

- WASHINGTON STATE -
DEFERRED COMPENSATION PROGRAM

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DISTRIBUTION BOOKLET

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Participant Section

Introduction

The Deferred Compensation Program (DCP) provides additional income during retirement. However, separation from service allows you (or in the event of your death, a beneficiary) to receive payment.

When making your distribution choice, you will want to consider your other sources of income (including pension and social security benefits), as well as life expectancy and lifestyle changes.

We encourage you to call the DCP Information Line for assistance in completing your *Distribution Request* form. You may also meet with a DCP Customer Service Representative Monday through Friday 8 a.m. to 5 p.m. PST.

Because of the importance of your distribution choices, you may wish to seek advice from a financial planner, attorney or other specialist to assist you in your decision.

Planning Ahead

Can I defer all or part of my unused leave cashout or other lump sum payments?

You can defer your sick and/or annual leave and other lump sum payments subject to plan limitations. Contact DCP a month prior to your leave cash out date.

Sick leave. When you retire (or each January if you are an eligible state employee), you may elect to receive compensation for unused sick leave. This amount is based on your salary at the time of payment. Retirement sick leave cash outs cannot be deferred if your employer participates in VEBA (Voluntary Employees' Beneficiary Association). Please check with your payroll or human resources department to see if your agency participates in VEBA.

Annual leave, other lump sum payments like retirement incentive, compensatory time and holiday pay can be deferred. Take advantage of this one-time opportunity to defer the money into DCP, up to the maximum limit. Taxes are not paid on this money until you withdraw it from your DCP account.

Can I leave my money in DCP?

If you're getting ready to retire you have the option of maintaining your DCP account. Keeping your money in the plan may provide you with better retirement opportunities. DCP offers:

- Easy 24/7 account management
- Diverse investment opportunities
- Quick and easy transfers among investment options
- Low cost program
- Easy consolidation of your retirement savings
- Flexible distribution and payout options

Distribution – Making Your Choice

When can I begin receiving payment?

You can begin receiving payment 30 days after your last payroll date or at a later date. DCP must receive your separation date from your employer before payment can be made.

A lump sum payment or partial lump sum payment, if requested immediately, may be issued any business day (allow seven days for processing). Installment payments are processed any day of the month with the exception of the last three calendar days.

How do I request a distribution?

When you are ready to begin receiving payments, complete and return a *Distribution Request* form (in the back of this booklet or on the website). On the form, you will choose the method of payment (amount and frequency).

What is the required minimum distribution (RMD)?

Internal Revenue Code 401(a)(9) requires that, unless you are still actively employed, beginning at age 70½, your payments must be an amount that will exhaust your entire account balance within your projected life expectancy. RMD is usually determined by dividing the prior year's December 31 account balance (at age 70½ and thereafter) by your distribution period (see the Uniform Lifetime Table on page 9). However, if you are married and your spouse is your sole beneficiary and is more than 10 years younger than you, RMD is determined by dividing the prior year's December 31 account balance (at age 70½ and thereafter) by your joint life expectancy years, based on your and your spouse's birth dates (see the Joint Life and Survivor Expectancy Table on page 7).

You must begin taking payments on or before April 1 of the year after you reach age 70½. Payments under this method cannot be rolled over. If you wait until this date to begin payments, you must receive the amount of two annual minimum distribution payments before December 31 of that year. Your RMD for the previous year must be paid by April 1. Your RMD for the year payment begins must be paid to you by December 31 of that year.

If you remain employed beyond the year in which you reach age 70½, payment must begin by April 1 of the year following the year that you separate from service.

If at age 70½ and thereafter your payment amount does not meet RMD, DCP will send you an additional payment in December so that you will avoid tax penalties associated with underpayment amounts.

To determine your minimum payment amount, refer to the Required Minimum Distribution Worksheet on page 9. You can also contact DCP and request a calculation of your minimum payment amount.

What methods of payment are available to me?

Payment can be made in monthly, quarterly, semiannual, or annual installments in a lump sum or any partial lump sum.

- **Specific Dollar Amount**—You can select a specific dollar amount and frequency of payment. Example: \$300 monthly or \$1,000 annually.
- **Specific Number of Years**—You can choose to receive installment payments over a specified number of years period certain. Each payment is determined by dividing your remaining account balance by the remaining number of payments.
- **Single or Joint Life Expectancy**—For a spouse beneficiary, your payment will be recalculated annually in January by multiplying your previous year's December 31 account balance by an expected yield, then dividing that total by the single life expectancy years based upon your birth date (see Single Life Expectancy Table in the Distribution Booklet). Your distribution amount will adjust each year as your account balance, expected yield, and life expectancy years change. For a non-spouse beneficiary, your first payment will be calculated using your life expectancy years determined by your birth date at the time you begin payment. Your payments will be recalculated in January each year by reducing the life expectancy (at the time payment begins) by one year. You must complete IRS Form W-4P to choose withholding of income tax. Failure to complete and return IRS Form W-4P means taxes will be withheld on your payments as if you are married and claim three allowances.
- **Initial Lump Sum Followed by Installment Payments**—You can choose an initial lump sum payment followed by installment payments. Installment payments must be made at least annually.
- **Required Minimum Distribution**—Another option is to receive only required minimum distribution payments. This option is available to participants age 70½ or older and these payments cannot be rolled over.
- **Flexible Withdrawal Distribution**—You can receive a portion of your funds in any amount at any time. You must complete a Distribution Request form (in the back of this booklet or on the website) to begin the flexible payment option. You may request future payments by completing a Distribution Request form.

Once you begin to receive installment payments, you can change your payment amount to fit your needs at any time. If you are age 70½ or older, your payments must meet minimum distribution requirements.

To help you determine your payment needs, personal projection software is available on the DCP website. You can also request projections from DCP, or refer to the Distribution Projection Tables and Worksheets in this booklet.

Payment in the form of an annuity is also available for participants with account balances of \$25,000 or more (see Annuity Appendix on pages 14-15).

DCP representatives are available to assist you in choosing a payment plan that will fit your needs. Call the DCP Information Line from 8 a.m. to 5 p.m. to speak with a representative.

What is the minimum payment I may receive?

Unless you are required to receive a specific RMD, the minimum payment amount is \$50 monthly (\$600 annually).

Do I pay taxes on my DCP payments?

If you choose a lump sum or partial lump sum payment to be paid directly to you, 20 percent of your distribution will be withheld for federal taxes. If you choose to receive payments over a period of less than 10 years, 20 percent of your distribution will also be withheld for federal taxes.

If you choose installments of 10 years or more, your payments are considered ordinary income in the year they are issued. Taxes will be withheld from your payment according to the form W-4P you return with your *Distribution Request* form. You can find the forms in the back of this booklet or on the website. Failure to return a Form W-4P will result in taxes being withheld as if you are married and claiming three allowances.

If you are requesting payments from your IRA that you had previously rolled into DCP, 10 percent of your distribution will be withheld for federal taxes unless you submit a Form W-4P with your *Distribution Request* form.

Payments are reported to the Internal Revenue Service on Form 1099-R.

For specific tax consequences regarding your distribution, you are encouraged to consult your tax advisor.

What are the direct rollover rules?

You may elect to have a lump sum or partial lump sum payment directly rolled over (except for a Roth IRA), and you will not owe federal income tax on your payment in the year it is rolled over. You will owe taxes at the time payment is made to you from the traditional IRA or other plan.

Installment payments of 10 years or more are not eligible for rollover and will be taxed in the year paid.

If you wish to receive a specific dollar amount and frequency of payment (e.g., \$300 monthly or \$1,000 annually), you can use the Distribution Projection Worksheet and the 6% Distribution Projection Tables available in this booklet to determine if your installment payments are expected to last at least 10 years. If they are not expected to last at least 10 years, you must choose either to have the payments paid to you or directly rolled over. If the payments are expected to last 10 years or more, they are not eligible for rollover.

What will be the source of my payments?

You can choose between two liquidation methods:

- Savings Pool first and then pro-rata across all funds (if your balance in the Savings Pool does not meet the payment amount, your payment will be pro-rata)
- Pro-rata across all funds and sources

Funds that you have rolled over from an IRA or another eligible employer plan into your DCP account are maintained separately from the DCP 457 funds. If you receive payment from your IRA or an eligible employer plan prior to age 59½, there may be a 10 percent penalty. This penalty does not apply to your DCP 457 funds.

Can I change my payment choice once designated?

Yes, once you begin receiving payments, you can change your payment amount, frequency of payments and payment date at any time. If you are age 70½ or older, your payments must meet minimum distribution requirements.

Other Considerations

Can I continue contributing to DCP after I separate from service?

No, once you separate from service, you may not continue contributing to DCP.

Can one person's DCP account be consolidated with another person's account?

No, accounts of different owners may not be consolidated.

Can I roll over funds between DCP and another plan?

Yes, if:

1. You have chosen either a lump sum, a partial lump sum, a flexible distribution or installment payments of fewer than 10 years;
2. The other plan is also a governmental 457 plan or another eligible employer plan; and
3. The other plan allows for such rollovers.

You should read the *Special Tax Notice Regarding Plan Payments* before choosing a rollover.

Can I roll over funds between DCP and an IRA?

Yes, as long as you have chosen either a lump sum, a partial lump sum, a flexible distribution or installment payments of fewer than 10 years. Be sure to read the *Special Tax Notice Regarding Plan Payments* before choosing a rollover.

Can I roll funds from a traditional IRA or another eligible employer plan into my DCP account?

Yes, you may request a direct rollover of funds from your traditional IRA or your eligible employer plan by completing a *Rollover In Request* form. Forms are available on our website at www.drs.wa.gov/dcp or call the DCP Information Line at 888-327-5596.

Can I purchase service credit with my DCP funds?

Yes, if you are eligible to purchase, restore, or reinstate service credit under a government retirement plan (like PERS), you can transfer amounts from your DCP account to do so. Contact the Department of Retirement Systems, at 800-547-6657, for more information.

Can my payment(s) be issued to another person?

No, payments are issued to you or, in the event of death, to your beneficiary.

Can payments be deposited directly into my bank account?

Yes, you can have payments deposited into your bank account by completing the *Electronic Fund Transfer Authorization (EFT)* available in the back of this booklet or on the DCP website.

Does payment from DCP affect my retirement benefits?

No. DCP payments provide a means to supplement your other retirement benefits.

Does payment from DCP affect my social security benefits?

No. However, at higher income levels portions of your social security benefits may become subject to federal income tax.

What happens if I return to work?

If you return to work for the state or a participating political subdivision, you may re-enroll in DCP.

If you re-enroll, any *Distribution Request* form on file will be voided. If payments from your account have started, they will stop.

After I separate from service, can I change my investment choice(s)?

Yes, you can still transfer funds from one investment option to another.

After I separate from service can I change my beneficiary designation?

Yes. You can complete a new *Beneficiary Designation* form at any time.

Can I borrow against my DCP 457 account?

No, there is no provision for borrowing against this IRC Section 457 plan.

Will I still receive statements once I separate from service?

Yes, statements will continue to be mailed to you quarterly as long as you have a balance in your account.

Do accounts continue to receive earnings?

Yes, balances in DCP accounts continue to receive earnings (interest, dividends and other credits) according to the performance of your chosen investment(s).

What happens if I die and still have an account balance?

Your beneficiary will be given distribution choices (See *Beneficiary/Alternate Payee Section* on page 16).

Can I request distribution of my account prior to separation from service?

Distribution to a participant may not begin prior to separation from service with the following three exceptions:

1. A distribution for an unforeseeable emergency under WAC 415-501-510 (contact DCP for information/application).
2. A voluntary in-service distribution if the following conditions are met:
 - a. Your entire account value does not exceed \$5,000;
 - b. You have not previously received an in-service distribution; and
 - c. Your deferrals have been suspended during the preceding two-year period ending on the date of the in-service distribution.
3. A distribution from funds that have been rolled into the deferred compensation account.

Joint Life and Survivor Expectancy Table

To use the table below, find your age on the horizontal line and your spouse's age on the vertical line. For example, if you are age 80 and your spouse is age 63, the life expectancy factor would be 23.6. For additional life expectancy factors, refer to IRS Publication 590, Individual Retirement Arrangements.

Ages	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80
60	30.9	30.4	30.0	29.6	29.2	28.8	28.5	28.2	27.9	27.6	27.4	27.2	27.0	26.8	26.6	26.5	26.3	26.2	26.1	26.0	25.9
61	30.4	29.9	29.5	29.0	28.6	28.3	27.9	27.6	27.3	27.0	26.7	26.4	26.1	25.9	25.7	25.6	25.4	25.3	25.2	25.1	
62	30.0	29.5	29.0	28.5	28.1	27.7	27.3	27.0	26.7	26.4	26.1	25.8	25.6	25.4	25.2	25.0	24.8	24.7	24.6	24.4	24.3
63	29.6	29.0	28.5	28.1	27.6	27.2	26.8	26.4	26.1	25.7	25.4	25.2	24.9	24.7	24.5	24.3	24.1	23.9	23.8	23.7	23.6
64	29.2	28.6	28.1	27.6	27.1	26.7	26.3	25.9	25.5	25.2	24.8	24.5	24.3	24.0	23.8	23.6	23.4	23.2	23.1	22.9	22.8
65	28.8	28.3	27.7	27.2	26.7	26.2	25.8	25.4	25.0	24.6	24.3	23.9	23.7	23.4	23.1	22.9	22.7	22.5	22.4	22.2	22.1
66	28.5	27.9	27.3	26.8	26.3	25.8	25.3	24.9	24.5	24.1	23.7	23.4	23.1	22.8	22.5	22.3	22.0	21.8	21.7	21.5	21.3
67	28.2	27.6	27.0	26.4	25.9	25.4	24.9	24.4	24.0	23.6	23.2	22.8	22.5	22.2	21.9	21.6	21.4	21.2	21.0	20.8	20.6
68	27.9	27.3	26.7	26.1	25.5	25.0	24.5	24.0	23.5	23.1	22.7	22.3	22.0	21.6	21.3	21.0	20.8	20.6	20.3	20.1	20.0
69	27.6	27.0	26.4	25.7	25.2	24.6	24.1	23.6	23.1	22.6	22.2	21.8	21.4	21.1	20.8	20.5	20.2	19.9	19.7	19.5	19.3
70	27.4	26.7	26.1	25.4	24.8	24.3	23.7	23.2	22.7	22.2	21.8	21.3	20.9	20.6	20.2	19.9	19.6	19.4	19.1	18.9	18.7
71	27.2	26.5	25.8	25.2	24.5	23.9	23.4	22.8	22.3	21.8	21.3	20.9	20.5	20.1	19.7	19.4	19.1	18.8	18.5	18.3	18.1
72	27.0	26.3	25.6	24.9	24.3	23.7	23.1	22.5	22.0	21.4	20.9	20.5	20.0	19.6	19.3	18.9	18.6	18.3	18.0	17.7	17.5
73	26.8	26.1	25.4	24.7	24.0	23.4	22.8	22.2	21.6	21.1	20.6	20.1	19.6	19.2	18.8	18.4	18.1	17.8	17.5	17.2	16.9
74	26.6	25.9	25.2	24.5	23.8	23.1	22.5	21.9	21.3	20.8	20.2	19.7	19.3	18.8	18.4	18.0	17.6	17.3	17.0	16.7	16.4
75	26.5	25.7	25.0	24.3	23.6	22.9	22.3	21.6	21.0	20.5	19.9	19.4	18.9	18.4	18.0	17.6	17.2	16.8	16.5	16.2	15.9
76	26.3	25.6	24.8	24.1	23.4	22.7	22.0	21.4	20.8	20.2	19.6	19.1	18.6	18.1	17.6	17.2	16.8	16.4	16.0	15.7	15.4
77	26.2	25.4	24.7	23.9	23.2	22.5	21.8	21.2	20.6	19.9	19.4	18.8	18.3	17.8	17.3	16.8	16.4	16.0	15.6	15.3	15.0
78	26.1	25.3	24.6	23.8	23.1	22.4	21.7	21.0	20.3	19.7	19.1	18.5	18.0	17.5	17.0	16.5	16.0	15.6	15.2	14.9	14.5
79	26.0	25.2	24.4	23.7	22.9	22.2	21.5	20.8	20.1	19.5	18.9	18.3	17.7	17.2	16.7	16.2	15.7	15.3	14.9	14.5	14.1
80	25.9	25.1	24.3	23.6	22.8	22.1	21.3	20.6	20.0	19.3	18.7	18.1	17.5	16.9	16.4	15.9	15.4	15.0	14.5	14.1	13.8

Single Life Expectancy Table

Age	Life Expectancy	Age	Life Expectancy
40	43.6	70	17
41	42.7	71	16.3
42	41.7	72	15.5
43	40.7	73	14.8
44	39.8	74	14.1
45	38.8	75	13.4
46	37.9	76	12.7
47	37	77	12.1
48	36	78	11.4
49	35.1	79	10.8
50	34.2	80	10.2
51	33.3	81	9.7
52	32.3	82	9.1
53	31.4	83	8.6
54	30.5	84	8.1
55	29.6	85	7.6
56	28.7	86	7.1
57	27.9	87	6.7
58	27	88	6.3
59	26.1	89	5.9
60	25.2	90	5.5
61	24.4	91	5.2
62	23.5	92	4.9
63	22.7	93	4.6
64	21.8	94	4.3
65	21	95	4.1
66	20.2	96	3.8
67	19.4	97	3.6
68	18.6	98	3.4
69	17.8	99	3.1

For additional life expectancy factors, refer to IRS Publication 590, Individual Retirement Arrangements.

Uniform Lifetime Table

Age	Distribution Period	Age	Distribution Period
70	27.4	93	9.6
71	26.5	94	9.1
72	25.6	95	8.6
73	24.7	96	8.1
74	23.8	97	7.6
75	22.9	98	7.1
76	22	99	6.7
77	21.2	100	6.3
78	20.3	101	5.9
79	19.5	102	5.5
80	18.7	103	5.2
81	17.9	104	4.9
82	17.1	105	4.5
83	16.3	106	4.2
84	15.5	107	3.9
85	14.8	108	3.7
86	14.1	109	3.4
87	13.4	110	3.1
88	12.7	111	2.9
89	12	112	2.6
90	11.4	113	2.4
91	10.8	114	2.1
92	10.2	115 and over	1.9

Required Minimum Distribution (RMD) Worksheet

To determine your approximate required minimum monthly payment amount, complete the fields below using the following instructions:

- Find the distribution period over which your payments are expected to be made based on the age you expect payments to begin from the Uniform Lifetime Table above
- Multiply your distribution period years by 12; and
- Divide your estimated account value at the time you wish payments to begin by the number of months estimated as your distribution period to determine your minimum monthly payment amount.

$$\begin{array}{l}
 \text{_____} \times 12 = \text{_____} \\
 \text{Distribution Period Years} \qquad \qquad \text{Distribution Period Months} \\
 \\
 \$ \text{_____} \div \text{_____} = \$ \text{_____} \\
 \text{Account Value} \qquad \qquad \text{Distribution Period Months} \qquad \text{Minimum Payment}
 \end{array}$$

Source: IRS Publication 590, Individual Retirement Arrangements

Distribution Projection Worksheets

How much can I withdraw every month for a specific number of years?

To determine the approximate monthly payment for a desired number of years, complete the fields below using the following instructions:

- Select a rate of return using the distribution projection tables on the next pages;
- Find the number of years you want payments to last;
- Find your estimated account value when payments will begin; and
- Follow that column down and the row across until they meet to determine how much your monthly payments will be.
- You can also do this online at <http://apps.finra.org/calcs/1/savings>

_____ %	_____	\$ _____	=	\$ _____
Rate of Return	Number of Years	Account Value		Monthly Payment

_____ %	_____	\$ _____	=	\$ _____
Rate of Return	Number of Years	Account Value		Monthly Payment

_____ %	_____	\$ _____	=	\$ _____
Rate of Return	Number of Years	Account Value		Monthly Payment

_____ %	_____	\$ _____	=	\$ _____
Rate of Return	Number of Years	Account Value		Monthly Payment

NOTE: For the purposes of these worksheets and examples an assumed rate of return is used. Actual performance will vary. Returns may be higher (or lower) than the monthly payment on this worksheet.

How long will my monthly payment continue?

To find out approximately how long an account will produce your monthly payment, complete the fields below using the following instructions:

- Select a rate of return using the tables on the next pages;
- Find your estimated account value when payments will begin;
- Follow that row across to your desired monthly payment; and
- Follow that column up to determine the number of years your account will last.

_____ %	_____	\$ _____	=	\$ _____
Rate of Return	Number of Years	Account Value		Monthly Payment

_____ %	_____	\$ _____	=	\$ _____
Rate of Return	Number of Years	Account Value		Monthly Payment

_____ %	_____	\$ _____	=	\$ _____
Rate of Return	Number of Years	Account Value		Monthly Payment

_____ %	_____	\$ _____	=	\$ _____
Rate of Return	Number of Years	Account Value		Monthly Payment

Note: Actual distribution amounts will be based on account balances existing at the time of distribution.

Distribution Projection Table – Assumed 6% Return

To determine an approximate monthly payment amount based on an assumed six percent return: Locate your approximate account value on the left and follow that row across to the column with the number of years (displayed at the top) you wish your payments to continue. This dollar figure represents your approximate monthly payment amount. NOTE: For the purposes of this example an assumed rate of return is used. Actual performance will vary. Returns may be higher (or lower) than this example.

Account value	Number of years you wish your payments to continue						
	5	10	15	20	25	30	35
\$5,000	96	55	N/A	N/A	N/A	N/A	N/A
\$10,000	193	110	84	71	63	59	56
\$15,000	289	165	125	106	95	88	84
\$20,000	385	220	167	141	127	118	112
\$25,000	481	276	209	177	159	147	140
\$30,000	578	331	251	212	190	177	168
\$35,000	674	386	292	248	222	206	196
\$40,000	770	441	334	283	254	236	224
\$45,000	867	496	376	318	286	265	252
\$50,000	963	551	418	354	317	295	280
\$55,000	1,059	606	459	389	349	328	308
\$60,000	1,156	661	501	424	381	354	336
\$65,000	1,252	716	543	460	413	383	364
\$70,000	1,348	772	585	495	444	413	392
\$75,000	1,444	827	626	530	476	442	420
\$80,000	1,541	882	668	566	508	471	448
\$85,000	1,637	937	710	601	539	501	476
\$90,000	1,733	992	752	637	571	530	504
\$95,000	1,830	1,047	794	672	603	560	532
\$100,000	1,926	1,102	835	707	635	589	560
\$105,000	2,022	1,157	877	743	666	619	588
\$110,000	2,118	1,212	919	778	698	648	616
\$115,000	2,215	1,268	961	813	730	678	643
\$120,000	2,311	1,323	1,002	849	762	707	671
\$125,000	2,407	1,378	1,044	884	793	737	699
\$130,000	2,504	1,433	1,086	919	825	766	727
\$135,000	2,600	1,488	1,128	955	857	796	755
\$140,000	2,696	1,543	1,169	990	888	825	783
\$145,000	2,793	1,598	1,211	1,026	920	855	811
\$150,000	2,889	1,653	1,253	1,061	952	884	839
\$155,000	2,985	1,708	1,295	1,096	984	914	867
\$160,000	3,081	1,764	1,336	1,132	1,015	943	895
\$165,000	3,178	1,819	1,378	1,167	1,047	972	923
\$170,000	3,274	1,874	1,420	1,202	1,079	1,002	951
\$175,000	3,370	1,929	1,462	1,238	1,111	1,031	979
\$180,000	3,467	1,984	1,504	1,273	1,142	1,061	1,007
\$185,000	3,563	2,039	1,545	1,308	1,174	1,090	1,035
\$190,000	3,659	2,094	1,587	1,344	1,206	1,120	1,063

Distribution Projection Table – Assumed 8% Return

To determine an approximate monthly payment amount based on an assumed eight percent return: Locate your approximate account value on the left and follow that row across to the column with the number of years (displayed at the top) you wish your payments to continue. This dollar figure represents your approximate monthly payment amount. NOTE: For the purposes of this example an assumed rate of return is used. Actual performance will vary. Returns may be higher (or lower) than this example.

Account value	Number of years						
	5	10	15	20	25	30	35
\$5,000	101	60	N/A	N/A	N/A	N/A	N/A
\$10,000	201	120	94	82	75	71	69
\$15,000	302	180	141	123	113	107	104
\$20,000	403	240	188	164	151	143	138
\$25,000	504	300	235	205	188	179	173
\$30,000	604	360	282	246	226	214	207
\$35,000	705	420	329	287	264	250	242
\$40,000	806	479	376	328	301	286	276
\$45,000	906	539	423	369	339	321	311
\$50,000	1,007	599	470	410	377	357	345
\$55,000	1,108	659	517	451	414	393	380
\$60,000	1,209	719	564	491	452	429	414
\$65,000	1,309	779	611	532	490	464	449
\$70,000	1,410	839	658	573	527	500	483
\$75,000	1,511	899	705	614	565	536	518
\$80,000	1,611	959	752	655	603	572	552
\$85,000	1,712	1,019	799	696	640	607	587
\$90,000	1,813	1,079	846	737	678	643	621
\$95,000	1,914	1,139	893	778	716	679	656
\$100,000	2,014	1,199	940	819	753	714	690
\$105,000	2,115	1,259	987	860	791	750	725
\$110,000	2,216	1,318	1,034	901	829	786	759
\$115,000	2,316	1,378	1,081	942	866	822	794
\$120,000	2,417	1,438	1,128	983	904	857	828
\$125,000	2,518	1,498	1,175	1,024	942	893	863
\$130,000	2,619	1,558	1,221	1,065	979	929	897
\$135,000	2,719	1,618	1,268	1,106	1,017	964	932
\$140,000	2,820	1,678	1,315	1,147	1,055	1,000	966
\$145,000	2,921	1,738	1,362	1,188	1,092	1,036	1,001
\$150,000	3,021	1,798	1,409	1,229	1,130	1,072	1,035
\$155,000	3,122	1,858	1,456	1,270	1,168	1,107	1,070
\$160,000	3,223	1,918	1,503	1,311	1,205	1,143	1,104
\$165,000	3,324	1,978	1,550	1,352	1,243	1,179	1,139
\$170,000	3,424	2,038	1,597	1,393	1,281	1,214	1,173
\$175,000	3,525	2,098	1,644	1,434	1,318	1,250	1,208
\$180,000	3,626	2,157	1,691	1,474	1,356	1,286	1,242
\$185,000	3,726	2,217	1,738	1,515	1,394	1,322	1,277
\$190,000	3,827	2,277	1,785	1,556	1,431	1,357	1,311

Distribution Projection Table – Assumed 10% Return

To determine an approximate monthly payment amount based on an assumed 10 percent return: Locate your approximate account value on the left and follow that row across to the column with the number of years (displayed at the top) you wish your payments to continue. This dollar figure represents your approximate monthly payment amount. NOTE: For the purposes of this example an assumed rate of return is used. Actual performance will vary. Returns may be higher (or lower) than this example.

Account value	Number of years						
	5	10	15	20	25	30	35
\$5,000	105	65	52	N/A	N/A	N/A	N/A
\$10,000	210	130	105	94	88	85	83
\$15,000	316	195	157	140	132	127	124
\$20,000	421	260	210	187	176	169	165
\$25,000	526	324	262	234	220	211	207
\$30,000	631	389	315	281	264	254	248
\$35,000	736	454	367	328	307	296	289
\$40,000	841	519	419	375	351	338	331
\$45,000	947	584	472	421	395	381	372
\$50,000	1,052	649	524	468	439	423	413
\$55,000	1,157	714	577	515	483	465	455
\$60,000	1,262	779	629	562	527	508	496
\$65,000	1,367	844	681	609	571	550	537
\$70,000	1,472	908	734	656	615	592	579
\$75,000	1,578	973	786	702	659	634	620
\$80,000	1,683	1,038	839	749	703	677	661
\$85,000	1,788	1,103	891	796	747	719	703
\$90,000	1,893	1,168	944	843	791	761	744
\$95,000	1,998	1,233	996	890	835	804	785
\$100,000	2,104	1,298	1,048	937	878	846	827
\$105,000	2,209	1,363	1,101	983	922	888	868
\$110,000	2,314	1,428	1,153	1,030	966	930	910
\$115,000	2,419	1,492	1,206	1,077	1,010	973	951
\$120,000	2,524	1,557	1,258	1,124	1,054	1,015	992
\$125,000	2,629	1,622	1,310	1,171	1,098	1,057	1,034
\$130,000	2,735	1,687	1,363	1,218	1,142	1,100	1,075
\$135,000	2,840	1,752	1,415	1,264	1,186	1,142	1,116
\$140,000	2,945	1,817	1,468	1,311	1,230	1,184	1,158
\$145,000	3,050	1,882	1,520	1,358	1,274	1,227	1,199
\$150,000	3,155	1,947	1,573	1,405	1,318	1,269	1,240
\$155,000	3,261	2,012	1,625	1,452	1,362	1,311	1,282
\$160,000	3,366	2,076	1,677	1,499	1,406	1,353	1,323
\$165,000	3,471	2,141	1,730	1,545	1,450	1,396	1,364
\$170,000	3,576	2,206	1,782	1,592	1,493	1,438	1,406
\$175,000	3,681	2,271	1,835	1,639	1,537	1,480	1,447
\$180,000	3,786	2,336	1,887	1,686	1,581	1,523	1,488
\$185,000	3,892	2,401	1,940	1,733	1,625	1,565	1,530
\$190,000	3,997	2,466	1,992	1,780	1,669	1,607	1,571

Annuity Appendix

Can I receive payments in the form of an annuity?

Yes. Most participants choose to receive payments annually, semi-annually, quarterly, monthly or in a lump sum, as described in this booklet. However, you may also wish to consider taking payment in the form of an annuity. An annuity is a contract between a particular insurance company and you that establishes a fixed monthly income for life. There are advantages and disadvantages to choosing this type of payment.

Advantages of an annuity

The main advantage of an annuity is that it provides payments that will last for your lifetime. A monthly payment stream paid directly from your deferred compensation account may or may not last for your lifetime depending on the assumptions made when an installment amount is selected and the income actually earned by the account. With an annuity, the insurance company bases the monthly payment on a fixed rate of return and assumes the risk of your living longer than anticipated. The costs associated with this risk are also factored into the payment amount.

Disadvantages of an annuity

There are also disadvantages to consider. If you choose an annuity, the funds are placed with one insurance company. In contrast, leaving your funds in your deferred compensation account allows you to use a number of investment options, including the Savings Pool, which has contracts with many insurance companies. This diversifies your risk. You can also invest in other options that hold securities in hundreds of different companies. These investments may provide greater protection from inflation.

Tax consequences of an annuity

As with other distribution options, the funds are taxable when you receive them.

Effect of annuity on financial hardship withdrawal provision

If you choose an annuity, recognize that you are exchanging your account value for the insurance company's promise to pay fixed amounts. There is no potential for accelerating payment in the event you experience a serious financial emergency.

Annuity options

When you decide to purchase an annuity, you also specify the type. Depending on your choice, benefits may be provided for your beneficiary.

DCP will request quoted payment amounts on your behalf from any or all companies contracting with the program. However, these quotes fluctuate with interest rates and are good for only a specified number of days. To request a quote, call the DCP Information Line.

You can choose from the following annuity options:

- Straight Life;
- 10, 15, or 20 Year Certain and Life Thereafter; and
- 100% (or 50%) Joint and Survivor with Spouse. Following are descriptions of each of these options.

Straight Life

This option provides monthly benefits only during your lifetime. No benefits are payable to a beneficiary. After your death, the insurance company keeps any remaining balance.

This option pays the highest monthly annuity payment.

Term Certain and Life Thereafter

Besides monthly payments for your lifetime, this option also may provide benefits for your beneficiary. Whether benefits are payable will depend on the term you select and how long you live.

By selecting a term (a specific number of years), you are assured that the benefits will be paid for at least that length of time. These benefits may be paid to you or, upon your death, your beneficiary. You may select 10, 15, or 20 years as your term. If you die before the term expires, your beneficiary will receive the same monthly payment for the number of years remaining on the term. However, if you should live beyond the term you select, you will continue to receive your monthly benefits during your lifetime. Upon your death, your beneficiary will receive no benefits.

Example 1: You select a 10-year term and die after six years. For the remaining four years of your term, your beneficiary will receive the same monthly payment that you received.

Example 2: You select a 10-year term and die after 15 years. Your beneficiary will not receive any benefits.

Joint and Survivor

The joint and survivor option guarantees lifetime monthly benefits for you and your surviving spouse. Depending on the terms of your annuity, you may choose to have your spouse receive 100 percent of the monthly payment you had been receiving, or a reduced percentage. Although this option provides lifetime benefits for both you and your spouse, there are no benefits payable after the death of your surviving spouse.

Example 1: John chooses to have his wife Mary receive the same monthly payment upon his death. Mary dies before John. John cannot name a new beneficiary, and no benefits will be payable upon his death.

Example 2: John chooses to have Mary receive the same benefit upon his death. John dies after three years. Mary will receive a lifetime benefit equal to the same benefit that John received during his lifetime. No further benefits will be paid upon Mary's death.

Qualifying amounts

The minimum account value for an annuity administered by DRS and paid monthly is \$100,000. The minimum account value for an annuity paid quarterly is \$25,000.

You can use a portion of your account balance to purchase an annuity, and choose another method of payment with the remaining account balance.

Beneficiary/Alternate Payee Section

Introduction

When the Deferred Compensation Program (DCP) receives notification of a participant's death, a Distribution Booklet is mailed to the designated beneficiary or beneficiaries. Payment may begin after DCP receives a copy of the participant's death certificate and a completed *Beneficiary/Alternate Payee Distribution Request* form (in the back of this booklet or on the website).

After the death certificate and completed form are received, a DCP account will be established in the beneficiary's name. When necessary, an account confirmation and Personal Identification Number (PIN) are then sent to the beneficiary to provide direct account access through the DCP website and DCP Information Line.

Specific information and payment requirements for spouse and non spouse beneficiaries or alternate payees are found on page 18.

We encourage you to call the DCP Information Line for assistance in completing your *Beneficiary/Alternate Payee Distribution Request* form. You may also meet with a DCP Customer Service Representative at the Department of Retirement Systems office in Tumwater, Monday through Friday 8 a.m. to 5 p.m. Pacific Standard Time.

When making a distribution choice, you may want to consider your other sources of income (including pension and social security benefits), as well as life expectancy and lifestyle changes. Because of the importance of your distribution choices, you may wish to seek advice from a financial planner, attorney or another specialist to assist you in your decision regarding payment amounts or taxes.

Frequently Asked Questions

When can I receive payment from my DCP account?

DCP will issue a lump sum payment or partial lump sum payment, if requested immediately, on any business day (allow seven days for processing). Installment payments can be made any day of the month with the exception of the last three calendar days. When you are ready to begin receiving payments, complete and return a *Beneficiary/Alternate Payee Distribution Request* form (in the back of this booklet or on the website).

What are my payment choices?

Your payment choices include a lump sum, partial lump sum, or installments. Payment options are described in the *Beneficiary/Alternate Payee Distribution Request* form instructions.

What is the minimum payment I may receive?

Unless you are required to receive a specific RMD, the minimum payment amount is \$50 monthly (\$600 annually).

Can I change my payment choice once designated?

Once you begin receiving payments, you can change your payment amount, frequency of payments and payment date at any time by calling the DCP Information Line.

Can payments be deposited directly into my bank account?

You can have payments deposited into your bank account by completing the *Electronic Funds Transfer Authorization (EFT)* form included with this booklet.

Do accounts continue to receive earnings?

Balances in DCP accounts continue to receive earnings (interest, dividends and other credits) according to the performance of your chosen investment(s).

Can I change how the funds are invested in my account?

You can change how the funds are invested through the methods established by the department.

Will I receive statements?

Statements will be mailed to you quarterly as long as you have a balance in your account.

What happens if I die and still have an account balance?

A lump sum payment of your entire account will be made to your estate.

Does payment from DCP affect my social security benefits?

No, however at higher income levels, portions of your social security benefits may become subject to federal income tax.

How are payments reported to the Internal Revenue Service (IRS)?

Payments are reported to the IRS on a Form 1099-R.

Spouse as Beneficiary

What are the distribution requirements for a spouse beneficiary?

Payments must begin by December 31 following the year the participant would have reached age 70½. The entire account balance must be paid over the beneficiary's life expectancy.

If the deceased participant was age 70½ or older and receiving payments, payments to the beneficiary must continue in an amount to satisfy required minimum distribution rules. Minimum distribution is determined by dividing the prior year's December 31 account balance by the beneficiary's life expectancy or, if longer, the actuarial life expectancy of the deceased participant (see Single Life Expectancy Table on page 8 and the Required Minimum Distribution Worksheet on page 9).

Do I pay federal income taxes on my DCP payments?

Spouse beneficiaries who choose to receive a lump sum payment or installments that will last less than ten years will be taxed at 20 percent for federal income taxes. Installment payments of 10 years or more will be taxed according to the Form W-4P you return with your Beneficiary/Alternate Payee Distribution Request form. Failure to complete and return a Form W-4P means taxes will be withheld on your payments as if you are married and claim three allowances (see Special Tax Notice beginning on page 19). If a rollover is chosen, your taxes will be deferred until you receive payment from the IRA (except for a Roth IRA) or other retirement plan.

Non Spouse as Beneficiary

What are the distribution requirements for a non spouse beneficiary?

If the participant dies before reaching age 70½ and payments to the beneficiary begin by December 31 following the year of the participant's death, payments may continue over the beneficiary's life expectancy (see Single Life Expectancy Table on page 8). If payments to the beneficiary do not begin by December 31 following the year of the participant's death, the entire account balance must be paid out within five years from the participant's date of death.

If the deceased participant was age 70½ or older and receiving payments, payments must continue in an amount to satisfy minimum distribution rules. The minimum distribution amount is determined by dividing the prior year's December 31 account balance by the remaining life expectancy of the beneficiary, or if longer, the actuarial life expectancy of the deceased participant (see Required Minimum Distribution Worksheet on page 9).

Do I pay federal income taxes on my DCP payments?

Non spouse beneficiaries who choose to receive a lump sum payment or installment payments that will last under ten years will be taxed at 20 percent for federal income taxes. Installment payments of 10 years or more will be taxed according to the Form W-4P you return with your Beneficiary/Alternate Payee Distribution Request form. Failure to complete and return a Form W-4P means taxes will be withheld on your payments as if you are married and claim three allowances (see Special Tax Notice beginning on next page). If a rollover to an inherited IRA is chosen, your taxes will be deferred until you receive payment from the inherited IRA.

Alternate Payee (former spouse) as Beneficiary

What are the distribution requirements for an alternate payee?

You must begin distribution when the original participant would have turned age 70½ and receive the entire account balance over your single life expectancy (see Single Life Expectancy Table on page 8).

Do I pay taxes on my DCP payments?

If you choose to receive your payments over a period of less than ten years, 20 percent of the distribution is withheld for federal taxes.

If a rollover is chosen, your taxes will be deferred until you receive payment from an IRA (except for a Roth IRA) or other plan.

Installment payments made over a period of 10 years or more are taxed according to the Form W-4P you return with your *Beneficiary/Alternate Payee Distribution Request* form. You can find the forms in the back of this booklet or on the website. Failure to return a Form W-4P will result in taxes being withheld as if you are married and claiming three allowances.

Organization, Estate, or Trust as Beneficiary

How is distribution made to an organization, estate or trust as beneficiary?

Distributions will be made in a lump sum to the organization, estate or trust upon receipt of the necessary legal documentation following the participant's death or notification of death. Ten percent of the lump sum will be withheld for federal taxes unless the executor or personal representative completes and returns Form W-4P. On Form W-4P, the executor or personal representative can choose not to have any taxes withheld or can specify an additional amount to be withheld (see *Special Tax Notice* beginning on the next page).

Washington State Deferred Compensation Program Special Tax Notice Regarding Plan Payments for Governmental 457(b) Plans

This Notice explains how you can continue to defer federal income tax on your retirement savings in the Washington State Deferred Compensation Program (DCP) and contains important information you will need before you decide how to receive your DCP benefits.

This Notice is provided to you by the Washington State Deferred Compensation Program to make you aware that when you receive payment from your DCP account, all or part of the payment may be eligible for rollover to an Individual Retirement Account (IRA), Roth IRA or an eligible employer plan. A rollover is a payment by you or DCP, for all or part of your benefit, to another plan or IRA that allows you in some cases to continue to postpone taxation of that benefit until it is paid to you. Your payment cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account (formerly known as an education IRA). An “eligible employer plan” includes a plan qualified under section 401(a) of the Internal Revenue Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; and an eligible section 457(b) plan maintained by a governmental employer. Your payment also can be rolled over to a section 408A Roth IRA subject to the same limits that apply to rollovers from a traditional IRA to a Roth IRA (i.e., for tax years prior to January 1, 2010, your adjusted gross income cannot exceed \$100,000 and you must not be married filing separately).

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another eligible employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions. If this is the case, you may wish instead to roll your distribution over to an IRA or to split your rollover amount between the eligible employer plan in which you will participate and an IRA. If an eligible employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse’s consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover may also be subject to different tax treatment than distributions from DCP. Check with the administrator of the plan that will receive your rollover prior to making the rollover.

If you have additional questions after reading this notice, you can contact a DCP Customer Service Representative at 888-327-5596.

Summary

There are two ways you may be able to receive DCP payments that are eligible for rollover:

1. Certain payments can be made directly to an IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit (“**direct rollover**”); or
2. The payment can be **paid to you**.

If you choose a **direct rollover**:

- Except for a Roth IRA, your payment will not be taxed in the current year and no income tax will be withheld.
- You choose whether your payment will be made directly to your traditional IRA or to an eligible employer plan that accepts your rollover. Your payment cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account.
- Your payment will be taxed later when you take it out of a traditional IRA or an eligible employer plan. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from DCP.
- Your distribution will be included in your taxable income if your payment is rolled over to a Roth IRA. DCP is not responsible for assuring your eligibility to make a rollover to a Roth IRA. You should consult your tax advisor if you are interested in rolling over your distribution to a Roth IRA.

If you choose to have your DCP payments that are eligible for rollover **paid to you**:

- You will receive only 80 percent of the taxable amount of the payment because DCP is required to withhold 20 percent of that amount and send it to the IRS as income tax withholding to be credited against your taxes.
- The taxable amount of your payment will be taxed in the current year unless you roll it over to a traditional IRA or eligible employer plan.
- You can roll over all or part of the payment by paying it to your IRA or to an eligible employer plan that accepts your rollover within 60 days after you receive the payment. Except for a Roth IRA, the amount rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.
- If you want to roll over 100 percent of the payment to a traditional IRA or an eligible employer plan, **you must find other money to replace the 20 percent of the taxable portion that was withheld**. If you roll over only the 80 percent that you received, you will be taxed on the 20 percent that was withheld and that is not rolled over.

You may also elect a **direct rollover** for part of a payment that is eligible for rollover and elect to have the remainder **paid to you**. However, this option is available only if your total payment is greater than \$200 and you elect a **direct rollover** of at least \$200.

Your Right to Waive the 30-Day Notice Period

Generally, neither a direct rollover or a payment can be made from DCP 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 (generally within seven business days) by DCP.

More Information

Payments that can and cannot be rolled over

Payments from DCP may be “eligible rollover distributions.” This means that they can be rolled over to an IRA or to an eligible employer plan that accepts rollovers. Payments from DCP cannot be rolled over to a SIMPLE IRA or a Coverdell Education Savings Account. DCP can tell you whether your payment is an eligible rollover distribution. Non-spouse beneficiaries are only allowed to roll over to an IRA that has been properly established as an Inherited IRA.

The following types of payments cannot be rolled over:

Payments spread over long periods

You cannot roll over a payment if it is part of a series of equal (or almost equal) payments that are made at least once a year and that will last for:

- Your lifetime (or a period measured by your life expectancy), or
- Your lifetime and your beneficiary’s lifetime (or a period measured by your joint life expectancies), or
- A period of 10 years or more.

Required minimum payments

Beginning when you reach age 70½ or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a “required minimum payment” that must be paid to you.

Unforeseeable emergency distributions

A distribution for an unforeseeable emergency cannot be rolled over.

Distributions of excess contributions

A distribution that is made because legal limits on certain contributions were exceeded cannot be rolled over.

DCP can tell you if your payment includes amounts which cannot be rolled over.

Direct rollover

A **direct rollover** is a direct payment of the amount of your DCP benefits to an IRA or an eligible employer plan that will accept it. You can choose a direct rollover of all or any portion of your payment that is an eligible rollover distribution, as described in “Payments that can and cannot be rolled over” on page 21. Except for a direct rollover to a Roth IRA, you are not taxed on any taxable portion of your payment for which you choose a direct rollover until you later take it out of the traditional IRA or eligible employer plan. In addition, no income tax withholding is required for any taxable portion of your Plan benefits for which you choose a **direct rollover**. You may not choose a **direct rollover** if your distributions for the year are less than \$500.

Direct rollover to a an IRA

You can open an IRA to receive the direct rollover. If you choose to have your payment made directly to an IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your payment made in a direct rollover to an IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish an IRA to receive the payment. However, in choosing an IRA, you may wish to make sure that the IRA you choose will allow you to move all or a part of your payment to another IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on IRAs (including limits on how often you can roll over between IRAs).

Direct rollover to a plan

If you are employed by a new employer that has an eligible employer plan, and you want a direct rollover to that plan, ask the plan administrator of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. Even if your new employer's plan does not accept a rollover, you can choose a direct rollover to an IRA. If the employer plan accepts your rollover, the plan may provide restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent to any subsequent distribution. Check with the plan administrator of that plan before making your decision.

Direct rollover of a series of payments

If you receive a payment that can be rolled over to an IRA or an eligible employer plan that will accept it, and it is paid in a series of payments for less than 10 years, your choice to make or not make a direct rollover for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

Change in tax treatment resulting from a direct rollover

The tax treatment of any payment from the eligible employer plan or an IRA receiving your direct rollover might be different than if you received your benefit in a taxable distribution directly from the Plan.

Permissive Service Credit Purchases

If you elect to directly transfer all or part of your DCP account balance for the purpose of purchasing service credit under a governmental defined benefit plan, the plan-to-plan transfer will not be subject to tax reporting. You will not pay income taxes on the transferred amount until you eventually receive a pension benefit distribution from the governmental defined benefit plan.

Payment paid to you

If your payment can be rolled over (see “Payments that can and cannot be rolled over” on page 21) and the payment is made to you in cash, it is subject to 20 percent federal income tax withholding on the taxable portion (state tax withholding may also apply). The payment is taxed in the year you receive it unless, within 60 days, you roll it over to a traditional IRA or an eligible employer plan that accepts rollovers. If you do not roll it over, special tax rules may apply.

Income tax withholding

Mandatory Withholding. If any portion of your payment can be rolled over under “Payments that can and cannot be rolled over” (see page 21) and you do not elect to make a direct rollover, DCP is required by law to withhold 20 percent of the taxable amount. This amount is sent to the IRS as federal income tax withholding. For example, if you can roll over a taxable payment of \$10,000, only \$8,000 will be paid to you because DCP must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days to a traditional IRA or eligible employer plan (see “Sixty-Day Rollover Option” below), you must report the full \$10,000 as a taxable payment from DCP. You must report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than \$200.

Voluntary Withholding. If any portion of your payment is taxable but cannot be rolled over under “Payments that can and cannot be rolled over” on page 21, the mandatory withholding rules described above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of your payment for federal income tax withholding. If you are receiving a lump sum payment that cannot be rolled over (e.g., a hardship withdrawal) and you do nothing, 10 percent will be taken out. If you are receiving installment payments of ten years or more (or annuity payments) and you do nothing, withholding will be taken out as if you are married and claim three allowances. To change or elect out of withholding, complete and return Form W-4P.

Sixty-day rollover option

If you receive a payment that can be rolled over under “Payments that can and cannot be rolled over” on page 21, you can still decide to roll over all or part of it to an IRA or to an eligible employer plan that accepts rollovers. **If you decide to roll over, you must contribute the amount of the payment you received to an IRA or eligible employer plan within 60 days after you receive the payment.** Unless you roll over your distribution to a Roth IRA, the portion of your payment that is rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.

If you want to roll over a payment you received to a traditional IRA or eligible employer plan, you can roll over up to 100 percent of your payment that can be rolled over under “Payments that can and cannot be rolled over” (see page 21), including an amount equal to the 20 percent of the taxable portion that was withheld. If you choose to roll over 100 percent, you must find other money within the 60-day period to contribute to the IRA or the eligible employer plan, to replace the 20 percent that was withheld. On the other hand, if you roll over only the 80 percent of the taxable portion that you received, you will be taxed on the 20 percent that was withheld.

Example: Your payment that can be rolled over under “Payments that can and cannot be rolled over” (see page 21) is \$10,000, and you choose to have it paid to you. You will receive \$8,000, and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to an IRA or an eligible employer plan. To do this, you roll over the \$8,000 you received from

DCP, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the traditional IRA or an eligible employer plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of part or all of the \$2,000 withheld.*

If, on the other hand, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the \$2,000 withheld. (However, any refund is likely to be larger if you roll over the entire \$10,000.)

*Note: Amounts rolled into a Roth IRA are taxed in the year the amount is rolled over.

Additional 10 percent tax may apply to certain distributions

Distributions from DCP are generally not subject to the additional 10 percent tax that applies to pre-age 59½ distributions from other types of plans. However, any distribution from DCP that is attributable to an amount you rolled over to DCP (adjusted for investment returns) from another type of eligible employer plan or IRA amount is subject to the additional 10 percent tax if it is distributed to you before you reach age 59½, unless an exception applies. Exceptions to the additional 10 percent tax generally include (1) payments that are paid as equal (or almost equal) payments over your life or life expectancy (or your and your beneficiary's lives or life expectancies), (2) payments that are paid from an eligible employer plan after you separate from service with your employer during or after the year you reach age 55, (3) payments that are paid because you retire due to disability, (4) payments that are paid directly to the government to satisfy a federal tax levy, (5) payments that are paid to a surviving spouse, another beneficiary, or an alternate payee under a qualified domestic relations order, or (6) payments that do not exceed the amount of your deductible medical expenses. These exceptions may be different for distributions from a traditional IRA. See IRS Form 5329 and IRS Notice 2007-07 for more information on the additional 10 percent tax.

The additional 10 percent tax does not apply to distributions from DCP or any other governmental 457 plan, except to the extent the distribution is attributable to an amount you rolled over to DCP (adjusted for investment returns) from another type of eligible employer plan or IRA. **In addition, any amount rolled over from DCP to another type of eligible employer plan or to a traditional IRA will be subject to the additional 10 percent tax if it is distributed to you before you reach age 59½, unless an exception applies.**

Surviving spouses, alternate payees, and other beneficiaries

In general, the rules summarized above that apply to payments to employees also apply to payments to surviving spouses of employees and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in DCP results from a domestic relations order, which is an order issued by a court, usually in connection with a divorce or legal separation.

You may choose to have a payment that can be rolled over, as described in "Payments that can and cannot be rolled over" (see page 21), paid in a direct rollover to an IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to an IRA or to an eligible employer plan. Thus, you have the same choices as the employee.

If you are a beneficiary other than a surviving spouse or an alternate payee and receive a distribution, you can choose to be paid in a direct rollover to a traditional or Roth IRA, which will be treated as an inherited IRA subject to the minimum distribution rules applicable to beneficiaries. You cannot choose a direct rollover to an eligible employer plan, and you cannot roll over the payment yourself.

How to Obtain Additional Information

This notice summarizes only the federal tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, you may want to consult with DCP or a professional tax advisor before you take a payment of your benefits from DCP. Also, you can find more specific information on the tax treatment of payments from eligible employer plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office, on the IRS website at *www.irs.gov*, or by calling 800-TAX-FORMS.



DISTRIBUTION REQUEST

DEFERRED COMPENSATION PROGRAM

PO Box 40931 Olympia, WA 98504-0931 • www.drs.wa.gov/dcp
Toll Free: 888.327.5596 • TTY: 800.766.4952 • Fax: 360.586.5474

PARTICIPANT INFORMATION

Social Security Number	Participant Name (Last, First, Middle)	Phone Number
Mailing Address (Is this a change of address <input type="checkbox"/> Yes <input type="checkbox"/> No) City		State ZIP
Date of Birth MM/DD/YYYY	Employer Name	Last Day Worked MM/DD/YYYY

DISTRIBUTION DATE

Initiate Distribution On (mm/dd/yyyy) – Installment payments are processed any day of the month with the exception of the last three calendar days. Date must be within the next 12 months.	MM/DD/YYYY
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TYPE OF PLAN, PAYMENT AND LIQUIDATION METHOD

Distribute Contributions From - Check applicable plan <input type="checkbox"/> DCP 457 Plan <input type="checkbox"/> 401(a) or (k) <input type="checkbox"/> 403(b) <input type="checkbox"/> Individual Retirement Plan (IRA)	Payment Method <input type="checkbox"/> Use DCP EFT on File <input type="checkbox"/> New EFT <input type="checkbox"/> Check	Liquidation Method <input type="checkbox"/> Savings pool first and then pro-rata across other funds <input type="checkbox"/> Pro-rata across all funds and sources
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METHOD OF DISTRIBUTION

Complete the back of this form and sign before returning to address above.

- ☐ A. Lump Sum Distribution (Complete Distribution or Rollover Election on back of this form.)
- ☐ B. One time Flexible Withdrawal Distribution in the amount of \$ _____ (Complete Distribution or Rollover Election on back of this form.)
- If you are currently on installments, do you want to continue receiving them? ☐ Yes ☐ No
- ☐ C. Partial Lump Sum Distribution in the amount of \$ _____ plus installments starting ____/____/____. (Complete Section D - Installments below.)
- ☐ D. Installments (If your installments will be paid over a period of less than 10 years, check box 1, Distribution to Me on the back of this form.)

Select your installment frequency

- ☐ Monthly ☐ Quarterly ☐ Semi-annually ☐ Annually

Select your installment type to determine the amount or duration of your payments

- ☐ 1. Installments of \$ _____ until account is exhausted.
- ☐ 2. Installments projected to exhaust account in _____ years.
- ☐ 3. Installments over my life expectancy.
- ☐ 4. Installments over Joint and Survivor life expectancy (Spouse date of birth ____/____/____)
- ☐ 5. Required Minimum Distribution (Spouse date of birth ____/____/____)
- ☐ E. Annuity (Skip the Rollover Election section and sign the back of this form.)
- ☐ F. In-Service Withdrawal, check box 1, Distribution to Me on the back of this form.
- ☐ G. Cancel Distribution (Skip the Rollover Election and sign the back of this form.)



DISTRIBUTION

Before completing this section, please read the Special Tax Notice Regarding Plan Payments in the *Distribution Booklet*. Under the tax law, at least 30 days normally must pass between receipt of the Special Tax Notice and your payment. By completing and returning your *Distribution Request* form sooner, you are waiving your right to the 30-day period for receiving the special tax notice.

- ☐ **1. Distribution to Me.** I understand that 20 percent of my payment will be withheld for federal taxes (if you choose this option, do not fill out "Receiving Financial Institution" section).

ROLLOVER ELECTION

Complete this section if you are requesting a lump sum, flexible withdrawal, partial lump sum, or an in-service withdrawal.

- ☐ **2. Entire Distribution Directly Rolled Over.** I elect to have my entire distribution directly rolled over to the following plan. If you are selecting more than one plan, contact DCP.

Plan Type: ☐ 401(a) ☐ 401(k) ☐ 403(b) ☐ Govt 457
☐ Traditional IRA ☐ Roth IRA ☐ SEP IRA

- ☐ **3. Part Rolled Over and Remainder Distributed to Me.** I elect to have a portion of my funds directly rolled over to the following plan and the remainder of my funds paid directly to me. I understand that 20 percent of the part not directly rolled over will be withheld for federal taxes.

Plan Type: ☐ 401(a) ☐ 401(k) ☐ 403(b) ☐ Govt 457
☐ Traditional IRA ☐ Roth IRA ☐ SEP IRA

RECEIVING FINANCIAL INSTITUTION

Name of Plan		Amount rolled over as \$ or %	
Make Check Payable To		Account Number	
Mailing Address	City	State	ZIP
			Phone Number

SIGNATURE

Under penalties of perjury, I certify that:

- ☐ The Social Security number shown on this form is my correct number; and
☐ I am a U.S. Citizen or a U.S. resident alien. (If you are a non-resident alien, you may be subject to non-resident alien withholding tax rules)

I understand that unless I am eligible and elect a rollover to a traditional IRA or eligible employer plan, my distribution may be subject to federal income tax.

This request supersedes any previous distribution request and is subject to approval by the Department of Retirement Systems.

Participant Signature	Date
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FOR DCP USE ONLY

Balance _____	as of _____	by _____
Balance _____	as of _____	by _____

DCP DISTRIBUTION REQUEST INFORMATION AND INSTRUCTIONS

The earliest date payment can begin is 30 days after your last payroll date. Lump sums take seven days to process. Please read these instructions thoroughly before you complete the form. Do not complete this form unless you want payments from your DCP account within the next 12 months.

Completion of this form will supersede any distribution request on file.

Required Minimum Distribution Rules:

The Internal Revenue Code 401(a)(9) requires that, beginning at age 70½, you receive payments in an amount that will exhaust your entire account balance over your expected distribution period. (See the Required Minimum Distribution Worksheet in the *Distribution Booklet*) Payment must begin on or before April 1 of the year after you reach age 70½. If you wait until this date to begin payments, you are required to receive the amount of two annual payments before December 31 of that year. These Required Minimum Distribution payments cannot be rolled over.

Participant Information:

Use your legal name and mailing address.

Distribution Date:

If you want payment within the next 12 months, you can choose any day of the month with the exception of the last three calendar days. The earliest date payment can be issued is 30 days after your last payroll date.

Type of Plan, Payment and Liquidation Method:

Indicate which plan you are requesting distribution from, how you would like to receive the payment and choice of liquidation method.

- **Distribute Contributions From** – DCP 457 Plan funds include deferrals (both current and rolled in). IRA, 401(a) or (k) and 403(b) are funds you have rolled in from another investment plan. If you are requesting distribution from a plan other than a 457 plan, there may be additional taxes. Please see the Special Tax Notice Regarding Plan Payments within the *Distribution Booklet*.

- **Choose Payment Method** – EFT on file, new EFT or check. Receipt of payment for EFT will be 2-3 business days from date of liquidation; checks will be received 5-7 business days from date of liquidation.
- **Choose Liquidation Method** – Savings Pool first and then pro-rata across other funds (If your balance in the Savings Pool does not meet the payment amount then payment will be pro-rata.) or pro-rata across all funds and sources.

If no selection is made, payment will default to Savings Pool first and then pro-rata across all funds.

Method of Distribution (the minimum payment amount is \$50 monthly/\$600 annually):

A. Lump Sum Distribution

All your funds will be distributed in one lump sum. If you choose a lump sum distribution paid directly to you, check box 1, *Distribution to Me* on back of the form. If you want to roll over a lump sum distribution you must complete the *Rollover Election* on the back of the form. To request a lump sum to be issued immediately, enter the current month, day and year for the distribution date. Payment will be issued approximately seven days after DCP receives the form.

B. Flexible Withdrawal Distributions

The flexible withdrawal distribution option allows you to receive or roll over a portion of your funds in any amount at any time. The amount you indicate will be distributed to you and the remainder of your DCP funds will stay in your account. Payment will be issued approximately seven days after DCP receives the form.

If you are currently on installments and you want to continue receiving or to stop your scheduled installments please indicate in check boxes under line “B” of the form.

If you choose a flexible withdrawal paid directly to you, check box 1, *Distribution to Me* on back of the form. If you are rolling your flexible withdrawal, complete the *Rollover Election* on back of the form.

C. Partial Lump Sum Distribution Followed By Installments

Complete this section to receive a partial lump sum distribution followed by installments. Check box 1, *Distribution to Me* on the back of the form stating you understand 20 percent will be withheld for taxes. Payment of the partial lump sum will be issued approximately seven days after DCP receives the form.

Your installment payments will begin no later than the next calendar month following the distribution date you choose for your partial lump sum distribution. **You must also complete Section D - Installments.**

D. Installments

Installments are a series of payments in an amount and frequency you choose. Installments are processed any day of the month with the exception of the last three calendar days.

Frequency of installments:

Choose how often you wish to receive installments. Your choices include monthly, quarterly, semiannually or annually.

Five types of installments:

Select your installment type to determine the amount or duration of your payments.

1. **Amount of each installment—to establish a specific distribution amount.** Distribution continues until your account is exhausted. **Example:** \$1,000 monthly. You must use the Distribution Projection Worksheet on and the 6% Distribution Projection Tables in the *Distribution Booklet* to determine if your installments are expected to be paid over a period of 10 years or more. If your installments are expected to be paid over a period of less than 10 years, you must also complete the *Rollover Election* on the back of the form. If your installments are expected to be paid over a period of 10 years or more, you must complete IRS Form W-4P to choose withholding of income tax. Failure to complete and return IRS Form W-4P means taxes will be withheld on your payments as if you are married and claim three allowances.

2. **Number of installments—to establish a specific time period for distribution (period certain).**

Each installment payment will be calculated by dividing your remaining account balance by the remaining number of installments. This results in your payment amount changing each month. An example of period certain is 10 years of monthly payments for a total of 120 payments.

- If your installments will be paid over a period of less than 10 years, you must also complete the *Rollover Election* on the back of the form.
- If your installments will be paid over a period of 10 years or more, you must complete IRS Form W-4P to choose withholding of income tax. Failure to complete and return IRS Form W-4P means taxes will be withheld on your payments as if you are married and claim three allowances.

3. **Single life expectancy**—your account will be recalculated annually in January by multiplying your previous year's December 31 account balance by an expected yield, then dividing that total by the single life expectancy based on your date of birth (see Single Life Expectancy Table in the *Distribution Booklet*) of the current year. Your distribution amount will adjust each year as your account balance, expected yield and life expectancy years change. You must complete IRS Form W-4P to choose withholding of income tax. Failure to complete and return IRS Form W-4P means taxes will be withheld on your payments as if you are married and claim three allowances.
4. **Joint and survivor life expectancy**—your account will be recalculated annually in January by multiplying your prior year's December 31 account balance by the joint life expectancy years, based on you and your spouse's dates of birth (see Joint Life and Survivor Expectancy Table in the *Distribution Booklet*). Your distribution amount will adjust each year as your account balance, expected yield and life expectancy years change. You must enter your spouse's date of birth if choosing joint life expectancy. You must complete IRS Form W-4P to choose

withholding of income tax. Failure to complete and return IRS Form W-4P means taxes will be withheld on your payments as if you are married and claim three allowances.

5. **Required minimum distribution**—choose this option if you are age 70½ or older and wish to receive the minimum amount required by law. Your account will be calculated by dividing the prior year's December 31 account balance by your expected distribution period determined by using the Uniform Lifetime Table in the *Distribution Booklet*. If you are married and your spouse is your sole beneficiary and is more than 10 years younger than you, minimum distribution is determined by dividing the prior year's December 31 account balance by your joint life expectancy years, based on you and your spouse's dates of birth (see Joint Life and Survivor Expectancy Table in the *Distribution Booklet*). You must complete IRS Form W-4P to choose withholding of income tax. Failure to complete and return IRS Form W-4P means taxes will be withheld on your payments as if you are married and claim three allowances if you are receiving periodic payments. If your RMD is paid annually, the withholding default is 10% unless you complete W-4P.

E. Annuity

An annuity is a contract between you and an insurance company establishing a fixed monthly payment amount for life. If you are interested in an annuity purchase, contact the DCP Information Line toll free at 888-327-5596, select option 2, (TTY 800-766-4952) to discuss options and receive an annuity quote.

F. In-Service Withdrawal

Check this box if you are currently employed, have not contributed to your DCP account for over two years, and your account balance is \$5,000 or less. In-service withdrawal is not available if you have previously used this option. If you choose an in-service withdrawal, complete the *Rollover Election* on the back of the form. If you have your distribution paid directly to you, 20 percent will be withheld for federal taxes.

G. Cancel Distribution

Check this box to stop your payment. Your payment will stop on the earliest possible date.

Rollover Election:

If you are receiving a lump sum, a flexible withdrawal, a partial lump sum, or an in-service withdrawal, or you are receiving (or expect to receive) installment payments over a period of less than 10 years, you must complete the *Rollover Election* on the back of the form.

Before completing this section, read the Special Tax Notice Regarding Plan Payments within the *Distribution Booklet*. Under the tax law, typically at least 30 days must pass between your receipt of the Special Tax Notice and your payment. By completing and returning your form sooner, you are waiving your right to this 30-day period.

If you are making a direct rollover choice for installment payments, your choice will apply to all of your payments unless you make a new choice for future payments.

You have the following three election choices:

1. The entire payment can be distributed to you. Twenty percent of the payment will be automatically withheld for federal taxes. The remaining 80 percent will be paid to you.
*Unless you arrange rollover of your payment to a traditional IRA or another eligible employer plan within 60 days of receiving your payment, you will owe taxes on your payment in the year it is paid. Check box 1, *Distribution to Me* on back of the form for this option.
2. The entire payment can be directly rolled over to an IRA or another eligible employer plan. Except for a Roth IRA, you will not owe taxes in the year your payment is directly rolled over; instead your taxes will be deferred until you receive payment from the traditional IRA or other plan. A check, issued to the receiving financial institution or eligible employer plan, will be mailed directly to the financial institution. Check box 2, *Entire Distribution Directly Rolled Over* and select Plan Type. Complete the *Receiving Financial Institution* information.

-
3. A part of your payment can be directly rolled over and the remaining part can be distributed to you. Twenty percent of the part that is not rolled over will be automatically withheld for federal taxes. The remaining 80 percent will be paid to you. A check for the rollover portion will be issued to the receiving financial institution or eligible employer plan, and mailed directly to the financial institution. *Check box 3, *Part Rolled Over and Remainder Distributed to Me* and select Plan Type. Complete the *Receiving Financial Institution* information.

Note: Choice 3 is not available unless you choose to have at least \$200 directly rolled over.

**IRA payments are subject to 10 percent withholding for federal taxes unless IRS Form W-4P is completed.*

IMPORTANT: Read, sign and date your completed *Distribution Request* form, IRS Form W-4P, and an *Electronic Funds Transfer Authorization* form, if applicable.

Mail to:

**Department of Retirement Systems
Deferred Compensation Program
PO Box 40931
Olympia, WA 98504-0931**



**BENEFICIARY/ALTERNATE PAYEE
DISTRIBUTION REQUEST**
DEFERRED COMPENSATION PROGRAM

DCP

PO Box 40931 Olympia, WA 98504-0931 • www.drs.wa.gov/dcp
Toll Free: 888.327.5596 • TTY: 800.766.4952 • Fax: 360.586.5474

PARTICIPANT AND BENEFICIARY/ALTERNATE PAYEE INFORMATION

Participant Social Security Number	Participant Name (Last, First, Middle)	Date of Death MM/DD/YYYY
Beneficiary/Alternate Payee Social Security Number	Beneficiary/Alternate Payee Name (Last, First, Middle)	Beneficiary/Alternate Payee Date of Birth MM/DD/YYYY
Beneficiary/Alternate Payee Mailing Address, City, State, ZIP (Change of address? <input type="checkbox"/> Yes <input type="checkbox"/> No)		Phone Number

DISTRIBUTION DATE

Initiate Distribution On (mm/dd/yyyy) – Installment payments are processed any day of the month with the exception of the last three calendar days. Date must be within next 12 months.	MM/DD/YYYY
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TYPE OF PLAN, PAYMENT AND LIQUIDATION METHOD

Distribute Contributions From - Check applicable plan <input type="checkbox"/> DCP 457 Plan <input type="checkbox"/> 401(a) or (k) <input type="checkbox"/> 403(b) <input type="checkbox"/> Individual Retirement Plan (IRA)	Payment Method <input type="checkbox"/> Use DCP EFT on File <input type="checkbox"/> New EFT <input type="checkbox"/> Check	Liquidation Method <input type="checkbox"/> Savings pool first and then pro-rata across other funds <input type="checkbox"/> Pro-rata across all funds and sources
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PAYEE TYPE

Check One <input type="checkbox"/> Spouse <input type="checkbox"/> Non Spouse <input type="checkbox"/> Alternate Payee (former spouse)

METHOD OF DISTRIBUTION

Complete the back of this form and sign before returning to address above.

☐ A. Lump Sum Distribution (complete Distribution or Rollover Election on back of this form.)

☐ B. One time Flexible Withdrawal Distribution in the amount of \$ _____ (complete Distribution or Rollover Election on back of this form.)

■ If you are currently on installments, do you want to continue receiving them? ☐ Yes ☐ No

☐ C. Partial Lump Sum Distribution in the amount of \$ _____ plus installments starting ____/____/____. (Complete Section D - Installments below.)

☐ D. Installments (If your installments will be paid over a period of less than 10 years, check box 1, Distribution to Me on back of this form.)

Select your installment frequency

☐ Monthly ☐ Quarterly ☐ Semi-annually ☐ Annually

Select your installment type to determine the amount or duration of your payments

☐ 1. Installments of \$ _____ until account is exhausted.

☐ 2. Installments projected to exhaust account in _____ years.

☐ 3. Installments over my life expectancy.

☐ E. Annuity (Skip the Rollover Election and sign the back of this form.)

☐ F. Postpone Distribution (Skip the Rollover Election and sign the back of this form.)



DISTRIBUTION

Before completing this section, please read the Special Tax Notice Regarding Plan Payments in the *Distribution Booklet*. Under the tax law, at least 30 days normally must pass between receipt of the Special Tax Notice and your payment. By completing and returning your *Distribution Request* form sooner, you are waiving your right to the 30-day period for receiving the special tax notice.

- ☐ **1. Distribution to Me.** I understand that 20 percent of my payment will be withheld for federal taxes. (If you choose this option, do not fill out "Receiving Financial Institution" section.)

ROLLOVER ELECTION

Complete this section if you are requesting a lump sum, flexible withdrawal, partial lump sum, or an in-service withdrawal.

- ☐ **2. Entire Distribution Directly Rolled Over.** I elect to have my entire distribution directly rolled over to the following plan. If you are selecting more than one plan, contact DCP. Non-spouse beneficiaries are only allowed to roll over to an IRA that has been properly established as an Inherited IRA.

Plan Type: ☐ 401(a) ☐ 401(k) ☐ 403(b) ☐ Govt 457
☐ Traditional IRA ☐ Roth IRA ☐ Inherited Traditional IRA
☐ SEP IRA ☐ Inherited Roth IRA

- ☐ **3. Part Rolled Over and Remainder Distributed to Me.** I elect to have a portion of my funds directly rolled over to the following plan and the remainder of my funds paid directly to me. I understand that 20 percent of the part not directly rolled over will be withheld for federal taxes. Non-spouse beneficiaries are only allowed to roll over to an IRA that has been properly established as an Inherited IRA.

Plan Type: ☐ 401(a) ☐ 401(k) ☐ 403(b) ☐ Govt 457
☐ Traditional IRA ☐ Roth IRA ☐ Inherited Traditional IRA
☐ SEP IRA ☐ Inherited Roth IRA

RECEIVING FINANCIAL INSTITUTION

Name of Plan			Amount rolled over as \$ or %	
Make Check Payable To			Account Number	
Mailing Address		City	State	ZIP
			Phone Number	

SIGNATURE

Under penalties of perjury, I certify that:

- ☐ The Social Security number shown on this form is my correct number; and
☐ I am a U.S. Citizen or a U.S. resident alien. (If you are a non-resident alien, you may be subject to non-resident alien withholding tax rules)

I understand that unless I am eligible and elect a rollover to a traditional IRA or eligible employer plan, my distribution may be subject to federal income tax.

This request supersedes any previous distribution request and is subject to approval by the Department of Retirement Systems.

Beneficiary/Alternate Payee Signature	Date
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FOR DCP USE ONLY

Balance _____ as of _____ by _____

DCP BENEFICIARY/ALTERNATE PAYEE DISTRIBUTION REQUEST INSTRUCTIONS

Complete this form 30 days before you wish to receive payment. Lump sums take seven days to process. Please read the Benefit/Alternate Payee section of the *Distribution Booklet* and these instructions before you complete the form. Do not complete this form unless you want payments from DCP within the next 12 months.

Participant and Beneficiary/Alternate Payee Information:

Use your legal name and mailing address.

Distribution Date:

If you want payment within the next 12 months, you can choose any day of the month with the exception of the last three calendar days. The earliest date payment can be issued is 30 days after notification of the participant's death.

Type of Plan, Payment and Liquidation Method:

Indicate which plan you are requesting distribution from, how you would like to receive the payment and choice of liquidation method.

- Distribute Contributions From – DCP 457 Plan funds include deferrals (both current and rolled in). IRA, 401(a) or (k) and 403(b) are funds you have rolled in from another investment plan. If you are requesting distribution from a plan other than a 457 plan, there may be additional taxes. Please see the Special Tax Notice Regarding Plan Payments within the *Distribution Booklet*.
- Choose Payment Method – EFT on file, new EFT or check. Receipt of payment for EFT will be 2-3 business days from date of liquidation; checks will be received 5-7 business days from date of liquidation.
- Choose Liquidation Method – Savings Pool first and then pro-rata across other funds (If your balance in the Savings Pool does not meet the payment amount then payment will be pro-rata.) or pro-rata across all funds and sources.

If no selection is made, payment will default to Savings Pool first and then pro-rata across all funds.

Payee Type:

Indicate whether you are a spouse, non spouse, or alternate payee. (An alternate payee is a former spouse.)

Method of Distribution (the minimum payment amount is \$50 monthly/\$600 annually):

A. Lump Sum Distribution

All your funds will be distributed in one lump sum. If you choose a lump sum distribution, paid directly to you, check box 1, *Distribution to Me* on back of the form. If you want to roll over a lump sum distribution you must complete the *Rollover Election* on the back of the form. To request a lump sum to be issued immediately, enter the current month, day and year for the distribution date. Payment will be issued approximately seven days after DCP receives the form.

If you are a non-spouse beneficiary, 10 percent of your lump sum will be withheld for federal taxes unless you complete and return IRS Form W-4P.

B. Flexible Withdrawal Distribution

The flexible withdrawal distribution option allows you to receive or roll over a portion of your funds in any amount at any time. The amount you indicate will be distributed to you and the remainder of your DCP funds will stay in your account. Payment will be issued approximately seven days after DCP receives the form.

If you are currently on installments and you want to continue receiving or to stop your scheduled installments please indicate in check boxes under line "B" of the form.

If you choose a flexible withdrawal paid directly to you, check box 1, *Distribution to Me* on back of the form. If you are rolling your flexible withdrawal, complete the *Rollover Election* on the back of the form.

C. Partial Lump Sum Distribution Followed By Installments

Complete this section to receive a partial lump sum distribution followed by installments. Payment of

the partial lump sum will be issued approximately seven days after DCP receives the form. For spouse beneficiaries check box 1, *Distribution to Me* on the back of the form stating you understand 20 percent will be withheld for taxes. If you are a non-spouse beneficiary, you must complete IRS Form W-4P to choose withholding of income tax. Failure to complete and return IRS Form W-4P means taxes will be withheld on your payments as if you are married and claim three allowances.

Your installment payments will begin no later than the next calendar month following the distribution date you choose for your partial lump sum distribution. **You must also complete Section D – Installments.**

D. Installments

Installments are a series of payments in an amount and frequency you choose. Installment payments are processed any day of the month with the exception of the last three calendar days.

Frequency of installments:

Choose how often you wish to receive installments. Your choices include monthly, quarterly, semi-annually or annually.

Three types of installments:

Select your installment type to determine the amount or duration of your payments.

1. **Amount of each installment—to establish a specific distribution amount.** Distribution continues until your account is exhausted.

Example: \$1,000 monthly. You must use the Distribution Projection Worksheet and the 6% Distribution Projection Table in the *Distribution Booklet* to determine if your installments are expected to be paid over a period of 10 years or more. If your installments are expected to be paid over a period of less than 10 years, you must also complete the *Rollover Election* on the back of the form. If your installments are expected to be paid over a period of 10 years or more, you must complete IRS Form W-4P to choose withholding of income tax. Failure to complete and return IRS Form W-4P means taxes will be withheld on your payments as if you are married and claim three allowances.

If you are a non-spouse beneficiary, you must complete IRS Form W-4P to choose withholding of income tax. Failure to complete and return IRS Form W-4P means taxes will be withheld on your payments as if you are married and claim three allowances.

2. **Number of installments—to establish a specific time period for distribution (period certain).** Each installment payment will be calculated by dividing your remaining account balance by the remaining number of installments. This results in your payment amount changing each month. Example: 10 years of monthly payments equal 120 payments.

- If you are a beneficiary (or an alternate payee) and your installments will be paid over a period of less than 10 years, you must also complete the *Rollover Election* on the back of the form.
- If you are a beneficiary (or alternate payee) and your installments are expected to be paid over a period of 10 years or more, you must complete IRS Form W-4P to choose withholding of income tax. Failure to complete and return IRS Form W-4P means taxes will be withheld on your payments as if you are married and claim three allowances.

3. **Single life expectancy**—For a spouse beneficiary, your payment will be recalculated annually in January by multiplying your prior year's December 31 account balance by an expected yield, then dividing that total by the single life expectancy years based upon your birth date (see Single Life Expectancy Table in the *Distribution Booklet*). Your distribution amount will adjust each year as your account balance, expected yield and life expectancy change.

For a non-spouse beneficiary, your first payment will be calculated using your life expectancy years determined by your birth date at the time you begin payment. Your payments will be recalculated in January each year by reducing the life expectancy (at the time payment begins) by one year. You must

complete IRS Form W-4P to choose withholding of income tax. Failure to complete and return IRS Form W-4P means taxes will be withheld on your payments as if you are married and claim three allowances.

E. Annuity (available for spouse beneficiary only)

An annuity is a contract between you and an insurance company establishing a fixed monthly payment amount for life. If you are interested in an annuity purchase, contact the DCP Information Line toll free at 888-327-5596, option 2 on the main menu (TTY 800-766-4952) to discuss options and receive an annuity quote.

F. Postpone Distribution

Check this box to delay payment to a later date.

Rollover Election

If you are a beneficiary (or an alternate payee) and are receiving a lump sum, a flexible distribution, a partial lump sum or you are receiving (or are expected to receive) installment payments over a period of less than 10 years, you must complete the *Rollover Election* on the back of the form.

Before completing this section, read the Special Tax Notice Regarding Plan Payments in the *Distribution Booklet*. Under the tax law, typically at least 30 days must pass between your receipt of the Special Tax Notice and your payment. By completing and returning your form sooner, you are waiving your right to this 30-day period.

If you are making a direct rollover choice for installment payments, your choice will apply to all of your payments unless you make a new direct rollover choice for future payments.

Non-spouse beneficiaries are only allowed to roll over to an IRA that has been properly established as an Inherited IRA.

You have the following three election choices:

1. The entire payment can be distributed to you. Twenty percent of the payment will be automatically withheld for federal taxes. The remaining 80 percent will be paid to you.
*Unless you arrange rollover of your payment to a traditional IRA or other eligible employer plan within 60 days of receiving your payment, you

will owe taxes on your payment in the year it is paid. Check box 1, *Distribution to Me* for this option on the back of the form.

2. The entire payment can be directly rolled over to an IRA or other eligible employer plan. Except for a Roth IRA, you will not owe taxes in the year your payment is directly rolled over; instead your taxes will be deferred until you receive payment from the traditional IRA or other plan. A check, issued to the receiving financial institution or employer plan, will be mailed directly to the financial institution. Check box 2, *Entire Distribution Directly Rolled Over* and select Plan Type. Complete the *Receiving Financial Institution* information on the back of the form.
3. A part of your payment can be directly rolled over and the remaining part can be distributed to you. Twenty percent of the part that is not rolled over will be automatically withheld for federal taxes. The remaining 80 percent will be paid to you. A check for the rollover portions will be issued to the receiving financial institution or employer plan, and mailed directly to the financial institution. *Check box 3, *Part Rolled Over and Remainder Distributed to Me* and select Plan Type. Complete the *Receiving Financial Institution* information on the back of the form.

Note: Choice 3 is not available unless you choose to have at least \$200 directly rolled over.

**IRA payments are subject to 10% withholding for federal taxes unless IRS Form W-4P is completed.*

IMPORTANT: Read, sign and date your completed *Beneficiary/Alternate Payee Distribution Request*, *IRS Form W-4P*, and *Electronic Funds Transfer* form if applicable. In addition, enclose a copy of the participant's death certificate.

Mail to:

**Department of Retirement Systems
Deferred Compensation Program
PO Box 40931
Olympia, WA 98504-0931**



ELECTRONIC FUNDS TRANSFER AUTHORIZATION

DEFERRED COMPENSATION PROGRAM



PO Box 40931 Olympia, WA 98504-0931 • www.drs.wa.gov/dcp
Toll Free: 1-888-327-5596 • TTY: 1-800-766-4952 • Fax: 360-586-5474

Electronic funds transfer is available for participants of the Deferred Compensation Program. This process allows your deferred compensation payment(s) to be deposited electronically at the financial institution you authorize.

To enroll, complete the Participant and Financial Institution Information sections of this form, and return to DCP for processing.

After the form is received and all data is processed, your payment(s) will be deposited into the account indicated below.

PARTICIPANT INFORMATION

Participant Name (Last, First, Middle)			Social Security Number	
Mailing Address	City	State	ZIP	Daytime Phone Number ()

I authorize and request:


- The Department of Retirement Systems Deferred Compensation Program (DCP) to transfer the full amount of my DCP payment(s), after authorized deductions, to the designated financial institution for deposit in my:
☐ Checking Account ☐ Savings Account
- The designated financial institution to refund DRS any overpayments to my account made subsequent to my death or payments made in error.

This authority is in force until written notification is received regarding a change, termination or my death.

Participant Signature	Date
-----------------------	------

FINANCIAL INSTITUTION INFORMATION

Financial Institution Name		Phone Number ()
Transit/Routing Number	Account Number to be Credited	

Steven M. Bolden (360) 555-1234 9876 Maplewood Drive Any City, State 98501		98-442/3251	1234
Pay To The Order Of _____		\$ _____	
Your Financial Institution Your City, USA		DOLLARS	 Details on Back
For _____		MP	
123456789 000054321987654 1234			

The routing number must be nine digits. Ask your financial institution for the correct routing number to enter if:

- The routing number on a deposit slip is different from the routing number on your checks, or
- Your deposit is to a savings account that does not allow you to write checks.

Transit/Routing
Number

Account
Number

Check
Number
(do not use)



Withholding Certificate for Pension or Annuity Payments

OMB No. 1545-0074

2012

Purpose. Form W-4P is for U.S. citizens, resident aliens, or their estates who are recipients of pensions, annuities (including commercial annuities), and certain other deferred compensation. Use Form W-4P to tell payers the correct amount of federal income tax to withhold from your payment(s). You also may use Form W-4P to choose (a) not to have any federal income tax withheld from the payment (except for eligible rollover distributions or payments to U.S. citizens delivered outside the United States or its possessions) or (b) to have an additional amount of tax withheld.

Your options depend on whether the payment is periodic, nonperiodic, or an eligible rollover distribution, as explained on pages 3 and 4. Your previously filed Form W-4P will remain in effect if you do not file a Form W-4P for 2012.

What do I need to do? Complete lines **A** through **G** of the **Personal Allowances Worksheet**. Use the additional worksheets on page 2 to further adjust your withholding allowances for itemized deductions, adjustments to income, any additional standard deduction, certain credits, or multiple pensions/more-than-one-income situations. If you do not want any federal income tax withheld (see *Purpose*, earlier), you can skip the worksheets and go directly to the Form W-4P below.

Sign this form. Form W-4P is not valid unless you sign it.

Future developments. The IRS has created a page on IRS.gov for information about Form W-4P and its instructions, at www.irs.gov/w4p. Information about any future developments affecting Form W-4P (such as legislation enacted after we release it) will be posted on that page.

Personal Allowances Worksheet (Keep for your records.)

A	Enter "1" for yourself if no one else can claim you as a dependent	A _____
B	Enter "1" if: <ul style="list-style-type: none"> • You are single and have only one pension; or • You are married, have only one pension, and your spouse has no income subject to withholding; or • Your income from a second pension or a job or your spouse's pension or wages (or the total of all) is \$1,500 or less. 	B _____
C	Enter "1" for your spouse . But, you may choose to enter "-0-" if you are married and have either a spouse who has income subject to withholding or more than one source of income subject to withholding. (Entering "-0-" may help you avoid having too little tax withheld.)	C _____
D	Enter number of dependents (other than your spouse or yourself) you will claim on your tax return	D _____
E	Enter "1" if you will file as head of household on your tax return	E _____
F	Child Tax Credit (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information. <ul style="list-style-type: none"> • If your total income will be less than \$61,000 (\$90,000 if married), enter "2" for each eligible child; then less "1" if you have three to seven eligible children or less "2" if you have eight or more eligible children. • If your total income will be between \$61,000 and \$84,000 (\$90,000 and \$119,000 if married), enter "1" for each eligible child 	F _____
G	Add lines A through F and enter total here. (Note. This may be different from the number of exemptions you claim on your tax return.) ►	G _____
	For accuracy, complete all worksheets that apply. <ul style="list-style-type: none"> • If you plan to itemize or claim adjustments to income and want to reduce your withholding, see the Deductions and Adjustments Worksheet on page 2. • If you are single and have more than one source of income subject to withholding or are married and you and your spouse both have income subject to withholding and your combined income from all sources exceeds \$40,000 (\$10,000 if married), see the Multiple Pensions/More-Than-One-Income Worksheet on page 2 to avoid having too little tax withheld. • If neither of the above situations applies, stop here and enter the number from line G on line 2 of Form W-4P below. 	

----- Separate here and give Form W-4P to the payer of your pension or annuity. Keep the top part for your records. -----

Withholding Certificate for Pension or Annuity Payments

OMB No. 1545-0074

2012

► For Privacy Act and Paperwork Reduction Act Notice, see page 4.

Your first name and middle initial	Last name	Your social security number
Home address (number and street or rural route)		Claim or identification number (if any) of your pension or annuity contract
City or town, state, and ZIP code		

Complete the following applicable lines.

1	Check here if you do not want any federal income tax withheld from your pension or annuity. (Do not complete line 2 or 3.) ► <input type="checkbox"/>	
2	Total number of allowances and marital status you are claiming for withholding from each periodic pension or annuity payment. (You also may designate an additional dollar amount on line 3.) ►	(Enter number of allowances.)
	Marital status: <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate	
3	Additional amount, if any, you want withheld from each pension or annuity payment. (Note. For periodic payments, you cannot enter an amount here without entering the number (including zero) of allowances on line 2.) ►	\$

Your signature ►

Date ►

Deductions and Adjustments Worksheet**Note.** Use this worksheet *only* if you plan to itemize deductions or claim certain credits or adjustments to income.

- 1** Enter an estimate of your 2012 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 7.5% of your income, and miscellaneous deductions **1** \$
- 2** Enter: $\left\{ \begin{array}{l} \$11,900 \text{ if married filing jointly or qualifying widow(er)} \\ \$8,700 \text{ if head of household} \\ \$5,950 \text{ if single or married filing separately} \end{array} \right\}$ **2** \$
- 3** **Subtract** line 2 from line 1. If zero or less, enter “-0-” **3** \$
- 4** Enter an estimate of your 2012 adjustments to income and any additional standard deduction (see Pub. 505) **4** \$
- 5** **Add** lines 3 and 4 and enter the total. (Include any credit amounts from the *Converting Credits to Withholding Allowances for 2012 Form W-4* worksheet in Pub. 505.) **5** \$
- 6** Enter an estimate of your 2012 income not subject to withholding (such as dividends or interest) **6** \$
- 7** **Subtract** line 6 from line 5. If zero or less, enter “-0-” **7** \$
- 8** **Divide** the amount on line 7 by \$3,800 and enter the result here. Drop any fraction **8** _____
- 9** Enter the number from the **Personal Allowances Worksheet**, line G, page 1 **9** _____
- 10** **Add** lines 8 and 9 and enter the total here. If you use the **Multiple Pensions/More-Than-One-Income Worksheet**, also enter this total on line 1 below. Otherwise, **stop here** and enter this total on Form W-4P, line 2, page 1 **10** _____

Multiple Pensions/More-Than-One-Income Worksheet**Note.** Complete *only* if the instructions under line G, page 1, direct you here. This applies if you (and your spouse if married filing jointly) have more than one source of income subject to withholding (such as more than one pension, or a pension and a job, or you have a pension and your spouse works).

- 1** Enter the number from line G, page 1 (or from line 10 above if you used the **Deductions and Adjustments Worksheet**) **1** _____
- 2** Find the number in **Table 1** below that applies to the **LOWEST** paying pension or job and enter it here. **However**, if you are married filing jointly and the amount from the highest paying pension or job is \$65,000 or less, do not enter more than “3” **2** _____
- 3** If line 1 is **more than or equal to** line 2, subtract line 2 from line 1. Enter the result here (if zero, enter “-0-”) and on Form W-4P, line 2, page 1. **Do not** use the rest of this worksheet **3** _____
- Note.** If line 1 is **less than** line 2, enter “-0-” on Form W-4P, line 2, page 1. Complete lines 4 through 9 below to figure the additional withholding amount necessary to avoid a year-end tax bill.
- 4** Enter the number from line 2 of this worksheet **4** _____
- 5** Enter the number from line 1 of this worksheet **5** _____
- 6** **Subtract** line 5 from line 4 **6** _____
- 7** Find the amount in **Table 2** below that applies to the **HIGHEST** paying pension or job and enter it here **7** \$ _____
- 8** **Multiply** line 7 by line 6 and enter the result here. This is the additional annual withholding needed **8** \$ _____
- 9** **Divide** line 8 by the number of pay periods remaining in 2012. For example, divide by 12 if you are paid every month and you complete this form in December 2011. Enter the result here and on Form W-4P, line 3, page 1. This is the additional amount to be withheld from each payment **9** \$ _____

Table 1**Table 2**

Married Filing Jointly		All Others		Married Filing Jointly		All Others	
If wages from LOWEST paying job or pension are—	Enter on line 2 above	If wages from LOWEST paying job or pension are—	Enter on line 2 above	If wages from HIGHEST paying job or pension are—	Enter on line 7 above	If wages from HIGHEST paying job or pension are—	Enter on line 7 above
\$0 - \$5,000	0	\$0 - \$8,000	0	\$0 - \$70,000	\$570	\$0 - \$35,000	\$570
5,001 - 12,000	1	8,001 - 15,000	1	70,001 - 125,000	950	35,001 - 90,000	950
12,001 - 22,000	2	15,001 - 25,000	2	125,001 - 190,000	1,060	90,001 - 170,000	1,060
22,001 - 25,000	3	25,001 - 30,000	3	190,001 - 340,000	1,250	170,001 - 375,000	1,250
25,001 - 30,000	4	30,001 - 40,000	4	340,001 and over	1,330	375,001 and over	1,330
30,001 - 40,000	5	40,001 - 50,000	5				
40,001 - 48,000	6	50,001 - 65,000	6				
48,001 - 55,000	7	65,001 - 80,000	7				
55,001 - 65,000	8	80,001 - 95,000	8				
65,001 - 72,000	9	95,001 - 120,000	9				
72,001 - 85,000	10	120,001 and over	10				
85,001 - 97,000	11						
97,001 - 110,000	12						
110,001 - 120,000	13						
120,001 - 135,000	14						
135,001 and over	15						

Additional Instructions

Section references are to the Internal Revenue Code.

When should I complete the form? Complete Form W-4P and give it to the payer as soon as possible. Get Pub. 505, Tax Withholding and Estimated Tax, to see how the dollar amount you are having withheld compares to your projected total federal income tax for 2012. You also may use the IRS Withholding Calculator at www.irs.gov/individuals for help in determining how many withholding allowances to claim on your Form W-4P.

Multiple pensions/more-than-one income. To figure the number of allowances that you may claim, combine allowances and income subject to withholding from all sources on one worksheet. You may file a Form W-4P with each pension payer, but do not claim the same allowances more than once. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4P for the highest source of income subject to withholding and zero allowances are claimed on the others.

Other income. If you have a large amount of income from other sources not subject to withholding (such as interest, dividends, or capital gains), consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Call 1-800-TAX-FORM (1-800-829-3676) to get Form 1040-ES and Pub. 505. You also can get forms and publications at www.irs.gov/formspubs.

If you have income from wages, see Pub. 505 to find out if you should adjust your withholding on Form W-4 or Form W-4P.

Note. Social security and railroad retirement payments may be includible in income. See Form W-4V, Voluntary Withholding Request, for information on voluntary withholding from these payments.

Withholding From Pensions and Annuities

Generally, federal income tax withholding applies to the taxable part of payments made from pension, profit-sharing, stock bonus, annuity, and certain deferred compensation plans; from individual retirement arrangements (IRAs); and from commercial annuities. The method and rate of withholding depend on (a) the kind of payment you receive; (b) whether the payments are delivered outside the United States or its commonwealths and possessions; and (c) whether the recipient is a nonresident alien individual, a nonresident alien beneficiary, or a foreign estate. Qualified distributions from a Roth IRA are nontaxable and, therefore, not subject to withholding. See page 4 for special withholding rules that apply to payments outside the United States and payments to foreign persons.

Because your tax situation may change from year to year, you may want to refigure your withholding each year. You can change the amount to be withheld by using lines 2 and 3 of Form W-4P.

Choosing not to have income tax withheld. You (or in the event of death, your beneficiary or estate) can choose not to have federal income tax withheld from your payments by using line 1 of Form W-4P. For an estate, the election to have no income tax withheld may be made by the executor or personal representative of the decedent. Enter the estate's employer identification number (EIN) in the area reserved for "Your social security number" on Form W-4P.

You may not make this choice for eligible rollover distributions. See *Eligible rollover distribution—20% withholding* on page 4.

Caution. There are penalties for not paying enough federal income tax during the year, either through withholding or estimated tax payments. New retirees, especially, should see Pub. 505. It explains your estimated tax requirements and describes penalties in detail. You may be able to avoid quarterly estimated tax payments by having enough tax withheld from your pension or annuity using Form W-4P.

Periodic payments. Withholding from periodic payments of a pension or annuity is figured in the same manner as withholding from wages. Periodic payments are made in installments at regular intervals over a period of more than 1 year. They may be paid annually, quarterly, monthly, etc.

If you want federal income tax to be withheld, you must designate the number of withholding allowances on line 2 of Form W-4P and indicate your marital status by checking the appropriate box. Under current law, you cannot designate a specific dollar amount to be withheld. However, you can designate an additional amount to be withheld on line 3.

If you do not want any federal income tax withheld from your periodic payments, check the box on line 1 of Form W-4P and submit the form to your payer. However, see *Payments to Foreign Persons and Payments Outside the United States* on page 4.

Caution. If you do not submit Form W-4P to your payer, the payer must withhold on periodic payments as if you are married claiming three withholding allowances. Generally, this means that tax will be withheld if your pension or annuity is at least \$1,640 a month.

If you submit a Form W-4P that does not contain your correct social security number (SSN), the payer must withhold as if you are single claiming zero withholding allowances even if you checked the box on line 1 to have no federal income tax withheld.

There are some kinds of periodic payments for which you cannot use Form W-4P because they are already defined as wages subject to federal income tax withholding. These payments include retirement pay for service in the U.S. Armed Forces and payments from certain nonqualified deferred compensation plans and deferred compensation plans described in section 457 of tax-exempt organizations. Your payer should be able to tell you whether Form W-4P applies.

For periodic payments, your Form W-4P stays in effect until you change or revoke it. Your payer must notify you each year of your right to choose not to have federal income tax withheld (if permitted) or to change your choice.

Nonperiodic payments—10% withholding. Your payer must withhold at a flat 10% rate from nonperiodic payments (but see *Eligible rollover distribution—20% withholding* on page 4) **unless** you choose not to have federal income tax withheld. Distributions from an IRA that are payable on demand are treated as nonperiodic payments. You can choose not to have federal income tax withheld from a nonperiodic payment (if permitted) by submitting Form W-4P (containing your correct SSN) to your payer and checking the box on line 1. Generally, your choice not to have federal income tax withheld will apply to any later payment from the same plan. You cannot use line 2 for nonperiodic payments. But you may use line 3 to specify an additional amount that you want withheld.

Caution. If you submit a Form W-4P that does not contain your correct SSN, the payer cannot honor your request not to have income tax withheld and must withhold 10% of the payment for federal income tax.

Eligible rollover distribution—20% withholding. Distributions you receive from qualified pension or annuity plans (for example, 401(k) pension plans and section 457(b) plans maintained by a governmental employer) or tax-sheltered annuities that are eligible to be rolled over tax free to an IRA or qualified plan are subject to a flat 20% federal withholding rate. The 20% withholding rate is required, and you cannot choose not to have income tax withheld from eligible rollover distributions. Do not give Form W-4P to your payer unless you want an additional amount withheld. Then, complete line 3 of Form W-4P and submit the form to your payer.

Note. The payer will not withhold federal income tax if the entire distribution is transferred by the plan administrator in a direct rollover to a traditional IRA or another eligible retirement plan (if allowed by the plan), such as a qualified pension plan, governmental section 457(b) plan, section 403(b) contract, or tax-sheltered annuity.

Distributions that are (a) required by law, (b) one of a specified series of equal payments, or (c) qualifying “hardship” distributions are **not** “eligible rollover distributions” and are not subject to the mandatory 20% federal income tax withholding. See Pub. 505 for details. See also *Nonperiodic payments—10% withholding* on page 3.

Changing Your “No Withholding” Choice

Periodic payments. If you previously chose not to have federal income tax withheld and you now want withholding, complete another Form W-4P and submit it to your payer. If you want federal income tax withheld at the rate set by law (married with three allowances), write “Revoked” next to the checkbox on line 1 of the form. If you want tax withheld at any different rate, complete line 2 on the form.

Nonperiodic payments. If you previously chose not to have federal income tax withheld and you now want withholding, write “Revoked” next to the checkbox on line 1 and submit Form W-4P to your payer.

Payments to Foreign Persons and Payments Outside the United States

Unless you are a nonresident alien, withholding (in the manner described above) is required on any periodic or nonperiodic payments that are delivered to you outside the United States or its possessions. You cannot choose not to have federal income tax withheld on line 1 of Form W-4P. See Pub. 505 for details.

In the absence of a tax treaty exemption, nonresident aliens, nonresident alien beneficiaries, and foreign estates generally are subject to a 30% federal withholding tax under section 1441 on the taxable portion of a periodic or nonperiodic pension or annuity payment that is from U.S. sources. However, most tax treaties provide that private pensions and annuities are exempt from withholding and tax. Also, payments from certain pension plans are exempt from withholding even if no tax treaty applies. See Pub. 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*, and Pub. 519, *U.S. Tax Guide for Aliens*, for details. A foreign person should submit Form W-8BEN, *Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding*, to the payer before receiving any payments. The Form W-8BEN must contain the foreign person’s taxpayer identification number (TIN).

Statement of Federal Income Tax Withheld From Your Pension or Annuity

By January 31 of next year, your payer will furnish a statement to you on Form 1099-R, *Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.*, showing the total amount of your pension or annuity payments and the total federal income tax withheld during the year. If you are a foreign person who has provided your payer with Form W-8BEN, your payer instead will furnish a statement to you on Form 1042-S, *Foreign Person’s U.S. Source Income Subject to Withholding*, by March 15 of next year.

Privacy Act and Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to provide this information only if you want to (a) request federal income tax withholding from periodic pension or annuity payments based on your withholding allowances and marital status, (b) request additional federal income tax withholding from your pension or annuity, (c) choose not to have federal income tax withheld, when permitted, or (d) change or revoke a previous Form W-4P. To do any of the aforementioned, you are required by sections 3405(e) and 6109 and their regulations to provide the information requested on this form. Failure to provide this information may result in inaccurate withholding on your payment(s). Providing false or fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.

This publication has been prepared by the Washington State Department of Retirement Systems Deferred Compensation Program. Distribution provisions described in this booklet pertain specifically to the Deferred Compensation Program, which is an eligible Internal Revenue Code Section 457 Plan. Should any information in this brochure be inconsistent with deferred compensation provisions in federal and state laws and regulations governing the program, those provisions control.

To request this publication in an alternate format, please call 888-327-5596, for TTY 800-766-4952.



Washington State Department of Retirement Systems
Deferred Compensation Program

PO Box 40931
Olympia, WA 98504-0931
www.drs.wa.gov/dcp • 888.327.5596

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