

Helping you make sense of tax withholding rules for your IRA

Twice a year Vanguard Fiduciary Trust Company—the custodian of your Vanguard IRA®—reminds you of your right to change the amount of federal income tax withheld, if any, from your Vanguard IRA withdrawals. **If you're satisfied with your current withholding status, you don't have to do anything; your current election will remain in effect.**

If you'd like, you can change the percentage we withhold from your withdrawals (also known as distributions), change the funds from which we take withholding, or cancel withholding altogether.

For U.S. citizens or resident aliens

Unless you've instructed us not to withhold taxes, the IRS requires us to withhold at least 10% of distributions from traditional, SEP, and SIMPLE IRAs. *If your distributions are delivered outside the U.S. and its possessions we are required to withhold 10% federal income tax.*

If you waive federal tax withholding, you may still owe federal and state income tax on the taxable portion of your IRA distributions. If your estimated tax payments and withholdings don't meet your tax obligations, you may be subject to IRS and state penalties.

If you elect federal tax withholding, for certain states we'll also withhold state income tax according to Vanguard's application of withholding rules for the state in the account's address of record. We'll withhold at the state minimum rate unless you request a higher rate.

Please note:

- If you waive federal withholding, we'll no longer withhold state income tax either. (Residents of some states, however, can waive federal withholding but still apply state withholding.)
- Not all states require that we take state withholding if federal withholding is elected.

Please see the enclosed Applicable State Tax Withholding document for state withholding rates.

Special rules for addresses outside the U.S.

If your account is registered to an address outside the U.S., we're required to presume your tax status to be foreign and subject the distribution to 30% federal withholding unless one of the following applies:

- **You're a U.S. person (including a resident alien) and we have a valid IRS Form W-9 on file.** Please note that if your distribution is to be delivered outside of the U.S. and its possessions, we're required to apply 10% federal withholding to your distribution. You can't elect out of federal income tax withholding for distributions delivered outside the U.S. and its possessions.
- **You're not a U.S. person and we have a valid IRS Form W-8BEN on file on which you've claimed tax treaty benefits.** If you're eligible for a reduced withholding rate based on a tax treaty your country with the U.S., you may claim the reduced rate by completing an electronic Form W-8BEN, including the section titled "Claim of Tax Treaty Benefits," and providing either your U.S. taxpayer identification number (TIN) or your foreign TIN. If your form and treaty claim are valid, the reduced rate may be applied.

If you have an address outside the U.S. and aren't sure whether we have a Form W-9 or Form W-8BEN on file for your account, please contact us for further assistance.

To change your federal or state withholding election(s), log in to [vanguard.com](https://www.vanguard.com). Thank you for belonging to the Vanguard community of investors.

(over)

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When taking withdrawals from an IRA before age 59½, you may have to pay ordinary income tax plus a 10% federal penalty tax.

Vanguard IRA custodial services are provided by Vanguard Fiduciary Trust Company, a trust company incorporated under the Pennsylvania banking laws and operated under the supervision of the Pennsylvania Department of Banking.

Applicable state tax withholding

For mutual fund-only accounts

The information in this table is our application of state requirements as of March 31, 2022. States may change their requirements at any time. Although a state may allow more than one method to calculate state tax withholding, Vanguard uses the method listed below.

Note: We won't withhold state tax for states not listed in this chart.

State	Minimum state withholding required if federal withholding is taken	If federal withholding is taken, can you waive state withholding? ¹
Arkansas	Specified by the state wage tables	Yes
California	Specified by the state wage tables	Yes
Connecticut ²	Specified by the state wage tables	Yes ²
Delaware	Specified by the state wage tables	Yes
Georgia	Specified by the state wage tables	Yes
Indiana, Louisiana, Maryland, Montana, New Jersey, New Mexico, New York, Utah, and Wisconsin	Any dollar amount or percentage of your distribution	Yes
Iowa ³	Specified by the state wage tables	No
Kansas ³	Specified by the state wage tables	No
Maine	Specified by the state wage tables	No
Massachusetts	5% of your distribution amount	No
Michigan	4.25% of your distribution amount	Yes
Mississippi	5% of your distribution amount ⁴	No
Missouri ⁵	5.3% of your distribution amount	Yes
Nebraska	Specified by the state wage tables	No
North Carolina	4% of your distribution amount	Yes
Oklahoma	Specified by the state wage tables	Yes
Oregon	Specified by the state wage tables ⁶	Yes
Vermont	30% of your federal withholding amount	Yes

¹If you tell us not to withhold federal income tax, we won't withhold any amount for state income tax unless your state specifies a different policy.

²Vanguard withholds the minimum amount required by Connecticut, unless we receive IRS Form CT-W4P.

³Follows the cumulative wage withholding method.

⁴Mississippi requires state income tax withholding only if you've taken an early or excess distribution subject to the 10% federal penalty tax.

⁵State tax may be withheld regardless of your federal withholding election.

⁶Withholding won't apply if the calculated withholding is less than \$10.

For mutual funds held in a Vanguard Brokerage Account

The information in this table is our application of state requirements as of March 31, 2022. States may change their requirements at any time. Although a state may allow more than one method to calculate state tax withholding, Vanguard uses the method listed below.

Note: We won't withhold state tax for states not listed in this chart.

State	Minimum state withholding required if federal withholding is taken	If federal withholding is taken, can you waive state withholding?*
Arkansas	3% of your distribution amount	Yes
California	10% of your federal withholding amount	Yes
Connecticut**	6.99% of your distribution amount <i>(withholding must be at least \$10)</i>	Yes**
Delaware	5% of your distribution amount	Yes
Georgia	Any dollar amount or percentage of your distribution	Yes
Indiana***	Any dollar amount or percentage of your distribution <i>(withholding must be at least \$10)</i>	Yes
Iowa	5% of your distribution amount	No
Kansas	5% of your distribution amount	No
Louisiana***	Any dollar amount or percentage of your distribution	Yes
Maine	5% of your distribution amount	No
Maryland***	Any dollar amount or percentage of your distribution <i>(withholding must be at least \$5)</i>	Yes
Massachusetts	5% of your distribution amount	No
Michigan	4.25% of your distribution amount	Yes
Mississippi†	5% of your distribution amount	No
Missouri***	5.3% of your distribution amount	Yes
Montana***	Any dollar amount or percentage of your distribution	Yes
Nebraska	5% of your distribution amount	No
New Jersey***	Any dollar amount or percentage of your distribution <i>(withholding must be at least \$10)</i>	Yes
New Mexico***	Any dollar amount or percentage of your distribution <i>(withholding must be at least \$10)</i>	Yes
New York***	Any dollar amount or percentage of your distribution <i>(withholding must be at least \$5)</i>	Yes
North Carolina	4% of your distribution amount	Yes
Oklahoma	5% of your distribution amount	Yes
Oregon	8% of your distribution amount <i>(withholding must be at least \$10)</i>	Yes
Utah***	Any dollar amount or percentage of your distribution	Yes
Vermont	30% of your federal withholding amount	Yes
Washington, D.C.	10.75% of your distribution amount	Yes
Wisconsin***	Any dollar amount or percentage of your distribution <i>(withholding must be at least \$5)</i>	Yes

*If you tell us not to withhold federal income tax, we won't withhold any amount for state income tax unless your state specifies a different policy.

**Vanguard withholds the minimum amount required by Connecticut, unless we receive IRS Form CT-W4P.

***State tax may be withheld regardless of your federal withholding election.

†Mississippi requires state income tax withholding only if you've taken an early or excess distribution subject to the 10% federal penalty tax.

Based on the types of accounts you have with Vanguard, the method we use to calculate your state tax withholding may be different.

For more information, contact your state's department of revenue.

Vanguard funds not held in a brokerage account are held by The Vanguard Group, Inc., and are not protected by SIPC. Brokerage assets are held by Vanguard Brokerage Services, a division of Vanguard Marketing Corporation, member FINRA and SIPC.