

# Navy Federal® IRA Beneficiary Options - Estate, Entity, or Trust

The SECURE Act did not change the options available for Estate, Entity, or Trust.  
Use this form regardless of the decedent's date of death.

Please return this completed form through one of the following methods:

- Digital Banking: Attach signed form to eMessage
- Fax: (703) 206-4250
- Visit your local branch
- Mail: PO Box 3001, Merrifield, VA 22119-3001

Estate, Entity, or Trust Access No.

Toll-Free Number:

**(888) 842-6328**

## Section A. Basic Information

|  |    |      |        |  |                        |
|--|----|------|--------|--|------------------------|
| Name of Decedent: First  | MI | Last | Suffix | Decedent Access No.                        | Decedent Date of Death |
| Personal Representative or Trustee   |    |      |        | Estate/Entity/Trust Tax Identification No. |                        |
| Address: Street  |    | City | State  | ZIP Code                                   |                        |
| Name of Beneficiary (Estate, Entity, or Trust)   |    |      |        | Daytime Telephone No.                      |                        |
| IRA Plan Type: (Choose one) Please complete a separate form for each plan type.<br><input type="checkbox"/> Traditional <input type="checkbox"/> SEP <input type="checkbox"/> Roth |    |      |        | In what state is the Estate/Trust filed?   |                        |

Before completing this form, see "Important Information About Your IRA Beneficiary Options—Estate, Entity, or Trust" on page 5 for additional guidance.

**Instructions: Use this form to choose a method of distribution for your designated portion of the decedent's IRA account. For Estate or Entity beneficiaries, complete Sections A, B, D, E, F, and G. For Trust beneficiaries, complete Sections A, C, D, E, F, and G.**

## Section B. Estate or Entity Beneficiary (Check option below.)

|   |  |   |  |
|---|--|---|--|
| <b>(Death Prior to Required Beginning Date)</b>   |  | <b>(Death After Required Beginning Date)</b>  |  |
| <input type="checkbox"/> <b>Lump Sum Distribution:</b> Distribute the entire IRA balance. Taxes may be owed on the distribution; however, because the funds are being distributed because of death, the 10% additional tax will not apply.  |  | <input type="checkbox"/> <b>Lump Sum Distribution:</b> Distribute the entire IRA balance. Taxes may be owed on the distribution; however, because the funds are being distributed because of death, the 10% additional tax will not apply.                                      |  |
| <input type="checkbox"/> <b>Five-Year Option:</b> Distribute the IRA balance by December 31, five years after the date of death of the IRA holder. This does not mean that 1/5 must be withdrawn each year. The five years is a deadline by which you must distribute the IRA in order to avoid a 25% excess accumulation excise tax. |  | <input type="checkbox"/> <b>Withdraw Balance Over Single Life Expectancy:</b> Continue or accelerate payments based on deceased member's non-recalculated single life expectancy determined in the year of death. Distribution should begin by December 31 after year of death. |  |
| Date to Begin Distributions   | Frequency:<br><input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly* <input type="checkbox"/> Annually | Date to Begin Distributions   | Frequency:<br><input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly* <input type="checkbox"/> Annually |

## Section C. Trust Beneficiary (Check option below.)

|   |  |   |  |
|---|--|---|--|
| <b>(Death Prior to Required Beginning Date)</b>   |  | <b>(Death After Required Beginning Date)</b>  |  |
| <input type="checkbox"/> <b>Lump Sum Distribution:</b> Distribute the entire IRA balance. Taxes may be owed on the distribution; however, because the funds are being distributed because of death, the 10% additional tax will not apply.  |  | <input type="checkbox"/> <b>Lump Sum Distribution:</b> Distribute the entire IRA balance. Taxes may be owed on the distribution; however, because the funds are being distributed because of death, the 10% additional tax will not apply.                                      |  |
| <input type="checkbox"/> <b>Five-Year Option:</b> Distribute the IRA balance by December 31, five years after the date of death of the IRA holder. This does not mean that 1/5 must be withdrawn each year. The five years is a deadline by which you must distribute the IRA in order to avoid a 25% excess accumulation excise tax.   |  | <input type="checkbox"/> <b>Withdraw Balance Over Single Life Expectancy:</b> Continue or accelerate payments based on deceased member's non-recalculated single life expectancy determined in the year of death. Distribution should begin by December 31 after year of death. |  |
| <input type="checkbox"/> <b>Withdraw Balance Over Single Life Expectancy:</b> Distribute the balance based on the non-recalculated single life expectancy of the oldest beneficiary of the trust if a qualified trust.**<br><br>Provide date of birth of the oldest beneficiary: ____ / ____ / ____<br><div style="text-align: right; font-size: small;">MM / DD / YYYY</div> |  |   |  |
| Date to Begin Distributions   | Frequency:<br><input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly* <input type="checkbox"/> Annually | Date to Begin Distributions   | Frequency:<br><input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly* <input type="checkbox"/> Annually |

\*When "Quarterly" is selected, distributions will be made on 3/30, 6/30, 9/30, and 12/28.

\*\*To elect Life Expectancy under a Trust, it must be a "Qualified Trust" with the state the trust is filed in. For questions, please seek competent tax advice.

Additional information on next page.



**Section D. Distribution Instructions – Method of Distribution** (Choose your disbursement of funds below.)

|   |             |   |          |
|---|-------------|---|----------|
| Transfer to Navy Federal Savings No.              |             | Transfer to Navy Federal Checking No.   |          |
| Transfer to Navy Federal Money Market Savings No. |             | Transfer to Navy Federal Certificate for a Term of (Minimum balance required – must notify Navy Federal each year for this option.) |          |
| Send Check Payable To*                            | Account No. | Account Type  |          |
| Address: Street                                   | City        | State   | ZIP Code |

\*If you are requesting a Direct Transfer, you must contact your financial institution for the appropriate transfer form.

**Section E. Federal Tax Withholding Section** (Check option below.)

**IRA Income Tax Withholding Election** (Form W-4R/OMB No. 1545-0074)  
**Withdrawals and distributions from the IRA are subject to required federal income tax withholding unless you check the “No Withholding” box. If neither box is checked, Navy Federal will withhold 10% of the withdrawal for federal tax.** Qualified withdrawals from a Roth IRA are not taxable. Non-qualified withdrawals from a Roth IRA may be taxable.  
 If you elect not to have withholding applied to your withdrawals, you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient.

No Withholding: I do not want any federal or state tax withheld from the IRA distribution.

Withhold federal tax: I elect the following percentage to be withheld for federal tax purposes: \_\_\_\_\_% (minimum 1.00%).

**Section F. State Tax Withholding Section Important:** Please review the state tax requirements on the attached 603A form for your state carefully before completing your state withholding selection.

**Navy Federal can only withhold for the states listed on the attached 603A form and the District of Columbia. Navy Federal cannot withhold an amount less than the required minimum for your state. If no state tax withholding instructions are provided, we are required to withhold the minimum state tax based on your state on record with Navy Federal.**

No State Tax Withholding: Do not withhold any state tax from the IRA distribution\*\*

State Tax (excluding CA and VT): Withhold \_\_\_\_\_% of the distribution for \_\_\_\_\_ state income tax

California and Vermont State Tax only: Withhold \_\_\_\_\_% of the federal tax withheld for \_\_\_\_\_ state income tax

\*\*Connecticut (CT), Michigan (MI), and Minnesota (MN) residents must complete and return your state tax form with this form to waive state withholding. (CT: Form CT-W4P), (MI: Form MI-W-4P), and (MN: W-4MNP)

**Section G. Required Signatures and Tax Certification**

**Tax Certification** (This certification does not apply if I have checked the box below my signature.)  
 Under penalty of perjury, I certify that (1) the SSN/ITIN provided is correct, (2) I am not subject to backup withholding and, (3) I am a US citizen or US resident alien.  
 The FATCA code certification does not apply.

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

I certify that I am an eligible beneficiary on this IRA and that I am authorized to make this election. The Trustee or Custodian or any future Trustee or Custodian can rely on this election. I certify that all information provided by me is true and accurate. No tax advice has been given to me by the Trustee or Custodian. All decisions regarding this election are my own. I expressly assume the responsibility for any adverse consequences that may arise from this election, and I agree that the Trustee or Custodian shall in no way be held responsible.

By signing, I/we acknowledge that I/we have read and agree to the information/disclosure above.

|  |                 |                        |
|--|-----------------|------------------------|
| Personal Representative/Executor/Trustee Signature | Date (MM/DD/YY) | Tax Identification No. |
| ▶  |                 |                        |

By checking this box, I certify that I am a non-resident alien and I have completed a Form W-8BEN.

**Withholding Notice Information** (Form W-4R/OMB No. 1545-0074)

**Basic Information About Withholding From IRAs.** Generally, federal income tax withholding applies to payments made from IRAs.

**Purpose of Form W-4R.** Unless you elect otherwise, federal income tax will be withheld from payments from IRAs. You can use IRS Form W-4R or a substitute form, such as that contained on this form furnished by the Trustee or Custodian, to instruct your Trustee or Custodian to withhold no tax from your IRA payments (or to revoke this election). This substitute form should be used only for distributions from IRAs that are payable upon demand.

**Non-Periodic Payments.** Payments from IRAs that are payable upon demand are treated as non-periodic payments for federal income tax purposes. Generally, non-periodic payments must have income tax withheld at a rate not less than 10%.

You can elect to have no income tax withheld from a non-periodic payment (IRA payment) by filing IRS Form W-4R or a substitute form with the Trustee or Custodian and checking the appropriate box on that form. Your election will remain in effect for any subsequent distributions unless you change or revoke it.

A US citizen or resident alien may not waive withholding on any distribution delivered outside the US or its possessions. Distributions to a nonresident alien are generally subject to a tax-withholding rate of 30%. A reduced withholding rate, including exemption, may apply if there is a tax treaty between the nonresident alien's country of residence and the United States, and the nonresident alien submits Form W-8BEN, *Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding* or satisfies the documentation requirements as provided under the regulations.

For more information, please see Publication 505, *Tax Withholding and Estimated Tax*, and Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*, available from most IRS offices.

**Caution:** Remember that there are penalties for not paying enough tax during the year, through either withholding or estimated tax payments. New retirees should see Publication 505. It explains the estimated tax requirements and penalties in detail. You may be able to avoid quarterly estimated tax payments by having enough tax withheld from your IRA using IRS Form W-4R.

**Revoking the Exemption From Withholding.** If you want to revoke your previously filed exemption from withholding, file another IRS Form W-4R with the Trustee or Custodian and check the appropriate box on that form.

**Statement of Income Tax Withheld From Your IRA.** By January 31 of next year, you will receive a statement from your Trustee or Custodian showing the total amount of your IRA payments and the total federal income tax withheld during the year. Copies of IRS Form W-4R will not be sent to the IRS by the Trustee or Custodian.

This information is not intended to provide you with complete withholding rules and regulations for state tax withholding. Navy Federal makes every effort to obtain information about state tax law from state revenue authorities, and every effort has been made to ensure its accuracy. Because state tax laws are subject to change, often without prior notice, the accuracy of the information cannot be guaranteed beyond the revision date of the form. Seek professional tax advice if you have questions regarding state withholding requirements that apply to your Traditional and/or SEP IRA distribution. State tax is not required for Roth IRA distributions.

**IMPORTANT: Please review the below requirements for your state carefully before completing your state withholding election. Navy Federal can only withhold for the following listed states and District of Columbia. Navy Federal cannot withhold an amount less than the required minimum for your state. If no election is made, the minimum withholding will be taken based on your state on record with Navy Federal.**

**It is your responsibility to ensure your State Tax election is up to date with Navy Federal by submitting a new 603 form with election updates. Changing your address with Navy Federal will not change your State Tax election for IRA distributions.**

**Arkansas (AR):** The minimum withholding rate is 3.00% of the distribution amount. Withholding is required if electing to have Federal tax withheld. AR state tax can be waived or increased.

**California (CA):** The minimum withholding rate is 10.00% of the Federal tax withheld amount. CA state tax can be waived or increased. The amount of withholding **cannot** be less than \$10. (*Election must be a whole percent.*)

**Connecticut (CT):** The minimum withholding rate is 6.99% of the distribution. CT state tax can be waived or increased. **CT requires completing and returning form CT-W4P to waive withholding. NOTE:** If you have a CT-W4P form requesting to waive on file with Navy Federal, and it is your last election, you do not need to submit a new CT-W4P form to waive withholding.

**Delaware (DE):** The minimum withholding rate is 5.00% of the distribution amount. DE state tax can be waived or increased.

**District of Columbia (DC):** Withholding is mandatory at a rate of 10.75% for lump sum distributions of the full IRA plan balance. This withholding **cannot** be waived. Withholding on partial IRA distributions is not allowed.

**Iowa (IA):** The minimum withholding rate is 3.80% of the distribution amount. IA state tax can be waived or increased.

**Kansas (KS):** The minimum withholding rate is 5.58% of the distribution. Withholding is required if electing to have Federal tax withheld. KS state tax can be waived or increased.

**Maine (ME):** The minimum withholding rate is 5.00% of the distribution. Withholding is required if electing to have Federal tax withheld. ME state tax can be waived or increased.

**Massachusetts (MA):** The minimum withholding rate is 5.00% of the distribution. Withholding is mandatory if electing to have Federal tax withheld. MA state tax **cannot** be waived if Federal tax is withheld. MA state tax can be increased.

**Michigan (MI):** The minimum withholding rate is 4.25% of the distribution. MI state tax can be waived or increased. **MI requires completing and returning form MI-W-4P to waive withholding. NOTE:** If you have a MI-W-4P form requesting to waive on file with Navy Federal, and it is your last withholding election, you do not need to submit a new MI-W-4P form to waive withholding.

**Minnesota (MN):** The minimum withholding rate is 6.25% of the distribution. MN state tax can be waived or increased. **MN requires completing and returning form W-4MNP to waive withholding. NOTE:** If you have a W-4MNP form requesting to waive on file with Navy Federal, and it is your last withholding election, you do not need to submit a new W-4MNP form to waive withholding.

**Nebraska (NE):** The minimum withholding rate is 3.50% of the distribution. Withholding on premature distributions is not allowed regardless of Federal tax election. For other than premature distributions, NE state withholding is mandatory if Federal tax is withheld and **cannot** be waived. NE state tax can be increased.

**North Carolina (NC):** The minimum withholding rate is 4.00% of the distribution. Withholding is required if electing to have Federal tax withheld. NC state tax can be waived or increased.

**Oklahoma (OK):** The minimum withholding rate is 4.50% of the distribution. Withholding is mandatory if electing to have Federal tax withheld. OK state tax **cannot** be waived if Federal tax is withheld. OK state tax can be increased.

**Oregon (OR):** The minimum withholding rate is 8.00% of the distribution. Withholding is required if electing to have Federal tax withheld. OR state tax can be waived or increased. The amount of withholding **cannot** be less than \$10.

**Vermont (VT):** The minimum withholding rate is 30.00% of the Federal tax withheld amount. Withholding is mandatory if electing to have Federal tax withheld. VT state tax **cannot** be waived if Federal tax is withheld. VT state tax can be increased. (*Election must be a whole percent.*)

**Virginia (VA):** The minimum withholding rate is 4.00% of the distribution amount. VA state tax can be waived or increased.

## Important Information About Your IRA Beneficiary Options—Estate, Entity, or Trust

The **SECURE Act did not change the options available for Estate, Entity, or Trust.** Use this form regardless of the decedent's date of death.

You have been named as the beneficiary of an IRA. This "Options Information Sheet" has been created to aid you in understanding your options and other issues related to an IRA beneficiary. **Please read this information before completing this form.**

IRA beneficiaries are individuals designated by the IRA holder to receive the IRA funds in the event of the IRA holder's death. There are 2 types of beneficiaries:

- *Primary:* The beneficiary first in order to receive the decedent's IRA funds. If more than one primary beneficiary is designated, the IRA will be divided among the individuals as specified by the deceased IRA holder, which could include an equal share or set percentage of the total assets of the IRA.
- *Contingent:* The contingent beneficiary(ies) is/are next in line to receive the IRA funds if all primary beneficiaries predecease the account holder.

**Classification of Beneficiaries:** There are various classifications of beneficiaries. They include a Spouse, Non-Spouse, and Estate, Entity, or Trust. These classifications are defined as:

- *Spouse:* One's husband or wife; a legally married partner under federal law.
- *Non-Spouse:* Any other individual other than the spouse. May include children, other family relations, friends, or ex-spouse.
- *Estate, Entity, or Trust:* If no beneficiary(ies) is/are listed on the IRA plan at the time of the IRA holder's death, the IRA will be distributed to the decedent's estate. Alternatively, it is generally acceptable for an IRA holder to name their trust or charity (entity) as the beneficiary. For a qualified trust to be named as the beneficiary of an IRA: it must be valid under state law; it must be **irrevocable**; it must contain identifiable beneficiaries within the trust instrument; and the IRA trustee (Navy Federal) must be provided with a copy of the legal trust agreement by October 31 of the year after death.

**Beneficiary Options:** The options available to a beneficiary are dependent on the classification of the beneficiary and if the IRA holder's death was before or after the required beginning date for required minimum distributions. Below are the respective options for each classification.

### **Estate or Entity (Non-Individual):**

- *Life Expectancy Distribution:* You must begin to distribute the assets of the decedent's IRA over the non-recalculated life expectancy of the deceased member. This option does not apply if the decedent died before his or her required beginning date.
- *Five-Year Rule:* If the IRA holder died before the required beginning date, you must distribute the assets of the decedent's IRA by December 31, five years after the date of death of the IRA holder. This does not mean that 1/5 must be withdrawn each year. The five years is a deadline by which you must distribute the IRA in order to avoid a 25% excess accumulation excise tax. The five-year rule option does not apply after the required beginning date for required minimum distributions.
- *Lump Sum Distribution:* The entire IRA balance is distributed to the estate or entity. The check is sent payable to the executor of the estate, for the benefit of the estate or the entity.

### **Trust:**

- *Life Expectancy Distribution:* You may begin to distribute the assets of the decedent's IRA over the life expectancy of the oldest beneficiary of the trust if the trust is a qualified trust or over the non-recalculated life expectancy of the deceased member if the IRA holder died on or after his or her required beginning date. This option does not apply if the decedent died before his or her required beginning date, unless it is a qualified trust. For questions regarding if the trust is qualified, please seek competent tax advice.
- *Five-Year Rule:* If the IRA holder died before the required beginning date, you must distribute the assets of the decedent's IRA by December 31, five years after the date of death of the IRA holder. This does not mean that 1/5 must be withdrawn each year. The five years is a deadline by which you must distribute the IRA in order to avoid a 25% excess accumulation excise tax. The five-year rule option does not apply if the IRA holder died after the required beginning date for required minimum distributions.
- *Lump Sum Distribution:* The entire IRA balance is distributed to the trust. The check is sent payable to the trustee of the trust, for the benefit of the trust.

**Additional information on next page.**

## Important Information About Your IRA Beneficiary Options—Estate, Entity, or Trust (cont.)

**Timing Requirement Instructions:** Regardless of which type of beneficiary classification, the IRS requires that you (as the IRA beneficiary) provide your distribution instructions to Navy Federal no later than **December 31** of the year following the date of death of the IRA holder. For example, if the IRA holder is deceased on May 31, 2019, you will have until December 31, 2020 to provide Navy Federal with your instructions. If you are a spouse beneficiary of a Roth IRA or Traditional IRA prior to the required beginning date, instruction must be provided by the earlier of December 31 following the fifth anniversary of death or the year life expectancy payments are required to begin.

### Additional Information:

- *Beneficiary IRA Account(s):* Upon receipt of a death certificate for an IRA holder, Navy Federal will audit the IRA account for named beneficiary(ies). After determining the beneficiary(ies), the remaining IRA proceeds will be placed into a temporary beneficiary IRA account, where they will remain until Navy Federal receives your instructions. The temporary account will contain the name of the beneficiary(ies) and respective Social Security number(s). No beneficiaries may be named on such an account, so if the beneficiary dies while the IRA funds are in this account, the IRA assets will go to the beneficiary's estate. Additional specifics about this temporary account include the following:
  - This is a temporary account for the purpose of holding IRA assets in the interim of receiving instructions from the beneficiary. **New beneficiaries cannot be named to this temporary account.**
  - If the total balance of the IRA assets is less than \$5,000, Navy Federal will pay out the entire balance to the beneficiary as an immediate lump sum distribution. Navy Federal will automatically withhold the minimum Federal taxes of 10% and any applicable State taxes at the time of distribution (for Traditional and SEP plans only).
  - If no instructions are received from the beneficiary by the deadline as described above, Navy Federal will distribute the entire balance by December 31 of the year following the date of death payable to the beneficiary. This payout is irrevocable and will not be reversed.
- *Taxation of IRA Distribution to an IRA Beneficiary:* Funds distributed from the IRA by a beneficiary may be considered income in the year they are distributed and included in income for taxation purposes. A spouse beneficiary may roll the proceeds into their own IRA, thereby avoiding distribution of the assets from the IRA. Please seek competent tax advice when considering this aspect.
- *Methods of Distribution:* Navy Federal has many flexible options. You can elect to distribute annually, quarterly, or monthly. In addition, you may request for the funds to be distributed directly to your savings account, checking account, or MMSA at Navy Federal (Navy Federal members only), or have the funds sent via check to your home address or directly to another financial institution.

We hope that this information has been of help to you. If you have additional questions, call toll-free in the US at 1-888-842-6328. For toll-free numbers when overseas, visit [navyfederal.org](http://navyfederal.org). Use 1-703-255-8837 for collect international calls.