

# IRA/ESA Distribution Request Instructions

**This form is used to request a reportable distribution of assets from Traditional IRAs, SEP IRAs, SIMPLE IRAs, Roth IRAs, Education Savings Accounts, Inherited IRAs, and Inherited ESAs.**

- Do not use this form to request a trustee-to-trustee transfer of assets between IRAs or ESAs, a transfer due to death of the IRA or ESA owner, a transfer due to divorce or legal separation of the IRA/ESA owner, a Roth conversion, or to purchase securities for this IRA/ESA.
- If you need to complete any of these transactions, check with your advisor for the appropriate form.

**PLEASE BE AWARE THAT USE OF THIS FORM WILL RESULT IN A DISTRIBUTION THAT IS REPORTABLE TO THE INTERNAL REVENUE SERVICE (IRS) AND, IF APPLICABLE, THE TAX AUTHORITIES IN YOUR STATE OF RESIDENCE.**

## Before Completing This Form:

- Please ensure that sufficient funds are available to cover the amount of the requested distribution. If necessary, ask your advisor to sell securities in order to make cash for the requested distribution available.
- Note: Some delivery methods result in fees being applied (as noted in the instructions) — for a schedule of fees, please contact your advisor or financial institution that introduced your account. Also, this form may be used for multiple distribution instructions as long as the withholding elections remain the same. Please contact your advisor or financial institution on availability of distribution options.

## As You Complete This Form:

- Please refer to the attached instructions. Incorrectly completing the form may result in incorrect processing.
- If you are requesting a “Periodic Instruction” via ACH, please complete the ACH Authorization Agreement.
- If you are requesting a “Standing Instruction” (as noted in the instructions), please complete both Method of Delivery and Tax Withholding elections to eliminate future paperwork requirements. In absence of a method of delivery selection, your instructions will be applicable to journal movements between Pershing accounts held in your name and check delivery to address of record.

## After Completing This Form:

- Please return the completed distribution form to your advisor or financial institution. This request must be processed within 30 days of your signature and date for a one-time distribution, or within 60 days for a Standing or Periodic instruction request. You may keep a copy of the instructions for your reference.

## Step 1. Account Owner Information

Please **print** your name (First, Middle Initial, Last) and fill in the boxes for account number, and state of residence. Provide the two-letter state abbreviation for state of residence. If payment is being made to an alternate payee and/or address, provide the appropriate information in Step 5.

## Step 2. Request Reason (select only one reason request option)

Please see your tax advisor regarding possible taxes and penalties.

**Normal** — For IRA owners who are the age of 59½ and older. This includes Required Minimum Distributions (RMDs) from Traditional IRAs, SEPs, and SIMPLE IRAs for IRA owners who are the age of 70½ and older. If you are over 70½, the IRS requires that minimum distributions be taken according to a specific, elected formula. Please verify the method and amount of your RMD calculation with your tax professional. To schedule recurring distributions on a specified date to satisfy your RMD, complete the applicable sections in Step 3 under the “Periodic Distributions” option.

“Qualified charitable distributions” under the Internal Revenue Code should be selected as Normal distributions and will be reported as such on IRS Form 1099-R. Please consult with your tax advisor regarding the requirements of a “qualified charitable distribution” and the tax consequences of your distribution. The Custodian is not responsible for determining whether the distribution meets the requirements for treatment as a “qualified charitable distribution.”

For Roth IRA owners who have attained the age of 59½, qualified distributions from your Roth IRA may be applicable if you have also met the 5-year holding period. If your Roth IRA account has resided solely on the Pershing platform for 5 years, your Financial Professional may submit your distribution request as a qualified Roth distribution and it will be reported as such on IRS Form 1099-R.

**Early** — For IRA owners who are under the age of 59½. Early distributions may be subject to the early distribution penalty. For IRA owners who receive distributions prior to age 59½ and wish to avoid the early withdrawal penalty by claiming an exception (e.g. disability, 72(t) annuity payments) may do so by filing IRS Form 5329 with your tax return. If the distribution is from a SIMPLE IRA, and it has been less than two years since the first SIMPLE contribution was made to your SIMPLE IRA, do not select the “Early” Request Reason, please see “SIMPLE IRA Early” below.

**SIMPLE IRA Early** — For IRA owners who are taking a SIMPLE IRA distribution, are under age 59½, and it has been less than two years since the first SIMPLE contribution was made to your SIMPLE IRA.

**Education Savings Account** — For distributions taken from an Education Savings Account (ESA) by an ESA owner (except the return of excess contributions). Please **DO NOT** elect tax income withholding. Education Savings Accounts are exempt from tax withholding.

**Death Distribution** — For distributions from an Inherited/beneficiary IRA or ESA. Please see the Asset Movement form when transferring assets from a deceased account to a newly established Inherited/beneficiary IRA or ESA. To schedule recurring distributions on a specified date to satisfy your beneficiary RMD, complete the applicable sections in Step 3 under the “Periodic Distributions” option. For ESAs, the remaining ESA assets must generally be distributed within 30 days after the date of death of the ESA beneficiary.

**Direct Rollover to an Eligible Employer-Sponsored Plan** — For distributions from a Traditional, SEP or SIMPLE IRA that are being directly rolled over to an eligible employer sponsored plan (e.g. 401(a) qualified plans, 401(k) plans, 403(b) plans, governmental 457(b) plans). An acceptance letter is required from the receiving employer plan.

# IRA/ESA Distribution Request Instructions

## Return of Excess Contribution —

*Traditional IRAs, Roth IRAs and Educations Savings Accounts.* Please provide 1) the tax year for which the excess contribution was made as well as 2) the amount of the excess contributions(s) and the date the excess contribution(s) were originally made.

You must also provide the earnings attributable to the excess contribution(s) for excess contributions withdrawn by the applicable deadline. For IRAs, the applicable deadline is the IRA owner's tax-filing date (including extensions), which is typically October 15<sup>th</sup> following the year for which the contribution was made. Note: The deadline is automatically extended by 6 months for taxpayers who file their taxes timely. For ESAs, the applicable deadline is May 31<sup>st</sup> following the tax year for which the excess contribution(s) was made. When removing excess contribution(s) prior to the applicable deadline, the earnings must also be withdrawn with the excess contribution(s). For assistance in calculating the related earnings to the excess contribution using the IRS-approved method, refer to Treasury Regulations section 1.410-11, IRS Publication 590-A and your tax advisor.

Earnings attributable to the excess contribution(s) are not withdrawn when excess contributions are removed after the applicable deadline.

*SEP IRAs and SIMPLE IRAs.* Return of excess SEP and SIMPLE employer contributions (including salary deferrals) may require a letter of instruction from your employer. Contact your advisor for additional information.

## Step 3. Transaction Type

You may use one form to process multiple transaction types from the same account. If you do use this form for multiple distributions, tax withholding elections must remain the same.

### Total Distribution

- 1. Total distribution of the entire account in cash and securities.** Your securities will be mailed to you, **if possible**, along with any remaining cash balance, unless you request them to be moved to the Pershing account indicated in Step 5. Please arrange to have your advisor or financial institution liquidate or sell all assets you deem necessary to fulfill your fee obligation and applicable federal and/or state tax withholding.
- 2. Total distribution of entire account in cash ONLY.** Select this if you wish to have all assets distributed in cash. Please arrange with your advisor or financial institution to liquidate or sell all assets.
  - If the tax withholding election for a total distribution is a dollar amount, Pershing will convert it to a percentage to accommodate any residual payments processed after the account is closed.

**One-Time Partial Distribution** — This results in a one-time distribution of your specified assets.

1. Indicate the dollar amount of the partial distribution in US Dollars.
2. Indicate the description and quantity of securities that you wish to receive. Please use the security descriptions as they appear on your brokerage account statement.

**Periodic Instructions** — For recurring distributions on a specified date, please complete Steps 1-3.

This may be completed for scheduled check, ACH, Federal Fund Wire and journal distributions. This is not available for partial delivery of securities.

1. Indicate whether this is a new request or a change of an existing instruction.
2. a. Select distribution frequency.  
b. Provide beginning date and end date if applicable.

3. Select the type of periodic distribution to make from the account. Select one of the following distribution options:

- a. **Principal Payments** — To receive payments of a specific amount, select this option and indicate the dollar amount. Only available funds will be sent on the date you select. Please make arrangements with your advisor or financial institution to ensure cash is available on scheduled distribution dates or only the available cash portion of the distribution will be sent.
  - b. **Income Only** — Select this option to only distribute income generated in the account. Income includes: dividends, interest, and mutual fund capital gains.
  - c. **Required Minimum Distribution for Traditional, SEP and SIMPLE IRA owners (RMD due to reaching age 70½)** — electing this option will create scheduled instructions to meet your annual RMD amount. Federal income tax law generally requires that Traditional, SEP and SIMPLE IRA owners commence RMDs beginning no later than April 1<sup>st</sup> immediately following the year the IRA owner reaches the age of 70½, known as the Required Beginning Date (RBD). If you delay until the year immediately following reaching age 70½, two distributions are required to be made in that year. Roth IRAs are excluded from this requirement. See the associated note regarding RMD payments\*\*
  - d. **Required Minimum Distribution (RMD to beneficiary due to death of Traditional, SEP, SIMPLE or Roth IRA owners)** — Selecting this option will create annually scheduled RMDs from an Inherited IRA that is generally based on the original beneficiary's single life expectancy (SLE). The RMD for a non-spouse beneficiary is generally based on the SLE associated with the original designated beneficiary age in the year following the year of death reduced by one each year. The RMD for the spouse beneficiary is generally based on the SLE associated with the spouse's age from the SLE Tables each year. This table is found in IRS Publication 590-B. To calculate the death RMD, please provide your advisor with the following information if you have not already done so:
    - **Original IRA owner's birth date (decedent)** — If this account will hold assets that were previously inherited from another IRA owner, the deceased IRA owner's birth date from the original IRA (i.e. the very first IRA) should be entered.
    - **Decedent's Date of Death** — If this account will hold assets that were previously inherited from another IRA owner, the deceased IRA owner's date of death from the original IRA (i.e. the very first IRA) should be entered.
    - **Original Beneficiary's Date of Birth** — Provide the date of birth of the beneficiary who is inheriting assets from the IRA. When multiple beneficiaries inherit IRA assets, each beneficiary can open a separate Inherited IRA and use their own date of birth for calculating the RMD as long as the Inherited IRA is established before December 31<sup>st</sup> following the year of the death of the IRA owner. However, if a beneficiary establishes an Inherited IRA after this date, the birth date of the oldest beneficiary designated on the original IRA should be entered. Please note that if an inherited retirement account is established to receive assets from a deceased beneficiary who previously Inherited IRA assets, you must enter the date of birth of the account holder of the previously Inherited IRA, i.e., the very first Inherited IRA.
    - **Relationship to Decedent** — Please indicate whether the original beneficiary was a spouse or non-spouse.
- Note: Spouse beneficiaries can transfer inherited assets into their own IRA or transfer to an inherited IRA. A death distribution is not required for spouses who choose to treat inherited assets as their own. Furthermore, when a spouse beneficiary inherits a Roth IRA

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or a Traditional, SEP or SIMPLE IRA (when death was before the IRA owner's RBD), and the spouse beneficiary moves the inherited IRA assets to an Inherited IRA, the spouse beneficiary is not required to take a distribution until December 31<sup>st</sup> of the year the deceased IRA owner would have reached age 70½ or December 31<sup>st</sup> following the year of death (whichever is later).

## **\*\*Please note the following regarding RMD payments:**

- Failure to take the RMD by the deadline may result in a 50% IRS imposed excise tax on any portion of the required amount not withdrawn. As a reminder, if securities must be liquidated to accommodate a cash distribution, please contact your advisor or financial institution to ensure that the settlement date of all investment transactions occur on or before the date the request is sent to Pershing.
- This scheduled instruction will continue for the yearly RMD calculation, unless new instructions are received.
- RMD amounts scheduled for disbursement in early January may be delayed as the disbursement system resets your RMD calculation for the new year. Once your RMD calculation and amount has been updated, your January distribution will be distributed and your regularly scheduled distribution will resume.
- IRA owners may meet their RMD requirements from a single IRA or a combination of your IRAs. However Pershing will report and if selected, perform annually scheduled RMDs on an account by account basis.
- Supplemental Distribution. If your account has scheduled RMD instructions you agree to a "supplemental" distribution (up to the available cash in your account) to meet the RMD amount if the account's RMD obligations for the year has not been met by the last business day of the year.
- Any additional distributions, either from one-time distribution(s) or additional periodic distributions plans, will not automatically reduce your annually calculated RMD schedule payment amount. In addition, other attributes of your periodic RMD payment schedule will not change. So you may end up distributing more than your required minimum distribution amount for the year.
- Any changes that affect your calculation-factor and/or the fair market value of the IRA for the previous year may affect the calculation of your RMD amount.

## **Step 4. Tax Withholding Election**

(Note: Tax withholding does not apply to distributions from an Education Savings Account, Roth qualified distributions, or to direct rollovers from an IRA to an eligible employer-sponsored plan.)

**(Form W-4P/OMB No. 1545-0074) Dept. of Treasury, Internal Revenue Service)**

Notice: Generally the distributions you receive from your IRA are subject to Federal income tax withholding unless you elect not to have Federal income tax withheld. You may elect not to have Federal income tax withheld on your IRA distribution by returning a signed and dated substitute Form W-4P (contained in Step 4 of this distribution request form) to Pershing LLC or financial institution with the appropriate box checked. Unless a previous withholding election is in place, you elect not to have Federal income tax withheld, or if you elect an alternative withholding amount, 10% will be withheld from your nonperiodic IRA distribution. Your election is valid (on this distribution and all future distributions from this IRA) until you change or revoke it. You may change your withholding election by completing another substitute Form W-4P included in this distribution form.

If you elect not to have Federal income tax withheld on your IRA distribution, or if you do not have enough Federal income tax withheld from your IRA distribution, you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient. You are responsible for determining and paying all Federal, and if applicable, state and local taxes on distributions from all IRAs you own.

If you are a U.S. citizen or resident alien receiving an IRA distribution that is delivered outside the United States or its possessions, withholding is required. That is, you may not waive withholding.

Nonresident aliens and foreign estates are generally subject to 30% federal tax withholding on nonperiodic IRA distributions if there is not a tax treaty exemption. If you are a nonresident alien you may not use Form W-4P to withhold income tax or to waive withholding. Instead, if you are a nonresident alien you must provide Pershing LLC with Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting (Individual), to establish foreign status and to claim a treaty rate (when applicable). A foreign person should refer to IRS Publication 515 and to Form W-8BEN for further information.

We may be required to withhold state income tax from your IRA distribution depending on your residency. Withholding rates are subject to change without notice. If no election is made, applicable state income tax may be withheld unless you indicate otherwise. For states with voluntary withholding, no withholding will apply if a percentage or dollar amount is not specified. You may waive state income tax withholding to the extent permitted by law. In some cases, you may elect not to have state income tax withheld.

Note: Taxes withheld from your IRA distribution in accordance with your instructions will not be reversed. Your withholding election will remain effective until modified or revoked. Once a distribution has been processed in accordance with your instructions, you may not retroactively change your withholding election. Contact your advisor for a copy of Pershing's IRA Federal and State Income Tax Withholding Instructions. For additional information regarding Federal and state tax withholding, contact your tax professional.

**Statement of Federal Income Tax Withheld From Your IRA**— By January 31 of next year, Pershing LLC will provide to you Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., showing the total amount of your IRA distributions and the total Federal income tax withheld during the year. If you are a foreign person who provided your IRA Custodian with Form W-8BEN, Pershing LLC will provide to you Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, by March 15 of next year.

## **Step 5. Method of Delivery**

If left blank, delivery will be in the form of a check and mailed to the address of record.

**Journal Entry to the Following Pershing Account**— To make your distribution to another Pershing account. Please provide the receiving account number.

**Account Owner Name and Address of Record**— Select this option if the payment is in the form of a check and will be delivered to the address of record. Note: The Standing Instruction selection (Step 6) is not available for distributions of securities.

**Alternate Payee Name and/or Address**— Provide information if a check, wire or securities should be delivered to an alternate payee. These are considered distributions to a third-party. Note: The Standing Instruction selection (Step 6) is not available for distributions of securities.

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