Clear

Navy Federal®

Roth IRA Direct Conversion

Please return this completed form through one of the following methods:
- ➤ **Digital Banking:** Attach signed form to eMessage
- ➤ **Fax Number:** 703-206-4250
- ➤ **Visit your local branch**
- ➤ **Mail:** PO Box 3001, Merrifield, VA 22119-3001

Access No.	Toll-Free Number
	888-842-6328

The term "IRA" will be used below to mean Traditional IRA or SEP IRA, unless otherwise specified. **Information: This form will be used to initiate the direct conversion of IRA funds from a Traditional or SEP IRA to a Roth IRA. If you do not have an existing Roth IRA plan, a Navy Federal Roth IRA Application *(NFCU form 602A)* must be provided with this application.**

A. Member Information

Name: First	MI	Last	Suffix

Date of Birth *(MM/DD/YY)*	Home Phone No.

B. Important IRA to Roth Conversion Considerations. Please read and acknowledge each statement below by placing a check in the box.

☐ I have been advised that if I have any questions regarding a Roth direct conversion, I must consult a competent tax professional or refer to IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, for more information. This publication is available on the IRS website at **www.irs.gov** or by calling 1-800-TAX-FORM.

☐ I understand that if this Roth conversion is made during or after the year in which I turn age 73, I **cannot** convert any part of my Required Minimum Distribution (RMD). I understand I must distribute my full RMD for all of my IRA(s) prior to requesting this conversion.

C. Navy Federal IRA to Roth Conversion Instructions

Directly convert: ☐ All* ☐ Part of my Navy Federal Traditional/SEP IRA balance to my Navy Federal Roth IRA in the manner listed below.

Gross: Tax withholding will be deducted from the requested converted amount and will reduce the reported conversion amount.

Net: Tax withholding will be additional to the requested converted amount. Not available if "All" is selected.

*If All is selected, automatically will be Gross withholding.

Traditional/SEP IRA No.	Amount to Be Converted	Existing Roth IRA No.**	Tax Withholding
	$		☐ Gross ☐ Net
	$		☐ Gross ☐ Net
	$		☐ Gross ☐ Net

****If you prefer to open a new product under your existing Roth IRA plan, please select from the below options.**

If you do not have an existing Roth IRA plan, a Roth IRA Application *(NFCU form 602A)* must be provided with this application.

Please open a Roth IRA Account:

☐ Roth Savings Account
☐ Roth MMSA
☐ Roth Jumbo MMSA
☐ $50 Min. Roth IRA EasyStart℠
Select Term: ☐ 12 months ☐ 18 months ☐ 24 months

☐ Other _____

Or, choose a Roth Certificate minimum and term:

Minimum:
☐ $1,000 min. ☐ $20,000 min. ☐ $100,000 min.

Short Term:
☐ 3 months ☐ 12 months ☐ 18 months
☐ 24 months

Long Term:
☐ 3 years ☐ 5 years ☐ 7 years

D. Federal Tax Withholding Election *(Form W-4R/OMB No. 1545-0074)*

See Page 2 of this form for the withholding notice information. If you are a non-resident alien, do not complete this section.

Select One:

☐ No Withholding: I do not want any federal tax withheld from my IRA distribution

☐ Federal Withholding: I elect the following percentage to be withheld for federal tax purposes: _____% *(minimum 1.00%)*

☞ **Additional Information on Reverse**

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E. State Tax Withholding Election

Important: Please review the state tax requirements on the attached Form 603A for your state carefully before completing your state withholding election.

Navy Federal can only withhold for the states listed on the attached Form 603A and the District of Columbia. Navy Federal cannot withhold an amount less than the required minimum for your state. If no state tax withholding instructions are provided, we are required to withhold the minimum state tax based on your state on record with Navy Federal.

☐ No State Tax Withholding: Do not withhold any state tax from the IRA distribution**

☐ State Tax *(excluding CA and VT)*: Withhold _____% of the distribution for _____ state income tax

☐ California and Vermont State Tax only: Withhold _____% of the federal tax withheld for _____ state income tax

**Connecticut (CT), Michigan (MI), and Minnesota (MN) residents must complete and return their state tax form with this NFCU 621 form to waive state withholding. (CT: Form CT-W4P), (MI: Form MI-W-4P), or (MN: Form W-4MNP).

F. Signature

I have read and understand the conversion rules, considerations, and conditions on both pages of this form, and I have met the requirements for making a Roth conversion. Due to the important tax consequences of converting funds to a Roth IRA, I have been advised to see a tax professional. All information provided by me is true and correct and may be relied on by Navy Federal Credit Union. I assume full responsibility for this direct conversion transaction and will not hold Navy Federal Credit Union liable for any adverse consequences that may result.

Roth IRA Holder Signature ▶	Date *(MM/DD/YY)*

Rules and Conditions Applicable to Conversions

General Information

A conversion is a way to move money or property from a Traditional or SEP IRA to a Roth IRA. By properly completing this form, you are certifying to the Trustees or Custodians that you have satisfied the rules and conditions applicable to a direct conversion and that you are making an irrevocable election to treat the transaction as a conversion.

Traditional or SEP IRA to Roth IRA Conversion

This form should be used by those members who are requesting conversion from an IRA. This option will be used for funds that are currently in a Navy Federal Traditional or SEP IRA and are being internally converted to a Navy Federal Roth IRA.

Required Minimum Distribution Conversion Restriction

If this conversion is being made during or after the year in which you turn age 73, you **cannot** convert any distribution to the extent that it is a required minimum distribution (RMD) from the distributing IRA. You must distribute your RMD for all of your IRA(s) prior to requesting a Roth direct conversion.

Withholding Notice Information *(Form W-4R/OMB No. 1545-0074)*

Basic Information About Withholding From IRAs

Generally, federal income tax withholding applies to payments made from IRAs.

Purpose of Form W-4R

Unless you elect otherwise, federal income tax will be withheld from payments from IRAs. You can use Form W-4R or a substitute form, such as that contained on this form furnished by the Trustee or Custodian, to instruct your Trustee or Custodian to withhold no tax from your IRA payments *(or to revoke this election)*. This substitute form should be used only for distributions from IRAs that are payable upon demand.

Non-Periodic Payments

Payments from IRAs that are payable upon demand are treated as non-periodic payments for federal income tax purposes. Generally, non-periodic payments must have income tax withheld at a rate not less than 1%.

You can elect to have no income tax withheld from a non-periodic payment *(IRA payment)* by filing Form W-4R or a substitute form with the Trustee or Custodian and checking the appropriate box on that form. Your election will remain in effect for any subsequent distributions unless you change or revoke it.

A US citizen or resident alien may not waive withholding on any distribution delivered outside of the US or its possessions. Distributions to a non-resident alien are generally subject to a tax-withholding rate of 30%. A reduced withholding rate, including exemption, may apply if there is a tax treaty between the non-resident alien's country of residence and the United States, and the non-resident alien submits Form W-8BEN, *Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding*, or satisfies the documentation requirements as provided under the regulations.

For more information, please see Publication 505, *Tax Withholding and Estimated Tax*, and Publication 515, *Withholding of Tax on Non-resident Aliens and Foreign Entities*, available from most IRS offices.

Caution: Remember that there are penalties for not paying enough tax during the year, through either withholding or estimated tax payments. New retirees should see Publication 505. It explains the estimated tax requirements and penalties in detail. *You may be able to avoid quarterly estimated tax payments by having enough tax withheld from your IRA using Form W-4R*.

Revoking the Exemption From Withholding

If you want to revoke your previously filed exemption from withholding, file another Form W-4R with the Trustee or Custodian and check the appropriate box on that form.

Statement of Income Tax Withheld From Your IRA

By January 31 of next year, you will receive a statement from your Trustee or Custodian showing the total amount of your IRA payments and the total federal income tax withheld during the year. Copies of Form W-4R will not be sent to the IRS by the Trustee or Custodian.

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State Tax Withholding Information Sheet

This information is not intended to provide you with complete withholding rules and regulations for state tax withholding. Navy Federal makes every effort to obtain information about state tax law from state revenue authorities, and every effort has been made to ensure its accuracy. Because state tax laws are subject to change, often without prior notice, the accuracy of the information cannot be guaranteed beyond the revision date of the form. Seek professional tax advice if you have questions regarding state withholding requirements that apply to your Traditional and/or SEP IRA distribution. State tax is not required for Roth IRA distributions.

IMPORTANT: Please review the below requirements for your state carefully before completing your state withholding election. Navy Federal **can only withhold for the following listed states and District of Columbia.** Navy Federal **cannot withhold an amount less than the required minimum for your state. If no election is made, the minimum withholding will be taken based on your state on record with Navy Federal.**

It is your responsibility to ensure your state tax election is up to date with Navy Federal by submitting a new 603 form with election updates. Changing your address with Navy Federal will not change your state tax election for IRA distributions.

Arkansas (AR): The minimum withholding rate is 3.00% of the distribution amount. Withholding is required if electing to have federal tax withheld. AR state tax can be waived or increased.

California (CA): The minimum withholding rate is 10.00% of the federal tax withheld amount. CA state tax can be waived or increased. The amount of withholding **cannot** be less than $10. (*Election must be a whole percent.*)

Connecticut (CT): The minimum withholding rate is 6.99% of the distribution. CT state tax can be waived or increased. **CT requires completing and returning form CT-W4P to waive withholding. NOTE:** If you have a CT-W4P form requesting to waive on file with Navy Federal, and it is your last election, you do not need to submit a new CT-W4P form to waive withholding.

Delaware (DE): The minimum withholding rate is 5.00% of the distribution amount. DE state tax can be waived or increased.

District of Columbia (DC): Withholding is mandatory at a rate of 10.75% for lump sum distributions of the full IRA plan balance. This withholding **cannot** be waived. Withholding on partial IRA distributions is not allowed.

Iowa (IA): The minimum withholding rate is 3.80% of the distribution amount. IA state tax can be waived or increased.

Kansas (KS): The minimum withholding rate is 5.58% of the distribution. Withholding is required if electing to have federal tax withheld. KS state tax can be waived or increased.

Maine (ME): The minimum withholding rate is 5.00% of the distribution. Withholding is required if electing to have federal tax withheld. ME state tax can be waived or increased.

Massachusetts (MA): The minimum withholding rate is 5.00% of the distribution. Withholding is mandatory if electing to have federal tax withheld. MA state tax **cannot** be waived if federal tax is withheld. MA state tax can be increased.

Michigan (MI): The minimum withholding rate is 4.25% of the distribution. MI state tax can be waived or increased. **MI requires completing and returning form MI-W-4P to waive withholding. NOTE:** If you have a MI-W-4P form requesting to waive on file with Navy Federal, and it is your last withholding election, you do not need to submit a new MI-W-4P form to waive withholding.

Minnesota (MN): The minimum withholding rate is 6.25% of the distribution. MN state tax can be waived or increased. **MN requires completing and returning form W-4MNP to waive withholding. NOTE:** If you have a W-4MNP form requesting to waive on file with Navy Federal, and it is your last withholding election, you do not need to submit a new W-4MNP form to waive withholding.

Nebraska (NE): The minimum withholding rate is 3.50% of the distribution. Withholding on premature distributions is not allowed regardless of federal tax election. For other than premature distributions, NE state withholding is mandatory if federal tax is withheld and **cannot** be waived. NE state tax can be increased.

North Carolina (NC): The minimum withholding rate is 4.00% of the distribution. Withholding is required if electing to have federal tax withheld. NC state tax can be waived or increased.

Oklahoma (OK): The minimum withholding rate is 4.50% of the distribution. Withholding is mandatory if electing to have federal tax withheld. OK state tax **cannot** be waived if federal tax is withheld. OK state tax can be increased.

Oregon (OR): The minimum withholding rate is 8.00% of the distribution. Withholding is required if electing to have federal tax withheld. OR state tax can be waived or increased. The amount of withholding **cannot** be less than $10.

Vermont (VT): The minimum withholding rate is 30.00% of the federal tax withheld amount. Withholding is mandatory if electing to have federal tax withheld. VT state tax **cannot** be waived if federal tax is withheld. VT state tax can be increased. (*Election must be a whole percent.*)

Virginia (VA): The minimum withholding rate is 4.00% of the distribution amount. VA state tax can be waived or increased.

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