

# Inherited IRA distribution option (date of death after December 31, 2019)



**Mail to:** P.O. Box 9261, Des Moines, IA 50306-9261  
**Overnight:** 8300 Mills Civic Pkwy, West Des Moines, IA 50266-3833

## Instructions

- This form is to be used when either the original contract owner's date of death or first beneficiary's (when applicable) date of death is after December 31, 2019, to receive distributions in accordance with section 401(a)(9) of the Internal Revenue Code.
- If all deaths were prior to January 1, 2020, use the Inherited IRA Distribution option (before January 1, 2020) form 27740R-VA.
- Your product's early withdrawal charge cannot exceed 10 years from the applicable date of death. Please see pages 5 and 6 for details.
- Midland National Life® Insurance Company does not offer tax, investment, or legal advice. Please consult with and rely upon your own tax, investment, and legal professionals.
- Non-Natural entities cannot own an inherited IRA contract.

Contract number (if assigned)

## 1. Original depositor (original IRA/deceased owner) information

Original depositor's name (first, middle initial, last)

Date of birth (mm/dd/yyyy)

Date of death (mm/dd/yyyy)

Social Security number

## 2. Inherited IRA new owner (beneficiary) information

Name (first, middle initial, last)

Social Security number

Date of birth (mm/dd/yyyy)

## 3. Subsequent beneficiary claim - list the first beneficiary's information whose death initiated the subsequent beneficiary's claim, if applicable.

Name (first, middle initial, last)

Date of birth (mm/dd/yyyy)

Date of death (mm/dd/yyyy)

Social Security number

**Subsequent Beneficiary** - the new Owner/Current Owner of the Inherited IRA will receive a 10-year deferral. Section 6, 7 and 8 of this form must also be completed.

- When the original owner was an **Eligible beneficiary or passed away prior to Jan 1, 2020**; the 10 year deferral window will start from the **first Beneficiary's Date of Death**.
- When the original owner was a Designated beneficiary; the 10-year Deferral window will start from the **original IRA Owners Date of Death**.

**Distributions are required in years 1-9 if the original IRA Owner did reach the required begin date (RBD) or passed away prior to Jan 1, 2020.** Information regarding the RBD can be found in the next section. Please also reference the additional acceptance and disclosure information on pages 5 and 6 for details regarding a 10-year deferral.

## 4. Determine the Required Begin Date (RBD)

The RBD is the date the original IRA Owner was required to begin taking disbursements from their Contract. Use the information below to determine the original IRA Owners RBD. **This information will be used in the next section of the form.** The RBD is reached on April 1st in the year following the original IRA Owner turning the Required Minimum Distribution (RMD) age, that is based on when they were born, pursuant to federal tax law.

- If born on or before 07/01/1949 – the RBD is April 1st in the year following them turning 70.5
- If born after 07/01/1949 but before 01/01/1951 – the RBD is April 1st in the year following them turning 72
- If born on or after 01/01/1951 – the RBD is April 1st in the year following them turning 73

NOT FDIC/NCUA INSURED, MAY LOSE VALUE INCLUDING LOSS OF PRINCIPAL, NO BANK/CU GUARANTEE, NOT A DEPOSIT, NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY.

## 5. Type of beneficiary – Check Option 1 or Option 2

Indicate the type of Beneficiary that you are by marking Option 1 or 2 below and choose a disbursement option if applicable.

### ☐ Option 1 – Disbursement options for eligible beneficiary

- ☐ Spouse    ☐ Minor child    ☐ Individual who is older than or not more than 10 years younger than the original IRA owner    ☐ Disabled/Chronically ill    ☐ Subsequent beneficiary of a previous eligible beneficiary (or if the original IRA owner died prior to January 1, 2020)

#### Disbursement options for eligible Beneficiary

When the original IRA Owner's date of death was **BEFORE** the required begin date; **you may choose 1 of the 3 options below.**

- ☐ **Life expectancy payments** – Payments will be calculated based on the IRS single life expectancy table. **Also, complete sections 6, 7 and 8 of this form.**
- ☐ **10-Year Deferral** – No distributions are required in years 1-9. Year 10 will require a full disbursement of any remaining value in the Contract by December 31st of that year. If you would like to take disbursements in years 1-9, a Partial Withdrawal form will need completed.
- ☐ I choose to waive my distribution as I will satisfy this requirement with my inherited IRA at another company. (By selecting this option, you may skip to section 10.)

When the original IRA Owner's date of death was **AFTER** the required begin date, the eligible Beneficiary will receive life expectancy payments. **You may choose 1 of the 2 options below.**

- ☐ **10-year Deferral** - Distributions **are** required in years 1-9. Payments in years 1-9 will be calculated based on the IRS Single life expectancy table. **Complete sections 6, 7 and 8 of this form.** If not completed, the disbursements will be set up as an annual payment using the first available disbursement date.
- ☐ I choose to waive my distribution as I will satisfy this requirement with my inherited IRA at another company. (By selecting this option, you may skip to section 10.)

**Minor child eligible Beneficiary** will receive Life expectancy payments until age 31; at which point the Contract will require a full disbursement of any remaining value in the Contract by December 31st of that year.

### ☐ Option 2 – Designated Beneficiary – You are a designated beneficiary if you are a beneficiary type that is not listed in the "Eligible Beneficiary" section.

#### Designated Beneficiaries will receive a 10-year deferral

When the original IRA Owner's date of death was **BEFORE** the required begin date; disbursements will be paid out as stated below.

- ☐ Distributions are not required in years 1-9. Year 10 will require a full disbursement of any remaining value in the Contract by December 31st of that year. If you would like to take disbursements in years 1 -9, please fill out and return a completed Partial Withdrawal form.

When the original IRA Owner's date of death was **AFTER** the required begin date; the designated Beneficiary will receive a 10-year deferral with required distributions. **You may choose 1 of the 2 options below.**

- ☐ Distributions **are** required in years 1-9. Payments in years 1-9 will be calculated based on the IRS Single life expectancy table. **Complete sections 6, 7 and 8 of this form.** If not completed, the disbursements will be set up as an annual payment using the first available disbursement date. Year 10 will require a full disbursement of any remaining value in the Contract by December 31st of that year.
- ☐ I choose to waive my distribution as I will satisfy this requirement with my inherited IRA at another company. (By selecting this option, you may skip to section 10.) Year 10 will require a full disbursement of any remaining value in the Contract by December 31st of that year.

## 6. Distribution frequency and start date

**Based on your type of beneficiary designation, you may have a required disbursement.** Please complete this section in the event your designation does include a required disbursement. Details of when disbursements are required can be found on pages 5 and 6. If left blank, the disbursement will be set up as an annual payment using the first available disbursement date.

**Distribution frequency:**<sup>1</sup> Elect the frequency you would like to receive your disbursement.

- ☐ Monthly    ☐ Quarterly    ☐ Semi-Annual    ☐ Annual

**Distribution start date:**<sup>2</sup> \_\_\_\_\_ (mm/dd/yyyy)

<sup>1</sup> If more than one frequency is indicated, or no frequency is indicated at all, your request will be set up as annually.

<sup>2</sup> Enter the date you would like your inherited disbursement to start. If left blank, we will use the first available disbursement date. Your inherited disbursement cannot be processed after the 28th of any month. This date indicates the day the request will process and you will receive your payment in your bank account or check by mail 5-7 days later. **Note:** If you are currently set up for receiving scheduled systematic withdrawals, this disbursement must be set for 12/28 annually. If you elect a date other than 12/28, or elect an option other than receiving the withdrawal annually, the start date will default to an annual inherited disbursement on 12/28.

## 7. Federal election of withholding

See the instructions on pages 7-8 and Marginal Rate Tables for additional information.

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

- For non-periodic payments, the default withholding rate is 10%. You can choose to have a different rate withheld by entering a rate between 0% and 100%. Generally, you can't choose less than 10% for payments to be delivered outside the United States and its possessions.
- For an eligible rollover distribution, the default withholding rate is 20%.

☐ I would like the default withholding rate.

☐ I would like a rate of withholding that is different from the default withholding rate.

\_\_\_\_\_ % Enter the rate (percent) as a whole number (enter a rate between 0% and 100%, no decimals).

## 8. State election of withholding

Important state tax withholding information: If you reside in a state that requires tax withholding, we will withhold state income tax in accordance with the respective state's rules.

**Withhold state taxes - (select yes or no)**

☐ No ☐ Yes \_\_\_\_\_ %

## 9. Method of payment

Please check one of the following options. If no election is indicated, a check will be mailed to you.

☐ I would like this withdrawal to be paid to me by check and sent to the mailing address listed on page 1 of this form.

☐ I would like this withdrawal to be sent via Automated Clearing House (ACH) to the financial institution account indicated below. I understand the proceeds will arrive at my financial institution account in approximately three to five business days. I authorize Midland National and the financial institution listed below to automatically deposit distributions into my account. Should an inappropriate deposit be made, the financial institution is authorized to make a debit entry to your account and return the corrected amount to Midland National. **Please attach a preprinted, voided check or letter from the bank on their letterhead for the Automated Clearing House (ACH) debit to ensure accurate account information. If we do not receive a voided check or bank letter, we will mail the disbursement to your address on file.**

**Note:** Checks must be preprinted with your name and address. We cannot accept starter or counter checks.

Type of Account: ☐ Checking ☐ Savings

Name(s) on account (first, middle initial, last)

Financial institution name

Financial institution phone number

Routing number (ABA#)

Account number

## 10. Acknowledgement and signature

CA Residents only: For your protection, California law requires the following to appear on this form: Any person who knowingly presents false or fraudulent information to obtain or amend insurance or to make a claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison.

**All Residents:** I hereby acknowledge that the information provided herein is to the best of my knowledge true and accurate. I also acknowledge that this form must be fully completed, and failure to complete any portion of this form may delay the processing of the request.

**Taxpayer certification. Under penalties of perjury, my signature certifies that:**

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me);
2. I am not subject to backup withholding because (a) I am exempt from backup withholding, (b) I have not been notified by the Internal Revenue Service that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding;
3. I am a U.S. citizen or U.S. resident alien; and
4. I am exempt from Foreign Account Tax Compliance Act (FATCA) reporting.

Contract Owner signature/assignee	Date signed (mm/dd/yyyy)
<input type="text"/>	<input type="text"/>
Spousal signature* (only applicable if Owner resides in: AK, AZ, CA, ID, LA, NB, NM, TX, WA, or WI)	Date signed (mm/dd/yyyy)
<input type="text"/>	<input type="text"/>

\*If this transaction is subject to a community property interest, we strongly recommend that you obtain your spouse's signature on the spousal signature line in the acknowledgment section of the form to document his/her consent to this transaction. States that recognize community property interests in property held by married persons include Alaska, Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin. You understand and agree that Midland National may presume that no community property interest exists if you have not obtained your spouse's signature. Further, you understand and agree that Midland National has no duty to inquire further about any such community property interest. As a result, you agree to indemnify and hold Midland National harmless from any consequences relating to community property interests and this transaction. Note: The term "spouse" includes domestic partner or other partner as permitted by civil union, domestic partnership or similar law.

Variable annuity products are issued by Midland National® Life Insurance Company distributed by Sammons Financial Network®, LLC., member FINRA.

Sammons Institutional Group®, Inc., Sammons Financial Network®, LLC., member FINRA, and Midland National® Life Insurance Company do not give tax, legal, or investment advice. Please consult with and rely on your own tax, legal, or investment professional(s). Taxes are payable upon withdrawal of funds, and a 10% IRS penalty may apply to withdrawals prior to age 59½.

# Inherited IRA distribution option information

## Product availability

- Please refer to the Product Availability Chart for products that accept inherited IRA tax status, which can vary based on original IRA Owner's date of death.
- If life expectancy payments are elected, a product cannot be selected where the surrender schedule length exceeds the remaining life expectancy.
- If the Contract must be withdrawn in 10 years from the date of death, a product cannot be selected where a surrender schedule length exceeds time from issue date to 10 years from date of death of the applicable death (see below).

## Required forms

### If one death (original IRA Owner)

- If death occurred prior to 01/01/2020; use the Inherited IRA Distribution option (before January 1, 2020) form.
- If death occurred after December 31, 2019; use the Inherited IRA Distribution option (after December 31, 2019) form.

### If two deaths (original IRA Owner and first Beneficiary)

- If BOTH deaths occurred prior to 01/01/2020; use the Inherited IRA Distribution option (before January 1, 2020) form.
- If the 2nd death occurred after December 31, 2019; use the Inherited IRA Distribution option (after December 31, 2019) form.

**Section 1 - Original depositor** – Enter the deceased original IRA Owner's personal information here. This is the first person that owned the IRA Contract.

**Section 2 - Inherited IRA new Owner** – Enter your personal information as the new inherited IRA Owner.

**Section 3 - Subsequent Beneficiary claim** – this will **only** be used if there have been two previous Owners that are deceased. Enter the second deceased's personal information here. This is the second person (first Beneficiary) that owned the IRA Contract.

- If there are three deaths (or more): original IRA Owner, first Beneficiary, and successor Beneficiary, we cannot issue an inherited IRA.

**Section 5 - Type of Beneficiary** – The type of Beneficiary is determined by your relation to the deceased, age or health.

### #1 Eligible Beneficiary

- **Spouse**
- **Minor child** – this includes biological children under the age of 21 in the year of the original IRA Owner's death. When the child reaches the age 21, the Contract must be fully disbursed by December 31 of the year they turn 31.
- **Individual who is older than the original IRA Owner** – this is for any individual that meets this requirement.
- **Individual who is not more than 10 years younger than the original IRA Owner** – this is for any individual that meets this requirement.
- **Disabled/chronically ill** – this is for any individual that meets this requirement.
- **Subsequent Beneficiary** – a subsequent Beneficiary is the Beneficiary of an already inherited Contract. If the previous Beneficiary of the original IRA Owner was an eligible Beneficiary or if the original IRA Owner died **prior** to January 1 of 2020; the subsequent Beneficiary should mark the eligible Beneficiary option #1.

### #2 Designated Beneficiary

- You are a designated Beneficiary if you do not meet one of the "eligible Beneficiary" descriptions above.
- **Subsequent Beneficiary** – a subsequent Beneficiary is the Beneficiary of an already inherited Contract. If the previous Beneficiary of the original IRA Owner was a designated Beneficiary; the subsequent Beneficiary should mark the designated Beneficiary option #2.

**Sections 5 and 6 - distribution options** – the distribution options differ based on the type of Beneficiary and if the original Owner's date of death was before or after the required minimum distribution begin date.

**Required minimum distribution (RMD) date/required begin date (RBD)** – this is the date the original IRA Owner was required to begin taking disbursements from their Contract. Use the information below to determine the original IRA Owners RBD.

The RBD is reached on April 1st in the year following the original IRA Owner turning the Required Minimum Distribution (RMD) age, that is based on when they were born, pursuant to federal tax law.

- If born on or before 07/01/1949 – the RBD is April 1st in the year following them turning 70.5
- If born after 07/01/1949 but before 01/01/1951 – the RBD is April 1st in the year following them turning 72
- If born on or after 01/01/1951 – the RBD is April 1st in the year following them turning 73
- Regardless of age, all Roth IRA's would follow the rules for when the original IRA Owner did NOT reach RBD; outlined below.

**Eligible Beneficiary (Non minor child) –**

- **When the original IRA Owner's date of death was BEFORE the required begin date; or the Contract is a Roth IRA**, the eligible Beneficiary can choose one of three options:
  - Life Expectancy Payments – payments will be calculated based on the IRS single life expectancy table. Please be sure to complete sections 6, 7, and 8 of this form.
  - 10-year Deferral – no distributions are required in years 1-9. Year 10 will require a full disbursement of any remaining value in the Contract by December 31st of that year. If you would like to take disbursements in years 1-9, please fill out and return a completed Partial Withdrawal form.
  - Choose to waive the distribution and satisfy this requirement with your inherited IRA at another company.
- **When the original IRA Owner's date of death was AFTER the required begin date;** the eligible Beneficiary will receive Life Expectancy Payments. The eligible Beneficiary can choose one of two options:
  - Life Expectancy Payments – Payments will be calculated based on the IRS single life expectancy table. Please be sure to complete sections 6, 7 and 8 of this form. If distributions sections are not completed, the disbursements will be set up as an annual payment using the first available disbursement date.
  - Choose to waive the distribution and satisfy this requirement with your inherited IRA at another company.
- **Minor child eligible Beneficiary**
  - The minor child eligible Beneficiary will receive life expectancy payments until age 31; at which point the Contract will require a full disbursement of any remaining value in the Contract by December 31st of that year.

**Designated Beneficiary –**

- **When the original IRA Owner's date of death was BEFORE the required begin date; or the Contract is a Roth IRA**, the designated Beneficiary will receive a 10-year deferral.
  - Distributions **are not** required in years 1-9. Year 10 will require a full disbursement of any remaining value in the Contract by December 31st of that year. If you would like to take disbursements in years 1-9, please fill out and return a completed Partial Withdrawal form.
- **When the original IRA Owner's date of death was AFTER the required begin date;** the designated Beneficiary will receive a 10-year deferral. The designated Beneficiary can choose one of two options.
  - 10-year Deferral - Distributions **ARE** required in years 1-9. Payments in years one through nine will be calculated based on the IRS single life expectancy table. Please be sure to complete sections 6, 7, and 8 of this form. If distributions sections are not completed, the disbursements will be set up as an annual payment using the first available disbursement date.  
Year 10 will require a full disbursement of any remaining value in the Contract by December 31st of that year. If you would like to take a disbursement in years 1-9 that is larger than the IRS calculated amount, please fill out and return a completed Partial Withdrawal form.
  - Choose to waive the distribution and satisfy this requirement with your inherited IRA at another company. Year 10 will require a full disbursement of any remaining value in the Contract by December 31st of that year.

**Subsequent Beneficiary –**

- The subsequent Beneficiary will receive a 10-year deferral.
- Distributions **are** required in years 1-9 if the original IRA Owner did reach the required begin date (RBD).
  - Payments that are required in years one through nine will be calculated based on the IRS single life expectancy table. Please be sure to complete sections 6, 7, and 8 of this form.
    - If you would like to take a disbursement in years 1-9 that is larger than the IRS calculated amount, please fill out and return a completed Partial Withdrawal form.
  - If you are **not required to take a disbursement in years 1-9** but would like to take withdrawals; please fill out and return a completed Partial Withdrawal form.
- Year 10 will require a full disbursement of any remaining value in the Contract by December 31st of that year.
  - **When the original Owner was an eligible Beneficiary or passed away prior to Jan 1, 2020;** the 10-year deferral window will start from the **first Beneficiary's Date of Death**.
  - **When the original Owner was a designated Beneficiary;** the 10-year deferral window will start from the **original IRA Owners date of death**.



# General Instructions and Marginal Rate Tables for withholding for non-periodic payments and eligible rollover distributions.

Use the information provided on pages 7-8 to guide you in completing withholding section 7, page 3.

## 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** - Complete section 7, page 3, to have payers withhold the correct amount of federal income tax from any non-periodic payment or eligible rollover distribution from an employer retirement plan, annuity (including a commercial annuity), or individual retirement account (IRA). See pages 7-8 for the rules and options that are available for each type of payment.

**Caution** - If you have too little tax withheld, you will generally owe tax when you file your tax return, and you may also 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 non-periodic 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.

## 2025 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 the following page 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%
15,000	10%	30,000	10%	22,500	10%
26,925	12%	53,850	12%	39,500	12%
63,475	22%	126,950	22%	87,350	22%
118,350	24%	236,700	24%	125,850	24%
212,300	32%	424,600	32%	219,800	32%
265,525	35%	531,050	35%	273,000	35%
641,350*	37%	781,600	37%	648,850	37%

\* If married filing separately, use \$390,800 instead for this 37% rate.

**For Privacy Act and Paperwork Reduction Act Notice, see page 8.**

**Non-periodic 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 section 7, page 3. 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-”. 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 possessions.

**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 2025, 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% in section 7, page 3. 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, (b) distributions required by federal law, such as required minimum distributions (c) Eligible distributions to a domestic abuse victim, (d) Qualified disaster recovery distributions, (e) Qualified birth or adoption distributions, and (f) Emergency personal expense distributions. See Pub. 505 for details. See also Non-periodic 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-” in section 7, page 3. See Pub. 3920, Tax Relief for Victims of Terrorist Attacks, for more details.

### Specific Instructions

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

**More withholding** - If you want more than the default rate withheld from your payment, you may enter a higher rate in section 7, page 3.

**Less withholding (non-periodic payments only)** - If permitted, you may enter a lower rate in section 7, page 3 (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 7 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 in section 7, page 3. (*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 in section 7, page 3. (*See Example 2 below.*)

If you prefer a simpler approach (but one that may lead to over withholding), find the rate that corresponds to your total income including the payment and enter that rate in section 7, page 3.

**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 \$65,000 without the payment. Step 1: Because your total income without the payment, \$65,000, is greater than \$63,475 but less than \$118,350, the corresponding rate is 22%. Step 2: Because your total income with the payment, \$85,000, is greater than \$63,475 but less than \$118,350, the corresponding rate is 22%. Because these two rates are the same, enter "22" in section 7, page 3.

**Example 2** - You expect your total income to be \$61,000 without the payment. Step 1: Because your total income without the payment, \$61,000, is greater than \$26,925 but less than \$63,475, the corresponding rate is 12%. Step 2: Because your total income with the payment, \$81,000, is greater than \$63,475 but less than \$118,350, the corresponding rate is 22%. The two rates differ. \$2,475 of the \$20,000 payment is in the lower bracket (\$63,475 less your total income of \$61,000 without the payment), and \$17,525 is in the higher bracket (\$20,000 less the \$2,475 that is in the lower bracket). Multiply \$2,475 by 12% to get \$297. Multiply \$17,525 by 22% to get \$3,856. The sum of these two amounts is \$4,153. This is the estimated tax on your payment. This amount corresponds to 21% of the \$20,000 payment (\$4,153 divided by \$20,000). Enter "21" in section 7, page 3.

**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 non-periodic payment(s) or eligible rollover distribution(s); (b) choose not to have federal income tax withheld from your non-periodic 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 non-periodic 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 of 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 possessions 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.