



Orange County Employees  
Retirement System  
P.O. Box 1229  
Santa Ana, CA 92702  
(714) 558-6200  
www.ocers.org

# Member / Beneficiary Request To Withdraw Contributions / Elect Rollover

Please print or type

## 1. Member Information

Last Name	First Name	M.I.	Social Security Number	
Home / Mailing Address		City	State	Zip Code
Employer / Department		Date of Termination or Date of Death	Daytime Phone Number	

## 2. Beneficiary Information (if applicable)

Last Name	First Name	M.I.	Social Security Number	
Home / Mailing Address		City	State	Zip Code
Relationship to Member		Date of Birth	Daytime Phone Number	

## 3. Election to Withdraw Contributions

Check One:

a.  I elect to withdraw my or the member's contributions and request that OCERS pay my or the member's contributions directly to me in the form of a lump sum payment. I understand that income taxes will be withheld from the taxable portion of my payment (see Section 4 below).

b.  I elect to withdraw my or the member's contributions and request that OCERS directly roll over all or some portion of the withdrawn contributions to the IRA or eligible employer plan I have designated below. I understand that any rollover amounts will be mailed to me and will be payable to the institution or plan that I have designated below. It is my responsibility to: (i) designate an IRA or other employer plan that is eligible to receive the funds on my behalf in accordance with the applicable tax laws, (ii) submit the funds to my designated IRA/plan, and (iii) provide accurate information to OCERS. I understand that OCERS will not verify that the information I provide is accurate or that any account is open on my behalf.

Initial One:

(i) \_\_\_\_\_ I elect to directly roll over 100% of my or the member's withdrawn contributions, including all pre-tax and after-tax amounts. I certify that my designated IRA/plan is eligible to receive and will accept a rollover of after-tax amounts on my behalf.

(ii) \_\_\_\_\_ I elect to directly roll over 100% of my or the member's pre-tax contributions. I understand OCERS will pay any after-tax amounts to me directly.

(iii) \_\_\_\_\_ I elect to directly roll over \$ \_\_\_\_\_ of my or the member's withdrawn contributions and to have any remaining funds paid directly to me. If any portion of the rolled over amount includes after-tax funds, I certify that my designated IRA/plan is eligible to receive and will accept a rollover of after-tax funds on my behalf. I understand that income taxes will be withheld from the taxable portion of the funds that are paid to me directly (see Section 4 below).

\_\_\_\_\_  
Name of Institution/Eligible Retirement Plan

IRA Account Number (if applicable): \_\_\_\_\_

**4. Federal and California State Income Tax Withholding**

If you elect to receive a lump sum payment of a taxable distribution that is eligible for a direct rollover and you do not elect a direct rollover, the amount will be subject to federal and state income tax withholding. OCERS is required by law to withhold 20% of the payment for federal income tax and remit it to the Internal Revenue Service on your behalf. California state law also requires income tax to be withheld unless you affirmatively elect to have no state income tax withheld. If you do not want to have state income taxes withheld, you must provide OCERS with a completed California Withholding Certificate for Pension or Annuity Payments, EDD Form DE 4P, indicating this election.

If you elect to directly roll over your distribution to a Roth IRA, you may complete a federal and/or state tax withholding form and ask OCERS to withhold taxes.

**5. Member / Beneficiary Authorization**

I have read the Important Notice Impacting Deferral, Withdrawal or Rollover of OCERS Funds and the Special Notice Regarding Plan Payments and Federal Income Tax. I understand completely the effect of withdrawing my or the member's contributions from my or the member's OCERS account. I am aware that by withdrawing my or the member's contributions, I will not be eligible for any future retirement benefits from OCERS. I have read and fully understand the distribution options available to me and the income tax consequences of my distribution elections. Please process the OCERS account as requested in Section 3. **I understand that once my election has been processed by OCERS it is irrevocable.**

\_\_\_\_\_  
Member / Beneficiary Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Spouse's Signature (if applicable)

\_\_\_\_\_  
Date

**For OCERS Use Only**

**6. Department Certification**

Date Employment Terminated / Status Changed: \_\_\_\_\_

\_\_\_\_\_  
Certified By

\_\_\_\_\_  
Date

\_\_\_\_\_  
Reviewed By

\_\_\_\_\_  
Date

**SPECIAL NOTICE / EDD FORM SENT**

**Downloaded from Website**

\_\_\_\_\_  
Certified By

\_\_\_\_\_  
Date

**30-day WAIVER NOTICE SENT**

**Downloaded from Website**

\_\_\_\_\_  
Certified By

\_\_\_\_\_  
Date

### 30-DAY WAIVER REQUEST

I \_\_\_\_\_, have either terminated membership from the Orange County Employees Retirement System (OCERS) or am entitled to withdraw and rollover contributions due to the death of an OCERS member.

I acknowledge receiving a copy of the Special Notice Regarding Plan Payments and Federal Income Tax. I understand that OCERS will not process my Member/Beneficiary Request to Withdraw Contributions/Elect Rollover form until at least 30 days after my receipt of the Special Notice and that I can waive this 30-day waiting period.

I do hereby waive the 30-day waiting period. OCERS is authorized to take immediate action in accordance with the Member/Beneficiary Request to Withdraw Contributions/Elect Rollover form that I have signed. I understand that a withdrawal of my or the member's funds from OCERS waives my right to any further retirement benefits from OCERS.

I knowingly sign this waiver and have a full understanding of the financial impact to me of the option I have chosen.

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Signature of Member / Beneficiary	Social Security #	Date
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Signature of Spouse (if applicable)	Social Security #	Date
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**\*\*\*IMPORTANT NOTICE IMPACTING DEFERRAL, WITHDRAWAL\*\*\*  
OR ROLLOVER OF OCERS FUNDS**

Upon terminating employment with an OCERS' covered employer, you may leave your funds on deposit with OCERS, withdraw your funds and have them paid directly to you, or roll over all or part of your funds to another eligible retirement plan or IRA.

**Please consider each option carefully. If you withdraw your funds from OCERS, you will lose any rights to a retirement or disability benefit from OCERS. Your choices will also affect the federal taxes that are withheld, if any, and the taxes that you may owe.**

### **LEAVING FUNDS ON DEPOSIT (DEFERRAL)**

If you leave your funds on deposit with OCERS, you may be eligible for future retirement benefits from OCERS. It will depend upon your years of credited service with OCERS and your age at the time you apply for retirement benefits. If you leave your funds on deposit and within 180 days enter service for an employer that is covered by a reciprocal retirement system, you may be eligible for reciprocal benefits. (For a list of reciprocal retirement systems refer to the section entitled "Reciprocity" in your Summary Plan Description, or visit [www.ocers.org](http://www.ocers.org) and see "Reciprocity" under the Active Member tab.) If you choose to leave your funds on deposit, you should ask for a "Request to Defer Retirement" form. Regular interest is paid on June 30<sup>th</sup> and December 31<sup>st</sup> of each year on contributions that have remained on deposit a minimum of (6) months.

### **WITHDRAWING FUNDS**

If you withdraw your funds and have any funds paid directly to you in a lump sum, please note that federal law requires that OCERS withhold 20% of the amount of your funds that have not already been taxed. State law also requires taxes to be withheld unless you affirmatively elect to have no state income tax withheld. If you do not want to have state income taxes withheld from your payment, you must provide OCERS with a completed California Withholding Certificate for Pension and Annuity Payments, EDD Form DE 4P, indicating this election. All funds not previously taxed will be reported to the Internal Revenue Service as income. You may be responsible for paying a 10% federal excise tax and a 2.5% state excise tax on the taxable part of your withdrawal when you file your personal income tax return. If you choose to withdraw your funds, you will be provided with a separate tax notice as required by federal regulations.

### **ROLLOVER OF FUNDS**

You may request a direct rollover of the untaxed portion of your withdrawal for deposit into an IRA or other eligible retirement plan. If you made after-tax contributions to OCERS, the portion of the payment representing these contributions may be rolled into either an IRA or to certain employer plans that accept rollovers of after-tax contributions. If you choose to roll over all of your withdrawal and you have made after-tax contributions, it is your responsibility to ensure that the IRA or eligible retirement plan you have selected is eligible to receive and will accept a rollover of the after-tax funds on your behalf in accordance with applicable tax laws. OCERS will mail you a check in your name for the after-tax funds if you do not certify to OCERS that the IRA or employer

plan you have selected is eligible to receive and will accept after-tax funds on your behalf. OCERS will mail you a separate check consisting of the untaxed funds in the name of the institution or plan you have designated for the direct rollover. If you choose to roll over part or all of your funds, you will be provided with a separate tax notice as required by federal regulations.

It is your responsibility to provide OCERS with the name of the institution or plan you have chosen to receive your rollover and to submit the check to the institution or plan you have designated. It is also your responsibility to make sure that your IRA or chosen retirement plan is eligible to receive your rollover in accordance with federal regulations.

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**Withdrawing all your funds from OCERS will terminate your membership with OCERS, whether the funds are paid to you directly in a lump sum payment or rolled over to an IRA or other eligible retirement plan. As a result, you will lose all rights to any retirement or disability benefits from OCERS when you withdraw or roll over your funds.**

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM**  
**SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS**  
**AND FEDERAL INCOME TAX**

This notice explains how you can continue to defer federal income tax on your retirement savings in the '37 Act Orange County Employees' Retirement Association ("37 Act OCERS" or "Plan") and contains important information you will need before you decide how to receive your Plan benefits. This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. Other tax rules apply for California.

You are receiving this notice because all or a portion of a payment you are receiving from the Plan is eligible to be rolled over to an IRA, Roth IRA, or an eligible employer plan. A rollover is a payment by you or '37 Act OCERS (your "Plan Administrator") of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. This notice is intended to help you decide whether to do such a rollover.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

**General Information About Rollovers**

***How can a rollover affect my taxes?***

You will be taxed on a payment from the Plan that is eligible for rollover (see "*How much may I roll over?*") if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59½), unless an exception applies. However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception to the 10% additional income tax applies).

***What types of retirement accounts and plans may accept my rollover?***

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an eligible employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, IRAs are not subject to spousal consent rules and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

***How do I do a rollover?***

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

**If you do a direct rollover**, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

**If you do not do a direct rollover**, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. Generally, you will have 60 days after you receive payment to make a deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

### ***How much may I roll over?***

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (if you were born before July 1, 1949) or age 72 (if you were born after June 30, 1949) or after death
- Corrective distributions of contributions that exceed tax law limitations

The Plan administrator or payor can tell you what portion of a payment is eligible for rollover.

### ***If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?***

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax applies to the part of the distribution that you must include in income and is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Payments made from a governmental plan (like OCERS) after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
- Payments made due to disability;
- Payments made after your death;
- Corrective distributions of contributions that exceed tax law limitations;
- Cost of life insurance paid by the Plan;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relations order (QDRO);

- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days; and
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters.

***If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?***

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions on the part of the distribution that you must include in income, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 for qualified safety employees) does not apply.
- The exception for qualified domestic relations orders does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for payments from an IRA, including (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

***Will I owe state income taxes?***

This notice does not describe any State or local income tax rules (including withholding rules).



### ***How much time do I have to decide?***

Generally, neither a direct rollover nor a payment can be made from the plan until at least 30 days after your receipt of this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your withdrawal directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by making an affirmative election indicating whether or not you wish to make a direct rollover. Your withdrawal will then be processed in accordance with your election as soon as practical after it is received by the Plan administrator.

### **Special Rules And Options**

#### ***If your payment includes after-tax contributions***

After-tax contributions included in a payment are not taxed. If you receive a partial payment of your total benefit, an allocable portion of your after-tax contributions is generally included in the payment, so you cannot take a rollover of only after-tax contributions.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). The Plan Administrator can tell you the amount of any after-tax contributions included in your distribution request. If you do a direct rollover to an IRA of only a portion of the amount paid from the Plan and at the same time the rest is paid to you, the portion rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions. In this case, if you directly roll over \$10,000 to an IRA that is not a Roth IRA, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

Similarly, if you do a 60-day rollover to an IRA of only a portion of a payment made to you, the portion rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over \$10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

### ***If you miss the 60-day rollover deadline***

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*.

### ***If you were born on or before January 1, 1936***

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, *Pension and Annuity Income*.

### ***If you are an eligible retired public safety officer and your payment is used to pay for health coverage or long-term care insurance***

If you retired as a public safety officer and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income Plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

### ***If you roll over your payment to a Roth IRA***

If you roll over a payment from the Plan to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5 year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)* and IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*.

### ***If you are not a Plan participant***

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "*If you were born on or before January 1, 1936*" applies only if the participant was born on or before January 1, 1936.

- *If you are a surviving spouse*

If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½ (if you were born before July 1, 1949) or age 72 (if you were born after June 30, 1949).

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½ (if the participant was born before July 1, 1949) or age 72 (if the participant was born after June 30, 1949).

Under current IRS guidance, effective June 26, 2013, same-sex couples legally married in a jurisdiction with laws authorizing same-sex marriage will be treated as married for federal tax purposes and the rules described in this Notice for surviving spouses will be applicable. Note that individuals who are in registered domestic partnerships, civil unions, or other similar relationships that may be recognized under state law but are not considered a legal marriage under state law, will not be treated as married for federal tax purposes. Individuals who are not considered married spouses for federal tax purposes would be covered by the rules described under the section below titled "*If you are a surviving beneficiary other than a spouse.*"

Note that California state law recognizes same-sex spouses and, for California state tax purposes, also treats registered domestic partners in the same manner as spouses. This means that it appears there will continue to be a difference in treatment of registered domestic partners for federal and California tax purposes. This area of the law is evolving and anyone affected by these situations may wish to consult with a professional financial or tax advisor.

- *If you are a surviving beneficiary other than a spouse*

If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options and the same tax treatment that the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). However, payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

***If you are a nonresident alien***

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled

to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

***Other special rules***

- If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).
- If your payments for the year are less than \$200 the Plan is not required to allow you to do a direct rollover and is not required to withhold federal income taxes. However, you may do a 60-day rollover.
- You may not elect to have separate portions of an eligible rollover distribution directly rolled over to multiple trustees or custodians.
- You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, *Armed Forces' Tax Guide*. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at [www.irs.gov](http://www.irs.gov).

**For More Information**

You may wish to consult with '37 Act OCERS, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs); IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORM.

If you have additional questions after reading this notice, you can contact '37 Act OCERS at (714) 558 - 6200.

## WITHHOLDING FROM PENSIONS, ANNUITIES, AND CERTAIN OTHER DEFERRED INCOME

### TAXABLE PAYMENTS

Pensions, annuities, and other deferred income as described in section 3405 of the [Internal Revenue Code](http://law.cornell.edu/uscode/text) (law.cornell.edu/uscode/text) are considered wages and subject to the withholding of Personal Income Tax (PIT). However, a payee/recipient may elect **not** to have PIT withheld.

### Payments to Out-of-State Residents

Federal law prohibits states from taxing retirement income received by nonresident individuals after December 31, 1995. Therefore, no California income tax is to be withheld from pension recipients who reside outside of California.

To determine a payee's state of residence, the payer may rely on the most recent address of the payee contained in its business records.

### WITHHOLDING NOTICE

The payer must provide to each payee, not earlier than six months before distribution of the first payment and not later than the time of the first payment, a notice with the following rights:

- (a) To elect not to have withholding apply to any payment or distribution and how to make that election.
- (b) To change or revoke an election and when it takes effect.

The election and any change or revocation of an election is effective for payments made more than 30 days after the payer receives the election or revocation unless the payer elects to make it effective at an earlier date. For non-periodic payments, the payee may make or revoke an election at any time before the distribution.

### Withholding Elections

A payee may name the number of allowances, decide how much is to be withheld, or elect not to have withholding for periodic or non-periodic (including lump sum) payments. To do so, the payee files with the payer a [Withholding Certificate for Pension or Annuity Payments \(DE 4P\) \(PDF\)](http://edd.ca.gov/pdf_pub_ctr/de4p.pdf) (edd.ca.gov/pdf\_pub\_ctr/de4p.pdf) or [federal Form W-4P](http://irs.gov) (irs.gov) or a substitute form provided by the payer. Such choice remains in effect until revoked or changed by the payee by filing a new election form. However, the election on non-periodic payments is on a payment-by-payment basis unless the payer decides to make the election permanent.

When PIT withholding is required, the payer may calculate the PIT using one of the methods shown below:

- (a) [California Withholding Schedules](http://edd.ca.gov/Payroll_Taxes/Rates_and_Withholding.htm) (edd.ca.gov/Payroll\_Taxes/Rates\_and\_Withholding.htm).
- (b) A designated dollar amount as requested by the recipient.
- (c) Ten percent of the amount of federal withholding computed pursuant to section 3405 of the Internal Revenue Code.

If the payee has not filed a withholding form (DE 4P or Form W-4P), PIT withholding is required. The payer may calculate PIT using one of the following methods:

- (a) Using the California Withholding Schedules, treating the payee as a married individual claiming three allowances.
- (b) Withholding 10 percent of the amount of federal withholding computed pursuant to section 3405 of the Internal Revenue Code.

At the payer's option, withholding will not be required with respect to any designated distribution if the amount to be deducted and withheld is less than \$10.

## Form 1099-R

At the end of the year, the payer shall give each individual a **Form 1099-R** ([irs.gov](https://www.irs.gov)) showing the gross payments and the income tax withheld during the year.

### Reporting of California PIT Withheld

Payers are required to:

- (a) File a *Quarterly Contribution Return and Report of Wages* (DE 9).
- (b) File a *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C), listing the pension recipient's Social Security number, name, and PIT withheld on the DE 9C each quarter. Do not report the amount of the payment/distribution as either total subject wages or PIT wages.
- (c) Submit a *Payroll Tax Deposit* (DE 88) with the PIT withheld from the pension payments. The payers' due date is dependent on both their federal deposit schedule and the amount of accumulated PIT withheld during the quarter. Please refer to the current year's **California Employer's Guide (DE 44) (PDF, 2.4 MB)** ([edd.ca.gov/pdf\\_pub\\_ctr/de44.pdf](https://edd.ca.gov/pdf_pub_ctr/de44.pdf)) "California Deposit Requirements" section, to determine if/when the payer must deposit PIT withheld more frequently than quarterly. If PIT is overpaid and overreported in a quarter, refer to the DE 44 "Correcting Payroll Tax Deposits" section to properly make the necessary adjustments.

### File and Pay Options

Payers can submit these required forms and payments online using **e-Services for Business** ([edd.ca.gov/Payroll\\_Taxes/e-Services\\_for\\_Business.htm](https://edd.ca.gov/Payroll_Taxes/e-Services_for_Business.htm)). You can visit e-Services for Business to enroll, view tutorials and other resources, or for additional information.

Payers can also use other electronic **filing and payment options** ([edd.ca.gov/Payroll\\_Taxes/File\\_and\\_Pay.htm](https://edd.ca.gov/Payroll_Taxes/File_and_Pay.htm)), including Express Pay.

## Separate Reporting Account Number

The payer may request a separate employer payroll tax account number to report California PIT withheld from the taxable portion of payments of pensions, annuities, and certain other deferred income. This separate account number for reporting withholdings may be obtained by submitting a completed **Employers Depositing Only Personal Income Tax Withholding Registration and Update Form (DE 1P)** ([edd.ca.gov/Payroll\\_Taxes/Save\\_Time\\_and\\_Register\\_Online.htm](https://edd.ca.gov/Payroll_Taxes/Save_Time_and_Register_Online.htm)) to the Employment Development Department (EDD).

### ADDITIONAL INFORMATION

For further assistance, please contact the Taxpayer Assistance Center at 1-888-745-3886 or visit the nearest **Employment Tax Office** ([edd.ca.gov/Office\\_Locator](https://edd.ca.gov/Office_Locator)) listed in the **DE 44 (PDF, 2.4 MB)** ([edd.ca.gov/pdf\\_pub\\_ctr/de44.pdf](https://edd.ca.gov/pdf_pub_ctr/de44.pdf)) or visit the **EDD website** ([edd.ca.gov](https://edd.ca.gov)).

The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Requests for services, aids, and/or alternate formats need to be made by calling 1-888-745-3886 or TTY 1-800-547-9565.

This information sheet is provided as a public service and is intended to provide nontechnical assistance. Every attempt has been made to provide information that is consistent with the appropriate statutes, rules, and administrative and court decisions. Any information that is inconsistent with the law, regulations, and administrative and court decisions is not binding on either the Employment Development Department or the taxpayer. Any information provided is not intended to be legal, accounting, tax, investment, or other professional advice.

## EMPLOYEE'S WITHHOLDING ALLOWANCE CERTIFICATE

Complete this form so that your employer can withhold the correct California state income tax from your paycheck.

<b>Enter Personal Information</b>	
First, Middle, Last Name	Social Security Number
Address  City, State, and ZIP Code	Filing Status  SINGLE or MARRIED (with two or more incomes) MARRIED (one income) HEAD OF HOUSEHOLD

1. Total Number of Allowances you're claiming (Use Worksheet A for regular withholding allowances. Use other worksheets on the following pages as applicable, Worksheet A+B).
2. Additional amount, if any, you want withheld each pay period (if employer agrees), **(Worksheet B and C)**  
OR

**Exemption from Withholding**

3. I claim exemption from withholding for 2020, and I certify I meet both of the conditions for exemption.  
OR Write "Exempt" here
4. I certify under penalty of perjury that I am **not subject** to California withholding. I meet the conditions set forth under the Service Member Civil Relief Act, as amended by the Military Spouses Residency Relief Act and the Veterans Benefits and Transition Act of 2018. (Check box here)

Under the penalties of perjury, I certify that the number of withholding allowances claimed on this certificate does not exceed the number to which I am entitled or, if claiming exemption from withholding, that I am entitled to claim the exempt status.

Employee's Signature \_\_\_\_\_ Date \_\_\_\_\_

<b>Employer's Section:</b> Employer's Name and Address	California Employer Payroll Tax Account Number
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**PURPOSE:** This certificate, DE 4, is for **California Personal Income Tax (PIT) withholding** purposes only. The DE 4 is used to compute the amount of taxes to be withheld from your wages, by your employer, to accurately reflect your state tax withholding obligation.

Beginning January 1, 2020, *Employee's Withholding Allowance Certificate* (Form W-4) from the Internal Revenue Service (IRS) will be used for federal income tax withholding **only**. You must file the state form *Employee's Withholding Allowance Certificate* (DE 4) to determine the appropriate California Personal Income Tax (PIT) withholding.

If you do not provide your employer with a withholding certificate, the employer must use Single with Zero withholding allowance.

**CHECK YOUR WITHHOLDING:** After your DE 4 takes effect, compare the state income tax withheld with your estimated total annual tax. For state withholding, use the worksheets on this form.

**EXEMPTION FROM WITHHOLDING:** If you wish to claim exempt, complete the federal Form W-4 and the state DE 4. You may claim exempt from withholding California income tax if you meet both of the following conditions for exemption:

1. You did not owe any federal/state income tax last year, and
2. You do not expect to owe any federal/state income tax this year. The exemption is good for one year.

If you continue to qualify for the exempt filing status, a new DE 4 designating EXEMPT must be submitted by February 15 each year to continue your exemption. If you are not having federal/state income tax withheld this year but expect to have a tax liability next year, you are required to give your employer a new DE 4 by December 1.

**Member Service Civil Relief Act:** Under this act, as provided by the Military Spouses Residency Relief Act and the Veterans Benefits and Transition Act of 2018, you may be exempt from California income tax on your wages if

- (i) your spouse is a member of the armed forces present in California in compliance with military orders;
- (ii) you are present in California solely to be with your spouse; and
- (iii) you maintain your domicile in another state.

If you claim exemption under **this act**, **check the box on Line 4**. You may be required to provide proof of exemption upon request.

The [California Employer's Guide \(DE 44\) \(PDF, 2.4 MB\)](http://edd.ca.gov/pdf_pub_ctr/de44.pdf) (edd.ca.gov/pdf\_pub\_ctr/de44.pdf) provides the income tax withholding tables. This publication may be found by visiting [Forms and Publications](http://edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm) (edd.ca.gov/Payroll\_Taxes/Forms\_and\_Publications.htm). To assist you in calculating your tax liability, please visit the [Franchise Tax Board \(FTB\)](http://ftb.ca.gov) (ftb.ca.gov).

**If you need information on your last California Resident Income Tax Return (FTB Form 540), visit the Franchise Tax Board (FTB)** (ftb.ca.gov).

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**NOTIFICATION:** The burden of proof rests with the employee to show the correct California income tax withholding. Pursuant to section 4340-1(e) of [Title 22, California Code of Regulations \(CCR\)](#), the FTB or the EDD may, by special direction in writing, require an employer to submit a Form W-4 or DE 4 when such forms are necessary for the administration of the withholding tax programs.

**PENALTY:** You may be fined \$500 if you file, with no reasonable basis, a DE 4 that results in less tax being withheld than is properly allowable. In addition, criminal penalties apply for willfully supplying false or fraudulent information or failing to supply information requiring an increase in withholding. This is provided by section 13101 of the [California Unemployment Insurance Code](#) and section 19176 of the [Revenue and Taxation Code](#).



# WORKSHEETS

## INSTRUCTIONS — 1 — ALLOWANCES\*

When determining your withholding allowances, you must consider your personal situation:

- Do you claim allowances for dependents or blindness?
- Will you itemize your deductions?
- Do you have more than one income coming into the household?

**TWO-EARNERS/MULTIPLE INCOMES:** When earnings are derived from more than one source, under-withholding may occur. If you have a working spouse or more than one job, it is best to check the box "SINGLE or MARRIED (with two or more incomes)." Figure the total number of allowances you are entitled to claim on all jobs using only one DE 4 form. Claim allowances with **one** employer.

Do **not** claim the same allowances with more than one employer. Your withholding will usually be most accurate when all allowances are claimed on the DE 4 filed for the highest paying job and zero allowances are claimed for the others.

**MARRIED BUT NOT LIVING WITH YOUR SPOUSE:** You may check the "Head of Household" marital status box if you meet all of the following tests:

- (1) Your spouse will not live with you **at any time** during the year;
- (2) You will furnish over half of the cost of maintaining a home for the entire year for yourself and your child or stepchild who qualifies as your dependent; **and**
- (3) You will file a separate return for the year.

**HEAD OF HOUSEHOLD:** To qualify, you must be unmarried or legally separated from your spouse and pay more than 50% of the costs of maintaining a home for the **entire** year for yourself and your dependent(s) or other qualifying individuals. Cost of maintaining the home includes such items as rent, property insurance, property taxes, mortgage interest, repairs, utilities, and cost of food. It does not include the individual's personal expenses or any amount which represents value of services performed by a member of the household of the taxpayer.

## WORKSHEET A

### REGULAR WITHHOLDING ALLOWANCES

- |  |     |
|--|-----|
| (A) Allowance for yourself — enter 1   | (A) |
| (B) Allowance for your spouse (if not separately claimed by your spouse) — enter 1             | (B) |
| (C) Allowance for blindness — yourself — enter 1   | (C) |
| (D) Allowance for blindness — your spouse (if not separately claimed by your spouse) — enter 1 | (D) |
| (E) Allowance(s) for dependent(s) — do not include yourself or your spouse                     | (E) |
| (F) Total — add lines (A) through (E) above and enter on line 1 of the DE 4                    | (F) |

## INSTRUCTIONS — 2 — (OPTIONAL) ADDITIONAL WITHHOLDING ALLOWANCES

If you expect to itemize deductions on your California income tax return, you can claim additional withholding allowances. Use Worksheet B to determine whether your expected estimated deductions may entitle you to claim **one or more additional** withholding allowances. Use last year's FTB Form 540 as a model to calculate this year's withholding amounts.

Do not include deferred compensation, qualified pension payments, or flexible benefits, etc., that are deducted from your gross pay but are not taxed on this worksheet.

You may reduce the amount of tax withheld from your wages by claiming one additional withholding allowance for each \$1,000, or fraction of \$1,000, by which you expect your estimated deductions for the year to exceed your allowable standard deduction.

## WORKSHEET B

### ESTIMATED DEDUCTIONS

Use this worksheet **only** if you plan to itemize deductions, claim certain adjustments to income, or have a large amount of nonwage income not subject to withholding.

- |   |      |
|---|------|
| 1. Enter an estimate of your itemized deductions for California taxes for this tax year as listed in the schedules in the FTB Form 540  | 1.   |
| 2. Enter \$9,074 if married filing joint with two or more allowances, unmarried head of household, or qualifying widow(er) with dependent(s) or \$4,537 if single or married filing separately, dual income married, or married with multiple employers | – 2. |
| 3. Subtract line 2 from line 1, enter difference  | = 3. |
| 4. Enter an estimate of your adjustments to income (alimony payments, IRA deposits)   | + 4. |
| 5. Add line 4 to line 3, enter sum  | = 5. |
| 6. Enter an estimate of your nonwage income (dividends, interest income, alimony receipts)  | – 6. |
| 7. If line 5 is greater than line 6 (if less, see below [go to line 9]);<br>Subtract line 6 from line 5, enter difference   | = 7. |
| 8. Divide the amount on line 7 by \$1,000, round any fraction to the nearest whole number<br>Add this number to Line F of Worksheet A and enter it on line 1 of the DE 4. Complete Worksheet C, if needed, otherwise <b>stop here</b> .                 | 8.   |
| 9. If line 6 is greater than line 5;<br>Enter amount from line 6 (nonwage income)   | 9.   |
| 10. Enter amount from line 5 (deductions)   | 10.  |
| 11. Subtract line 10 from line 9, enter difference  | 11.  |

### Complete Worksheet C

\*Wages paid to registered domestic partners will be treated the same for state income tax purposes as wages paid to spouses for California PIT withholding and PIT wages. This law does not impact federal income tax law. A registered domestic partner means an individual partner in a domestic partner relationship within the meaning of section 297 of the Family Code. For more information, please call our Taxpayer Assistance Center at 1-888-745-3886.

1. Enter estimate of total wages for tax year 2020. 1.
2. Enter estimate of nonwage income (line 6 of Worksheet B). 2.
3. Add line 1 and line 2. Enter sum. 3.
4. Enter itemized deductions or standard deduction (line 1 or 2 of Worksheet B, whichever is largest). 4.
5. Enter adjustments to income (line 4 of Worksheet B). 5.
6. Add line 4 and line 5. Enter sum. 6.
7. Subtract line 6 from line 3. Enter difference. 7.
8. Figure your tax liability for the amount on line 7 by using the 2020 tax rate schedules below. 8.
9. Enter personal exemptions (line F of Worksheet A x \$134.20). 9.
10. Subtract line 9 from line 8. Enter difference. 10.
11. Enter any tax credits. (See FTB Form 540). 11.
12. Subtract line 11 from line 10. Enter difference. This is your total tax liability. 12.
13. Calculate the tax withheld and estimated to be withheld during 2020. Contact your employer to request the amount that will be withheld on your wages based on the marital status and number of withholding allowances you will claim for 2020. Multiply the estimated amount to be withheld by the number of pay periods left in the year. Add the total to the amount already withheld for 2020. 13.
14. Subtract line 13 from line 12. Enter difference. If this is less than zero, you do not need to have additional taxes withheld. 14.
15. Divide line 14 by the number of pay periods remaining in the year. Enter this figure on line 2 of the DE 4. 15.

**NOTE:** Your employer is not required to withhold the additional amount requested on line 2 of your DE 4. If your employer does not agree to withhold the additional amount, you may increase your withholdings as much as possible by using the "single" status with "zero" allowances. If the amount withheld still results in an underpayment of state income taxes, you may need to file quarterly estimates on Form 540-ES with the FTB to avoid a penalty.

THESE TABLES ARE FOR CALCULATING WORKSHEET C AND FOR 2020 ONLY

**SINGLE PERSONS, DUAL INCOME  
MARRIED WITH MULTIPLE EMPLOYERS**

IF THE TAXABLE INCOME IS		COMPUTED TAX IS		
OVER	BUT NOT OVER	OF AMOUNT OVER...		PLUS
\$0	\$8,809	1.100%	\$0	\$0.00
\$8,809	\$20,883	2.200%	\$8,809	\$96.90
\$20,883	\$32,960	4.400%	\$20,883	\$362.53
\$32,960	\$45,753	6.600%	\$32,960	\$893.92
\$45,753	\$57,824	8.800%	\$45,753	\$1,738.26
\$57,824	\$295,373	10.230%	\$57,824	\$2,800.51
\$295,373	\$354,445	11.330%	\$295,373	\$27,101.77
\$354,445	\$590,742	12.430%	\$354,445	\$33,794.63
\$590,742	\$1,000,000	13.530%	\$590,742	\$63,166.35
\$1,000,000	and over	14.630%	\$1,000,000	\$118,538.96

**MARRIED PERSONS**

IF THE TAXABLE INCOME IS		COMPUTED TAX IS		
OVER	BUT NOT OVER	OF AMOUNT OVER...		PLUS
\$0	\$17,618	1.100%	\$0	\$0.00
\$17,618	\$41,766	2.200%	\$17,618	\$193.80
\$41,766	\$65,920	4.400%	\$41,766	\$725.06
\$65,920	\$91,506	6.600%	\$65,920	\$1,787.84
\$91,506	\$115,648	8.800%	\$91,506	\$3,476.52
\$115,648	\$590,746	10.230%	\$115,648	\$5,601.02
\$590,746	\$708,890	11.330%	\$590,746	\$54,203.55
\$708,890	\$1,000,000	12.430%	\$708,890	\$67,589.27
\$1,000,000	\$1,181,484	13.530%	\$1,000,000	\$103,774.24
\$1,181,484	and over	14.630%	\$1,181,484	\$128,329.03

**UNMARRIED HEAD OF HOUSEHOLD**

IF THE TAXABLE INCOME IS		COMPUTED TAX IS		
OVER	BUT NOT OVER	OF AMOUNT OVER...		PLUS
\$0	\$17,629	1.100%	\$0	\$0.00
\$17,629	\$41,768	2.200%	\$17,629	\$193.92
\$41,768	\$53,843	4.400%	\$41,768	\$724.98
\$53,843	\$66,636	6.600%	\$53,843	\$1,256.28
\$66,636	\$78,710	8.800%	\$66,636	\$2,100.62
\$78,710	\$401,705	10.230%	\$78,710	\$3,163.13
\$401,705	\$482,047	11.330%	\$401,705	\$36,205.52
\$482,047	\$803,410	12.430%	\$482,047	\$45,308.27
\$803,410	\$1,000,000	13.530%	\$803,410	\$85,253.69
\$1,000,000	and over	14.630%	\$1,000,000	\$111,852.32

If you need information on your last California Resident Income Tax Return, FTB Form 540, visit [Franchise Tax Board \(FTB\)](http://ftb.ca.gov) (ftb.ca.gov).

The DE 4 information is collected for purposes of administering the PIT law and under the authority of Title 22, CCR, section 4340-1, and the California Revenue and Taxation Code, including section 18624. The Information Practices Act of 1977 requires that individuals be notified of how information they provide may be used. Further information is contained in the instructions that came with your last California resident income tax return.