

WITHHOLDING NOTICE INFORMATION (FORM W-4R/OMB No. 1545-0074)

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 below 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 Publication 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.

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 in the Withholding Election section. 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-" in the Withholding Election section. 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.

Payments to nonresident aliens and foreign estates. Do not use Form W-4R. See Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*, and Publication 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-" in the Withholding Election section. See Pub. 3920, *Tax Relief for Victims of Terrorist Attacks*, for more details.

WITHHOLDING NOTICE INFORMATION (FORM W-4P/OMB NO. 1545-0074)

Basic Information about Withholding from Pensions and Annuities. Generally, federal income tax withholding applies to the taxable part of payments made from pension, profit sharing, stock bonus, annuity, and certain deferred compensation plans; from IRAs; and from commercial annuities.

Caution: There may be penalties for not paying enough tax during the year, through either withholding or estimated tax payments. New retirees should see Publication 505, *Tax Withholding and Estimated Tax*. It explains the estimated tax requirements and penalties in detail. You may be able to avoid quarterly estimated tax payments by having enough tax withheld from your IRA using form W-4P.

Purpose of Form W-4P. Unless you elect otherwise, 10 percent federal income tax will be withheld from payments from individual retirement accounts (IRAs). You can use Form W-4P (or a substitute form, such as this form), provided by the trustee or custodian, to instruct your trustee or custodian to withhold no tax from your IRA payments or to withhold more than 10 percent. This substitute form should be used only for withdrawals from IRAs that are payable upon demand.

Non-periodic Payments. Payments made from IRAs that are payable upon demand are treated as non-periodic payments for federal income tax purposes. Generally, non-periodic payments must have at least 10 percent income tax withheld.

Your election will remain in effect for any subsequent withdrawal unless you change or revoke it.

Payments Delivered Outside of the U.S.A U.S. citizen or resident alien may not waive withholding on any withdrawal delivered outside of the U.S. or its possessions. Withdrawals by a nonresident alien generally are subject to a tax withholding rate of 30 percent. A reduced withholding rate may apply if there is a tax treaty between the nonresident alien's country of residence and the United States and if the nonresident alien submits Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding, or satisfies the documentation requirements as provided under federal regulations. The Form W-8BEN must contain the foreign person's taxpayer identification number. **For more information,** Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*, and Publication 519, *U.S. Tax Guide for Aliens*, are available on the IRS website at www.irs.gov or by calling 1-800-TAX-FORM.

Revoking the Exemption from Withholding. If you want to revoke your previously filed exemption from withholding, file another Form W-4P with the trustee or custodian and check the appropriate box on that form.

Statement of Income Tax Withheld from Your IRA. By January 31 of next year, your trustee or custodian will provide a statement to you and to the IRS showing the total amount of your IRA distributions and the total federal income tax withheld during the year. Copies of Form W-4P will not be sent to the IRS by the trustee or custodian.

REPORTING INFORMATION APPLICABLE TO TRADITIONAL IRA AND SIMPLE IRA WITHDRAWALS

You must supply all requested information for the withdrawal so the trustee or custodian can properly report the withdrawal.

If you have any questions regarding a withdrawal, please consult a competent tax professional or refer to IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*, for more information. This publication is available on the IRS website at www.irs.gov or by calling 1-800-TAX-FORM.

WITHDRAWAL REASON

IRA assets can be withdrawn at any time. Most IRA withdrawals are reported to the IRS. IRS rules specify the distribution code that must be used to report each withdrawal on IRS Form 1099-R, *Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.*

Transfer to Another IRA. Transfers are not reported on Form 1099-R. Transfers may be made by an IRA owner, beneficiary, or former spouse under a transfer due to a divorce. Inherited IRA assets may only be transferred to another inherited IRA, unless you are a spouse beneficiary.

Normal Withdrawal (Age 59½ or older). If you are age 59½ or older, withdrawals (including required minimum distributions) are reported on Form 1099-R using code 7.

Early Withdrawal (Under age 59½). If you are under age 59½, withdrawals for any reason not listed below are reported on Form 1099-R using code 1.

- **Disability.** If you are under age 59½ and disabled, withdrawals are reported on Form 1099-R using code 3.
- **Direct Conversion to a Roth IRA, Substantially Equal Periodic Payments, or IRS Levy.** If you are under age 59½, withdrawals due to direct conversions to a Roth IRA, substantially equal periodic payments, or IRS levy are reported on Form 1099-R using code 2. Certain distributions taken due to federally declared disasters also are reported using code 2. Please refer to the IRS website at www.irs.gov for more information and a listing of the disaster areas.
- **SIMPLE IRA Withdrawal in the First Two Years (No IRS penalty exception).** If you are under age 59½ and less than two years have passed since the first contribution to your SIMPLE IRA, withdrawals are reported on Form 1099-R using code S.

Death Withdrawal by a Beneficiary. Withdrawals by beneficiaries following the death of the original IRA owner are reported on Form 1099-R using code 4. Use code G with code 4 for a surviving spouse beneficiary who elects a direct rollover to an eligible employer-sponsored retirement plan.

Direct Rollover to an Eligible Employer-Sponsored Retirement Plan. Direct rollovers to eligible employer-sponsored retirement plans (Internal Revenue Code Section (IRC Sec.) 401(a) (e.g., 401(k), profit sharing, money purchase pension plan), annuity plan (IRC Sec. 403(a)), tax-sheltered annuity plan (IRC Sec. 403(b)), or governmental deferred compensation plan (IRC Sec. 457(b)) are reported on Form 1099-R using code G.

Prohibited Transaction. Prohibited transactions as defined in IRC Sec. 4975(c) are reported on Form 1099-R using code 5.

Excess Contribution Removed Before the Excess Removal Deadline. Excess contributions removed before the excess removal deadline (your tax filing deadline, including extensions) must include the net income attributable to the excess.

- If your excess contribution was contributed and removed in the same year, before the excess removal deadline, the withdrawal is reported on Form 1099-R using code 8. If you are under age 59½ also use code 1.
- If your excess contribution was contributed in one year and removed in the next year, before the excess removal deadline, the withdrawal is reported on Form 1099-R using code P. If you are under age 59½ also use code 1.

Excess Contribution Removed After the Excess Removal Deadline. If your excess contribution is removed after the excess removal deadline, the withdrawal is reported on Form 1099-R using code 1 if you are under age 59½ or code 7 if you are age 59½ or older.

SEP or SIMPLE IRA Excess Contribution Removed Under the EPCRS. Excess SEP or SIMPLE IRA contributions removed under the Employee Plans Compliance Resolution System (EPCRS) generally are reported on Form 1099-R using code E.

Recharacterization. A Traditional IRA contribution including the net income attributable may be recharacterized as a Roth IRA contribution up until your tax filing deadline, including extensions.

- Recharacterizations that occur in the same year for which the contribution was made are reported on Form 1099-R using code N.
- Recharacterizations that occur after the year for which the contribution was made are reported on Form 1099-R using code R.

Revocation of a Regular Contribution. Revocations of regular contributions are reported on Form 1099-R using code 8. If you are under age 59½ and earnings on the contribution are distributed, also use code 1.

Revocation of Rollover, Transfer, or SEP or SIMPLE IRA Contribution. Revocations of rollovers, transfers, or SEP or SIMPLE IRA plan contributions are reported on Form 1099-R using code 1 if you are under age 59½ or code 7 if you are age 59½ or older.

STATE TAX WITHHOLDING INFORMATION SHEET

This general information is provided to help you understand state income tax withholding requirements for Individual Retirement Account distributions. While Axos Clearing LLC makes every effort to obtain information about state tax laws from sources believed to be reliable, Axos Clearing LLC cannot guarantee the accuracy or timeliness of state tax withholding information because state tax laws are subject to constant change and interpretation. Moreover, Axos Clearing LLC does not provide tax or other advice. We therefore recommend that you contact your tax advisor regarding your tax withholding elections and answer any questions that you may have regarding your state's withholding laws.

STATE OF RESIDENCY	STATE INCOME TAX WITHHOLDING
AK, FL, HI, NH, NV, SD, TN, TX, WA, WY	State income tax is not permitted.
AL, AZ, CO, GA, ID, IL, IN, KY, LA, MD, MS, MT, ND, NJ, NM, NY, OH, PA, RI, SC, UT, VA, WI, WV	State income tax withholding is voluntary. <ul style="list-style-type: none"> We will withhold state income tax only if you instruct us to do so. You must indicate the amount to withhold. For MD amounts must be in whole dollars. For PA, if you choose to withhold it must be at 3.07% MS applies if age 59 ½ or older
AR, KS, MI, MN, MO, OR, VT	State income tax withholding is mandatory unless the individual elects to waive state income tax withholding (i.e., required unless waived) <i>If federal tax is required, we will withhold the following unless you indicated otherwise:</i> <ul style="list-style-type: none"> AR – 3% of gross distribution KS – 5% of gross distribution MI – 4.25% of gross distribution – unless a MI-W4P is provided (see note below) MN – 6.25% of gross distribution -unless a Form W-4MNP is provided (see below) MO – 5.4% of gross distribution OR – 8% of gross distribution VT – 30% of federal withholding election
CA, DE, NC	State income tax withholding is mandatory if the individual did not waive federal withholding, unless the individual waives state income tax withholding (i.e., required with federal withholding unless waived): <ul style="list-style-type: none"> CA – 10% of federal withholding election DE – 5% of gross distribution NC – 4% of gross distribution – unless a NC-4P is provided
IA, ME, MA, NE, OK	State income tax withholding is mandatory if the individual did not waive federal withholding (i.e., required with federal withholding): <i>If federal tax is withheld, you cannot opt out of state withholding. We will withhold as indicated:</i> <ul style="list-style-type: none"> IA – 5% of gross distribution ME – 5% of gross distribution MA – 5% of gross distribution NE – 5% of gross distribution (if age 59 ½ or older) OK – 4.75% of gross distribution
State Income Tax Withholding	
CT, D.C., MS	Mandatory whether or not federal income tax is withheld. <ul style="list-style-type: none"> CT – 6.99% of gross distribution -unless a CT-W4P is provided D.C. – 10.75% of gross distribution -if lump sum and not a direct rollover MS – 5% of gross distribution on early distributions taken (under 59 ½)
MI	Required unless you certify that your distribution is not taxable because you were born before 1946 or you believe you will not have a balance due on your Michigan Individual Income Tax Return, Form MI-1040. 4.25% of taxable distribution.
Note 1:	The above applies to residents of each respective state. Special rules apply if you live in a foreign country, are not a U.S. Citizen, or are a non-resident alien.
Note 2:	The above is provided as a guideline only and is not advice regarding withholding. State law is subject to change and Axos Clearing LLC is not responsible for changes in state law that may affect the accuracy of the above. Please contact your tax advisor before making an election regarding state withholding.
MN	Required unless you furnish the financial organization with Form W-4MNP indicating their election to not withhold Minnesota income tax or to elect a different withholding amount or percentage. Form W-4MNP may be obtained from the Minnesota Department of Revenue.