

State Withholding Rules

Supplement to Special Tax Notice | 403(b) Retirement Plan

Depending on the state in which you have your legal residence, your distribution may be subject to state income tax withholding. How state withholding is taken out and whether you can elect to waive withholding also depends on which state you are residing in.

Three Different Approaches

Generally, state withholding rules fall into one of the following three categories:

- 1 Mandatory State Withholding** — Some states require income tax be withheld from 403(b) plan distributions if federal taxes are being withheld from those payments. Several of these states allow you to elect out of state withholding. Some states withhold at a flat rate. Others allow you to select a different withholding rate.
- 2 Voluntary State Withholding** — Some states do not take out withholding unless you elect it. For these states, if no written withholding election is made, there is no state withholding required.
- 3 No Withholding** — Some states have no income tax on distributions from 403(b) plans.

What You Need To Do

You are responsible for obtaining the necessary income tax withholding forms required by the state in which you live and providing them to us. If you have any questions about the state income tax withholding rules that apply to your payment, contact your tax advisor or your state's Department of Revenue.

