Roth IRA Withdrawal Options

Knowing when and how to access your Roth IRA savings

Retirement income options available with your Roth IRA

You may select up to two distribution options each calendar year. A transfer or rollover out of your account is considered one distribution.

Please remember that the taxable portion of your distribution is taxed as ordinary income for the year in which you withdraw it. Withdrawals using these options may be subject to 10% federal income tax withholding unless you elect no withholding. We do not withhold state taxes. The money can be sent to you as a check or electronically deposited in your checking or savings account.

Here are the ways you can receive income from your account:

1. **Monthly Withdrawal Option:** You may elect to receive a fixed dollar amount ($100 minimum per month). The length of time these distributions continue (unless you stop or change them) may vary according to the performance of your investment options.

2. **Quarterly Interest Retirement Option (QIRO):** If you choose this option, you will receive a check after each quarter for the amount of interest earned in your Prudential Guaranteed Account, minus the administrative fees on your guaranteed account.

3. **Partial Lump-Sum Withdrawal:** $500 minimum per withdrawal.

4. **Lump-Sum Withdrawal:** You may withdraw your entire account balance at once.

5. **Period Certain Withdrawal:** You can choose to have your account balance paid to you over a specific period of time.

For more information about your retirement income options, please contact us at 1-800-279-4030.

Effective January 2013.

Policies and programs described are subject to change at any time.
Accessing your Roth IRA account
This brochure describes the ways you can choose to receive income from your Roth IRA. With a Roth IRA, contributions are made with after-tax funds. Earnings grow tax-deferred and will be tax-free upon withdrawal if part of a qualified distribution.

The withdrawal rules for a Traditional IRA account are different from a Roth IRA. If you have a Traditional IRA, please refer to the brochure Traditional IRA Withdrawal Options.

What are qualified distributions from my Roth IRA?
A qualified distribution requires both of the following conditions be met:
1. Assets must be held in a Roth IRA for at least five taxable years (beginning with the first taxable year for which you contributed to any Roth IRA).
2. The occurrence of one of the following:
   • Account owner reaches age 59½.
   • Account owner is disabled.
   • Account owner purchases a first home.
   • Death of the account holder.

Can I take a distribution from my Roth IRA before I meet the above events?
Yes, you can take a distribution from your Roth IRA at any time. Contributions are withdrawn first and are always tax and penalty free. You will, however, be required to pay taxes on any withdrawn earnings.

Will the 10% tax penalty apply to early distributions from my Roth IRA?
Yes, you will be required to pay the 10% penalty on any withdrawn earnings, unless you meet one of the penalty exceptions.

What are the Roth IRA penalty exceptions?
You can take nonqualified distributions from your Roth IRA for the following purposes (without IRS early withdrawal penalties):
• Unreimbursed medical expenses that exceed 7.5% of your adjusted gross income.
• Federal tax levy.
• You are the beneficiary of a deceased Roth IRA owner.
• Medical insurance premiums while unemployed (if receiving unemployment compensation).
• You reach age 59½.
• A first-time home purchase ($10,000 maximum).
• Qualified higher education expenses for you, your spouse, your children, or your grandchildren.
• Equal periodic payments taken over the course of your life expectancy.
• You are disabled.

If your distribution is not a qualified distribution but is for one of the above purposes, you will be required to pay taxes on withdrawn earnings, but you will not have to pay the 10% penalty tax.

For example, if you take a distribution to pay for college expenses for your child but have not held your account for at least five years, you are exempt from the 10% penalty. However, you are required to pay taxes on any withdrawn earnings.

Do I have to take distributions from my Roth IRA at age 70½?
No. Unlike the Traditional IRA, which requires you to take minimum distributions, the Roth IRA does not. However, your beneficiary will be required to take minimum required distributions based on his or her life expectancy.

If I have made regular contributions to a Roth IRA and have converted a Traditional IRA to my Roth IRA account, how do I determine which order applies to distributions?
The IRS rules consider withdrawals in the following order:
• Roth IRA contributions.
• Roth IRA conversions (each conversion requires a separate five-year holding period).
• Earnings.

Since I have already paid taxes on my contributions, will I need to pay taxes again on the contributions when I take distributions?
No. You may withdraw your contributions at any time with no tax or penalty.

One of the advantages to saving with a Roth IRA is the ability to withdraw your contributions if you have an unforeseen circumstance. However, removing your contributions will reduce your ability to fully realize the most important benefit of the Roth IRA—long-term, tax-free growth.

Tax reporting and withholding
Taxes (and possible early withdrawal penalties) may apply to distributions received from your Roth IRA. We will send you Form 1099R, summarizing your withdrawal activity, which you should use when preparing your income tax returns.

Note: You are required to report your withdrawals and file Form 8606 with your tax return even if you take a nontaxable distribution that is equal to or less than your total contributions to all of your Roth IRAs.