



REFUND OF ACCUMULATED CONTRIBUTIONS

GENERAL INFORMATION

If you are a vested firefighter (those who have accrued at least ten (10) years of credited service with the Fund): You may leave your accumulated contributions in the Fund until you are eligible for retirement and begin receiving your retirement benefits. When you are eligible, please contact the Pension Office to commence your retirement benefit.

If you are a non-vested firefighter (those with less than ten (10) years of credited service): Contributions may be left in the Fund for up to five years after your termination of employment with the Fire Department. Contributions that are left in the Fund will accrue interest at the end of each calendar year based on the balance as of January 1st of that year in accordance with the terms of the Fund. The Fund will not pay interest on a firefighter's or former firefighter's contributions for part of a year or for any period that is more than five calendar years after the date of termination of employment.

REQUESTING A REFUND

In connection with your termination of employment from the Fire Department, you may request a refund of your accumulated contributions with the Fund, plus interest. If you request a refund of contributions, (1) you will no longer be considered a member of the Fund, and (2) you will give up any right you have to a benefit from the Fund. If you were to become reemployed by the Fire Department, you would be considered a new hire and none of your prior service with the Fire Department would be considered for purposes of the Fund.

NOTE: Your refund amount will be equal to the total deposits that you have made to the Fund during your employment with the Fire Department, plus any interest that has been credited to your account in accordance with the terms of the Fund. You are **not** eligible to receive a refund of any contributions made by the City of Austin as your employer.

In order to request a refund of accumulated contributions from the Fund, please follow the process outlined below.

1. Please complete the attached *Application for Refund of Accumulated Contributions* form and return it to the Pension Office for processing. **NOTE:** The total amount of your accumulated contributions will not be determined until the Pension Office has received the contributions included in your final paycheck issued from the City of Austin Payroll Department.
2. Please review the *AFRF Special Tax Notice* and determine whether you would like your accumulated contributions paid to you directly or rolled over into an eligible account.
 - **Direct Payment:** Contributions may be refunded in a single lump-sum cash payment directly to you (less the mandatory 20% federal tax withholding). Refunds will be paid by the end of the month, following the later of the month in which the Application Form or final paycheck information from the City of Austin Payroll Department was received. A *Direct Deposit Form* must be completed and returned to the Pension Office if the contributions are to be refunded directly to firefighter. In addition, you may owe a 10% early withdrawal penalty to the IRS if you request a refund of accumulated contributions prior to the calendar year in which you attain age 50, or accrue 25 years of service credit with the Fund.
 - **Rollover:** Contributions may be rolled over directly to an eligible retirement plan (such as an IRA or other qualified employer plan) through a trustee to trustee transfer. A rollover will be completed by the end of the month, following the month in which the Application Form and final paycheck information from the City of Austin Payroll Department were received. A *Lump Sum Distribution Rollover Form* must be completed and returned to the Pension Office.

Please complete the attached forms and send to:

Austin Firefighters Retirement Fund
4101 Parkstone Heights Drive, Suite 270, Austin TX 78746
Or email staff@AFRFund.org to request a secure digital submission link.



APPLICATION FOR REFUND OF ACCUMULATED CONTRIBUTIONS

MEMBER INFORMATION

Member Name: _____ Social Security Number: _____

Address: _____

Phone Number: _____ E-mail: _____

Date of Birth: _____ TX FIR#: _____

My last day of employment with the Austin Fire Department was: _____

If you were previously married, is there a Qualified Domestic Relations Order (QDRO) that divides your retirement benefits between you and your former spouse? YES NO

DISTRIBUTION OPTION

_____ **ROLLOVER.** I choose to have my entire balance of accumulated contributions rolled over into an eligible qualified plan or IRA. No federal income tax will be withheld. *(You must also complete the Lump Sum Distribution Rollover Form.)*

_____ **PARTIAL ROLLOVER/PARTIAL DISTRIBUTION.** I choose to have \$_____ of my accumulated contributions rolled over into an eligible qualified plan or IRA. No federal income tax will be withheld from this portion. The remaining balance of my accumulated contributions balance (less required withholding) will be made payable to me. *(You must also complete the Lump Sum Distribution Rollover Form and Direct Deposit Form.)*

_____ **DIRECT DISTRIBUTION TO PARTICIPANT.** I choose to have my entire balance of accumulated contributions (less required withholding) made payable to me. I understand that the Fund will withhold 20% from this distribution, unless I submit a Form W4-R electing a greater percentage of federal income tax withholding. *(You must also complete the Direct Deposit Form.)*

ACKNOWLEDGEMENT AND SIGNATURE

BY SIGNING THIS APPLICATION FORM, I ACKNOWLEDGE THE FOLLOWING:

- I certify to the Fund that the information stated above is true and correct. I understand it is my responsibility to notify the Fund if any of the information above changes.
- I confirm that I have terminated service with the Fire Department, and I am voluntarily electing to receive a refund of my accumulated contributions, plus interest. By doing so, I will no longer be a member of the Fund,

all of my credited service with the Fund will be cancelled, and any rights I may have to a future benefit from the Fund is forfeited and terminated.

- **For vested firefighters:** I understand that with 10 years of credited service with the Fund, I am considered vested in my retirement benefits and may leave my accumulated contributions in the Fund in order to receive a pension benefit in the future pursuant to the Fund's governing statute, Article 6243e.1, Vernon's Texas Civil Statutes (the "Act") and the Fund Rules.
- **For non-vested firefighters:** I understand that since I do not yet have 10 years of credited service with the Fund, I am not vested in my retirement benefits. I understand that contributions may be left in the Fund for up to five years after termination of employment with the Fire Department and will accrue interest in accordance with the terms of the Fund. By electing to take a refund now, I am forfeiting any rights to accrue interest on my account in the future (if any).
- I understand that my election to receive a refund of my accumulated contributions is irrevocable. If I later become reemployed by the Fire Department, I will be treated as a new employee for purposes of the Fund without being entitled to prior service or credit.
- I have had the opportunity to meet with the Fund's administrative staff and ask them questions regarding a refund of accumulated contributions and the effect that such refund will have on my benefits and any potential survivor benefit under the Fund.
- I understand that the administrative staff of the Fund cannot and has not rendered legal or tax advice to me as a result of a refund of contributions under the Fund. I have had the opportunity to seek advice from a professional tax advisor of my choosing.
- I understand that a refund of accumulated contributions prior to the calendar year in which I attain age 50, or such point that I have accrued 25 years of service credit with the Fund, may be subject to an additional 10% early withdrawal penalty by the IRS, in addition to regular federal income tax. I understand that it is my responsibility to pay any taxes or penalties in accordance with current tax law and guidance. I acknowledge that I have received the AFRF Special Tax Notice prior to signing this application and waive the requirement of 30 days' notice.
- I understand that the information provided by the Fund in this form is being provided to assist me in requesting a refund of accumulated contributions, but that any distribution from the Fund is ultimately subject to the terms of the Fund as set forth in the Act and the Fund Rules and applicable law. If there is any conflict between information provided in this form and the Act or the Fund Rules, the terms of the Act and the Fund Rules, as applicable, will govern.
- I understand that the final determination and amount of my refund remains subject to approval by the Board and that any estimates or communications from Fund staff about my accumulated contributions are not binding on the Board.

Firefighter's Signature

Date

Firefighter's Printed Name



SPECIAL TAX NOTICE REGARDING YOUR ROLLOVER OPTIONS UNDER THE AUSTIN FIREFIGHTERS RETIREMENT FUND

You are receiving this notice because all or a portion of a payment you are receiving from the Austin Firefighters Retirement Fund (the "Fund") 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. **IF YOU RECEIVE OR ACCESS THIS NOTICE ELECTRONICALLY, YOU MAY REQUEST A PAPER COPY OF THIS NOTICE FROM THE FUND AT NO CHARGE TO YOU.**

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 Fund if you do not roll it over. If you are under age 59 ½ 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 59 ½), unless an exception applies.

However, if you do a rollover to a traditional IRA or an eligible employer plan, you will not have to pay tax until you receive payments later from the IRA or plan, and the 10% additional income tax will not apply if those payments are made after you are age 59 ½ (or if an exception to the 10% additional 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 section 401(a) plan, section 403(b) plan, or governmental section 457(b) deferred compensation 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 of the rolled over amount from the IRA or employer plan in the future. 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 Fund 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 Fund is required to withhold 20% of the payment for federal income taxes. 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 59 ½ (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 Fund 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). This means that your lifetime monthly benefits are not eligible for rollover.
- Required minimum distributions after age 70 ½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949 and before January 1, 1951), after age 73 (if you were born on or after January 1, 1951), or after death.
- Corrective distributions of contributions that exceed tax law limitations.
- Distributions of certain premiums for health and accident insurance.

The Fund 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 59 ½, you will have to pay the 10% additional income tax on early distributions for any payment from the Fund (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 Fund:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Payments from a governmental defined benefit pension plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation or have at least 25 years of service in the year of the separation;
- 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 up to the amount of your deductible medical expenses; 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 59 ½, 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 or after 25 years of service 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).
- 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:
 - (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 address any State or local income tax rules (including withholding rules).

SPECIAL RULES AND OPTIONS

If your payment includes after-tax contributions

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

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

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

If you miss the 60-day rollover deadline

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

If 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 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.

The Form 1099-R that you receive from the Fund will report the deducted insurance premium as taxable. If you want to take advantage of this \$3,000 exclusion, you must report the amount claimed on Form 1040. This is an annual election—you will need to report the exclusion for each year in which you want to claim the exclusion. Please consult with your personal tax advisor to appropriately report and claim the exclusion.

If you are not a Fund member

Payments after death of the member. If you receive a distribution after the member'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 member was born on or before January 1, 1936.

If you are a surviving spouse. If you receive a payment from the Fund as the surviving spouse of a deceased member, you have the same rollover options that the member 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 59 ½ 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 70 ½ (if you were born before July 1, 1949), age 72 (if you were born after June 30, 1949 and before January 1, 1951), or age 73 (if you were born on or after January 1, 1951).

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 member had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the member had not started taking required minimum distributions from the Fund, you will not have to start receiving required minimum distributions from the inherited IRA until the year the member would have been age 70 ½ (if the member was born before July 1, 1949), age 72 (if the member was born after June 30, 1949 and before January 1, 1951), or age 73 (if the member was born on or after January 1, 1951).

If you are a surviving beneficiary other than a spouse. If you receive a payment from the Fund because of the member'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 qualified domestic relations order. If you are the spouse or former spouse of the member who receives a payment from the Fund under a qualified domestic relations order (QDRO), you generally have the same options (and the same tax treatment) that the member would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). If you are an alternate

payee other than the spouse or former spouse of the member, you generally have the options of a surviving beneficiary other than a spouse, so that the only rollover option you have is to do a direct rollover to an inherited IRA. 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 Fund 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, the Fund 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 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. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event). For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.

NOTICE PERIOD

Generally, payment cannot be made from the Fund until at least 30 days after you receive this notice. Thus, you have at least 30 days to consider whether or not to have your payment 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 payment will then be processed in accordance with your election as soon as practical after it is received by the Fund.

FOR MORE INFORMATION

You may wish to consult with the Fund, or a professional tax advisor, before taking a payment from the Fund. 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.



AFRF
AUSTIN FIREFIGHTERS
RETIREMENT FUND

DIRECT DEPOSIT FORM

NAME	
BANK / FINANCIAL INSTITUTION NAME	
ACCOUNT NUMBER	
TYPE OF ACCOUNT	<input type="checkbox"/> CHECKING <input type="checkbox"/> SAVINGS
ROUTING NUMBER	

Please attach a voided blank check or other verification of bank account.

By signing below, I certify to the Austin Firefighters Retirement Fund (the "Fund") that the information above is true and correct. I authorize and direct the Fund to deposit any distribution payable to me from the Fund on or after the date below to the account listed above and update my information in the Fund's records accordingly.

Signature

Date Signed

Please send completed form to:

Austin Firefighters Retirement Fund
4101 Parkstone Heights Drive, Suite 270, Austin TX 78746
Or email staff@AFRFund.org to request a secure digital submission link.



LUMP SUM DISTRIBUTION ROLLOVER FORM

MEMBER / BENEFICIARY INFORMATION

Name: _____

Social Security Number: _____

ROLLOVER INFORMATION

Type of Rollover: Accumulated Contributions DROP Account Other: _____

Amount of Rollover: \$ _____

Type of Account

Governmental 457(b) Traditional IRA
 Other Qualified Plan SIMPLE IRA
 Other: _____ (Please describe type of account)

Account Information

Name of Financial Institution / IRA / Plan: _____

Address of Financial Institution (No P.O. Box): _____

Account Number: _____

ACKNOWLEDGEMENT AND SIGNATURE

By signing below, I certify to the Austin Firefighters Retirement Fund (the "Fund") that the information above is true and correct. I certify that the account/plan listed above is eligible to receive a rollover of funds from the Fund and understand that the Fund has no obligation to determine whether such plan is an eligible retirement plan for purposes of a rollover. I understand that no taxes will be withheld from this transfer. I authorize and direct the Fund to rollover the amount indicated above from the Fund to the named Financial Institution. I understand that, although they may provide general information, the administrative staff of the Fund cannot and has not rendered tax advice to me regarding this election, and I confirm that I have had the opportunity to seek advice from a professional tax advisor prior to making this election.

Signature

Date Signed

Please send completed form to:
Austin Firefighters Retirement Fund
4101 Parkstone Heights Drive, Suite 270, Austin TX 78746
Or email staff@AFRFund.org to request a secure digital submission link.

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.

2024

1a First name and middle initial	Last name	1b 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.

2 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)	2	%
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Sign Here	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.

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.

2024 Marginal Rate Tables

You may use these tables to help you select the appropriate withholding rate for this payment or distribution. Add your income from all sources and use the column that matches your filing status to find the corresponding rate of withholding. See page 2 for more information on how to use this table.

Single or Married filing separately		Married filing jointly or Qualifying surviving spouse		Head of household	
<i>Total income over—</i>	Tax rate for every dollar more	<i>Total income over—</i>	Tax rate for every dollar more	<i>Total income over—</i>	Tax rate for every dollar more
\$0	0%	\$0	0%	\$0	0%
14,600	10%	29,200	10%	21,900	10%
26,200	12%	52,400	12%	38,450	12%
61,750	22%	123,500	22%	85,000	22%
115,125	24%	230,250	24%	122,400	24%
206,550	32%	413,100	32%	213,850	32%
258,325	35%	516,650	35%	265,600	35%
623,950*	37%	760,400	37%	631,250	37%

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

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 2024, your current withholding election (or your default rate) remains in effect unless you submit a Form W-4R.

Eligible rollover distributions—20% withholding. Distributions you receive from qualified retirement plans (for example, 401(k) plans and section 457(b) plans maintained by a governmental employer) or tax-sheltered annuities that are eligible to be rolled over to an IRA or qualified plan are subject to a 20% default rate of withholding on the taxable amount of the distribution. You can't choose withholding at a rate of less than 20% (including “-0-”). Note that the default rate of withholding may be too low for your tax situation. You may choose to enter a rate higher than 20% on line 2. Don't give Form W-4R to your payer unless you want more than 20% withheld.

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

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

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

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

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

Specific Instructions

Line 1b

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

Line 2

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

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

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

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

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

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

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

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

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

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

Example 2. You expect your total income to be \$43,700 without the payment. Step 1: Because your total income without the payment, \$43,700, is greater than \$26,200 but less than \$61,750, the corresponding rate is 12%. Step 2: Because your total income with the payment, \$63,700, is

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

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.