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).

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**Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions**

Give Form W-4R to the payer of your retirement payments.

| 2a | First name and middle initial | Last name |
| 2b | Social security number |

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

- 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 any 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

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Your signature is required to validate this form.

Section 2 is optional for extra withholding.

You must complete Section 1a and 1b.