

## INCOME TAX WITHHOLDINGS ON ANNUITIES AND LUMP SUMS

### ANNUITIES

The participant either checks box 1 of Form W-4P or completes line 2 and, optionally, line 3 as well.

### LUMP SUM PAYMENTS INELIGIBLE FOR ROLLOVER

The participant either checks box 1 of Form W-4P or completes line 3. Line 2 is inapplicable to a lump sum. If the participant does not check box 1, 10% withholding applies, plus the amount on line 3.

### LUMP SUM PAYMENTS AVAILABLE FOR ROLLOVER

The participant optionally completes line 3 of Form W-4P. Lines 1 and 2 are inapplicable to a lump sum eligible for rollover. Twenty percent withholding applies, plus the amount indicated on line 3, unless the payment is rolled over.

### STATE INCOME TAX WITHHOLDING

Mandatory state income tax withholding on lump sum distributions began in Maryland, July 1, 2005 and in Arkansas and Nebraska, January 1, 2006. In recent years, the withholding rate on lump sum distributions changed in California, Oklahoma, Oregon and Vermont. The following table shows current rates as of December 31, 2007:

State	Lump Sum Withholding	Information about Withholding on Annuities and More Information about Withholding on Lump Sums
AR	Up to 7%	<a href="http://www.arkansas.gov/dfa/income_tax/wh_tax/pdf/withhold.pdf">http://www.arkansas.gov/dfa/income_tax/wh_tax/pdf/withhold.pdf</a>
CA	Up to 10.3%	<a href="http://www.edd.ca.gov/taxrep/de4p.pdf">http://www.edd.ca.gov/taxrep/de4p.pdf</a>
DE	5% (other options)	<a href="http://revenue.delaware.gov/services/wit_folder/section12.shtml">http://revenue.delaware.gov/services/wit_folder/section12.shtml</a>
GA	2%-6%	<a href="http://www.etax.dor.ga.gov/inctax/with_docs/TSD_Withholding_from_Pensions_and_Annuities_G4P.pdf">http://www.etax.dor.ga.gov/inctax/with_docs/TSD_Withholding_from_Pensions_and_Annuities_G4P.pdf</a> <a href="http://www.etax.dor.ga.gov/taxguide/TSD_EMPLOYERS_TAX_GUIDE_REVISION_JANUARY_2007.pdf">http://www.etax.dor.ga.gov/taxguide/TSD_EMPLOYERS_TAX_GUIDE_REVISION_JANUARY_2007.pdf</a>
IA	5% (other options)	<a href="http://www.state.ia.us/tax/forms/44020.pdf">http://www.state.ia.us/tax/forms/44020.pdf</a>
KS	Up to 6.45%	<a href="http://www.ksrevenue.org/pdf/forms/kw100.pdf">http://www.ksrevenue.org/pdf/forms/kw100.pdf</a>
MA	5.3% (other options)	<a href="http://www.mass.gov/Ador/docs/dor/Forms/Wage_Rpt/PDFs/m_4p.pdf">http://www.mass.gov/Ador/docs/dor/Forms/Wage_Rpt/PDFs/m_4p.pdf</a> <a href="http://www.mass.gov/Ador/docs/dor/Publ/PDFS/withhold07.pdf">http://www.mass.gov/Ador/docs/dor/Publ/PDFS/withhold07.pdf</a> or
MD	1.25% to 3.2% or 7.75%	<a href="http://business.marylandtaxes.com/taxinfo/withholding/2008ptables.asp">http://business.marylandtaxes.com/taxinfo/withholding/2008ptables.asp</a> <a href="http://business.marylandtaxes.com/taxinfo/withholding/rollover.asp">http://business.marylandtaxes.com/taxinfo/withholding/rollover.asp</a>
ME	5%	<a href="http://www.maine.gov/revenue/forms/with/w4me.pdf">http://www.maine.gov/revenue/forms/with/w4me.pdf</a> <a href="http://www.maine.gov/revenue/forms/with/2007/whtab_instr_07.pdf">http://www.maine.gov/revenue/forms/with/2007/whtab_instr_07.pdf</a>
MS	3% to 5%	<a href="http://www.mstc.state.ms.us/taxareas/withhold/89-700-revisedFeb2006.pdf">http://www.mstc.state.ms.us/taxareas/withhold/89-700-revisedFeb2006.pdf</a> or <a href="http://www.mstc.state.ms.us/NewRules/Part%20III%20income.pdf">http://www.mstc.state.ms.us/NewRules/Part%20III%20income.pdf</a> (p. 15)
NC	4%	<a href="http://www.dor.state.nc.us/downloads/NC-4P.pdf">http://www.dor.state.nc.us/downloads/NC-4P.pdf</a>
NE	5%	<a href="http://www.revenue.state.ne.us/circ-en/2008/08_circ-en_whole.pdf">http://www.revenue.state.ne.us/circ-en/2008/08_circ-en_whole.pdf</a>
OK	Up to 5.5%	<a href="http://www.tax.ok.gov/publicat/08whpkt.pdf">http://www.tax.ok.gov/publicat/08whpkt.pdf</a>
OR	9% (other options)	<a href="http://www.oregon.gov/DOR/BUS/docs/206-430.pdf">http://www.oregon.gov/DOR/BUS/docs/206-430.pdf</a>
VA	4%	<a href="http://www.tax.virginia.gov/web_pdfs/busForms/withholding_instructions_08.pdf">http://www.tax.virginia.gov/web_pdfs/busForms/withholding_instructions_08.pdf</a> <a href="http://www.tax.virginia.gov/web_pdfs/busForms/va4p.pdf">http://www.tax.virginia.gov/web_pdfs/busForms/va4p.pdf</a> or <a href="http://www.tax.virginia.gov/web_pdfs/busForms/withholdingtables08.pdf">http://www.tax.virginia.gov/web_pdfs/busForms/withholdingtables08.pdf</a>
VT	2.7% or 5.4%	<a href="http://www.state.vt.us/tax/pdf.word.excel/business/wh-tables.pdf">http://www.state.vt.us/tax/pdf.word.excel/business/wh-tables.pdf</a> or <a href="http://www.state.vt.us/tax/pdf.word.excel/business/wh-instr.pdf">http://www.state.vt.us/tax/pdf.word.excel/business/wh-instr.pdf</a>
Other	0%	No withholding

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