

State Tax Withholding Service.

The **SEI Advisor Center State Tax Withholding Service** will calculate and withhold the mandatory withholding state tax based upon the rules of the individual state. States where withholding is considered voluntary can also be calculated, however, the amounts will default to zero. The default can be overwritten with a minimum percentage equal to the minimum amount of state withholding allowed for that particular state.

The user can enter a dollar value or a percentage and the system will determine if the amount meets the state minimum guidelines. If the percentage or dollar amount is under the minimum, the system will prompt the user to change it to the minimum or to zero out the state withholding amount. As with federal withholding, a user may waive the state withholding if allowed by the state.

The current list of mandatory states subject to withholding are listed in the chart below along with the calculation type, withholding rate, and other unique tax related characteristics for that state. If the owner is a legal resident of one of these states, the platform will automatically calculate and withhold the amount. Generally, the following types of accounts are subject to state withholding: Traditional IRA, SEP IRA, SIMPLE IRA, Inherited Traditional IRA, and 403b.

Definition of columns within the charts:

- › **State** - This is the two digit postal state abbreviation for the U.S. state.
- › **Calculation Type** - There are two options to calculate the state withholding.
 - **Percentage of Gross**: Calculate the state withholding based upon a percentage of the gross amount of the disbursement before any fees.
 - **Percentage of Federal**: Calculate the state withholding based upon a percentage of the federal withholding amount. Therefore, the federal withholding amount will be calculated first. Also, if the federal withholding is waived, the calculation of the state withholding would default to zero.
- › **Default Percentage** - The state withholding will be calculated and defaulted on the screen based upon this percentage indicated for that state. Voluntary states will default to a zero (waived).
- › **Minimum Percentage** - Some states have a minimum state withholding percentage. The user may elect to withhold a larger percentage but may not go below the minimum unless the withholding is waived.
- › **Minimum Dollar Withholding** - In some states, a state will require a minimum withholding. If a disbursement is below the minimum requirement, the SEI Wealth Platform will calculate a higher percentage withholding to meet the minimum dollar amount.
- › **Minimum Gross Amount** - In some states, a state requires the overall disbursement to meet a certain dollar threshold before it allows for withholding. If the distribution is under this gross amount, it will not allow for withholding even if the state is mandatory.
- › **Smallest Denomination (Rounding)** - Some states requires withholding to be rounded to a whole dollar amount. If this is the case, the SEI Wealth Platform will calculate a higher percentage withholding to meet the rounding requirement.
- › **Waiver Option** - States have rules when a disbursement can waive the state tax withholding.
 - **Allow Waiver of State withholding**: This means the state withholding can be waived even if federal withholding is still being applied to the disbursement. It should be noted that voluntary states are set to this rule because the default rate for voluntary states will be zero.
 - **Allow State withholding waiver only when Fed WH is waived**: This means the state withholding can be waived only when the federal withholding is also waived. However it does not require the state withholding to be waived if the federal withholding is waived.
 - **Automatically waived when Fed is waived**: This means that if the federal withholding is waived, the state withholding is waived as well.

Mandatory States

State	Calculation Type	Default %	Min %	Min \$ Withholding	Min Gross Amount	Smallest Denomination	Waiver Option
AR	% of Gross	3.0%	0%		\$200		Allow Waiver of State Withholding
CA	% of Federal	10.0%	0%				Allow Waiver of State Withholding
CT	% of Gross	6.99%	0%				Allow Waiver of State Withholding
DC	% of Gross	10.75%	10.75%				Allow Waiver of State Withholding
DE	% of Gross	5.0%	5.0%				Allow State withholding waiver only when Fed WH is waived
GA	% of Gross	2%	2%				Allow Waiver of State Withholding
IA	% of Gross	5.0%*	5.0%			To the nearest whole dollar	Allow State withholding waiver only when Fed WH is waived*
KS	% of Gross	5.0%	5.0%		\$200		Allow State withholding waiver only when Fed WH is waived
MA	% of Gross	5.0%	0%				Allow State withholding waiver only when Fed WH is waived
ME	% of Gross	5.0%	5.0%			To the nearest whole dollar	Allow State withholding waiver only when Fed WH is waived
MN	% of Gross	6.25%	0%			To the nearest whole dollar	Allow Waiver of State Withholding
MO	% of Gross	4.95%	0%	\$10		To the nearest whole dollar	Allow Waiver of State Withholding
MS	% of Gross	5.0%	0%			To the nearest whole dollar	Allow Waiver of State Withholding
NC	% of Gross	4.0%	4.0%		\$200	To the nearest whole dollar	Allow Waiver of State Withholding
NE	% of Gross	5.0%	5.0%				Allow State withholding waiver only when Fed WH is waived
OK	% of Gross	4.75%	4.75%			To the nearest whole dollar	Allow Waiver of State Withholding
OR	% of Gross	8.0%	8.0%	\$10			Allow Waiver of State Withholding
VT	% of Federal	30.0%	30.0%				Allow State withholding waiver only when Fed WH is waived

*Iowa does not require withholding if the owner is over 55, disabled, or a surviving spouse.

Last Updated: February 5, 2024. This information is subject to change anytime there are updates to state laws around IRA and retirement withholding regulations.

Voluntary States

State	Calculation Type	Default %	Min %	Min \$ Withholding	Smallest Denomination	Waiver Option
AL	% of Gross	0%	5.0%			Allow Waiver of State Withholding
AZ	% of Gross	0%	0.5%			Allow Waiver of State Withholding
CO	% of Gross	0%	4.4%			Allow Waiver of State Withholding
ID	% of Gross	0%	5.8%		To the nearest whole dollar	Allow Waiver of State Withholding
IL	% of Gross	0%	0%			Allow Waiver of State Withholding
IN	% of Gross	0%	0%	\$10		Allow Waiver of State Withholding
KY	% of Gross	0%	4.0%			Allow Waiver of State Withholding
LA	% of Gross	0%	0%			Allow Waiver of State Withholding
MD	% of Gross	0%	0%	\$5	To the nearest whole dollar	Allow Waiver of State Withholding
MI	% of Gross	0%	0%			Allow Waiver of State Withholding
MT	% of Gross	0%	0%	\$10	To the nearest whole dollar	Allow Waiver of State Withholding
ND	% of Gross	0%	1.5%		To the nearest whole dollar	Allow Waiver of State Withholding
NJ	% of Gross	0%	0%	\$10	To the nearest whole dollar	Allow Waiver of State Withholding
NM	% of Gross	0%	1.7%	\$10		Allow Waiver of State Withholding
NY	% of Gross	0%	0%	\$5		Allow Waiver of State Withholding
OH	% of Gross	0%	0%			Allow Waiver of State Withholding
PA	% of Gross	0%	3.07%			Allow Waiver of State Withholding
RI	% of Gross	0%	0%			Allow Waiver of State Withholding
SC	% of Gross	0%	0%			Allow Waiver of State Withholding
UT	% of Gross	0%	0%			Allow Waiver of State Withholding
VA	% of Gross	0%	4.0%			Allow Waiver of State Withholding
WI	% of Gross	0%	0%	\$5		Allow Waiver of State Withholding
WV	% of Gross	0%	0%		To the nearest whole dollar	Allow Waiver of State Withholding

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No Withholding States

States that do NOT allow tax withholding are listed below:

Alaska (AK), Florida (FL), Hawaii (HI), Nevada (NV), New Hampshire (NH), South Dakota (SD), Tennessee (TN), Texas (TX), Washington (WA), and Wyoming (WY).

No US Territories currently allow for State Tax Withholding.

If a client resides in one of the above states, the user will not be able to enter any amount for state tax withholding and the state withholding box will not appear on the disbursement screen.

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If you have questions regarding the State Tax Withholding Service, please contact the Service Team at 1-800-734-1003.