

Tax Withholding on Cash Distributions

Distributions from qualified retirement plans are taxed as gross income for the year in which they are withdrawn from the plan. There are specific rules regarding tax withholding at the time of distribution.

Normal Distributions:

- **Mandatory 20% Federal Tax Withholding** - This is the rate of withholding at the time of your withdrawal and cannot be waived. This amount is not an indication of tax owed. You will receive a 1099R Tax form to be filed with your annual income taxes and the amount will be taxed at your normal income tax rate*.
 - **State Tax withholding** - requirements vary by state. Depending on your state of residence you may be required to withhold state taxes at the time of distribution. Some states allow you to defer state tax withholding. See additional detail about your State withholding [here](#).
 - *An early distribution penalty applies to distributions received prior to age 59 1/2. The penalty amount is 10% of the gross distribution. Please consult a tax advisor regarding any exceptions to this rule. The additional 10% penalty will be assessed when you file your taxes. You do have the option to withhold additional amounts to help cover taxes owed.
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Hardship Distributions:

- **10% Federal Tax Withholding** - This is the standard rate of withholding and is not an indication of tax owed. The Federal Tax Withholding can be waived at the time of distribution. You will receive a 1099R Tax form to be filed with your annual income taxes and the total distribution amount will be taxed at your normal income tax rate*.
 - **State Tax withholding** - requirements vary by state. Depending on your state of residence you may be required to withhold state taxes at the time of distribution. Some states allow you to defer state tax withholding.
 - *An early distribution penalty applies to distributions received prior to age 59 1/2. The penalty amount is 10% of the gross distribution. Please consult a tax advisor regarding any exceptions to this rule. The additional 10% penalty will be assessed when you file your taxes. You do have the option to withhold additional amounts to help cover taxes owed.
 - Tax withholding can be waived at the time of distribution.
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Required Minimum Distributions:

- **10% Federal Tax Withholding** - This is the standard rate of withholding and is not an indication of tax owed. The Federal Tax Withholding can be waived at the time of distribution. You will receive a 1099R Tax form to be filed with your annual income taxes and the total distribution amount will be taxed at your normal income tax rate.
 - **State Tax withholding** - requirements vary by state. Depending on your state of residence you may be required to withhold state taxes at the time of distribution. Some states allow you to defer state tax withholding.
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