

1099-R NEWS

2015

Introduction to Your Form 1099-R

Your 2014 Form 1099-R is scheduled to be mailed by the end of January 2015. The form provides the details concerning the benefit distributions you received during the 2014 tax year and should be used in filing your 2014 federal income taxes.

This newsletter describes different situations that could apply to the many retirees and beneficiaries who received distributions in 2014. Not all of the situations described in this newsletter will apply to you.

We have coded your Form 1099-R in accordance with the tax law. However, if you believe you have received an

incorrect Form 1099-R considering the descriptions in this newsletter, please contact the Member Services Contact Center. The Contact Center may be reached in Juneau at (907) 465-4460 or toll-free at (800) 821-2251 Monday through Thursday from 8:30 a.m. to 4 p.m. and Friday from 8:30 a.m. to 3 p.m. Alaska Time. You can also contact the Division by email at doa.drb.retireepayroll@alaska.gov.

Note: To determine how your distributions may impact your individual tax situation, please contact your tax consultant or the IRS directly.

Disability Benefit Recipients

Beginning with tax year 2013, all Teachers' Retirement System (TRS) and Public Employees' Retirement System (PERS) non-occupational and occupational disability benefit recipients will receive a Form 1099-R with an IRS Distribution Code of "2" or "7." The Division codes the Form 1099-R this way because the requirement necessary to meet the federal definition of disability is far more stringent than the requirement necessary to meet the retirement systems' definition. *In this case, Form 1099-R coding is ruled by federal law, not the Alaska State retirement system statutes or determinations.*

Multiple Form 1099-R Benefit Recipients

The Division issues multiple Form 1099-Rs when a normal benefit recipient turns age 59-½ during the year. Distributions that were made before age 59-½ will most likely reflect a Code "2" for the IRS Distribution Code on the Form 1099-R. Distributions made after age 59-½ will have a Code "7" reflected.

In addition, if you are receiving multiple benefits, you may receive multiple Form 1099-Rs.

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Death Benefit Distributions

If you are a survivor and receive a death benefit distribution, the IRS Distribution Code in box 7 will be “4,” and the amount reported in box 2a will be the taxable portion of your distribution. If you elect to have the distribution be a direct rollover to a traditional IRA, the distribution code will be “4G” and the taxable amount in box 2a will be zero.

If you are the survivor of a peace officer who died in the line of duty, your taxable amount in box 2a will be zero and the IRS Distribution Code will be “4”.

Tax Excludable Employee Contributions

Most members who made “after-tax” contributions to their retirement account will see a taxable amount reflected in box 2a different than the amount noted in box 1. The difference will be the amount in box 5, which is the amount of your benefit that is excludable from federal taxes.

Benefit recipients who turned age 59-½ during 2014 will receive two Form 1099-Rs. Each Form 1099-R will reflect a gross distribution (box 1), taxable amount (box 2a), and employee contributions (box 5) equal to the applicable period covered by the Form 1099-R. If you receive more than one Form 1099-R, the totals for each Form 1099-R should be combined to determine your total 2014 taxable distribution.

National Guard/ Naval Militia Benefit Distributions

If you take an actuarially determined lump sum distribution from the National Guard/ Naval Militia Retirement System (NGNMRS) and it is a direct rollover to a traditional IRA, your IRS Distribution Code in box 7 will be “G” and your taxable amount in box 2a will be zero. Any other distribution from the NGNMRS before age 59-½ will have an IRS Distribution Code of “1,” and your distribution will be reported as fully taxable in box 2a. This is because the distributions do not meet the early distribution exception noted in the Internal Revenue Code, Section 72(t)(2) (A)(iv) which requires a series of substantially equal periodic payments to be made for the life or life expectancy of the member. Distributions after age 59-½ will have a distribution code of “7.”

Form 1099-R Distribution Code for Normal Retirement Benefit Recipients

The IRS defines the use of Distribution Code “7” as a normal distribution from a plan when the benefit recipient is at least 59-½ years old. The IRS requires the use of Code “2” (early distribution, exception applies) for normal distributions from a plan when the benefit recipient is under the age of 59-½.

The IRS considers a distribution prior to age 59-½ to be an early distribution. This should not affect the taxability of your distribution, so for those of you who are affected, we understand there would be no difference in the tax treatment for the two codes. If you have questions on whether it might affect your individual case, you should contact your tax consultant or the IRS.

Same-Sex Partner Health Benefits – Change in Tax Reporting

Imputed income attributable to same-sex partner health benefits is reported on IRS Form W-2.

In accordance with U.S. v. Windsor and Revenue Ruling 2013-17, for federal tax law purposes only, the IRS will recognize a marriage between same-sex individuals that was validly entered into in a domestic or foreign jurisdiction whose laws authorize the marriage of two individuals of the same sex. If you have a marriage certificate on file with the Division you will not be issued a Form W-2 to impute same-sex partner health benefits.

When writing to the Division, don't forget to...

- ✓ print your full name and address on your letter;
- ✓ include your Retirement Identification Number (RIN) or the last four digits of your Social Security number and your daytime telephone number; and
- ✓ sign and date any request for information or action.

When calling the Division...

Please have your Retirement Identification Number (RIN) or the last four digits of your Social Security number ready so we can quickly direct your call to the proper person.

Sample Form 1099-R

1 Gross distribution: The gross amount of all checks disbursed for the period January 1, 2014 to December 31, 2014.

2 Taxable amount: The amount that the Division of Retirement and Benefits reports to the IRS as your taxable benefit. If this box is blank, please read the explanation of box 2b (see **3** below).

3 Taxable amount not determined: If there is an "X" in this box, the Division of Retirement and Benefits has not determined what portion of your benefit is taxable. When filing your tax return, you must report what is taxable. For this determination, we recommend that you consult a tax accountant or review IRS Publication 575—*Pension and Annuity Income*.

4 Federal income tax withheld: This is the amount of federal taxes which the Division withheld from your benefit for the year 2014. If, after completing your taxes, you determine that you would like to adjust this amount in the future, please submit a Form W-4P [PDF] to the Division of Retirement and Benefits.

5 Employee contributions or insurance premiums: This is the amount of your benefit which is excluded from federal taxes. The amount in box #5 is calculated using the Simplified Method, as described in IRS Publication 575—*Pension and Annuity Income*.

6 Distribution code: Depending on such factors as the type of benefit received and age, all members will receive an IRS Distribution Code in box #7. The code does affect how the benefit will be taxed. To determine how the distribution code may impact your individual tax situation, please call your tax consultant or contact the Internal Revenue Service.

Special Note: The address shown on the Form 1099-R which you will receive will be the current address of record which the Division of Retirement and Benefits has on file when the forms are processed in January. If this address is incorrect, please submit a written request with your signature to change the address. Download the required forms from Alaska.gov/drb to make a change to your address, tax withholding, or direct deposit.

<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0119		2014	Form 1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
PAYER'S name, street address, city, state, and ZIP code		1 Gross distribution \$	3 Total distribution <input type="checkbox"/>			
PAYER'S federal identification number RECIPIENT'S identification number		2a Taxable amount \$			3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$
RECIPIENT'S name Street address (including apt. no.) City, state, and ZIP code		5 Employee contributions / Designated Roth contributions or insurance premiums \$	6 Net unrealized appreciation in employer's securities \$	7 Distribution code(s) 6	8 Other \$ %	9b Total employee contributions \$
10 Amount allocable to IRR within 5 years \$		11 1st year of desig. Roth contrib.	9a Your percentage of total distribution %	12 State tax withheld \$	13 State/Payer's state no.	14 State distribution \$
Account number (see instructions)		15 Local tax withheld \$	16 Name of locality	17 Local distribution \$		

Form **1099-R**

www.irs.gov/form1099r

Department of the Treasury - Internal Revenue Service

The 1099-R News is published by the State of Alaska Division of Retirement and Benefits.

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The Alaska Department of Administration complies with Title II of the 1990 Americans with Disabilities Act (ADA). This publication is available in alternative communication formats upon request. To make necessary arrangements, contact the ADA Coordinator for the Division of Retirement and Benefits, at (907) 465-4460 or contact the TDD for the hearing impaired at (907) 465-2805.

2015 Benefit Mailing Dates

The Division of Retirement and Benefits mails checks monthly to benefit recipients (retirees, disabled members, and survivors). The mailing date is also the date that funds are available from your financial institution. Benefit payments will be mailed or electronically deposited on the following dates in 2015:

January 23	May 22	September 25
February 25	June 25	October 23
March 25	July 24	November 25
April 24	August 25	December 23

If your monthly check does not arrive within 15 days of the mailing date, please let us know (in writing) so the Division can issue a new check. However, please wait 15 days as the Division cannot issue a new check until then.

In an effort to reduce costs and improve efficiency, the Division of Retirement and Benefits is no longer printing and mailing Direct Deposit confirmations except by request.

All Direct Deposit Confirmations are available online through **myRnB**.

For assistance with **myRnB**, contact the Member Services Contact Center. The Contact Center may be reached in Juneau at (907) 465-4460 or toll-free at (800) 821-2251 Monday through Thursday from 8:30 a.m. to 4 p.m. and Friday from 8:30 a.m. to 3 p.m. Alaska Time.

Contact the Division right away if your check has been lost or stolen.

