

1099-R NEWS

2016

Introduction to Your Form 1099-R

Your 2015 Form 1099-R is scheduled to be mailed by the end of January 2016. The form provides the details concerning the benefit distributions you received during the 2015 tax year and should be used in filing your 2015 federal income taxes.

This newsletter describes different situations that could apply to the many retirees and beneficiaries who received distributions in 2015. 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 2015 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 2015 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. If you separate from service in the year you turn age 55, then your IRS Distribution code will be “2”. 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. 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.

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.

2016 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 2016:

January 25	May 25	September 23
February 25	June 24	October 25
March 25	July 25	November 23
April 25	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.

