requests for services, aids, and/or alternate formats need to be made by calling 1-888-745-3886 or TTY 1-800-547-9565.

Employment Development Department
State of California

Withholding Certificate for Pension or Annuity Payments

Type or Print Your Full Name	Your Social Security Number
Home Address (Number and Street or Rural Route)	Claim or Identification Number (if any) of Your Pension or Annuity Contract
City or Town, State and ZIP Code	

Complete the following applicable lines:

1. I elect not to have income tax withheld from my pension or annuity. (Do not complete lines 2, 3, or 4.) .... ☐
2. I want my withholding from each pension or annuity payment to be figured using the number of allowances and marital status shown below:
   a. Number of allowances you are claiming from the Regular Withholding Allowances Worksheet A .... 1 ______
   b. Number of allowances from the Estimated Deductions Worksheet B.................................. 2 ______

   ☐ SINGLE or MARRIED (with two or more incomes) ☐ MARRIED (one income) ☐ HEAD OF HOUSEHOLD
3. I want the following **additional** amount withheld from each pension or annuity payment. **Note:** You cannot enter an amount here without entering the number (including zero) of allowances on line 2 above .... $______
4. I want this designated amount withheld from each pension or annuity payment. (Do not complete lines 1, 2, or 3.) $______

Your Signature ______ Date ______

Cut Here

Give the top part of this form to the payer of your pension or annuity; keep the lower part for your records

Purpose of Form. — Unless you elect otherwise, the law requires that personal income tax be withheld from payments of pensions and annuities. The marital status and the withholding allowance claimed on your W-4P can be used to figure your State tax withholding.

The DE 4P allows you to:

(1) Claim a different number of allowances for California personal income tax withholding than for Federal income tax withholding.

(2) Elect not to have income tax withheld from your periodic, or nonperiodic, pension or annuity payments.

(3) Elect to have income tax withheld on periodic or nonperiodic payments based on:

  (a) the number of allowances and marital status specified.

  (b) a designated dollar amount.

(4) Change or revoke the DE 4P previously filed.

Withholding from Pensions and Annuities. — Generally, withholding applies to payments made from pension, profit-sharing, stock bonus, annuity, and certain deferred compensation plans, from individual retirement arrangements (IRA), and from commercial annuities. Withholding also applies to property other than cash distributed.

In compliance with Federal law, California income tax is not to be withheld from pension recipients who reside outside of California.

Periodic and nonperiodic payments from all of the items above are treated as wages for the purpose of withholding.

A periodic payment is one that is includible in your income for tax purposes and that you receive in installments at regular intervals over a period of more than one full year from the starting date of the pension or annuity. The intervals can be annual, quarterly, monthly, etc. For example, if you receive a monthly pension or annuity payment and will continue to receive payments for more than a year, the payments are periodic. However, distributions from an IRA that are payable upon demand are treated as nonperiodic payments.

There are some kinds of periodic and nonperiodic payments for which you cannot use the DE 4P since they are already defined as wages subject to income tax withholding. Your payer should be able to tell you whether the DE 4P will apply.

Your certificate is usually effective 30 days after you file the form. The certificate stays in effect until you change or revoke it.

Methods of Withholding. — The payer can use one of the following three methods:

(1) An amount determined by using the State wage withholding table. Payee completes lines 2 and 3 above.

(2) A dollar amount that you designate. Payee completes line 4 above.

(3) Ten percent of the amount of federal withholding computed pursuant to Section 3405 of the Internal Revenue Code. Payee completes line 4 above.

Completing the Form. — Fill in your name, address, social security number, and the identification number (if any) of the pension or annuity.

Line 1, Exemption from Withholding. — Check this box if you do not want any tax withheld from your payment. You do not have to give a reason for claiming the exemption from withholding.

Caution: Remember that there are penalties for not paying enough tax during the year, either through withholding or estimated tax payments. You may be able to avoid paying quarterly estimated tax to the Franchise Tax Board by having enough tax withheld from your pension or annuity using the DE 4P.

Revoking the Exemption from Withholding. — If you want to revoke your previously filed exemption from withholding for periodic and nonperiodic payments, file another DE 4P completing lines 1, 2, 3, or 4.

Line 2, Withholding Based on Specified Withholding Allowances. — If you want withholding to be based on a specified number of allowances, write the number on this line and check the filing status box you want. The worksheets accompanying this form may be used to figure your withholding allowance.

Line 3, Multiple Pensions/More than One Income. — Indicate additional amount to be withheld from each payment. You may use Worksheet C, accompanying this form, to determine the additional amount.

Line 4, Withholding a Designated Dollar Amount. — Indicate dollar amount you want withheld on this line (in lieu of claiming withholding allowances).

INSTRUCTION 1 — ALLOWANCES*

When determining your withholding allowances, you must consider your personal situation.
Do you claim allowances for dependents or blindness?
Will you itemize your deductions?
Do you have more than one income coming into the household?

If you have a working spouse or more than one job or income, it would be best to figure the total number of allowances you are entitled to claim on all jobs using the worksheets from only one DE 4P. Allowances can then be claimed with one employer only, or split among employers.

WORKSHEET A **REGULAR WITHHOLDING ALLOWANCES**

A) Allowance for yourself — enter 1 .... (A) ________
B) Allowance for your spouse (if not separately claimed by your spouse) — enter 1 .... (B) ________
C) Allowance for blindness — yourself — enter 1 .... (C) ________
D) Allowance for blindness — your spouse (if not separately claimed by your spouse) — enter 1 .... (D) ________
E) Allowance(s) for dependent(s) — Do not include yourself or your spouse .... (E) ________
F) Total — add lines (A) through (E) above .... (F) ________

INSTRUCTION 2 — ADDITIONAL WITHHOLDING ALLOWANCES

If you expect to itemize deductions on your California income tax return, you can claim additional withholding allowances. Use this worksheet to determine whether your expected estimated deductions may entitle you to claim one or more additional withholding allowances. If you have a complex tax situation or numerous itemized deductions, use last year's FTB 540 form as a model to calculate this year's withholding amounts.

You may reduce the amount of tax withheld from your wages by claiming one additional withholding allowance for each $1,000, or fraction of $1,000, by which you expect your estimated deductions for the year to exceed your allowable standard deduction.

WORKSHEET B **ESTIMATED DEDUCTIONS**

1. Enter an estimate of your itemized deductions for California taxes for this tax year as listed in the schedules in the FTB 540 form .... 1. $ ________

2. Enter
$7,274 if unmarried head of household or qualifying widow(er) with dependent(s)
$7,274 if married filing jointly with two or more allowances
$3,637 if single, dual income, married, or married with multiple employers .... 2. $ ________
$3,637 if married filing separately or married with "0" or "1" allowance

3. Subtract line 2 from line 1, enter difference .... 3. $ ________

4. Enter an estimate of your adjustments to income (alimony payments, IRA deposits) .... 4. $ ________

5. Add line 4 to line 3, enter sum .... 5. $ ________

6. Enter an estimate of your nonwage income (dividends, interest income, alimony receipts) .... 6. $ ________

If line 5 is greater than line 6 (if less, see below);

7. Subtract line 6 from line 5, enter difference .... 7. $ ________

8. Divide the amount on line 7 by $1,000, round any fraction to the nearest whole number .... 8. ________
Enter this number on line 2 of the DE 4P. Complete Worksheet C, if needed.

If line 6 is greater than line 5;

9. Enter amount from line 6 (nonwage income) .... 9. $ ________

10. Enter amount from line 5 (deductions) .... 10. $ ________

11. Subtract line 10 from line 9, enter difference .... 11. $ ________
Complete Worksheet C

*Wages paid to registered domestic partners will be treated the same for state income tax purposes as wages paid to spouses for California personal income tax (PIT) withholding and PIT wages. This law does not impact federal income tax law. A registered domestic partner means an individual partner in a domestic partner relationship within the meaning of Section 297 of the Family Code. For more information, please call our Taxpayer Assistance Center at 1-888-745-3886.

WORKSHEET C   TAX WITHHOLDING AND ESTIMATED TAX

1. Enter estimate of total wages for tax year 2010 .... 1. ________
2. Enter estimate of nonwage income (line 6 of Worksheet B) .... 2. ________
3. Add line 1 and line 2. Enter sum .... 3. ________
4. Enter itemized deductions or standard deduction (line 1 or 2 of Worksheet B, whichever is largest) .... 4. ________
5. Enter adjustments to income (line 4 of Worksheet B) .... 5. ________
6. Add line 4 and line 5. Enter sum .... 6. ________
7. Subtract line 6 from line 3. Enter difference .... 7. ________
8. Figure your tax liability for the amount on line 7 by using the 2010 tax rate tables shown below.......... 8. ________
9. Enter personal exemptions (line F of Worksheet A x $107.80) .... 9. ________
10. Subtract line 9 from line 8. Enter difference .... 10. ________
11. Enter any tax credits. (See FTB Form 540) .... 11. ________
12. Subtract line 11 from line 10. Enter difference. This is your total tax liability .... 12. ________
13. Calculate the tax withheld and estimated to be withheld during 2010. Contact your payer to request the amount that will be withheld on your pension based on the marital status and number of withholding allowances you will claim for 2010. Multiply the estimated amount to be withheld by the number of pay periods left in the year. Add the total to the amount already withheld for 2010 .... 13. ________
14. Subtract line 13 from line 12. Enter difference. If this is less than zero, you do not need to have additional taxes withheld .... 14. ________
15. Divide line 14 by the number of pay periods remaining in the year. Enter this figure on line 3 of the DE 4P .... 15. ________

NOTE: Your employer is not required to withhold the additional amount requested on line 3 of your DE 4P. If your employer does not agree to withhold the additional amount, you may increase your withholdings as much as possible by using the “single” status with “zero” allowances. If the amount withheld still results in an underpayment of State income taxes, you may need to file quarterly estimates on Form 540ES with the Franchise Tax Board to avoid a penalty.

THESE TABLES ARE FOR CALCULATING WORKSHEET C AND FOR 2010 ONLY

SINGLE OR MARRIED WITH DUAL EMPLOYERS

IF THE TAXABLE INCOME IS		COMPUTED TAX IS		
OVER	BUT NOT OVER	OF AMOUNT OVER . . .		PLUS*
$0	$7,060	1.375%	$0	$0.00
$7,060	$16,739	2.475%	$7,060	$97.08
$16,739	$26,419	4.675%	$16,739	$336.64
$26,419	$36,675	6.875%	$26,419	$789.18
$36,675	$46,349	9.075%	$36,675	$1,494.28
$46,349	$1,000,000	10.505%	$46,349	$2,372.20
$1,000,000	and over	11.605%	$1,000,000	$102,553.24

MARRIED FILING JOINT OR QUALIFYING WIDOW(ER) TAXPAYERS

IF THE TAXABLE INCOME IS		COMPUTED TAX IS		
OVER	BUT NOT OVER	OF AMOUNT OVER . . .		PLUS*
$0	$14,120	1.375%	$0	$0.00
$14,120	$33,478	2.475%	$14,120	$194.15
$33,478	$52,838	4.675%	$33,478	$673.26
$52,838	$73,350	6.875%	$52,838	$1,578.34
$73,350	$92,698	9.075%	$73,350	$2,988.54
$92,698	$1,000,000	10.505%	$92,698	$4,744.37
$1,000,000	and over	11.605%	$1,000,000	$100,056.45

UNMARRIED HEAD OF HOUSEHOLD TAXPAYERS

IF THE TAXABLE INCOME IS		COMPUTED TAX IS		
OVER	BUT NOT OVER	OF AMOUNT OVER . . .		PLUS*
$0	$14,130	1.375%	$0	$0.00
$14,130	$33,479	2.475%	$14,130	$194.29
$33,479	$43,157	4.675%	$33,479	$673.18
$43,157	$53,412	6.875%	$43,157	$1,125.63
$53,412	$63,089	9.075%	$53,412	$1,830.66
$63,089	$1,000,000	10.505%	$63,089	$2,708.85
$1,000,000	and over	11.605%	$1,000,000	$101,131.35

IF YOU NEED MORE DETAILED INFORMATION, SEE THE INSTRUCTIONS THAT CAME WITH YOUR LAST CALIFORNIA INCOME TAX RETURN OR CALL FRANCHISE TAX BOARD:

IF YOU ARE CALLING FROM WITHIN THE UNITED STATES 1-800-852-5711 (voice)
1-800-822-6268 (TTY)

IF YOU ARE CALLING FROM OUTSIDE THE UNITED STATES
(Not Toll Free) (916) 845-6500

* marginal tax

DE 4P information is collected for purposes of administering the Personal Income Tax law and under the Authority of Title 22 of the California Code of Regulations and the Revenue and Taxation Code, including Section 18624. The Information Practices Act of 1977 requires that individuals be notified of how information they provide may be used. Further information is contained in the instructions that came with your last California income tax return.

Example for Worksheet C for the Year 2010

Payee estimates income from his or her pension to be $1,500 a month and is claiming the standard deduction and single with one withholding allowance.

1.	Estimate annualized income ($1,500 a month x 12 months). Enter on line 1.	1.	$18,000.00
2.	Estimated nonwage income.	2.	$ 8,000.00
3.	Add lines 1 and 2 and enter total on line 3.	3.	$26,000.00
4.	Enter amount for single from line 2 of Worksheet B.	4.	$ 3,637.00
5.	Enter adjustments to income shown on line 4 of Worksheet B.	5.	0.00
6.	Enter sum of lines 4 and 5.	6.	$ 3,637.00
7.	Subtract line 6 from line 3 and enter difference on line 7.	7.	$22,363.00

8. Compute the tax liability for the amount on line 7.

Use the 2010 tables for single from Worksheet C under the entry covering $22,363 (over $16,739 but not over $26,419). Compute 4.675% of the amount over $16,739 ([$22,363 – $16,739] x 0.04675 = $262.92).		$262.92
Add the marginal tax amount.		$336.64
Enter the total on line 13.	Total	$599.56

		8.	$ 599.56
9.	Enter the amount for one personal exemption on line 9 (1 x $107.80).	9.	$ 107.80
10.	Subtract line 9 from line 8 and enter the difference on line 10.	10.	$ 491.76
11.	Enter any tax credits that will be allowed for 2010 (see FTB Form 540).	11.	0.00
12.	Subtract line 11 from line 10 and enter the difference on line 12.	12.	$ 491.76
13.	Calculate the tax withheld and estimated to be withheld during 2010. Withholding on the pension of $1,500 a month claiming single with one withholding allowance based on the California withholding schedule for 2010 is $15.42 x 12 = $185.04. Enter that amount on line 13.	13.	$ 185.04
14.	Subtract line 13 from line 12. Enter difference on line 14.	14.	$ 306.72
15.	Divide line 14 by the number of pay periods remaining in the year. ($306.72 ÷ 12 = $25.56)	15.	$ 25.56

Enter $25.56 on line 3 of the DE 4P.