

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

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

Beneficiary Access No.	Toll-Free Number: <b>(888) 842-6328</b>
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## Successor Beneficiary IRA Options - Estate (**SECURE Act**)

**Important SECURE Act updates for 2020:** The act changed the options available for the Successor Beneficiary (Estate) upon the death of the beneficiary when the beneficiary's date of death is on or after January 1, 2020. **Only use this form if the IRA beneficiary's date of death is on or after 1/1/2020.** If the IRA beneficiary's date of death is prior to 2020, please use **NFCU 515B (IRA Beneficiary Options – Estate, Entity or Trust)**.

Before completing this form, see "Important Information Regarding Your Successor Beneficiary IRA Options" beginning on page 5 for additional guidance.

Section A. Basic Information					
Name of Original Deceased IRA Owner:	MI	Last	Suffix	Decedent Access No.	Decedent Date of Death
Name of Deceased Beneficiary IRA Owner:	MI	Last	Suffix	Decedent Beneficiary Access No.	Beneficiary Date of Death
Estate Personal Representative or Trustee:	MI	Last	Suffix	Estate Tax Identification No.	
Address: Street	City		State		ZIP Code
Name of Successor Beneficiary (Estate)					Daytime Telephone No.
IRA Plan Type: <i>(Choose one.)</i> Please complete a separate form for each plan type. <input type="checkbox"/> Traditional <input type="checkbox"/> SEP <input type="checkbox"/> Roth				In what state is the Estate filed?	

Section B. Successor Beneficiary Election Options for Beneficiary Date of Death On or After 1/1/2020	
Successor Beneficiary Estate Options <i>(Choose one option below.)</i>	
<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 distributed due to death, the 10% additional tax will not apply.	
<input type="checkbox"/> <b>10-Year Option:</b> Single Life Expectancy payments and distribute the entire account by the end of the 10th year following the <b>original IRA owner's death.</b>	

Section C. Distribution Instructions <i>(Choose your disbursement schedule below.)</i>			
<b>Frequency:</b> <input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly* <input type="checkbox"/> Annually <input type="checkbox"/> Lump Sum			Date to Begin Distributions (MM/DD/YY)
*Distributions will be made on 3/30, 6/30, 9/30, and 12/28.			
Transfer to Navy Federal Account No.		Transfer to Navy Federal Certificate for a Term of <i>(minimum balance required)</i>	
Send Check Payable To**	Address: Street	City	State      ZIP Code
Name(s) on Account <i>(if applicable)</i>	Account Type <i>(if applicable)</i>	Account No. at Other Financial Institution <i>(if applicable)</i>	

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

**Additional Information on Reverse**



**Section D. Federal Tax Withholding Election** (Check option below.)

**IRA Income Tax Withholding Election**

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 tax withheld from the IRA distribution
- Federal Withholding: I elect the following percentage to be withheld for federal tax purposes: \_\_\_\_\_% (minimum 1.00%)

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

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) and Michigan (MI) residents must complete and return your state tax form with this form to waive state withholding (CT: Form CT-W4P) or (MI: Form MI-W-4P)

**Section F. 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)
	

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

## Section G. 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 U.S. citizen or resident alien may not waive withholding on any distribution delivered outside the U.S. 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 SECURE Act updates for 2020:** The act changed the options available to the Successor Beneficiary (*Estate*) when the Beneficiary IRA owner's date of death is on or after January 1, 2020. If the Beneficiary IRA owner's date of death is prior to January 1, 2020, please use **NFCU 515B** instead of this form and information.

The Estate of the deceased IRA Beneficiary has been named as the Successor Beneficiary of an IRA. This "Options Information Sheet" has been created to aid you in understanding the options and other issues related to a Successor IRA beneficiary.

**Successor Beneficiary Options and Information for Beneficiary Dates of Death On or After 1/1/2020 (SECURE Act)**

Below are the respective options for the Estate upon the death of the beneficiary under the SECURE Act.

**Successor Beneficiary (*Estate*)**

- **10-Year Payout:** You must distribute the assets of the deceased beneficiary's IRA(s) by December 31, 10 years after the date of death of the original IRA holder. You must take Single Life Expectancy distributions each year or distributions based on the same schedule of the deceased beneficiary in order to avoid a 25% excess accumulation excise tax.
- **Lump Sum Distribution:** You may distribute the entire IRA balance. You may owe taxes on the distribution; however, because the funds are being distributed because of death, the 10% additional tax will not apply.

**Timing Requirement Instructions:** The IRS requires that you (as the successor IRA beneficiary) provide the distribution instructions to Navy Federal no later than December 31 of the year following the date of death of the Beneficiary IRA holder. For example, if the Beneficiary IRA holder is deceased on May 31, 2020, you will have until December 31, 2021 to provide Navy Federal with your instructions.

**Additional Information:**

- **Successor Beneficiary IRA Account(s):** Upon receipt of a death certificate for the Beneficiary IRA holder, Navy Federal will audit the beneficiary IRA account, and the remaining Beneficiary IRA proceeds will be placed into a temporary Estate beneficiary IRA account, where they will remain until Navy Federal receives your instructions. 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 Estate Personal Representative or Trustee. *New beneficiaries cannot be named to this temporary account.*
  - If the total balance of the Beneficiary IRA assets is less than \$5,000, Navy Federal will pay out the entire balance as an immediate lump sum distribution to the Estate. 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 Successor 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 estate. This payout is irrevocable and will not be reversed.
- **Taxation of IRA Distribution to a Successor IRA Beneficiary (*Estate*):** Funds distributed from the IRA by an Estate may be considered income in the year they are distributed and included in income for taxation purposes. 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 over the 10-year period. In addition, you may request for the funds to be distributed directly to a savings account, checking account, or MMSA at Navy Federal (*Navy Federal members only*) or have the funds sent via check to the estate 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 U.S. 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.