



AZZAD®

## IRA Distribution Form Instructions

### Step 1. Read the frequently asked questions about IRA distributions.

The following pages include important information about IRA distributions. If you have any questions, please call us at 703-207-7005.

### Step 2. Complete the attached form.

- A. Please fill in all information. You can find the three-digit account number on your quarterly account statement or call us at the number above.
- B. Indicate the amount of money you want to receive, and make the appropriate choices. Check the reason you are receiving this distribution. (A box must be checked for tax reasons).
- C. Fill in appropriate information about how much federal taxes you want withheld.
- D. Please sign and date this form.
- E. Please mail it to: Mutual Shareholder Services C/O Azzad Funds 8000 Town Centre Drive, Suite 400 Broadview Heights, OH 44147.

## Frequently Asked Questions:

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### Will I incur penalties or taxes if I receive a distribution from my traditional IRA?

- **If you are age 59 ½ or older**, you will pay taxes on the amount you receive, but you will generally not pay any penalties.
- **If you are under age 59 ½**, you will pay taxes on the amount you receive. You may avoid a 10% premature-distribution penalty if you are in the following categories:
  1. **First-Time Home Purchase.** You, your spouse, children, grandchildren, your ancestors, or your spouse's ancestors will use the distribution to pay for certain costs of buying a home for the first time. To qualify as a first-time homebuyer, you must not have owned a residence during the two years prior to buying a home.
  2. **Medical Expenses.** You will use the distribution to pay medical expenses that are more than 7.5% of your adjusted gross income (AGI).
  3. **Health Insurance Premiums.** You will use the distribution to pay for health insurance for you, your spouse or dependents. You are eligible if you have received unemployment compensation under federal or state law for at least 12 weeks. A self-employed individual who is not eligible for unemployment compensation is also eligible after 12 weeks of unemployment. Distributions must be taken in the year unemployment compensation is received or the following year.
  4. **Higher Education Expenses.** You will use the distribution to pay for tuition, fees, books, supplies, equipment, and eligible room and board expenses for you, your spouse, children and grandchildren. The total dollar limit allowed is the total of all qualified costs reduced by any scholarship or tax-free educational benefits received by the student.
  5. **Disability.** IRA owners who are permanently disabled do not have to pay the 10% penalty. We require a physician's written determination of disability.

6. **SEPP (Substantially Equal Periodic Payments).** Individuals who are younger than 59 ½ can avoid the 10% penalty by taking distributions according to a specific formula. Consult with your tax professional or CPA for specifics on this provision.
7. **Death.** Beneficiaries who take death distributions from an IRA are not subject to the IRS penalty, regardless of their age. The beneficiary is responsible for any income tax due on the distribution.
8. **Distribution of Excess Contributions.** An excess contribution typically occurs when the IRA owner contributes more to an IRA than is allowed by law. The following are examples of excess contributions:
  - A traditional IRA contribution made by an individual who is over age 70 ½
  - A tax year contribution that exceeds the legal limit.
  - Funds rolled over or converted that are not eligible to be treated as rollovers or conversions.

IRA owners may choose to treat a contribution as excess because they simply no longer want to contribute to their IRA. The IRA owner must withdraw the contribution by the IRA owner's tax-filing due date. After that date, the IRS no longer treats it as an excess contribution.

### **Will I incur penalties or taxes if I take a distribution from my Roth IRA?**

It depends on how your Roth IRA or IRAs were funded and how they grew in value over time. When you choose to receive a distribution from a Roth IRA, the law treats all your Roth IRAs as one big IRA. The money is distributed in this order:

1. Money that you or your spouse contributed. This money is always tax-free and penalty free.
2. Money that was converted from another type of account to a Roth IRA. This money is not taxed when you receive it as a distribution. But you will pay a 10% penalty if you are younger than 59 ½ and you have held the Roth IRA for less than 5 years. You can avoid that 10% penalty if you plan to use the distribution in one of the eight ways listed in the previous question.
3. Earnings in the Roth IRA. You can avoid paying a 10% penalty and taxes if you have held the account more than 5 years and receive the distribution for one of the following reasons:
  - a. Age 59 ½ or older
  - b. Death
  - c. Permanent Disability
  - d. First-time home purchase

The only time you will pay a 10% penalty on Roth earnings is if you take a distribution prior to age 59 ½. If you receive a distribution before you have held the account for five years and do not use it for one of the eight reasons listed in the previous question, you will pay taxes on the earnings.

**Retain this frequently asked questions page for your records.**



AZZAD®

## IRA Distribution Form

Please print clearly. Call us at 703-207-7005 if you have any questions.

### A. Information About Your IRA Account:

Full Name (Please print)

Account Number

Street Address

City

State

Zip Code

Daytime Telephone Number

Date of Birth

Social Security Number

Account Type:  Traditional  Roth  Simple  SEP  IRA Rollover

### B. Distribution Instructions:

How much would you like to receive? (check only one)

- Please distribute \$ \_\_\_\_\_ from fund \_\_\_\_\_
- Please distribute entire amount in my account and close my account.

Distribution Type: (check only one)

- 60 day IRA Rollover
- Lump Sum
- Partial Payment

Reason for Distribution (see frequently asked questions for more information): (check only one)

- Normal distribution. You must be at least 59 ½ years old to make this selection.
- Premature (you are under 59½). You will incur an early withdrawal penalty.
- Allowed premature distribution.
- Permanent disability. You must attach document(s) from a doctor that verifies your disability.
- Death of original IRA account owner. You must attach a copy of the death certificate. We will verify that the beneficiary instructions allow the distribution.
- Prohibited transaction. You were not eligible to make an IRA contribution.
- Return of excess contribution made in the previous tax year. We will calculate and return any earnings attributable to the excess contribution.  
Amount of excess contribution \$ \_\_\_\_\_ Tax year: \_\_\_\_\_
- Return of excess contribution made in the current tax year. We will calculate and return any earnings attributable to the excess contribution.  
Amount of excess contribution \$ \_\_\_\_\_ Tax year: \_\_\_\_\_

### C. Tax Withholding Instructions:

IRA owners must choose whether to have money withheld for federal income tax purposes. If no option is made, we will automatically withhold 10%. (check only one)

1.  I choose **not** to have Federal income tax withheld from my IRA distribution.
2.  I choose **to have** Federal income tax withheld from my IRA distribution:
  - a. Withhold the following dollar amount: \$ \_\_\_\_\_
  - b. Withhold the following percentage: \_\_\_\_\_%

**Notice of Withholding on Distributions**

The distributions you receive from your Azzad Funds IRA are subject to Federal Income tax withholding, unless you elect not to have withholding apply. You may elect **not** to have withholding apply to your distributions by checking the appropriate box on the other side. Be sure to sign and date this form.

If you elect not to have withholding apply to your distribution, or if you do not have enough Federal income tax withheld, you may be responsible for payment of estimated taxes. You may incur penalties under the estimated tax rules, if your withholding and estimated tax payments are not sufficient.

Based on the type of distribution you have selected on the front, it is your responsibility to determine the correct amount of tax due based on all IRA accounts you may own.

*I certify under penalty of perjury, that my social security number shown on this form is correct.*

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Signature

Date

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*Signature Guarantee Stamp*

**A Signature Guarantee is required only if:**

- **You are a beneficiary taking a death distribution.**
- **Your check is to be sent to an address other than the address on record.**

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### **Important Notice for Roth, Simple, and SEP IRA Holders**

**Roth IRA:** Distributions from a Roth IRA which are attributable to either converted amounts or earnings may be taxed as ordinary income and subject to a 10% early withdrawal penalty unless certain requirements are met.

**Simple IRA:** Distributions from a Simple IRA prior to age 59 ½ and within the first two years of participating in an employer's Simple IRA Plan may be subject to a 25% withdrawal penalty.

**SEP IRA:** Per IRS Regulation 4972, an excess contribution in a SEP IRA automatically becomes your IRA contribution for the year in which the excess occurred. The amount of excess on this form will be coded as your regular (non-SEP) IRA contribution. Should this IRA contribution result in an excess in your regular (non-SEP)IRA, you may remove the IRA excess by submitting a written request attached to this form.

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**Please Return this Form to:  
Azzad Funds  
C/O Mutual Shareholder Services  
8000 Town Centre Drive  
Suite 400  
Broadview Heights, OH 44147**