



# Airconditioning and Refrigeration Industry Joint Trust Funds

3500 W. ORANGEWOOD AVE., ORANGE, CA 92868 • PHONE: (714) 917-6100 • FAX: (714) 917-6065

## Important Notice regarding the Airconditioning and Refrigeration Industry Defined Contribution Retirement Plan – Hardship Withdrawal Guidelines

**Only the amount in your 401(k) account is eligible for distribution.** The amount in your **401(a)** account is **not** eligible for a hardship distribution. In order to obtain your available **401(k) available** balance you must contact **John Hancock Retirement Plan Services** at 1-800-294-3575.

Direct deposit is available and can be set up by phone or by accessing your member profile through [www.mylife.jhrps.com](http://www.mylife.jhrps.com). Please note, if you already have banking information on file and have elected to use it for all future payments, this distribution will automatically be sent to the same bank account unless you elect to change your banking information.

### **HARDSHIP WITHDRAWAL GUIDELINES**

#### **REASON – Purchase of Principal Residence**

##### **Basic Requirements**

- Withdrawal request must be for purchase of principal residence of participant
- Amount requested cannot exceed amount needed as supported by documentation

##### **Required Documentation**

#### **A. FOR PURCHASE OF EXISTING HOME**

- Sales Contract - must include closing date, buyer's (participant's) signature, seller's signature, current date, amount needed to purchase house, address of property
- Good Faith Estimate - must include buyer's (participant's) name and signature, seller's signature, current date, amounts (such as closing costs and deposits) required to be paid to purchase house, address of property

#### **B. FOR PURCHASE OF MOBILE HOME OR MANUFACTURED HOME**

- Sales Contract - must include buyer's (participant's) signature, seller's signature or signature of authorized representative of company, current date, purchase price of home; may include down payment and closing costs

#### **C. FOR CONSTRUCTION OF PRINCIPAL RESIDENCE**

- Contract - must include buyer's (participant's) signature, contractor's signature, current date (unless proof of extension), building cost; may include copy of construction loan

#### **D. PURCHASE OF LAND FOR CONSTRUCTION OF PRINCIPAL RESIDENCE OR PLACEMENT OF MOBILE OR MANUFACTURED HOME**

- Contract - must include buyer's (participant's) signature, seller's signature, current date, purchase price, location of property

##### **Non-Eligible Expenses**

- Amounts already paid (for example, down payment, deposits, earnest money) are not eligible for hardship withdrawal (Exception: bridge loan, for example, where a loan is taken for a short term while the hardship is being processed)

- Refinancing of the mortgage of a principal residence is not eligible

## **REASON – Payment of Unreimbursed Medical and Dental Expenses**

### **Basic Requirements**

- Must be eligible medical\* and/or dental expense (\*for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of treating any structure or function of the body)
- Amount must (1) not be covered by insurance, (2) not paid in its entirety by insurance, or (3) not previously paid by participant
- Documentation cannot be older than 6 months
- Amount requested cannot exceed amount needed as supported by documentation

### **Required Documentation**

#### **A. FOR MEDICAL EXPENSES INCURRED**

- Copy of bill(s) - must identify name of participant or dependent, service rendered, date of service, billed amount, amount paid by insurance (if applicable), outstanding amount

#### **B. FOR MEDICAL EXPENSES NOT YET INCURRED**

- Doctor/hospital statement - must identify name of participant or, service to be rendered, estimated cost of service; statement must be on doctor's/hospital's letterhead; and
- Letter from insurance carrier (if applicable) - must identify amount to be paid by insurance or denying coverage

### **Non-Eligible Expenses**

- Cosmetic surgery is generally not eligible (unless required due to accident or medical condition)

## **REASON – College Tuition**

### **Basic Requirements**

- Tuition and/or related educational fees must be for a post-secondary education at an accredited college, university or trade school for either the participant, participant's spouse, or participant's dependents. (Post-secondary education must require individual to have a high school diploma or GED)
- Expenses must be for the current semester or for next 12 months of education
- Amount requested cannot exceed amount needed as supported by documentation

### **Required Documentation**

#### **A. TUITION AND BOARD**

- Copy of tuition and/or board bill - must include name of student and name of educational institution, fee for tuition (may be broken down by class) for the **current** or **next semester**, fee for board for **current** or **next semester**

#### **B. RELATED EDUCATIONAL FEES** - must include copy of tuition bill or letter of college enrollment along with the following appropriate documentation:

- Copy of bill(s) or booklist - must show fees for labs or list from bookstore with price of books, current date
- Copy of bill for computer - must have current date

### **Non-Eligible Expenses**

- Payment of outstanding student loan is not eligible

## **REASON - Payment of Funeral and/or Burial Expenses**

### **Basic Requirements**

- Funeral and/or burial expenses must be for the participant's deceased parent, spouse, child or dependent
- Documentation cannot be older than 6 months
- amount requested cannot exceed amount needed as supported by documentation

### **Required Documentation**

- Copy of funeral and/or burial bill – must identify names of family member (i.e., deceased parent, spouse, child or dependent) and billed amount

### **Non-Eligible Expenses**

- Amounts already paid through insurance

## **REASON: Repair Damage to Principal Residence Due to Casualty Loss**

### **Basic Requirements**

- Damage to principal residence must be due to a casualty (i.e., fire, storm, disaster declared by federal government) that can be deducted on your tax return under casualty provision without regard to whether the loss exceeds 10% of the adjusted gross income or whether the loss is attributable to a federally declared disaster under Internal Revenue Code section 165(h)(5)
- Documentation cannot be older than 6 months
- Amount requested cannot exceed amount needed as supported by documentation

### **Required Documentation**

- Copy of repair bill(s) – must satisfactorily indicate that the repairs are needed due to casualty loss

### **Non-Eligible Expenses**

- Amounts already paid through insurance

## **REASON - Prevention of Eviction Or Foreclosure From Participant's Principal Residence**

### **Basic Requirements**

- Eviction or foreclosure must be on participant's principal residence
- Date of eviction or foreclosure must be in the future
- Amount requested cannot exceed amount needed as supported by documentation

### **Required Documentation**

#### **A. FOR EVICTION FROM APARTMENT COMPLEX OR PROPERTY RENTED BY INDIVIDUAL**

- Eviction notice - must identify name of participant (as tenant); provide participant's address, amount needed to prevent eviction, and date on which amount must be paid; be dated and signed by owner or representative of apartment complex or landlord

#### **B. FOR FORECLOSURE**

- Foreclosure notice - must be from mortgage company, other appropriate agency, or state or local taxing authority; identify name of participant; provide participant's address; amount needed to prevent foreclosure; date on which amount must be paid; be dated and signed by authorized representative of mortgage company, other appropriate agency and/or taxing authority; state that foreclosure proceedings will begin if amount not paid
- Note: The address on the eviction or foreclosure notice must be the same as the address on your account, unless the address on your account is a P.O. Box. If the address on your

account is a P.O. Box, you must submit a copy of a utility bill that states your physical address that matches the address on the eviction or foreclosure notice.

### **Non-Eligible Expenses**

- Past due utility, water, and property tax bills are not eligible. (Exceptions: Property tax bills that may lead to sale of principal residence if bill is not paid and utility and water bills that are included in an eviction notice.)

**In addition to the foregoing, you must have exhausted all non-taxable loans available under the Airconditioning and Refrigeration Industry Defined Contribution Retirement Plan. (Note: The Plan does not currently offer loans.)**

### **WHAT ARE THE TAX CONSEQUENCES OF RECEIVING A HARDSHIP DISTRIBUTION?**

When you receive a hardship distribution, you may elect to have federal taxes withheld at the time of distribution. Any additional income taxes either Federal or State must be paid when you file your income tax return. In addition, a 10% excise tax applied to hardship distributions if you are younger than age 59-1/2. The 10% tax must also be paid when you file your next income tax return.

If you require a specific amount for a hardship distribution, you will have to increase the amount requested for distribution to cover the 20% withholding. For example, you require \$10,000 to pay for your children's tuition. In this case, the amount of distribution would have to be \$12,500 to take into account the 20% withholding. To figure how much you need to cover the 20% withholding, multiply the hardship amount by 25%. The amount you request should be those two amounts added together.

### **HOW OFTEN CAN I RECEIVE A HARDSHIP DISTRIBUTION?**

You are allowed to receive a hardship distribution no more than two times per calendar year.

### **HOW DO I APPLY FOR A HARDSHIP DISTRIBUTION?**

In order to receive a hardship distribution you must fill out a form. The required form asks you to indicate the amount of distribution as well as the reason for the distribution. **If you are married your spouse must sign the form acknowledging his/her consent to the distribution.** The form must be witnessed by a Trust Office employee or a notary public. A copy of the form is attached to this notice. If you require additional forms, please contact the trust office or visit [www.acrtrust.org](http://www.acrtrust.org) to download additional forms.

If you have any questions or require additional information regarding hardship distributions, please contact the Trust office at (714) 917-6100.

**AIRCONDITIONING & REFRIGERATION INDUSTRY DEFINED CONTRIBUTION RETIREMENT PLAN  
HARDSHIP WITHDRAWAL - DISTRIBUTION FORM – DC02**

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**Instructions:** Use this form if you are a participant and wish to request a hardship withdrawal from the 401(k) portion of your defined contribution plan. Please note that the signature on this form must be notarized or witnessed by a Trust Employee. Return this form to the Trust Office at:

**Airconditioning & Refrigeration Trust, 3500 W. Orangewood Ave., Orange, CA 92868**

**Questions:** If you would like more information about distributions, please contact the Trust Office at (714) 917-6100, Monday through Friday, 8:00 AM to 4:00 PM.

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**PARTICIPANT INFORMATION:** (Please type or print in blue or black ink.)

Name: \_\_\_\_\_ SSN: \_\_\_\_\_ DOB: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Current Employer: \_\_\_\_\_ Job Description: \_\_\_\_\_

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**DISTRIBUTION INFORMATION:**

- A. Withdrawal Amount:** \$ \_\_\_\_\_ *Put MAX AVAILABLE if you are withdrawing the full amount.*
- This amount cannot exceed the amount supported by your acceptable documentation (see below) and is subject to the balance available for withdrawal in your account.
  - If the amount available to withdraw is less than the amount you requested, you will receive your entire available amount.
  - Any amount paid to you may be reduced by applicable taxes.
- B.** Only the amount supported by acceptable documentation will be processed even it is less than the amount requested. A subsequent request will be treated a new hardship withdrawal.
- C.** Please check the reason for the hardship request below and submit the appropriate documentation to substantiate this request. Please see the attached **Hardship Withdrawal Guidelines** for additional details regarding the required documentation.

**Reason for Withdrawal and Required Documentation:**

- Purchase of a Principal Residence:** To purchase my principal residence (excluding mortgage payments).  
*Fully executed purchase and sales agreement which satisfactorily indicates that the amount requested will be used for the purchase of your principal residence.*
- Payment of Unreimbursed Medical and Dental Expenses:** To pay unreimbursed expenses for medical care for me, my spouse, or any of my dependents.  
*Copy of medical or dental bill(s) not more than 6 months old. Medical or dental bill(s) must identify name of individual, service rendered, date of service, billed amount, amount paid by insurance (if applicable), and outstanding amount.*
- College Tuition:** To pay unreimbursed tuition and related education expense for the next 12 months of post-secondary education for myself, my spouse, or any of my dependents.  
*Copy of tuition bill for current semester and/or next semester. Copy of bill(s) for related educational expenses.*
- Payment of Funeral and/or Burial Expenses:** To pay for funeral and/or burial expenses for my deceased parent, spouse, child or dependent.  
*Copy of funeral and/or burial bill not more than 6 months old.*

**Repair for Damage to Principal Residence Due to Casualty Loss:** To repair damage to my principal residence due to a casualty (e.g. fire, storm, disaster declared by the Federal government that can be deducted on tax return under casualty provision).

*Copy of repair bill(s) to principal residence which satisfactorily indicate that the repairs are needed due to casualty loss and are not more than 6 months old.*

**Prevention of Eviction or Foreclosure From Principal Residence:** To make payments necessary to prevent eviction from my principal residence or foreclosure on the mortgage of my principal residence.

*Copy of eviction or foreclosure notice. Note: The address on the eviction or foreclosure notice must be the same as the address on file with the Trust Office unless the address on file is a P.O. Box. If the address on file is a P.O. Box, you must submit a copy of a utility bill that states your physical address that matches the address on the eviction or foreclosure notice.*

**Federal Withholding Election:** If electing an amount different than the default of 10%, complete Form W-4R

10% or  W4-R attached

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**AUTHORIZATION:**

**I certify that I meet the requirements for the above hardship. I have no other funds, including loans, reasonably available to take care of this hardship.** I have been advised that I may not request more than two hardship withdrawals during a calendar year. I request that the above referenced distribution be made from my plan accounts. I certify that all of the information above is true and correct. I have received and read the Special Tax Notice Regarding Plan Payments. I understand that I will be responsible for the tax consequences of this distribution.

*(If you are married, Participant and Spouse signatures MUST be witnessed by a Trust Office employee OR Notary Public.)*

Single – I certify under penalties of perjury that I am not married as of the date this form is signed.

Married – I (spouse) hereby consent to the distribution as indicated by my spouse.

\_\_\_\_\_  
Signature of Participant

\_\_\_\_\_  
Signature of Spouse (if married)

\_\_\_\_\_  
Date

WITNESS: Trust Office Personnel \_\_\_\_\_ Date: \_\_\_\_\_ OR  Notarial Jurat Attached

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**TRUST OFFICE APPROVAL:**

Please process the distribution requested. The participant is eligible for the distribution under the terms of the Plan.

Authorized Approval Signature: \_\_\_\_\_ Date: \_\_\_\_\_

L052020513 – Hardship Withdrawal

## AIRCONDITIONING AND REFRIGERATION INDUSTRY JOINT TRUST FUNDS

3500 W. Orangewood Ave., Orange, CA 92868 • Telephone (714) 917-6100 • Facsimile (714) 917-6065

### **SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS**

#### **YOUR ROLLOVER OPTIONS**

You are receiving this notice because all or a portion of a payment you are receiving from the Airconditioning and Refrigeration Industry Defined Contribution 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), or after death;

- Hardship distributions; and
- Corrective distributions of contributions that exceed tax law limitations;

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 made due to disability;
- Payments after your death;
- Corrective distributions of contributions that exceed tax law limitations;
- 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; and
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters;

**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

### **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 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 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.

**Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions**

Department of the Treasury  
Internal Revenue Service

**Give Form W-4R to the payer of your retirement payments.**

**2023**

<b>1a</b> First name and middle initial	Last name	<b>1b</b> Social security number
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Address

City or town, state, and ZIP code

Your withholding rate is determined by the type of payment you will receive.

- For nonperiodic payments, the default withholding rate is 10%. You can choose to have a different rate by entering a rate between 0% and 100% on line 2. Generally, you can't choose less than 10% for payments to be delivered outside the United States and its territories.
- For an eligible rollover distribution, the default withholding rate is 20%. You can choose a rate greater than 20% by entering the rate on line 2. You may not choose a rate less than 20%.

See page 2 for more information.

<b>2</b> Complete this line if you would like a rate of withholding that is different from the default withholding rate. See the instructions on page 2 and the Marginal Rate Tables below for additional information. Enter the rate as a whole number (no decimals)	<b>2</b>	%
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<b>Sign Here</b>	Your signature (This form is not valid unless you sign it.)	Date
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**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).

**Purpose of form.** Complete Form W-4R to have payers withhold the correct amount of federal income tax from your nonperiodic payment or eligible rollover distribution from an employer retirement plan, annuity (including a commercial annuity), or individual retirement arrangement (IRA). See page 2 for the rules and options that are available for each type of payment. Don't use Form W-4R for periodic payments (payments made in installments at regular

intervals over a period of more than 1 year) from these plans or arrangements. Instead, use Form W-4P, Withholding Certificate for Periodic Pension or Annuity Payments. For more information on withholding, see Pub. 505, Tax Withholding and Estimated Tax.

**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.

**2023 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%
13,850	10%	27,700	10%	20,800	10%
24,850	12%	49,700	12%	36,500	12%
58,575	22%	117,150	22%	80,650	22%
109,225	24%	218,450	24%	116,150	24%
195,950	32%	391,900	32%	202,900	32%
245,100	35%	490,200	35%	252,050	35%
591,975*	37%	721,450	37%	598,900	37%

\* If married filing separately, use \$360,725 instead for this 37% rate.

## General Instructions (continued)

**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: (a) qualifying “hardship” distributions, and (b) distributions required by federal law, such as required minimum 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

### 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 \$60,000 without the payment. Step 1: Because your total income without the payment, \$60,000, is greater than \$58,575 but less than \$109,225, the corresponding rate is 22%. Step 2: Because your total income with the payment, \$80,000, is greater than \$58,575 but less than \$109,225, 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 \$42,500 without the payment. Step 1: Because your total income without the payment, \$42,500, is greater than \$24,850 but less than \$58,575, the corresponding rate is 12%. Step 2: Because your total income with the payment, \$62,500, is greater than \$58,575 but less than \$109,225, the corresponding rate is 22%. The two rates differ. \$16,075 of the \$20,000 payment is in the lower bracket (\$58,575 less your total income of \$42,500 without the payment), and \$3,925 is in the higher bracket (\$20,000 less the \$16,075 that is in the lower bracket). Multiply \$16,075 by 12% to get \$1,929. Multiply \$3,925 by 22% to get \$863.50. The sum of these two amounts is \$2,792.50. This is the estimated tax on your payment. This amount corresponds to 14% of the \$20,000 payment (\$2,792.50 divided by \$20,000). Enter “14” on line 2.

**Privacy Act and Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to provide this information only if you want to (a) request additional federal income tax withholding from your nonperiodic payment(s) or eligible rollover distribution(s); (b) choose not to have federal income tax withheld from your nonperiodic payment(s), when permitted; or (c) change a previous Form W-4R (or a previous Form W-4P that you completed with respect to your nonperiodic payments or eligible rollover distributions). To do any of the aforementioned, you are required by sections 3405(e) and 6109 and their regulations to provide the information requested on this form. Failure to provide this information may result in inaccurate withholding on your payment(s). Failure to provide a properly completed form will result in your payment(s) being subject to the default rate; providing fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S.

commonwealths and territories for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.