



## INDIVIDUAL RETIREMENT ARRANGEMENT (IRA) / EDUCATION SAVINGS ACCOUNT (ESA) INSTRUCTIONS FOR WITHDRAWAL

### 1. MEMBER INFORMATION (all fields must be provided even if the information is already on file)

Member Name	Date of Birth (MM/DD/YYYY)	Full Social Security Number

### 2. REASON FOR COMPLETION (see pages 3 and 4 for more detailed information)

Required Minimum Distribution (RMD) (Owner has reached age 70 ½ .)

No RMD, I will take my RMD from another institution and request a waiver. (Owner has reached age 70 ½ and if selected, skip to section 8.)

Normal distribution (ESA qualified distribution requested by the responsible party or IRA withdrawal for an owner who is age 59 ½ or older.)

Premature distribution (Owner has not reached age 59 ½ and is not receiving pre-59 ½ periodic payments.)

Disability (See page 3 for explanation.)

Refund of excess contribution plus earnings for calendar year \_\_\_\_\_. Earnings will be calculated by PenFed.

Refund of excess contribution after tax filing due date for calendar year \_\_\_\_\_.

Conversion - transfer to a Roth account only (see explanation)

Recharacterization - (see explanation on page 3)

Transfer to IRA/ESA at another institution  Direct rollover to an employer-sponsored retirement plan  <small>(If you are 70 1/2 or older and would like PenFed to take your RMD prior to transferring your funds, submit a separate 735 for the RMD.)</small>	Name of Institution:
	Address:
	City/State/Zip:
	IRA/Plan Number Required:
Distribution - Make check payable to charity	Name of Charity:
	Address:
	City/State/Zip:
Transfer to IRA of spouse due to divorce or legal separation agreement:     <small>(If you are 70 1/2 or older and would like PenFed to take your RMD prior to transferring your funds, submit a separate 735 for the RMD.)</small>	Name of Former Spouse:
	IRA Account No. of Former Spouse:
	SSN (TIN) or ITIN of Former Spouse:
	Institution Name:
	Institution Address:
	City/State/Zip:
Death (for beneficiary use) distribute to: (complete a separate form for each beneficiary)	Name:
	Address:
	City/State/Zip:
	SSN or EIN (TIN):

### 3. SOURCE OF WITHDRAWAL

IRA/ESA Share account no. \_\_\_\_\_

IRA/ESA certificate no.(s) \_\_\_\_\_

Withdrawal requests will be processed against available funds in the IRA/ESA Share account or certificate as provided. If sufficient funds are not available in the IRA/ESA Share account, the withdrawal will be made from the funds in the IRA/ESA certificate with the lowest annual percentage yield. A withdrawal from an IRA/ESA certificate may result in an early redemption penalty.

#### 4. PAYMENT AMOUNT - please choose one

Specific amount \$ \_\_\_\_\_ or full balance of account(s) listed in section 3.

Certificate dividends only.

Total distribution of entire IRA/ESA (this option closes the IRA/ESA Share account and all corresponding IRA/ESA certificates).

RMD Only: Based upon the Uniform Lifetime Table.

RMD Only: Based upon the joint life expectancy of myself and my spouse beneficiary. (Requirements must be met for this option. Please refer to Distribution Election Facts on page 4. If this option is selected, you must complete form 732: Designation of Beneficiary.)

RMD Only: Equal distributions over a period of \_\_\_\_\_ years.

Death (Options following the death of the IRA original owner; RMD of original IRA owner may be required)

Spouse beneficiary or Non-spouse beneficiary

Total distribution of my percentage of the IRA funds.

Transfer balance to IRA with PenFed or another institution (transfer request or IRA application may be required)

Inherited IRA with PenFed or another institution for non spouse beneficiary (IRA application or transfer request may be required)

#### 5. PAYMENT FREQUENCY - please choose one

One time, process upon receipt.

One time, on this date \_\_\_\_\_. (MM/DD/YYYY)

One time, at the maturity of the certificate(s) listed in section 3.

Monthly, beginning with the first business day of the month of \_\_\_\_\_ (please print the month). If certificate dividends was selected in section 4, payments will be made in accordance with your monthly cycle date.

Quarterly, beginning with the first business day of the month of: (select one)    January    April    July    October

Annually, beginning with the first business day of the month of \_\_\_\_\_ (please print the month).

Delayed, you have the option of delaying your distribution for the year you turn 70 ½ until April 1st of the following year. By choosing this option you understand you will be receiving two years' distributions in the same year. If you have chosen this option, please provide the date of the delayed distribution \_\_\_\_\_ (MM/DD/YYYY) followed by the frequency and month for the subsequent disbursements: \_\_\_\_\_.

#### 6. WITHHOLDING ELECTION (for IRAs only)

You have the option of having federal income tax withheld from the IRA withdrawal. If you do not make a withholding election, as required by regulation, PenFed will withhold the standard 10% , with the exception of Roth IRAs. PenFed recommends consulting a tax or legal advisor prior to selecting this option.

Do you want federal income tax withheld from this IRA withdrawal?    Yes (choose one option below)    No

Standard Rate of 10%

I hereby direct PenFed to withhold \_\_\_\_\_ % or specifically \$ \_\_\_\_\_ from my withdrawal(s).

#### 7. MEANS OF DISBURSEMENT FROM IRA / ESA

Check via regular USPS    Check sent next business day delivery (\$15 must be available in Regular Share Account for fee)

Add to my PenFed Share account no. \_\_\_\_\_.

Transfer to my PenFed IRA account no. \_\_\_\_\_. (conversion/recharacterization only)

Transfer of a decedent's PenFed IRA to the PenFed IRA of a beneficiary account no. \_\_\_\_\_.

#### 8. SIGNATURE

By signing this form, I certify the information provided above is correct and authorize this transaction. **I assume full responsibility for consequences associated with this withdrawal including taxes and penalties owed.** If I elect to take my RMD from another institution, my election will remain in effect until I notify PenFed otherwise. I understand the plan I select shall be used to calculate a distribution from my IRA. If I selected payment over joint life expectancy, I agree to complete PenFed form 732 : Designation of Beneficiary. Furthermore, I must notify PenFed immediately in the event of the death of my designated primary beneficiary. I understand the payment plan selected is irrevocable, to the extent the pay-out period may not be extended, and will continue as long as funds are available or until my death. I can change or terminate this plan by providing PenFed with an updated form. I release PenFed from any and all liability, loss or penalty resulting from the processing of this request.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ Phone No.: \_\_\_\_\_

## WITHDRAWAL INFORMATION

As of January 1, 2015, the IRS only permits one (1) rollover deposit of a distribution in a 12-month period for all IRA accounts. Additional rollover deposits will be returned. This limitation does not apply to Roth conversions or institution transfers.

### NORMAL DISTRIBUTION

**IRA:** After reaching age 59½, withdrawals may be made in any available manner, without incurring Internal Revenue Service (IRS) penalties. These amounts are considered taxable income.

**ESA:** A qualified distribution is used for higher education expenses, defined as expenses, for tuition, fees, books, supplies, and equipment required for the enrollment or attendance of the designated beneficiary at an eligible educational institution. This also includes room and board provided the designated beneficiary is at least a part-time student. You will need to provide proof to the IRS on how the funds were used. If the funds are not used for education expenses, the withdrawal is subject to tax and 10% penalty.

### PREMATURE DISTRIBUTION

Premature distribution is when amounts are withdrawn prior to age 59½, payable to the IRA owner that are not for other reasons stated on this form. Such distributions are subject to the IRS premature distribution excise tax of 10%. However, if these funds are rolled over into another IRA within 60 days following the date you received the funds, this penalty does not apply, but the distribution is still reportable to the IRS.

### DISABILITY

You are considered disabled if you meet the requirements of the Internal Revenue code as follows: IRC SECTION 72 (m) (7) meaning of disabled - for purposes of this section, an individual shall be considered disabled if they are unable to engage in substantial gainful activity by reason of medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration. An individual shall not be considered disabled unless they furnish proof of the existence thereof in such form and manner as the IRS may require.

### REFUND OF EXCESS CONTRIBUTION/EARNINGS ON EXCESS

Fill in the tax year for which the excess contribution occurred. An excess contribution is an amount exceeding your maximum allowable contribution. Generally, to avoid an IRS excise tax penalty, earnings attribute to the excess contribution must also be withdrawn if the withdrawal is made prior to filing your tax return for the tax year of the excess contribution. PenFed will calculate this amount for you. The earnings attributable to the excess are taxable in the tax year for which the excess contribution occurred.

### CONVERSION

A conversion is the change of funds from a Traditional or SEP IRA to a Roth IRA. You must have a Roth IRA established with PenFed to request a conversion. The withdrawal is a distribution and will be reported to the IRS on form 5498 for the year in which it takes place. Conversion rules and contribution rules are not the same; PenFed cannot process a prior year conversion. You will be required to pay taxes on the converted amount that is not tax deductible. PenFed does not know what portion is tax deductible.

### RECHARACTERIZATION

A recharacterization is the change of a contribution or conversion from one IRA to another type of IRA. Both IRA types must be established with PenFed before a recharacterization can be processed. Please review section 6: Withholding Election; if left blank, PenFed will withhold the standard 10%. PenFed cannot withhold more than 10% on a recharacterization. Current and prior year recharacterizations are reported to the IRS for the year in which the transaction took place.

### TRANSFER TO ANOTHER INSTITUTION

Direct transfer from your IRA at PenFed to your IRA at another institution. This is a non-reportable transfer between IRAs of the same type. Please provide the name, address and account number of your IRA at the receiving institution. Our check will be mailed directly to the institution.

### DIRECT ROLLOVER TO AN EMPLOYER-SPONSORED ELIGIBLE RETIREMENT PLAN

A distribution of funds from your IRA will be rolled over to a qualified retirement plan (QRP); this may include: a 403(a) annuity plan, a 403(b) plan, or a 457(b) governmental plan. Please provide the name, address, and account number of your plan at the receiving institution. Our check will be mailed directly to the institution.

### CHARITABLE DISTRIBUTION

Owner must be at least 70 1/2 years of age. The charity must qualify under section 170(b) (1) (A) of the IRC. These distributions report to the IRS under the name and TIN of the IRA owner because PenFed does not determine whether the distributions went to a qualified charitable organization. Please see IRS Publication 590-B for additional information. The IRA holder should make appropriate adjustments to their annual tax reporting.

## WITHDRAWAL INFORMATION - continued

### DEATH

A death certificate is required. Designated beneficiary(ies): if individual(s), they must sign the Instructions for Withdrawal form; if trust or estate, trustee, executor, or representative payee must sign the Instructions for Withdrawal form. Proper fiduciary documentation will be required prior to processing. Selecting 'Transfer to an Inherited IRA' will require the establishment of a PenFed membership and an Inherited IRA be opened. PenFed recommends contacting your tax advisor.

### TRANSFER INCIDENT TO DIVORCE OR LEGAL SEPARATION

Transfer to the spouse's IRA may be made; certified copy of divorce decree or legal separation agreement is required. Withdrawal of an IRA certificate will result in an early redemption penalty.

## WITHHOLDING ELECTION

Indicate your choice for income tax withholding. If you do not make an election, PenFed will withhold the standard 10% of your IRA distribution. Exceptions: If your residence address is outside the United States, or if you have not provided us with an address, this withholding is mandatory. ESA distributions do not allow withholding.

You may be subject to tax penalties under the estimated tax payment rules if your payments of estimated tax and withholding are not adequate.

## DISTRIBUTION ELECTION FACTS

The IRS requires mandatory distributions to be calculated using one of two methods. You may select the Uniform Lifetime method, or joint and last survivor method. A brief explanation is provided below as well as a sample calculation based on a \$100,000 IRA balance.

**Important Note:** If multiple primary beneficiaries are named, the beneficiary with the shortest life expectancy will be used in calculating your required mandatory distribution. The age and relationship of the beneficiary determines which calculation table is used.

**Uniform Lifetime Table:** Is used to calculate lifetime-required distributions by IRA owners whose spouse is their sole designated beneficiary and is not more than 10 years younger, or the spouse is not the sole designated beneficiary.

**Joint and Last Survivor Table:** Is used only for lifetime distributions and when the spouse is the designated beneficiary and is more than 10 years younger.

For example, an IRA owner who is 71 and has an IRA balance of \$100,000:

Uniform Lifetime Table: The required minimum distribution amount would be \$3,773.58.

Joint and Last Survivor Table: The required minimum distribution amount would be \$3,676.47.

**Note:** This is based on receiving your first distribution by your required beginning date.

If you have IRAs at several different financial institutions or companies, IRS rules permit you to take the mandatory distribution from each IRA or the total amount of the mandatory distribution from a single IRA. To avoid possible IRS penalties, your total mandatory distribution for each year must equal the individually calculated mandatory distribution for each IRA.

**Additional Information:** You may change your beneficiary, however, you must complete PenFed form 732: Designation of Beneficiary. If you submit a new beneficiary form, this supersedes prior selections. The change is not valid until received by PenFed.