

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 nonprofit 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.

Form	W-4R	Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions	<small>OMB No. 1545-0074</small>
<small>Department of the Treasury Internal Revenue Service</small>	Give Form W-4R to the payer of your retirement payments.		2023
1a First name and middle initial		Last name	1b 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"> • 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	%
Sign Here	Your signature (This form is not valid unless you sign it.)		Date

Your PERA membership rights, benefits, and obligations are governed by Title 24, Article 51, of the Colorado Revised Statutes, PERA Rules, and other governing laws, which prevail over any interpretations in this fact sheet.