

# ROTH IRA WITHDRAWAL INSTRUCTION (FORM 2406R)

Please Print or Type

CID# (Organization will complete.)

Social Security Number

IRA Suffix

\$  
Total Withdrawal Amount

Financial Organization Name

IRA Owner's Name (First, Initial, Last)

Account Number

Date of Withdrawal (MM/DD/YYYY)

## WITHDRAWAL REASON

Check only one of the numbered boxes. Also check any of the applicable boxes appearing below the numbered box that you check. See the reverse side for more information. Complete the Federal Withholding Election section below if you check any box other than box 1.

- 1. Direct transfer to a Roth IRA.** (Check will be payable to the institution receiving the funds.) For a transfer to an IRA owned by someone other than the original owner, also check box a, b, or c below and write the name of the owner on the blank line.

Name of the Institution Receiving the Funds

You must check the classification of the institution named above and the type of investment into which the funds will be invested:

Institution

Investment

- |   |  |
|---|--|
| <input type="checkbox"/> 1. Bank              | <input type="checkbox"/> 1. Stocks/Bonds |
| <input type="checkbox"/> 2. Insurance Company | <input type="checkbox"/> 2. Deposit/CD   |
| <input type="checkbox"/> 3. Broker            | <input type="checkbox"/> 3. Annuity      |
| <input type="checkbox"/> 4. Credit Union      | <input type="checkbox"/> 4. Mutual Fund  |
| <input type="checkbox"/> 5. Other             | <input type="checkbox"/> 5. Other        |
- a. To former spouse's\* IRA due to divorce.  
 b. To surviving spouse's\* IRA after owner's death.  
 c. To IRA in name of deceased owner for a beneficiary.\*

\*Name of Individual

### Withdrawal of Contributions Before Early Withdrawal Deadline

- 2. Withdrawal in the same year** as the contribution and before the early withdrawal deadline (IRS code J8).

\$  
Income Attributable to Withdrawn Contribution

- 3. Withdrawal in the year after** the contribution and before the early withdrawal deadline (IRS code JP).

\$  
Income Attributable to Withdrawn Contribution

### Revocation Within 7 Days of Opening

- 4. Revocation of IRA after regular contribution** (IRS code J).

\$  
Income Attributable to Withdrawn Contribution

- 5. Revocation of IRA after IRA conversion contribution** (IRS code J).

\$  
Income Attributable to Withdrawn Contribution

- 6. Revocation of IRA after direct transfer or rollover** (IRS code J).

### Other Withdrawals by the Original Owner

Note: This includes a withdrawal that you may roll over to another Roth IRA.

- 7. I am under age 59½, and I am not disabled** (IRS code J).

- 8. I have reached age 59½, or I am disabled** (IRS code T or Q).  
Check the following box if it applies.

- a. The five-year test has been met with a financial organization Roth IRA (IRS code Q).

### Other Withdrawals by a Beneficiary (following the death of the original owner).

- 9. I am the beneficiary** (IRS code T or Q). Sign on the IRA owner's signature line. Check the following box if it applies.

- b. The five-year test has been met with a financial organization Roth IRA (IRS code Q).

Beneficiary's Name

Beneficiary's Social Security Number

### Withdrawal due to Tax Levy

- 10. This is a result of a federal tax levy** (IRS code 2).

## TYPE OF WITHDRAWAL & STATUS AFTER WITHDRAWAL

- Check only one:  **1. PARTIAL WITHDRAWAL** - There is still money in this account.  
 **2. COMPLETE WITHDRAWAL** - There will be no money (including dividends) in this account, and this account will remain open.  
 **3. COMPLETE WITHDRAWAL AND CLOSE** - There will be no money in this account, and this account will be closed.

## PAYMENT METHOD

- Check only one:  **1. I want to receive this payment by check/share draft.**  
 **2. Deposit this payment directly into my account at the financial organization.** Account # \_\_\_\_\_  
 **3. DIRECT TRANSFER** - Send this payment directly to the receiving institution named above.

## FEDERAL WITHHOLDING ELECTION - Complete an IRA State Income Tax Withholding Election (Form 2312), if applicable

Check only one: (Not necessary for a direct transfer to another Roth IRA.)

- 1. WITHHOLD** federal income tax from this payment. (Must be 10% or greater.)  
**Complete one of the following:** I want \_\_\_\_\_% withheld (\$ \_\_\_\_\_) from this payment (fill in the percentage).  
I want \$ \_\_\_\_\_ withheld from this payment (fill in the amount).  
 **2. DO NOT WITHHOLD** federal income tax from this payment.

## IRA OWNER'S SIGNATURE

I certify that the information on this form is correct, that I am the proper party to authorize this payment, and that I have received a copy of the Withholding Notice.

**X**  
IRA Owner's Signature \_\_\_\_\_ Date (MM/DD/YYYY) \_\_\_\_\_

## WITHHOLDING NOTICE

Payments from your IRA are subject to federal income tax withholding, unless you elect no withholding. You may change your withholding election at any time prior to your receipt of a payment. Your withholding election does not affect the amount of income tax you pay. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are insufficient. You may be required to pay estimated taxes even if you elect withholding.

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# SUMMARY OF RULES AFFECTING THIS FORM

There are many tax rules regulating the movement of money out of an IRA. This form contains a brief summary of some of these rules. See the Roth IRA Disclosure Statement for a more detailed and complete discussion of these rules.

## REASON FOR THE WITHDRAWAL

We are required to report the reason for your withdrawal to the IRS. We rely on the information you provide us on this form in assigning an IRS code to a withdrawal. If you are withdrawing money for more than one reason, then complete a separate form for each withdrawal reason.

A **direct transfer** is a transaction in which our financial organization sends the money directly to the trustee or custodian of another Roth IRA. For a direct transfer to another Roth IRA, **check box 1**. (This transaction will not be reported to the IRS, and it will not create taxable income for you.) For a direct transfer to an IRA for someone other than the original IRA owner, you should also check one of the three lettered boxes under box 1 and insert the name of the person identified with an asterisk.

For a withdrawal of a contribution and the income attributable to it **before the early withdrawal deadline**:

- For a withdrawal in the year in which the contribution was made, **check box 2** and write the income attributable on the blank line.
- For a withdrawal in the following year, **check box 3** and write the income attributable on the blank line.
- For an account that was revoked within seven days, **check box 4, 5, or 6**. Write the income attributable on the blank line if you check box 4 or 5.

For any other withdrawal by the original owner (including a withdrawal of a contribution after the early withdrawal deadline), **check box 7 or 8**. **If you check box 8, also check box "a" if it is true in your situation.**

- If you check boxes 8 and "a," we will report the withdrawal as IRS code Q. If you check only box 8, we will report it as IRS code T.
- The tax laws define "disability" as being unable to engage in any substantial gainful activity by reason of any medically determined physical or mental impairment that can be expected to result in death, or to be of long continued and indefinite duration.

For a withdrawal by a beneficiary following the original owner's death, **check box 9**. **If you check box 9, also check box "b" if it is true in your situation.** Write your name and Social Security number on the blank lines, and sign this form on the "IRA Owner's Signature" line.

- If you check boxes 9 and "b," we will report the withdrawal as IRS code Q. If you only check box 9, we will report the withdrawal as IRS code T.

For a withdrawal as a result of a federal tax levy, **check box 10**.

Note that withholding does not apply in the case of distributions properly coded "Q" and withdrawals of contributions before the early withdrawal deadline when there is no income attributable. If this is the case, elect no withholding.

## MOVING MONEY TO ANOTHER ROTH IRA

The original owner can use a direct transfer or a rollover to move the money to a Roth IRA in the owner's name. Following a divorce, the original owner's former spouse can only use a direct transfer to move the money to a Roth IRA in the former spouse's name. Following the original owner's death, the owner's spouse can use a direct transfer or a rollover to move the money to a Roth IRA in the spouse's name. Following the original owner's death, any beneficiary can only use a direct transfer to move the money to a Roth IRA in the name of the original owner for the benefit of the beneficiary. All of these transactions are tax-free.

**Direct transfer.** You should set up the Roth IRA that will receive the direct transfer before completing this form. After doing this, check box 1 to start a direct transfer to this other IRA. Anyone other than the original owner should check one of the three lettered boxes under box 1 and insert his or her name on the blank line.

**Rollover.** Only the original owner and the surviving spouse can use a rollover. Check box 7, 8, or 9 when making the withdrawal, and then contribute the money to another Roth IRA within 60 days. You can only use a rollover if during the last 365 days you have not rolled over a distribution that you received from this IRA into another Roth IRA.

## CHANGING CONTRIBUTIONS Before Early Withdrawal Deadline

**Recharacterize the contribution.** If you could have originally made a contribution to a traditional IRA, then you can recharacterize that Roth IRA contribution (and the income attributable to it) as a contribution to a traditional IRA prior to the recharacterization deadline described below. Use the Roth IRA Contribution Recharacterization (Form 2419R) instead of this form.

**Withdrawal before the early withdrawal deadline.** You may withdraw any contribution before the early withdrawal deadline described below. You must also withdraw the income attributable to the contribution. You are not required to pay the excess contribution penalty tax if you make such a withdrawal. To use this approach, check box 2 or 3, and:

- Compute the income attributable to the contribution using the IRS formula.
- Add the income attributable to the amount of the withdrawn contribution and write the answer to this addition on the "Total Withdrawal Amount" line.

- Write the income attributable to the contribution on the blank line at box 2 or 3.

**Early withdrawal and recharacterization deadline.** The deadline for recharacterizing or withdrawing a contribution is normally the deadline for filing your federal tax return for the year for which the contribution was made, including extensions. The deadline for withdrawing a regular contribution made from January 1 through the tax return deadline, which is attributed to the previous year, is the tax return deadline for the year to which the contribution was attributed. If you timely filed your federal income tax return for the year, then your deadline is automatically extended to six months after the deadline for filing your federal tax return for the year (not including other extensions). For calendar year taxpayers, this is October 15 or the next business day if October 15 is on a weekend.

## Handling Excess Contributions After Early Withdrawal Deadline

**Apply an excess to a future year.** A Roth IRA contribution which exceeds the amount authorized by the tax laws (a true excess) is automatically attributed as a regular Roth contribution to the next available year or years if the excess is not removed. The first available year is the next year in which the total of your regular Roth and traditional IRA contributions for that year are less than the annual contribution limit for that year. If the excess is not eliminated in the first available year, then the remaining excess is carried forward until it is applied to a subsequent available year. The income attributable stays in the IRA. You will be liable for a 6% tax on the amount of the excess contribution in the IRA at the end of each calendar year until the excess has been fully attributed to one or more future years. You may be required to file amended tax returns to reflect the excess contribution tax and the attribution of the contribution to a future year. To use this approach, you do NOT withdraw money from your Roth IRA, so you should NOT complete this form.

**Withdrawal after early withdrawal deadline.** There are no special rules for withdrawing an excess Roth IRA contribution after the early withdrawal deadline (unlike traditional IRA contributions). You can withdraw an excess contribution after the early withdrawal deadline under the normal withdrawal rules, without paying income tax on the amount withdrawn. To use this approach, write the amount of the excess contribution on the "Total Withdrawal Amount" line and check box 7. Under this approach, you do not withdraw the income attributable to the contribution. You will be liable for a 6% tax on the amount of the excess contribution in the IRA at the end of each calendar year until the excess has been removed or fully attributed to one or more future years.

## EXCEPTIONS TO 10% EARLY DISTRIBUTION TAX

Distributions from an IRA before the owner reaches age 59½ are generally subject to a 10% early distribution tax. However, the following distributions are exceptions to the 10% tax, even though some may be reported with a code J on IRS Form 1099-R:

- The owner has a disability. The tax laws define disability as being unable to engage in any substantial gainful activity by reason of any medically determined physical or mental impairment that can be expected to result in death, or to be of long continued and indefinite duration.
- First-time home buyer exception. Withdrawals up to the amount of qualified acquisition costs to buy or build the principal residence of a first-time home buyer are not subject to the 10% early distribution tax. You have a \$10,000 lifetime limit on the total amount you can withdraw from traditional and Roth IRAs under this exception. The money must be used for this purpose within 120 days after you receive the withdrawal. The first-time home buyer can be you, your spouse, or a child, grandchild, or ancestor of you or your spouse. A person is a "first-time home buyer" if neither the person nor the person's spouse has had an ownership interest in a principal residence during the two-year period ending on the date of acquisition of the principal residence for which the withdrawal is being made.
- Withdrawals up to the amount of qualified higher education expenses paid during the year are not subject to the 10% early distribution tax. These expenses are the tuition, fees, books, supplies, and equipment required for enrollment or attendance at a post-secondary educational institution (a college or vocational school). These expenses must be incurred for the education of you, your spouse, your child, your grandchild, or your spouse's child or grandchild. Primary and secondary education expenses do not qualify for this exception even after the 2001 tax law changes for Coverdell Education Savings Account distributions.
- IRA distributions are exempt from the 10% early distribution tax up to the amount by which large medical expenses for the year in which the distributions are received exceed 7.5% of adjusted gross income. This exception applies whether or not you itemize income tax deductions.
- Medical insurance premiums during unemployment. If you are unemployed and have received unemployment compensation for 12 consecutive weeks under any federal or state unemployment compensation law, then withdrawals up to the amount of the medical insurance premiums you pay during the year are not subject to the 10% early distribution tax. This rule applies for the year that you receive the unemployment compensation and for the next year, except that it no longer applies to withdrawals you receive after you have become reemployed for at least 60 days. If you were self-employed, then this rule applies if you would have received unemployment compensation but for the fact that you were self-employed.
- The distribution is the result of a federal tax levy.