



For assistance, please contact us at 800-243-1574 or visit our website at Virtus.com.

Important Information

- This form is intended to be used for Inherited IRA accounts in which BNY Mellon Investment Servicing Trust Company is the named custodian.
For non-reportable transfers, please complete and submit the appropriate receiving custodian's trustee-to-trustee transfer of assets form.
According to IRS guidelines, an inheritance election must be elected by December 31st of the year following the shareholder's death.
Each beneficiary option may have tax consequences and/or be irrevocable. We strongly suggest that you contact your Financial or Tax Professional to determine the best course of action for your particular situation.

1. IRA Beneficiary Information

Beneficiary, Trustee, Executor, Authorized Representative (or Responsible Individual, if beneficiary is a minor)

Name U.S. Social Security Number
Street Address Email Address
City, State, ZIP Code Mobile Telephone Number

By checking the preceding box, I authorize Virtus Mutual Funds to replace any conflicting information and/or add any missing information to my account records, with regard to the address, email address and telephone numbers provided in this section.

Type of Beneficiary (choose one):

- Spouse - person married to the IRA owner as of their date of death
Non-spouse individual beneficiary of the original owner (if you are the beneficiary of an account already registered as an Inherited IRA choose Successor Beneficiary below)
Minor child of the original IRA owner
An entity such as an estate, charity, or trust (other than a qualified "look-through" trust)
A qualified "look-through" trust; the owner died in 2019 or prior. By choosing this election I affirm I have consulted a qualified tax and/or legal professional and this trust is eligible for life expectancy distributions based on the date of birth of the oldest beneficiary of the trust:
A qualified "look-through" trust; the owner died on or after 1/1/2020. By choosing this election I affirm I have consulted a qualified tax and/or legal professional and affirm the trust meets all requirements for life expectancy distributions to be made based on the date of birth:
Successor beneficiary or second-generation beneficiary (the original owner's beneficiary named you as the beneficiary of their Inherited IRA)

2. Inherited IRA Account Information

Please complete one option below:

- I have an existing Inherited IRA. Account Number:
I am establishing a new Inherited IRA and an Application is attached for (select one):
Inherited Traditional IRA; or
Inherited Roth IRA

Important: If the Inherited IRA is (or was) transferred from another institution, please provide the prior year-end account value.

Prior year-end account value \$

3. Election for One-Time Distribution

Important: Required distributions must generally commence by the end of the year following the year of death. Any amount distributed from an Inherited IRA account cannot be redeposited back into the account. All distributions from Inherited IRAs are reported as a death distribution on IRS Form 1099-R under Code 4 in Box 7.

- Liquidate Entire Account (skip to section 7 Payment Method)
- One-Time Partial Distribution - Dollar Amount \$ _____ (or) Shares _____
(skip to section 5 Distribution Allocation)

4. Election for Systematic Withdrawal

Important: Required distributions must commence by the end of the year following the year of death. Any amount distributed from an Inherited IRA account cannot be redeposited back into the account. All distributions from Inherited IRAs are reported as a death distribution on IRS Form 1099-R under Code 4 in Box 7.

Specify your automatic withdrawal plan type below. Due to passage of the SECURE Act legislation, distribution rules for IRA beneficiaries have changed. You should consult a tax professional prior to completing this form.

- If the original account owner passed away in 2019 or before, complete 4a, skip 4b, and complete 4c
- If the original account owner passed away in 2020 or after, skip 4a and complete 4b and 4c

4a. Systematic Distribution Options – Owner passed on or Prior to December 31, 2019.

- Periodic Distribution of a Specific Dollar Amount** \$ _____. If you choose this option rather than one of the options offered below, you may not meet the RMD requirements for your account. You are responsible for ensuring that RMD requirements are met.

OR

- Periodic Distribution - Five-Year Rule**
Available to designated beneficiaries, trust, charity, entity, or estate beneficiaries when the date of death is prior to the owner's Required Beginning Date for RMDs. This option is always available for Inherited Roth IRAs.

The amount of each payment will vary. The custodian will calculate the amount of each payment by dividing the balance of each fund on the business day prior to each distribution by the remaining number of payments. The number of payments will be based on start date and frequency you select in section 4c and an end date of the 5th year after the year of death provided in section 1. Please note that you are responsible for ensuring that the full balance is redeemed by 12/31 of the 5th year.

OR

- CALCULATE LIFE EXPECTANCY DISTRIBUTIONS – Select one option below.**

This option is available to designated beneficiaries and qualified "look-through" trust beneficiaries regardless of the age of the owner at time of death and to non-qualified "look-through" trust, charity, entity, or estate beneficiaries when the date of death is on or after the owner's Required Beginning Date for RMDs.

- Spouse or a Trust with the spouse as sole beneficiary of the trust which meets the provisions of a qualified "look-through" trust, as defined in IRS Publication 590-B *Distributions from Individual Retirement Arrangements (IRAs)*. Use spouse beneficiary's single life expectancy recalculated each year
- Spouse or a Trust with the spouse as beneficiary of the trust which meets the provisions of a qualified "look-through" trust, as defined in IRS Publication 590-B *Distributions from Individual Retirement Arrangements (IRAs)*. Use spouse beneficiary's single life expectancy calculated in the year following the year of death reduced by one each year thereafter.
- Non-Spouse Beneficiary life expectancy calculated in the year following the year of death reduced by one for each year after.

Note: If the owner died on or after their Required Beginning Date for RMD and had a longer life expectancy based on their age at the time of their death, the owner's life expectancy will be used.

- Qualified "look-through" trust as defined in IRS Publication 590-B *Distributions from Individual Retirement Arrangements (IRAs)* and the owner died in 2019 or prior. By choosing this election I affirm I have consulted a qualified tax and/or legal professional and this trust is eligible to use a life expectancy calculation and I am providing the date of birth of the oldest beneficiary of the trust _____

Month/Day/Year

Note: If the owner died on or after their Required Beginning Date for RMD and had a longer life expectancy based on their age at the time of their death, the owner's life expectancy will be used.

- Charity, estate, or a trust other than a qualified "look-through" trust, or other entity beneficiary. The owner's date of death was on or after their Required Beginning Date for RMDs, and payments are calculated based on the owner's age at the time of their death.

4. Election for Systematic Withdrawal, continued

4b. Systematic Distribution Options – Owner passed on or after January 1, 2020.

- Periodic Distribution of a Specific Dollar Amount** \$_____. If you choose this option rather than one of the options offered below, you may not meet the RMD requirements for your account. You are responsible for ensuring that RMD requirements are met.

OR

Periodic Distribution - Five-Year Rule

Available to trust, charity, entity, or estate beneficiaries when the date of death is prior to the owner's Required Beginning Date for RMDs. This option is always available for Inherited Roth IRAs.

The amount of each payment will vary. The custodian will calculate the amount of each payment by dividing the balance of each fund on the business day prior to each distribution by the remaining number of payments. The number of payments will be based on start date and frequency you select in section 4c and an end date of the 5th year after the year of death provided in section 1. Please note that you are responsible for ensuring the full balance is redeemed by 12/31 of the 5th year.

OR

Periodic Distribution - Ten-Year Rule

This option is available to Designated Beneficiaries who are not Eligible Designated Beneficiaries without regard to whether the date of death is prior to or on/after the owner's Required Beginning Date for RMDs. This option is always available for all Inherited IRAs with a Designated Beneficiary who is not an Eligible Designated Beneficiary.

The amount of each payment will vary. The custodian will calculate the amount of each payment by dividing the balance of each fund on the business day prior to each distribution by the remaining number of payments. The number of payments will be based on start date and frequency you select in section 4c and an end date of the 10th year after the year of death provided in section 1. Please note that you are responsible for ensuring the full balance is redeemed by 12/31 of the 10th year.

OR

CALCULATE LIFE EXPECTANCY DISTRIBUTIONS – Select one option below.

This option is available to Eligible Designated Beneficiaries and qualified "look-through" trust beneficiaries, regardless of the age of the owner at time of death and to a non-qualified trust, charity, entity, or estate beneficiaries when the Date of Death of the Deceased original owner is on or after their Required Beginning Date for RMDs.

- Spouse or a Trust with the spouse as sole beneficiary of the trust which meets the provisions of a qualified "look-through" trust, as defined in IRS Publication 590-B *Distributions from Individual Retirement Arrangements (IRAs)*. Use spouse beneficiary's single life expectancy recalculated each year.
- Spouse or a Trust with the spouse as sole beneficiary of the trust which meets the provisions of a qualified "look-through" trust, as defined in IRS Publication 590-B *Distributions from Individual Retirement Arrangements (IRAs)*. Use spouse beneficiary's single life expectancy calculated in the year following the year of death reduced by one each year thereafter.
- Eligible Non-Spouse Beneficiary life expectancy calculated in the year following the year of death reduced by one for each year after.

Note: If the eligible non-spouse beneficiary is a minor child of the beneficiary who will no longer be an eligible designated beneficiary once they reach majority age they are responsible for ensuring the account is closed by the end of the 10th year following the year they reach the age of majority. These calculated distributions will not close the account automatically.

Note: If the owner died on or after their Required Beginning Date for RMD and had a longer life expectancy based on their age at the time of their death, the owner's life expectancy will be used.

- A qualified "look-through" trust; the owner died on or after 1/1/20. By choosing this election I affirm I have consulted a qualified tax and/or legal professional and affirm the trust meets any and all requirements for life expectancy distributions to be made based on this date of birth _____
Month/Day/Year

Note: If the owner died on or after their Required Beginning Date for RMD and had a longer life expectancy based on their age at the time of their death, the owner's life expectancy will be used.

- Non-qualified trust, charity, entity, or estate beneficiaries when the date of death is on or after the owner's Required Beginning Date for RMDs, and payments are calculated based on the owner's age at the time of their death.

4c. Systematic Distribution Cycle

- Monthly Quarterly Semi-Annually Annually Beginning _____ (Month/Day/Year)

If this form is received after the date selected, it will be processed immediately upon receipt. Future payments will be established with the date listed. If a frequency is not selected, your payments will be distributed annually on the 15th of the next available month.

5. Distribution Allocation

Important: Amounts distributed from an Inherited IRA are not rollover eligible. Amounts mistakenly distributed cannot be redeposited back into the account.

Choose one: Distribute proportionately across all fund positions **OR** Distribute as indicated below:

Fund: _____	Percentage: _____ %
Fund: _____	Percentage: _____ %
Fund: _____	Percentage: _____ %
Fund: _____	Percentage: _____ %
Fund: _____	Percentage: _____ %
Fund: _____	Percentage: _____ %
Fund: _____	Percentage: _____ %
Fund: _____	Percentage: _____ %
Fund: _____	Percentage: _____ %
Fund: _____	Percentage: _____ %

IMPORTANT NOTE: If you choose this option and any fund position noted above is subsequently liquidated, or closed, you are responsible for contacting the custodian to reallocate your fund percentages. Failure to do so could result in delays in the distribution of your assets. The custodian assumes no responsibility for monitoring or adjusting your allocation election in future years. The total for all funds listed must equal 100%. If you require additional space to list funds, please attach a separate sheet with all funds and the percent to take from each fund.

6. Taxes – Applies to all Inherited IRAs including Roth Inherited IRAs.

Federal Withholding

Federal income tax will be withheld at the rate of 10% from any distribution, subject to the IRS withholding rules, unless you elect a withholding rate of 0% below or have previously elected out of withholding. Tax will be withheld on the gross amount of the payment even though you may be receiving amounts that are not subject to withholding because they are excluded from gross income. This withholding procedure may result in excess withholding on the payments. If you elect to have no federal taxes withheld from your distribution, or if you do not have enough federal income tax withheld from your distribution, you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient. You understand that your below election will remain in effect until such time as you make a different election with the Custodian.

- I elect federal income tax withholding of 0%. Do not withhold federal income tax from my distributions.*
- I elect federal income tax withholding of _____% must be a whole percent. You may elect any rate from 1% to 100%.*

See the attached Form W-4R Withholding Certificate for Nonperiodic Payments which has the **Marginal Rate Tables** and **“Suggestion for determining withholding”** instructions. You may use these tables and instructions to help you select the appropriate withholding rate.

*Generally, you can't elect less than 10% federal income tax withholding for payments to be delivered outside the United States and its possessions.

State Withholding

Your state of residence will determine your state income tax withholding requirements, if any. Those states with mandatory withholding may require state income tax to be withheld from payments if federal income taxes are withheld or may mandate a fixed amount regardless of your federal tax election. Voluntary states let individuals determine whether they want state taxes withheld. Some states have no income tax on retirement payments. Please consult with a tax advisor or your state's tax authority for additional information on your state requirements. If you are completing this form, your below election will remain in effect until such time as you make a different election in writing to the Custodian.

- I elect **NOT TO** have state income tax withheld from my retirement account distribution (only for residents of states that do not require mandatory state tax withholding).
- I elect **TO** have the following dollar amount or percentage from my retirement account distribution withheld for state income taxes.
(for residents of states that allow voluntary state tax withholding). \$ _____ or _____ %

7. Payment Method

Please note: If a delivery method is not selected, you selected a method that requires a signature guarantee and you did not obtain the stamp, or if bank documentation is required (original voided check/letter from bank) and it was not submitted, your payment will be issued as a check payable to you and mailed to your address of record. Your delivery method will remain in effect until we receive notice from you requesting a change.

A. Distribution by Mail – Checks are generally mailed within two business days.

- Name and address of beneficiary.
- Special Payee below (*Signature Guarantee required*)

Special Payee Name _____

Special Payee Address _____

B. Direct to Bank Distributions (Signature Guarantee required)

→ *One-Time Distribution* - May be sent to your bank electronically using two methods. ACH will be considered the default method if an election is not made. Choose one:

- Federal Fund Wire – Initiates the next business day. Please check with the receiving custodian for alternative payment instructions. Your bank may charge a fee for this service.
- Automated Clearing House (ACH) – Initiates within one to three business days.

→ *Periodic Payments* - Systematic withdrawals will be sent through the Automated Clearing House (ACH)

IMPORTANT: The form must be submitted at least 10 business days prior to the first transaction for the banking information to be properly verified. If the banking information has not been verified prior to the draft, a check will be issued for that payment.

→ *New Accounts* - If banking information is provided below, it will automatically be added to the account for future transactions, unless otherwise specified.

Please complete the following section and include banking documentation, as indicated below, to have your withdrawals electronically transmitted to your bank account. **The registered shareholder(s) name(s) must appear on the bank account. If the registered shareholder(s) is not listed on the bank account, please contact our office for additional requirements.**

- Type of Account:** **Checking Account** – An original voided check is required. Starter checks and photocopies will not be accepted.
- Savings (or Checking) Account** – A letter from your bank, on bank letterhead, signed by an officer of the bank, confirming the banking information is required.

Bank Name _____

Bank Telephone Number _____

Bank Account Holder's Name(s) _____

Bank Routing Number _____

Bank Account Number _____

C. Purchase into Non-Retirement Account (Signature Guarantee required if the receiving account is not solely in the name of the shareholder)

- Purchase into my existing non-retirement account. Account number: _____
 - Invest proportionally across all funds; or Invest in (Fund Name): _____
 - Invest in (Fund Name): _____
 - Invest in (Fund Name): _____
 - Invest in (Fund Name): _____
- Purchase into a new non-retirement account – Attach a completed New Account Application with investment instructions.

8. Beneficiary Signature

No information provided by the Virtus Mutual Funds shall be considered to be or is advice on which I/we may rely as the primary basis for my/our investment decisions. I/We agree that I/we need to make my/our own decisions, with whatever third-party advice I/we wish to obtain, and I/we agree that I/we are not to rely on any information Virtus Mutual Funds is providing as advice that is a primary basis for my/our decisions. I/We expressly confirm, and by signing below, I/we acknowledge, that none of Virtus Mutual Funds, their distributor, their transfer agent, and their affiliates, has made or is making a recommendation, or has provided or is providing investment advice of any kind whatsoever (whether impartial or otherwise), or is giving any advice in a fiduciary capacity with any decision I/we may make to invest or otherwise proceed with Virtus Mutual Funds.

I certify that I am authorized to make these elections and that all information provided is true and accurate. The custodian is hereby authorized to act as instructed. The custodian may conclusively rely on this certification and authorization without further investigation or inquiry.

I, the undersigned, certify that I fully understand and acknowledge all tax consequences and penalties involved with the elections made on this form. For the purpose of inducing Virtus Mutual Funds, their agents and affiliates to act upon my instructions, I agree to fully indemnify and hold harmless Virtus Mutual Funds, their agents including Virtus Fund Services and BNY Mellon Investment Servicing (US) Inc., and the affiliates, officers, directors, employees, successors and assigns of each, from and against any and all losses, liabilities, claims and costs of whatever kind (including reasonable attorneys' fees) resulting from or caused by transactions made in accordance with these instructions.

Print Name

Signature

Date

9. Signature Guarantee

A **Medallion Guarantee** is required for lump sum distributions that meet the following criteria:

- The distribution is being sent to a bank account (not currently maintained on the account)
- The redemption check is to be made payable to someone other than the shareholder and/or mailed to an address not presently on our records
- The distribution exceeds \$50,000.00
- The address on the account has been updated within 30 days of submitting this request
- The shareholder is signing using an electronic signature

An **SVP (Signature Validation Program) Stamp*** is required for the following circumstances:

- Withdrawals under a Systematic Withdrawal Plan are:
 - To be sent to a bank account (not currently maintained on the account)
 - The check is to be made payable to someone other than the shareholder and/or mailed to an address not presently on our records
 - Exchanged to an account not solely registered to the shareholder
- The shareholder is signing using an electronic signature

*In the event your bank or financial institution does not participate in the SVP Stamp program, we will accept a Medallion Guarantee.

A Medallion Guarantee Stamp may be obtained from an eligible guarantor. Eligible guarantors include Commercial Banks, Trust Companies, Savings Associations and Credit Unions, as defined by the Federal Deposit Insurance Act and registered Broker/Dealers.

An SVP (Signature Validation Program) Stamp may be obtained from eligible members of the Medallion Guarantee Program, including banks, Broker/Dealers, credit unions, national securities exchanges, registered securities associations, clearing agencies and savings associations.

Notarization from a Notary Public is not acceptable.

Please contact your financial institution in advance to determine their supporting documentation requirements, if any.

Place Stamp Here

VIRTUS MUTUAL FUNDS INHERITED IRA DISTRIBUTION REQUEST FORM ADDITIONAL INFORMATION

Neither **Virtus Mutual Funds** nor BNY Mellon IS Trust as custodian guarantees or affirms the appropriateness of the elections made on this form. Your options will depend on your personal circumstance. We do not represent that you will meet your RMD requirements; you should consult a qualified tax professional prior to completing this form.

- It is your responsibility to ensure your withdrawals comply with IRS rules and deadlines.
- This form may not present all available options for calculating your RMD under allowable IRS methods. The options for distribution may be based on several factors, including, but not limited to, the owner's date of death (before or after 1/1/2020), the age of the decedent on the date of death (before or on/after RBD), the age of the beneficiary, and possibly if the beneficiary is related to the deceased. You should consult a qualified tax professional prior to completing this form.
- Inherited IRA assets must be moved into a separate IRA account for the beneficiary by 9/30 of the year after the year in which the owner's death occurred for their required minimum distribution ("RMD") to be calculated using their date of birth (where that option is applicable).
 - Where the original IRA owner's death occurred on or after 1/1/2020, certain designated beneficiaries, some trusts, a charity, an estate, and other entity beneficiaries will be required to distribute the entire IRA balance no later than the end of a specific period of time, either 10 years (for a designated beneficiary that is an individual who is not an Eligible Designated Beneficiary) or 5 years (for an estate, charity, or other entity, including a trust that is not a qualified "look-through" trust).
- RMDs for inherited accounts are generally required under IRS regulations to begin by 12/31 of the year after the year of death of the original account owner. Exceptions to this beginning date apply to spouses of the original owner, who may delay beginning to take RMDs until the year in which the original owner would have reached their first RMD year.
- If the original non-Roth IRA owner passed away on or after his or her required beginning date for taking RMDs, OR you are a Successor beneficiary on either an IRA or a Roth IRA, you may be responsible for taking any remaining RMD for the year-of-death to comply with RMD requirements. This requirement is separate from your requirement to take distributions as a beneficiary if you establish an Inherited IRA.
- RMD calculations are done by BNYM IS Trust as custodian based on the balance in the specified **Virtus Mutual Funds** Inherited IRA or Inherited Roth IRA only.
 - If you have other Inherited IRAs or Inherited Roth IRAs with **Virtus Mutual Funds**, submit a separate form to request RMD calculations for each account.
 - If you have other Inherited IRAs or Inherited Roth IRAs with other institutions, the RMD amount BNYM IS Trust calculates will not include the balance in those separate accounts, you should contact the other institution or consult with a qualified tax professional to determine the required distribution amount.
- Excess distributions cannot be returned to the Inherited IRA account. Please be sure to complete this form carefully to prevent an excess distribution.
- The recent passage of the SECURE Act 2.0 increased the required beginning date for mandatory distributions from age 72 to 73. However, this change only applies to shareholders who turn 72 after December 31, 2022. If you have attained the Required Minimum Distribution ("RMD") age, and this is your first required minimum distribution amount due, it may be distributed either:
 - 1) in the year that you reach your RMD age, or
 - 2) by April 1st of the following year (prior year deferred RMD). You will also be required to remove any RMD amounts due for the current calendar year before December 31st of that year.

Substitute W-4R 2024 - Withholding Certificate for Nonperiodic Payments – For use with IRAs ONLY

Where instructed to provide your withholding election on “line 2” use the space provided on the attached form under “Federal Income Withholding Election.”

2024 Marginal Rate Tables

You may use these tables to help you select the appropriate withholding rate for this payment or distribution. Add your income from all sources and use the column that matches your filing status to find the corresponding rate of withholding. See below for more information on how to use this table.

Single or Married filing Separately		Married filing jointly or Qualifying surviving spouse		Head of household	
Total Income over	Tax rate for every dollar more	Total Income over	Tax rate for every dollar more	Total Income over	Tax rate for every dollar more
\$0	\$0	\$0	\$0	\$0	\$0
14,600	10%	29,200	10%	21,900	10%
26,200	12%	52,400	12%	38,450	12%
61,750	22%	123,500	22%	85,000	22%
115,125	24%	230,250	24%	122,400	24%
206,550	32%	413,100	32%	213,850	32%
258,325	35%	516,650	35%	265,600	35%
623,950*	37%	760,400	37%	631,250	37%

*If married filing separately, use \$380,200 instead for this 37% rate.

General Instructions: Section references are to the Internal Revenue Code.

Future developments. For the latest information about any future developments related to Form W-4R, such as legislation enacted after it was published, go to www.irs.gov/FormW4R.

Purpose of form. Complete Form W-4R to have payers withhold the correct amount of federal income tax from your nonperiodic payment from an employer retirement plan, annuity (including a commercial annuity), or individual retirement arrangement (IRA). See below for the rules and options that are available for each type of payment.

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. Your withholding choice (or an election not to have withholding on a nonperiodic payment) will generally apply to any future payment from the same plan or IRA. Submit a new Form W-4R if you want to change your election.

Nonperiodic payments—10% withholding. Your payer must withhold at a default 10% rate from the taxable amount of nonperiodic payments **unless** you enter a different rate on line 2. Distributions from an IRA that are payable on demand are treated as nonperiodic payments. Note that the default rate of withholding may not be appropriate for your tax situation. You may choose to have no federal income tax withheld by entering “-0-” on line 2. See the specific instructions below for more information. Generally, you are not permitted to elect to have federal income tax withheld at a rate of less than 10% (including “-0-”) on any payments to be delivered outside the United States and its territories.

Note: If you don’t give Form W-4R to your payer, you don’t provide an SSN, or the IRS notifies the payer that you gave an incorrect SSN, then the payer must withhold 10% of the payment for federal income tax and can’t honor requests to have a lower (or no) amount withheld. Generally, for payments that began before 2024, your current withholding election (or your default rate) remains in effect unless you submit a Form W-4R.

Payments to nonresident aliens and foreign estates. Do not use Form W-4R. See Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities, and Pub. 519, U.S. Tax Guide for Aliens, for more information.

Tax relief for victims of terrorist attacks. If your disability payments for injuries incurred as a direct result of a terrorist attack are not taxable, enter “-0-” on line 2. See Pub. 3920, Tax Relief for Victims of Terrorist Attacks, for more details.

Specific Instructions

Line 2 - More withholding. If you want more than the default rate withheld from your payment, you may enter a higher rate on line 2.

Less withholding (nonperiodic payments only). If permitted, you may enter a lower rate on line 2 (including “-0-”) if you want less than the 10% default rate withheld from your payment. If you have already paid, or plan to pay, your tax on this payment through other withholding or estimated tax payments, you may want to enter “-0-”.

Suggestion for determining withholding. Consider using the Marginal Rate Tables above to help you select the appropriate withholding rate for this payment or distribution. The tables are most accurate if the appropriate amount of tax on all other sources of income, deductions, and credits has been paid through other withholding or estimated tax payments. If the appropriate amount of tax on those sources of income has not been paid through other withholding or estimated tax payments, you can pay that tax through withholding on this payment by entering a rate that is greater than the rate in the Marginal Rate Tables.

The marginal tax rate is the rate of tax on each additional dollar of income you receive above a particular amount of income. You can use the table for your filing status as a guide to find a rate of withholding for amounts above the total income level in the table.

To determine the appropriate rate of withholding from the table, do the following. Step 1: Find the rate that corresponds with your total income not including the payment. Step 2: Add your total income and the taxable amount of the payment and find the corresponding rate.

If these two rates are the same, enter that rate on line 2. (See Example 1 below.)

If the two rates differ, multiply (a) the amount in the lower rate bracket by the rate for that bracket, and (b) the amount in the higher rate bracket by the rate for that bracket. Add these two numbers; this is the expected tax for this payment. To get the rate to have withheld, divide this amount by the taxable amount of the payment. Round up to the next whole number and enter that rate on line 2. (See Example 2 below.)

If you prefer a simpler approach (but one that may lead to over withholding), find the rate that corresponds to your total income including the payment and enter that rate on line 2.

Examples. Assume the following facts for Examples 1 and 2. Your filing status is single. You expect the taxable amount of your payment to be \$20,000. Appropriate amounts have been withheld for all other sources of income and any deductions or credits.

Example 1. You expect your total income to be \$62,000 without the payment. Step 1: Because your total income without the payment, \$62,000, is greater than \$61,750 but less than \$115,125, the corresponding rate is 22%. Step 2: Because your total income with the payment, \$82,000, is greater than \$61,750 but less than \$115,125, the corresponding rate is 22%. Because these two rates are the same, enter “22” on line 2.

Example 2. You expect your total income to be \$43,700 without the payment. Step 1: Because your total income without the payment, \$43,700, is greater than \$26,200 but less than \$61,750, the corresponding rate is 12%. Step 2: Because your total income with the payment, \$63,700 is greater than \$61,750 but less than \$115,125, the corresponding rate is 22%. The two rates differ. \$18,050 of the \$20,000 payment is in the lower bracket (\$61,750 less your total income of \$43,700 without the payment), and \$1,950 is in the higher bracket (\$20,000 less the \$18,050 that is in the lower bracket). Multiply \$18,050 by 12% to get \$2,166. Multiply \$1,950 by 22% to get \$429. The sum of these two amounts is \$2,595. This is the estimated tax on your payment. This amount corresponds to 13% of the \$20,000 payment (\$2,595 divided by \$20,000). Enter “13” on line 2.