

**TAX RULES TO CONSIDER**

1. Rollover-Eligible Payments are payments that can be directly rolled over to an IRA or other similar retirement plan. If you directly roll over your distribution to another account, no taxes will be withheld.
2. There may be penalties for not paying enough federal and/or state income tax during the year.
3. Federal and state tax withholding rates are always subject to change.

**FEDERAL TAX WITHHOLDING—PERIODIC PENSION PAYMENTS OR ANNUITY PAYMENTS**

Periodic payments are irrevocable payment streams made at regular intervals over a period of more than one year. They are paid at regular intervals during the year (i.e., annually, quarterly, monthly, etc.).

Complete Form W-4P to have the correct amount of federal income tax withheld from your periodic pension, annuity (including commercial annuities), profit-sharing and stock bonus plan, or Individual Retirement Annuity payments. Federal income tax withholding applies to the taxable part of these periodic payments.

You can choose not to have federal income tax withheld from your periodic payments so long as the payment is not delivered outside of the United States or any of its possessions. Please consult with a tax advisor for advice on how to pay the appropriate amount of tax throughout the year to avoid any underpayment penalties imposed by the IRS.

Please keep in mind, when federal tax withholding is calculated, there is a minimum payment amount that must be met in order for any withholding to take place. If your payment is below the minimum threshold for withholding, taxes will not be withheld. Each TIAA payout is considered separately when calculating the tax withholding. If you do not complete Form W-4P, we will withhold at the federal default rate of single.

Caution: If you have too little tax withheld, you will generally owe tax when you file your tax return and may owe a penalty unless you make timely payments of estimated tax. If too much tax is withheld, you will generally be due a refund when you file your tax return. If your tax situation changes, or you chose not to have federal income tax withheld and you now want withholding, you should submit a new Form W-4P or make a new election online.

**FEDERAL TAX WITHHOLDING—NONPERIODIC PAYMENTS AND ELIGIBLE ROLLOVER DISTRIBUTIONS**

Federal laws may require federal income tax be withheld from nonperiodic payments and eligible rollover distributions. The default withholding rules are based on whether or not the distribution is rollover eligible.

Distributions you receive from qualified retirement plans that are eligible to be rolled over to an IRA or qualified plan are subject to a mandatory 20% default rate of withholding on the taxable amount of the distribution. You cannot choose withholding at a rate of less than 20% (including “-0-”), but you may choose to a rate higher than 20% by completing Form W-4R.

Nonperiodic payments are subject to a 10% default rate of withholding on the taxable amount unless you complete Form W-4R to choose a different rate between 0%-100%. You may also choose to have no federal income tax withheld by completing form W-4R and entering “-0-” on line 2.

If you do not complete Form W-4R, we will withhold at the applicable default rate of 10%.

Caution: If you have too little tax withheld, you will generally owe tax when you file your tax return and may owe a penalty unless you make timely payments of estimated tax. If too much tax is withheld, you will generally be due a refund when you file your tax return. If your tax situation changes, or you chose not to have federal income tax withheld and you now want withholding, you should submit a new Form W-4R or make a new election online.



**MANDATORY STATE TAX WITHHOLDING**

In addition to being taxed at the federal level, retirement income may also be taxed at the state level. TIAA withholds state income tax when required by state laws or regulations. The states listed below require the payer of retirement income to withhold state income tax based on that state's withholding rules.

The following are mandatory states:

- |                        |            |                 |                  |
|------------------------|------------|-----------------|------------------|
| ▪ Arkansas             | ▪ Georgia  | ▪ Massachusetts | ▪ North Carolina |
| ▪ California           | ▪ Iowa     | ▪ Michigan      | ▪ Oklahoma       |
| ▪ Connecticut          | ▪ Kansas   | ▪ Minnesota     | ▪ Oregon         |
| ▪ Delaware             | ▪ Maine    | ▪ Mississippi   | ▪ Vermont        |
| ▪ District of Columbia | ▪ Maryland | ▪ Nebraska      | ▪ Virginia       |

**Additional mandatory state tax rules to consider:**

1. If you are a resident of Connecticut and receive a "lump sum" distribution that brings your account balance to zero, the 6.99% tax must be withheld without exception. However, Connecticut mandatory withholding does not apply to payments to estates, trusts or other entities. If you take cash withdrawals, whether or not rollover eligible, you can elect not to have the state tax withheld or select a flat dollar amount of withholding on the Connecticut withholding form. If you receive periodic payments, whether or not rollover eligible, you can elect a code on the state withholding form corresponding to the percentage of tax you want withheld (including zero).
2. The District of Columbia only requires mandatory withholding on a "lump sum" distribution that brings your account balance to zero.
3. If you are a resident of **Iowa** and you are disabled or 55 years of age or older, distributions from a governmental or other pension or retirement plan are exempt from state income taxation.
4. If you are a resident of **Kansas** and the distribution is from a Kansas Board of Regents plan, the distribution may be exempt from tax; therefore, you may elect to have no withholding.
5. If you are a resident of **Michigan** and:
  - You (or your spouse if filing jointly) were born prior to 1946, all benefits from public sources (as defined by the Michigan Department of Treasury) are exempt from Michigan state taxes. Benefits from private sources may be subtracted for a single filer or married filer filing separately or if married filing a joint return for the current tax year. In addition, benefits that will be rolled into another qualified plan or IRA will not be taxable if the amount rolled over is not included in federal adjusted gross income (AGI). Any private pension payment in excess of Michigan income limits is taxable.
  - You (or your spouse if filing jointly) were born during the period 1946 through 1952, a portion of all private and public pension and annuity benefits may be subtracted from Michigan taxable income.
  - You (and your spouse) were born after 1952, all private and public pension and annuity benefits are fully taxable and may not be subtracted from Michigan taxable income.
  - You feel your distribution is not subject to state tax, then you may elect to have no withholding.
6. If you are a resident of **North Carolina** and the distribution is considered exempt under the Bailey/Emory/Patton Settlement, the distribution may be exempt from tax; therefore, you may elect to have no withholding.
7. If you are a resident of **Mississippi** and you receive an early distribution (<59½) or a return of excess contributions from qualified plans, mandatory withholding is required.



**VOLUNTARY STATE TAX WITHHOLDING**

While not all states require that taxes be withheld, there are several states that allow participants to have state taxes withheld voluntarily. You can obtain a withholding election form from TIAA, use the withholding certificate from your permanent state of residence, or send a letter to TIAA identifying the percentage to be withheld if you reside in one of the following states:

- Alabama
- Arizona
- Colorado
- Idaho
- Illinois
- Indiana
- Kentucky
- Louisiana
- Missouri
- Montana
- New Jersey
- New Mexico
- New York
- North Dakota
- Ohio
- Pennsylvania
- Rhode Island
- South Carolina
- Utah
- West Virginia
- Wisconsin

**NON-WITHHOLDING STATE TAX WITHHOLDING**

There are currently ten states that do not impose a state income tax on retirement income. This means that TIAA should not withhold taxes from any of the following states:

- Alaska
- Florida
- Hawaii
- Nevada
- New Hampshire
- South Dakota
- Tennessee
- Texas
- Washington
- Wyoming

Any tax information included in this written or electronic communication was not intended or written to be used, and it cannot be used by the taxpayer, for the purpose of avoiding any penalties that may be imposed on the taxpayer by any governmental taxing authority or agency.

TIAA does not provide tax or legal advice. Please consult your professional tax advisor for assistance with your personal tax matters.



	Nonperiodic Payment		Periodic Payment	
	Rollover Eligible	Non-Rollover Eligible	Rollover Eligible	Non-Rollover Eligible
<b>Tax Withholding Default Rates</b>	Lump Sum or Systematic Withdrawal (nonperiodic/revocable payment streams for a year or less) from a Retirement Annuity, Group Retirement Annuity, Supplemental Retirement Annuity, Group Supplemental Retirement Annuity, Retirement Choice, Keogh, Retirement Transition Benefit, or 457(b) Public		Lump Sum or Systematic Withdrawal (non-periodic/revocable payment streams for one year or less) from an Individual Retirement Account, Required Minimum Distribution, or After-Tax Retirement Annuity	
			Periodic Payments such as Fixed Period Annuities <10 years, Interest Options, or Transfer Payout Annuity	Lifetime Annuities, Minimum Distribution Option, Savings and Investments, Fixed Period Annuities > 10 years, Individual Retirement Annuities (no matter the time frame) or After-Tax Retirement Annuities
Federal	20%	10%	20%	Single with 0 Allowances
Arkansas	5%	3%	5%	Married with 3 Allowances
California	10% of Federal Withholding	10% of Federal Withholding	10% of Federal Withholding	10% of Federal Withholding
Connecticut	6.99%	6.99%	6.99%	6.99%
Delaware	5%	5%	Single with 0 allowances	Single with 0 allowances
District of Columbia	8.95% on full distributions, otherwise the default is no withholding	8.95% on full distributions, otherwise the default is no withholding	No Withholding	No Withholding
Georgia	No Withholding	No Withholding	Married with 3 Allowances	Married with 3 Allowances
Iowa	5%	5%	5%	5%
Kansas	5%	No Withholding	5%	No Withholding
Maine	5%	5%	5%	Single with 0 Allowances
Maryland	7.75%	No Withholding	7.75%	No Withholding
Massachusetts	0 Exemptions	0 Exemptions	0 Exemptions	0 Exemptions
Michigan	4.25%	4.25%	4.25%	4.25%
Minnesota	Single with 0 allowances	Single with 0 allowances	Single with 0 allowances	Single with 0 allowances
Nebraska	5%	5%	5%	Married with 3 Allowances
North Carolina	4%	4%	Single with 0 allowances	Single with 0 Allowances
Oklahoma	5%	5%	Married with 3 Allowances	Married with 3 Allowances
Oregon	8%	8%	Single with 0 Allowances	Single with 0 Allowances
Vermont	30% of Federal Withholding	30% of Federal Withholding	Married with 0 allowances	Married with 3 Allowances
Virginia	4%	4%	0 Exemptions	0 Exemptions

