

## **Important Notice to Participants Applying for Ventura County Section 457 Plan Emergency Withdrawal**

This Ventura County Section 457 Plan Application for Emergency Withdrawal requests a lot of information from you regarding your need for emergency withdrawal and your situation. Deferred Compensation Program staff may also request additional information or clarification from you after you submit your Application. While you may feel that this process is onerous or invasive, detailed disclosure of your personal and financial information is required in order to protect the Plan and participants.

The Internal Revenue Service follows very stringent rules for this type of withdrawal and will examine it very closely if the Plan (or your tax return) is audited, which could occur in the future. If the IRS is not satisfied that you have adequately documented an emergency withdrawal, or that the reason given in support of the request was not within acceptable standards, you could be held in constructive receipt of not only the amount withdrawn, but any sums remaining in the Plan for your future benefit. You could be required to pay additional taxes on such funds, even though you have had no other control or custody of the funds.

More importantly, however, the IRS could determine that the Deferred Compensation Program was not requiring adequate documentation of financial need and was therefore granting unwarranted withdrawals. In that event, the IRS could declare the entire Plan in violation of tax laws and regulations. If this occurred, they could require taxes to be paid on all sums deferred by all participants, even those who have never made a withdrawal request.

It is because of our concern that either or both of these undesirable consequences could occur that we have chosen to handle emergency withdrawal requests in this manner. Again, you may feel it is unduly onerous and invasive, but the consequences of a less definitive and careful approach are so dire as to be unacceptable. You may be assured that your request will receive a careful and fair evaluation, and that your sensitive information will be treated with the highest confidentiality.

It's also important you understand that, as part of your Application, you will need to declare the following under penalty of perjury under the laws of the State of California:

- You have incurred a financial hardship due to the reason(s) stated and the withdrawal amount designated is necessary to meet your financial need created by the hardship to the extent that no other funds are reasonably available through insurance or reasonable liquidation of your assets or those of your spouse or minor child(ren) to meet this financial need.
- The amount of your financial hardship cannot be satisfied by any other distributions and nontaxable loans currently available under all plans maintained by the County of Ventura or another employer, by borrowing from commercial sources on a reasonable commercial basis, or through other financial resources such as an annual leave/vacation buydown.
- If the amount of your financial need exceeds the amount available in your 457 Plan account, you have additional resources available to meet the entire financial need.

Please refer to page 7 of this Application for other important information.

To apply for an Emergency Withdrawal from the Section 457 Plan, complete the attached Ventura County Section 457 Plan Application for Emergency Withdrawal and submit it to the Deferred Compensation Program along with documentation to support your request. Deferred Compensation Program staff will review the Application and may ask you for additional information and documentation. Staff will make a determination of whether or not to approve your Application in accordance with Plan provisions and IRS rules and regulations regarding hardship withdrawals.

If your application is approved, we will: 1) notify you of our decision, 2) request the withdrawal of funds from Fidelity Investments, and 3) cancel any contributions you're making to the Section 457 Plan. You may not begin making contributions again for at least six months after the date this request is approved. If your application is denied, we will notify you of our decision. You will have the right to appeal the denial to the Deferred Compensation Committee.

## Internal Revenue Code Emergency Withdrawals

(c) *Rules applicable to distributions for unforeseeable emergencies— (1) In general.* An eligible plan may permit a distribution to a participant or beneficiary faced with an unforeseeable emergency. The distribution must satisfy the requirements of paragraph (c)(2) of this section.

(2) *Requirements—(i) Unforeseeable emergency defined.* An unforeseeable emergency must be defined in the plan as a severe financial hardship of the participant or beneficiary resulting from an illness or accident of the participant or beneficiary, the participant's or beneficiary's spouse, or the participant's or beneficiary's dependent (as defined in section 152(a)); loss of the participant's or beneficiary's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g., as a result of a natural disaster); or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant or the beneficiary. For example, the imminent foreclosure of or eviction from the participant's or beneficiary's primary residence may constitute an unforeseeable emergency. In addition, the need to pay for medical expenses, including non-refundable deductibles, as well as for the cost of prescription drug medication, may constitute an unforeseeable emergency. Finally, the need to pay for the funeral expenses of a spouse or a dependent (as defined in section 152(a)) may also constitute an unforeseeable emergency. Except as otherwise specifically provided in this paragraph (c)(2)(i), the purchase of a home and the payment of college tuition are not unforeseeable emergencies under this paragraph (c)(2)(i).

(ii) *Unforeseeable emergency distribution standard.* Whether a participant or beneficiary is faced with an unforeseeable emergency permitting a distribution under this paragraph (c) is to be determined based on the relevant facts and circumstances of each case, but, in any case, a distribution on account of unforeseeable emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or by cessation of deferrals under the plan.

(iii) *Distribution necessary to satisfy emergency need.* Distributions because of an unforeseeable emergency must be limited to the amount reasonably necessary to satisfy the emergency need (which may include any amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution).



# VENTURA COUNTY SECTION 457 PLAN APPLICATION FOR EMERGENCY WITHDRAWAL

Complete this application and return it to the Deferred Compensation Program, Human Resources Division, 800 South Victoria Avenue #1970, Ventura, CA 93009-1970 or [deferred.compensation@ventura.org](mailto:deferred.compensation@ventura.org). Your completed application consists of pages 1 through 8 of the Application for Emergency Withdrawal, copies of all supporting documentation, and copies of your (and your spouse's) 3 most recent paychecks. Be sure to sign the Application on page 7.

## General Information

1. Full name \_\_\_\_\_ Date of Birth \_\_\_\_\_
2. Complete address \_\_\_\_\_  
Work phone (\_\_\_\_) \_\_\_\_\_  
Home/Cell phone (\_\_\_\_) \_\_\_\_\_
3. Last Four of SSN: XXX-XX-\_\_\_\_\_ Employee ID number: \_\_\_\_\_
4. E-mail address \_\_\_\_\_
5. Marital status: Single  Married  Divorced/Widowed  Other
6. Number of dependents (excluding self/including spouse): \_\_\_\_\_

## Employment Information

	Your Employment	Spouse's Employment
7. Employer/Dept.	_____	_____
8. Address	_____ _____	_____ _____
9. Phone number	_____	_____
10. Occupation	_____	_____
11. Supervisor's name	_____	_____
12. Employed since	_____	_____
13. Current status	_____	_____

## Unforeseeable Financial Emergency Information

1. Check the reason for your withdrawal.

Severe financial hardship resulting from illness or accident

Loss of property due to casualty

Severe financial hardship resulting from events beyond your control.

Other

2. Describe the need that is precipitating this emergency request. Provide as much detail as possible, and include any extenuating circumstances, and circumstances that led to this need. *Be sure to completely describe how the events that led to this financial emergency are unforeseeable and out of your control.* Complete information will help Deferred Compensation Program staff evaluate your application as quickly as possible. Include all documentation to support your request. This includes documenting the amount of your request.

3. How much do you wish to withdraw to satisfy the need described above? \$ \_\_\_\_\_

4. Have you exhausted *all* other available financial sources (savings accounts, vacation buydowns, loans - including 401(k) loans, liquidating assets, etc.)? \_\_\_\_\_

5. Have you applied to your credit union or bank for a loan meet your financial hardship? \_\_\_\_\_

If you have not, state the reason: \_\_\_\_\_

\_\_\_\_\_

If the loan was denied, what was the reason given? \_\_\_\_\_

## Income

**IMPORTANT:** Be sure to convert your County of Ventura salary into a monthly amount. To do this, multiply your net biweekly pay by 26 pay periods, and then divide by 12.

Additionally, if any other payments are paid to you on a biweekly (or other non-monthly) basis, convert those to a monthly amount as well.

	Your Income	Spouse's Income
1. Net pay	\$ _____	\$ _____
2. Pension income	\$ _____	\$ _____
3. Unemployment/disability	\$ _____	\$ _____
4. Social Security income	\$ _____	\$ _____
5. Public assistance/Welfare	\$ _____	\$ _____
6. Food stamps/WIC	\$ _____	\$ _____
7. Child/spousal support	\$ _____	\$ _____
8. Veteran's benefits	\$ _____	\$ _____
9. Workers' Compensation	\$ _____	\$ _____
10. Rental income	\$ _____	\$ _____
11. Dividends/interest income	\$ _____	\$ _____
12. Other sources (specify):		
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
<b>Total Income</b>	\$ _____	\$ _____

**Expenses**

- 1. Rent/mortgage (include all mortgage payments) \$ \_\_\_\_\_
  - 2. Real estate/property taxes \$ \_\_\_\_\_
  - 3. Homeowners/personal property insurance \$ \_\_\_\_\_
  - 4. Food – at home and eating out (for \_\_\_\_\_ persons) \$ \_\_\_\_\_
  - 5. Utilities \$ \_\_\_\_\_
  - 6. Transportation (gas/oil/repairs) \$ \_\_\_\_\_
  - 7. Automobile insurance \$ \_\_\_\_\_
  - 8. Clothing (for \_\_\_\_\_ persons) \$ \_\_\_\_\_
  - 9. Medical/dental payments \$ \_\_\_\_\_  
(not including amounts contributed a health care flexible spending account)
  - 10. Dependent care \$ \_\_\_\_\_  
(not including amounts contributed to a dependent care flexible spending account)
  - 11. Child/spousal support payments \$ \_\_\_\_\_
  - 12. Laundry/dry cleaning \$ \_\_\_\_\_
  - 13. Installment payments (provide detail on page 6) \$ \_\_\_\_\_
  - 14. Automobile payments (provide detail on page 6) \$ \_\_\_\_\_
  - 15. Credit card payments (provide detail on page 6) \$ \_\_\_\_\_
  - 16. Other (specify) \_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ \$ \_\_\_\_\_
- Total Expenses** \$ \_\_\_\_\_

**Total Available Monthly Income**

- Total Income** (from page 3) \$ \_\_\_\_\_
- Minus Total Expenses** (from above) \$ \_\_\_\_\_
- Total Available Monthly Income** \$ \_\_\_\_\_

### Assets

1. Cash in account \_\_\_\_\_ at \_\_\_\_\_ \$ \_\_\_\_\_  
(acct #) (name of institution)
2. Cash in account \_\_\_\_\_ at \_\_\_\_\_ \$ \_\_\_\_\_  
(acct #) (name of institution)
3. Cash in account \_\_\_\_\_ at \_\_\_\_\_ \$ \_\_\_\_\_  
(acct #) (name of institution)
4. 401(k) Shared Savings Plan balance \$ \_\_\_\_\_
5. Section 457 Plan balance \$ \_\_\_\_\_
6. Spouse's 401(k)/457/403(b)/other balance \$ \_\_\_\_\_
7. Value of IRA accounts for you and your spouse \$ \_\_\_\_\_
8. Personal property value (boats, household furnishings, etc.) \$ \_\_\_\_\_
9. Stocks, bonds, money market funds, mutual funds, etc. \$ \_\_\_\_\_
10. Cash value of whole life insurance (face amount \$ \_\_\_\_\_) \$ \_\_\_\_\_
11. Market value of vehicle (car, motorcycle, motor home, etc.) \$ \_\_\_\_\_  
Make/Model/Year \_\_\_\_\_
12. Market value of vehicle (car, motorcycle, motor home, etc.) \$ \_\_\_\_\_  
Make/Model/Year \_\_\_\_\_
13. Market value of vehicle (car, motorcycle, motor home, etc.) \$ \_\_\_\_\_  
Make/Model/Year \_\_\_\_\_
14. Market value of real estate \$ \_\_\_\_\_
15. Other assets (specify)  
\$ \_\_\_\_\_  
\$ \_\_\_\_\_  
\$ \_\_\_\_\_  
\$ \_\_\_\_\_  
\$ \_\_\_\_\_

**Total Assets** \$ \_\_\_\_\_



**Liabilities**

	Monthly Payment	Current Balance
1. Due on real estate		
Lender _____	\$ _____	\$ _____
Lender _____	\$ _____	\$ _____
2. Due on vehicle(s):		
Lender _____	\$ _____	\$ _____
Lender _____	\$ _____	\$ _____
3. Other creditors - include information for all payments listed in items 13, 14, and 15 on page 4. Additionally, include information for all payments made through payroll deduction. Attach additional information as necessary.		
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
_____	\$ _____	\$ _____
<b>Total Liabilities</b>		\$ _____

## Acknowledgement and Authorization

I declare the following under penalty of perjury under the laws of the State of California: I have incurred a financial hardship due to the reason(s) stated herein and the withdrawal amount designated is necessary to meet my financial need created by the hardship to the extent that no other funds are reasonably available through insurance or reasonable liquidation of my assets or those of my spouse or minor child(ren) to meet this financial need. The amount of my financial hardship cannot be satisfied by any other distributions and nontaxable loans currently available under all plans maintained by the County of Ventura or any other employer, by borrowing from commercial sources on a reasonable commercial basis, by stopping my contributions to the Plan, or through other financial resources such as an annual leave/vacation buydown. If the amount of my financial need exceeds the amount available in my Section 457 Plan account, I have additional resources available to meet the entire financial need.

I further declare under penalty of perjury under the laws of the State of California that all information contained in this Application is true and correct and that all information I supplied for purposes of processing my Emergency Withdrawal Application is true and correct and further that this is a full and true statement of my financial status to the best of my knowledge.

I understand that my contributions to the 457 Plan will be cancelled and I may not begin making contributions again to the Plan for at least six months after the date this request is approved. I further understand that the withdrawal amount requested cannot exceed the amount required to meet the financial need.

I hereby authorize Deferred Compensation Program staff to contact my employer, bank, or any other creditor listed on this Application for Emergency Withdrawal regarding any of the information presented. By affixing my signature below, I authorize my employer, bank, or any other creditor listed on this Application to release any requested information to Deferred Compensation Program staff.

I authorize Deferred Compensation Program staff to execute the withdrawal if approved by the Deferred Compensation Committee and I further authorize Fidelity Investments to withhold taxes as indicated. I understand that valuation of my account will be based on the last valuation date plus any contributions made after that date. I also understand that the amount withdrawn will be taken from investment options in which I am invested on a prorated basis, unless I direct otherwise.

I understand that this distribution is subject to federal and state income taxes. I understand that my actual federal or state income tax liability may exceed the amount withheld from the distribution to me, and that I may be subject to tax penalties under the estimated tax payment rules if my estimated tax payments and withholding are inadequate.

For any amounts distributed to me, I elect to have \_\_\_\_\_% federal income taxes withheld. (The amount of your state withholding will be 10% of your federal withholding.) Note: if you do not elect a federal withholding amount, it will delay processing of your application. In addition, if you are electing 0%, or greater than 10% tax withholding a *W-4R* form is required.

\_\_\_\_\_  
Applicant's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Spouse's Signature (Required if married)

\_\_\_\_\_  
Date

## Checklist

The Deferred Compensation Program staff needs to know the nature and extent of your financial hardship in order to evaluate your need adequately. More importantly, the Internal Revenue Service may require us to justify approval of Applications long after a withdrawal is granted. The information requested in this Application is intended to serve both these needs and must be complete. There is no intent to burden you and we would not require the information unless absolutely necessary. This Application, and your information, will be treated with the utmost confidentiality.

Please check the documentation you have submitted to support your claim of severe financial hardship and return this checklist as part of your Application.

- Your 3 most recent pay stubs (required).
- Your spouse's 3 most recent pay stubs (required if married, even if you're separated).
- Copy of bill, invoice, or estimate for repairs from a contractor, along with a written description of the casualty and related damage.
- Copy of an insurance carrier's statement indicating the portion of the property damage not covered by insurance.
- Copy of police or fire report.
- Copy of unpaid funeral bills.
- Copy of doctor's statement with your medical condition and expected return to work date.
- Copy of Workers' Compensation, SDI, or other pay stubs.
- Copy of last statement from each creditor if you are requesting a withdrawal to cover unpaid balances.
- Copy of last eviction or foreclosure notice including documentation of amount needed to prevent eviction or foreclosure.
- Letter from your spouse's employer verifying the amount of lost wages incurred.
- Loan denial letter from your bank or credit union.

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For office use only

Applicant name: \_\_\_\_\_

Current balance: \$ \_\_\_\_\_

Eligible for 401(k) loan:  Yes

No

Recommend approval in the amount of: \$ \_\_\_\_\_

DCC

Emailed EE

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Denied Reason for denial: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Approved/denied by: \_\_\_\_\_ Date: \_\_\_\_\_

Reviewed by DC staff: \_\_\_\_\_ Date: \_\_\_\_\_

Reviewed by County Counsel: \_\_\_\_\_ Date: \_\_\_\_\_

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

<b>1a</b> First name and middle initial	Last name	<b>1b</b> Social security number
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Address

City or town, state, and ZIP code

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

- For nonperiodic payments, the default withholding rate is 10%. You can choose to have a different rate by entering a rate between 0% and 100% on line 2. Generally, you can't choose less than 10% for payments to be delivered outside the United States and its territories.
- For an eligible rollover distribution, the default withholding rate is 20%. You can choose a rate greater than 20% by entering the rate on line 2. You may not choose a rate less than 20%.

See page 2 for more information.

<b>2</b> Complete this line if you would like a rate of withholding that is different from the default withholding rate. See the instructions on page 2 and the Marginal Rate Tables below for additional information. Enter the rate as a whole number (no decimals) . . . . .	<b>2</b>	%
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<b>Sign Here</b>	<div style="border-bottom: 1px solid black; display: flex; justify-content: space-between;"> <span><b>Your signature</b> (This form is not valid unless you sign it.)</span> <span><b>Date</b></span> </div>
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**General Instructions**

Section references are to the Internal Revenue Code.

**Future developments.** For the latest information about any future developments related to Form W-4R, such as legislation enacted after it was published, go to [www.irs.gov/FormW4R](http://www.irs.gov/FormW4R).

**Purpose of form.** Complete Form W-4R to have payers withhold the correct amount of federal income tax from your nonperiodic payment or eligible rollover distribution from an employer retirement plan, annuity (including a commercial annuity), or individual retirement arrangement (IRA). See page 2 for the rules and options that are available for each type of payment. Don't use Form W-4R for periodic payments (payments made in installments at regular

intervals over a period of more than 1 year) from these plans or arrangements. Instead, use Form W-4P, Withholding Certificate for Periodic Pension or Annuity Payments. For more information on withholding, see Pub. 505, Tax Withholding and Estimated Tax.

**Caution:** If you have too little tax withheld, you will generally owe tax when you file your tax return and may owe a penalty unless you make timely payments of estimated tax. If too much tax is withheld, you will generally be due a refund when you file your tax return. Your withholding choice (or an election not to have withholding on a nonperiodic payment) will generally apply to any future payment from the same plan or IRA. Submit a new Form W-4R if you want to change your election.

**2023 Marginal Rate Tables**

You may use these tables to help you select the appropriate withholding rate for this payment or distribution. Add your income from all sources and use the column that matches your filing status to find the corresponding rate of withholding. See page 2 for more information on how to use this table.

<b>Single or Married filing separately</b>		<b>Married filing jointly or Qualifying surviving spouse</b>		<b>Head of household</b>	
<i>Total income over—</i>	<b>Tax rate for every dollar more</b>	<i>Total income over—</i>	<b>Tax rate for every dollar more</b>	<i>Total income over—</i>	<b>Tax rate for every dollar more</b>
\$0	<b>0%</b>	\$0	<b>0%</b>	\$0	<b>0%</b>
13,850	<b>10%</b>	27,700	<b>10%</b>	20,800	<b>10%</b>
24,850	<b>12%</b>	49,700	<b>12%</b>	36,500	<b>12%</b>
58,575	<b>22%</b>	117,150	<b>22%</b>	80,650	<b>22%</b>
109,225	<b>24%</b>	218,450	<b>24%</b>	116,150	<b>24%</b>
195,950	<b>32%</b>	391,900	<b>32%</b>	202,900	<b>32%</b>
245,100	<b>35%</b>	490,200	<b>35%</b>	252,050	<b>35%</b>
591,975*	<b>37%</b>	721,450	<b>37%</b>	598,900	<b>37%</b>

\* If married filing separately, use \$360,725 instead for this 37% rate.

## General Instructions (continued)

**Nonperiodic payments—10% withholding.** Your payer must withhold at a default 10% rate from the taxable amount of nonperiodic payments **unless** you enter a different rate on line 2. Distributions from an IRA that are payable on demand are treated as nonperiodic payments. Note that the default rate of withholding may not be appropriate for your tax situation. You may choose to have no federal income tax withheld by entering “-0-” on line 2. See the specific instructions below for more information. Generally, you are not permitted to elect to have federal income tax withheld at a rate of less than 10% (including “-0-”) on any payments to be delivered outside the United States and its territories.

**Note:** If you don’t give Form W-4R to your payer, you don’t provide an SSN, or the IRS notifies the payer that you gave an incorrect SSN, then the payer must withhold 10% of the payment for federal income tax and can’t honor requests to have a lower (or no) amount withheld. Generally, for payments that began before 2023, your current withholding election (or your default rate) remains in effect unless you submit a Form W-4R.

**Eligible rollover distributions—20% withholding.** Distributions you receive from qualified retirement plans (for example, 401(k) plans and section 457(b) plans maintained by a governmental employer) or tax-sheltered annuities that are eligible to be rolled over to an IRA or qualified plan are subject to a 20% default rate of withholding on the taxable amount of the distribution. You can’t choose withholding at a rate of less than 20% (including “-0-”). Note that the default rate of withholding may be too low for your tax situation. You may choose to enter a rate higher than 20% on line 2. Don’t give Form W-4R to your payer unless you want more than 20% withheld.

Note that the following payments are **not** eligible rollover distributions: (a) qualifying “hardship” distributions, and (b) distributions required by federal law, such as required minimum distributions. See Pub. 505 for details. See also *Nonperiodic payments—10% withholding* above.

**Payments to nonresident aliens and foreign estates.** Do not use Form W-4R. See Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities, and Pub. 519, U.S. Tax Guide for Aliens, for more information.

**Tax relief for victims of terrorist attacks.** If your disability payments for injuries incurred as a direct result of a terrorist attack are not taxable, enter “-0-” on line 2. See Pub. 3920, Tax Relief for Victims of Terrorist Attacks, for more details.

## Specific Instructions

### Line 1b

For an estate, enter the estate’s employer identification number (EIN) in the area reserved for “Social security number.”

### Line 2

**More withholding.** If you want more than the default rate withheld from your payment, you may enter a higher rate on line 2.

**Less withholding (nonperiodic payments only).** If permitted, you may enter a lower rate on line 2 (including “-0-”) if you want less than the 10% default rate withheld from your payment. If you have already paid, or plan to pay, your tax on this payment through other withholding or estimated tax payments, you may want to enter “-0-”.

**Suggestion for determining withholding.** Consider using the Marginal Rate Tables on page 1 to help you select the appropriate withholding rate for this payment or distribution. The tables are most accurate if the appropriate amount of tax on all other sources of income, deductions, and credits has been paid through other withholding or estimated tax payments. If the appropriate amount of tax on those sources of income has not been paid through other withholding or estimated tax payments, you can pay that tax through withholding on this payment by entering a rate that is greater than the rate in the Marginal Rate Tables.

The marginal tax rate is the rate of tax on each additional dollar of income you receive above a particular amount of income. You can use the table for your filing status as a guide to find a rate of withholding for amounts above the total income level in the table.

To determine the appropriate rate of withholding from the table, do the following. Step 1: Find the rate that corresponds with your total income not including the payment. Step 2: Add your total income and the taxable amount of the payment and find the corresponding rate.

If these two rates are the same, enter that rate on line 2. (See *Example 1* below.)

If the two rates differ, multiply (a) the amount in the lower rate bracket by the rate for that bracket, and (b) the amount in the higher rate bracket by the rate for that bracket. Add these two numbers; this is the expected tax for this payment. To get the rate to have withheld, divide this amount by the taxable amount of the payment. Round up to the next whole number and enter that rate on line 2. (See *Example 2* below.)

If you prefer a simpler approach (but one that may lead to overwithholding), find the rate that corresponds to your total income including the payment and enter that rate on line 2.

**Examples.** Assume the following facts for *Examples 1* and *2*. Your filing status is single. You expect the taxable amount of your payment to be \$20,000. Appropriate amounts have been withheld for all other sources of income and any deductions or credits.

**Example 1.** You expect your total income to be \$60,000 without the payment. Step 1: Because your total income without the payment, \$60,000, is greater than \$58,575 but less than \$109,225, the corresponding rate is 22%. Step 2: Because your total income with the payment, \$80,000, is greater than \$58,575 but less than \$109,225, the corresponding rate is 22%. Because these two rates are the same, enter “22” on line 2.

**Example 2.** You expect your total income to be \$42,500 without the payment. Step 1: Because your total income without the payment, \$42,500, is greater than \$24,850 but less than \$58,575, the corresponding rate is 12%. Step 2: Because your total income with the payment, \$62,500, is greater than \$58,575 but less than \$109,225, the corresponding rate is 22%. The two rates differ. \$16,075 of the \$20,000 payment is in the lower bracket (\$58,575 less your total income of \$42,500 without the payment), and \$3,925 is in the higher bracket (\$20,000 less the \$16,075 that is in the lower bracket). Multiply \$16,075 by 12% to get \$1,929. Multiply \$3,925 by 22% to get \$863.50. The sum of these two amounts is \$2,792.50. This is the estimated tax on your payment. This amount corresponds to 14% of the \$20,000 payment (\$2,792.50 divided by \$20,000). Enter “14” on line 2.

**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 additional federal income tax withholding from your nonperiodic payment(s) or eligible rollover distribution(s); (b) choose not to have federal income tax withheld from your nonperiodic payment(s), when permitted; or (c) change a previous Form W-4R (or a previous Form W-4P that you completed with respect to your nonperiodic payments or eligible rollover distributions). 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). Failure to provide a properly completed form will result in your payment(s) being subject to the default rate; providing 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 territories 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.