

Instructions for Recipient

Generally, distributions from retirement plans (IRAs, qualified plans, section 403(b), and governmental section 457(b) plans), insurance contracts, etc., are reported to recipients on Form 1099-R.

Qualified plans and section 403(b) plans. If your annuity starting date is after 1997, you must use the simplified method to figure your taxable amount if your payer didn't show the taxable amount in box 2a. See the Instructions for Form 1040 or 1040NR.

Account number. May show an account, policy, or other unique number the payer assigned to distinguish your account.

Box 1. Shows the total amount you received this year. The amount may have been a direct rollover, a transfer or conversion to a Roth IRA, a recharacterized IRA contribution; or you may have received it as periodic payments, as nonperiodic payments, or as a total distribution. Report the amount on Form 1040 or 1040NR on the line for "IRAs, pensions, and annuities" (or the line for "Taxable amount"), and on Form 8606, as applicable. However, if this is a lump-sum distribution, see Form 4972. If you haven't reached minimum retirement age, report your disability payments on the line for "Wages, salaries, tips, etc." on your tax return. Also report on that line permissible withdrawals from eligible automatic contribution arrangements and corrective distributions of excess deferrals, excess contributions, or excess aggregate contributions except if the distribution is of designated Roth contributions or your after-tax contributions or if you are self-employed.

If a life insurance, annuity, qualified long-term care, or endowment contract was transferred tax free to another trustee or contract issuer, an amount will be shown in this box and Code 6 will be shown in box 7. If a charge or payment was made against the cash value of an annuity contract or the cash surrender value of a life insurance contract for the purchase of qualified long-term care insurance, an amount will be shown in this box and Code W will be shown in box 7. You need not report this on your tax return. If code C is shown in box 7, the amount shown in box 1 is a receipt of reportable death benefits that is taxable in part.

Box 2a. This part of the distribution is generally taxable. If there is no entry in this box, the payer may not have all the facts needed to figure the taxable amount. In that case, the first box in box 2b should be checked. You may want to get one of the free publications from the IRS to help you figure the taxable amount. See *Additional information* below. For an IRA distribution, see *IRAs and Roth IRAs* above. For a direct rollover, other than from a qualified plan to a Roth IRA, zero should be shown, and you must enter zero (-0-) on the "Taxable amount" line of your tax return. If you roll over a distribution (other than a distribution from a designated Roth account) from a qualified plan (including a government section 457(b) plan) or section 403(b) plan to a Roth IRA, you must include on the "Taxable amount" line of your tax return the amount shown in the box plus in box 6 if any. If this is a total distribution from a qualified plan and you were born before January 2, 1936 (or you are the beneficiary of someone born before January 2, 1936), you may be eligible for the 10-year tax option. See the Form 4972 instructions for more information. If you are an eligible retired public safety officer who elected to exclude from income distributions from your eligible plan used to pay certain insurance premiums, the amount shown in box 2a hasn't been reduced by the exclusion amount. See the instructions for Form 1040 or 1040NR for more information.

Box 2b. If the first box is checked, the payer was unable to determine the taxable amount, and box 2a should be blank, except for an IRA. If the second box is checked, the distribution was a total distribution that closed out your account.

Box 3. If you received a lump-sum distribution from a qualified plan and were born before January 2, 1936 (or you are the beneficiary of someone born before January 2, 1936), you may be able to elect to treat this amount as a capital gain on Form 4972 (not on Schedule D (Form 1040)). See the Form 4972 instructions. For a charitable gift annuity, report as a long-term capital gain as explained in the instructions for form 8949.

Box 4. Shows federal income tax withheld. Include this amount on your income tax return as tax withheld, and if box 4 shows an amount (other than zero), attach Copy B to your return. Generally, if you will receive payments next year that aren't eligible rollover distributions, you can change your withholding or elect not to have income tax withheld by giving the payer Form W-4P.

Box 5. Generally, this shows the employee's investment in the contract (after-tax contributions), if any, recovered tax free this year; the portion that's your basis in a designated Roth account; the part of premiums paid on commercial annuities or insurance contracts recovered tax free; the nontaxable part of a charitable gift annuity; or the investment in a life insurance contract reportable under section 6050Y. This box does not show any IRA contributions. If the amount shown is your basis in a designated Roth account; the year you first made contributions to that account may be entered in box 11.

Box 6. If you received a lump-sum distribution from a qualified plan that includes securities of the employer's company, the net unrealized appreciation (NUA) (any increase in value of such securities while in the trust) is taxed only when you sell the securities unless you choose to include it in your gross income this year. See Pub. 575 and the Form 4972. If you roll over the distribution to a Roth IRA, see the instructions for Box 2a. If the distribution was a direct rollover, the NUA is included in box 2a. If you did not receive a lump-sum distribution, the amount shown is the NUA attributable to employee contributions, which isn't taxed until you sell the securities.

Box 7. The following code identifies the distribution you received. For more information on these distributions, see the instructions for your tax return. Also, certain distributions may be subject to an additional 10% tax. See the instructions for Form 5329.
7—Normal distribution.

Box 8. If you received an annuity contract as part of a distribution, the value of the contract is shown. It is not taxable when you receive it and shouldn't be included in boxes 1 and 2a. When you receive periodic payments from the annuity contract, they're taxable at that time. If the distribution is made to more than one person, the percentage of the annuity contract distributed to you is also shown. You'll need this information if you use the 10-year tax option (Form 4972). If charges were made for qualified long-term care insurance contracts under combined arrangements, the amount of the reduction in the investment in the annuity or life insurance contract is reported here.

Box 9a. If a total distribution was made to more than one person, the percentage you received is shown.

Box 9b. For a life annuity from a qualified plan or from a 403(b) plan (with after-tax contributions), an amount may be shown for the employee's total investment in the contract. It is used to compute the taxable part of the distribution. See Pub. 575.

Box 10. If an amount is reported in this box, see the instructions for Forms 5329 and Pub. 575.

Box 11. The first year you made a contribution to the designated Roth account reported on this form is shown in this box.

Boxes 12–17. If state or local income tax was withheld from the distribution, boxes 14 and 17 may show the part of the distribution subject to state and/or local tax.

Additional information. You may want to see: **Form W-4P**, Withholding Certificate for Pension or Annuity Payments; **Form 4972**, Tax on Lump-Sum Distributions; **Form 5329**, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts; **Form 8606**, Nondeductible IRAs; **Pub 525**, Taxable and Nontaxable Income; **Pub. 560**, Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans); **Pub. 571**, Tax-Sheltered Annuity Plans (403(b) Plans); **Pub. 575**, Pension and Annuity Income; **Pub. 590-A**, Contributions to Individual Retirement Arrangements (IRAs); **Pub 590-B**, Distributions from Individual Retirement Arrangements (IRAs); **Pub. 721**, Tax Guide to U.S. Civil Service Retirement Benefits; **Pub. 939**, General Rule for Pensions and Annuities; **Pub. 969**, Health Savings Accounts and Other Tax-Favored Health Plans.

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