



# Taxes on One-Time Distributions

Please read this fact sheet prior to completing the IRS Form W-4R, *Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions*. The Form W-4R will need to be completed if you will receive a one-time, lump-sum distribution from your own Colorado PERA DB Plan account(s) in the form of a refund or partial refund/rollover or as a beneficiary due to the death of a PERA member or retiree. PERA representatives are not qualified to give tax advice. Please seek advice from a tax professional to ensure you are withholding correctly from your distribution.

## Overview

- » One-time distributions *may include* both tax-paid and tax-deferred contributions. If tax-deferred contributions are included, you must pay federal income tax on those funds.
- » Form W-4R is to be used for nonperiodic payments and rollover-eligible distributions. Your withholding rate is determined by the type of payment you will receive.
- » For nonperiodic payments, the default withholding rate is 10%. Nonperiodic distributions such as those listed below are subject to a 10% withholding rate unless a different rate is elected (no federal withholding is an option).
  - Distributions to a deceased member or retiree’s estate
  - Distributions to an entity such as a non-profit organization/foundation
  - Distributions to a named beneficiary that occur outside the 5-year rollover window
- » For eligible rollover distributions, which includes your own refund or a rollover-eligible refund to a named beneficiary on a deceased member or retiree’s DB Plan account, the default withholding rate is 20%. These distributions are subject to a 20% withholding rate on the taxable amount of the distribution unless a higher rate is elected.
  - You *may not* choose any withholding percentage below 20%. There is no option for no withholding on a distribution that is rollover eligible.
- » Any portion of the account balance that is rolled over to another qualified plan is not subject to tax withholding (except for distributions to a Roth eligible plan).

You must complete Section 1a and 1b.

Section 2 is optional for extra withholding.

Your signature is required to validate this form.

<b>Form</b>	<b>W-4R</b>	<b>Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions</b>	<small>OMB No. 1545-0074</small>
<small>Department of the Treasury Internal Revenue Service</small>	<b>Give Form W-4R to the payer of your retirement payments.</b>		<b>2023</b>
<b>1a</b>	First name and middle initial	Last name	<b>1b</b> Social security number
Address			
City or town, state, and ZIP code			
Your withholding rate is determined by the type of payment you will receive.			
<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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%.</li> </ul>			
<small>See page 2 for more information.</small>			
<b>2</b>	Complete this line if you would like a rate of withholding that is different from the default withholding rate. See the instructions on page 2 and the Marginal Rate Tables below for additional information. Enter the rate as a whole number (no decimals)	<b>2</b>	%
<b>Sign Here</b>	Your signature (This form is not valid unless you sign it.)		Date