

## Federal Tax Withholding for Beneficiaries

Allianz Life Insurance Company of North America (Allianz) is required to withhold at the default federal income tax withholding rate unless you complete and submit the appropriate IRS Form with your claim request form. The default rate of withholding may not be appropriate for your tax situation.

The guide was created to assist you in understanding which IRS form is required to make a withholding election depending on the death benefit option selected and the type of distribution being paid. Please review this carefully and contact your tax professional regarding any questions you may have about taxation or withholding.

### Qualified Annuities

| Death Benefit Option  | Type of Distribution                                    | Default Rate                | IRS Form to be completed |
|---|---|-----------------------------|--------------------------|
| Option 1: Continue the existing contract (spousal continuation) | Distribution of remaining RMD due for year of death     | 10%                         | IRS Form W-4R            |
|   | Continuation of lifetime income payments                | 10%                         | IRS Form W-4R            |
| Option 2: Receive a lump-sum payment                            | Directly to you   | 10% (or 20% <sup>**</sup> ) | IRS Form W-4R            |
|   | Trustee-to-Trustee Transfer                             | Not applicable              | Not applicable           |
|   | 5 or 10 Year Deferral*                                  | 10%                         | IRS Form W-4R            |
| Option 3: Receive annuity payments                              | Allowable annuity option*                               | Single with no adjustments  | IRS Form W-4P            |
|   | Benefit Deposited with Interest (fixed annuities only)* | 10%                         | IRS Form W-4R            |
| Option 4: Receive payments over life expectancy (stretch)       | Beneficial RMD Payments*                                | 10%                         | IRS Form W-4R            |

\* Any missed or late RMD payments must be distributed at the time of claim processing. The default federal tax withholding rate is 10%. You must complete and submit IRS Form W-4R to make a federal withholding election other than the default.

\*\* Notice for beneficiaries of 403(b) contracts: The minimum 20% withholding requirement applies if the funds are received directly. You may complete and submit IRS Form W-4R to make an election that is greater than the required minimum rate of 20%.

### Non Qualified Annuities

| Death Benefit Option                                      | Type of Payment  | Default Rate               | IRS Form to be completed |
|---|--|----------------------------|--------------------------|
| Option 1: Receive a lump-sum payment                      | Directly to you  | 10%                        | IRS Form W-4R            |
|   | 1035 exchange  | Not applicable             | Not applicable           |
|   | 5 Year Deferral  | 10%                        | IRS Form W-4R            |
| Option 2: Receive annuity payments                        | Allowable annuity option*                              | Single with no adjustments | IRS Form W-4P            |
|   | Benefit Deposited with Interest (fixed annuities only) | 10%                        | IRS Form W-4R            |
| Option 3: Receive payments over life expectancy (stretch) | Beneficial stretch payments                            | 10%                        | IRS Form W-4R            |

\* If the first Annuity Payment is issued after one year from the date of death, the entire taxable portion of the death benefit will be reportable in the year in which the first payment is made. The default federal tax withholding rate is 10%. You must complete and submit IRS Form W-4R to make a federal withholding election other than the default.