

# Understanding Your 1099-R

Before we can print 1099-Rs, all 2015 payments (and adjustments) must be balanced. This process cannot be completed until all December benefit payments (and adjustments) have cleared. Since we only have one accountant, this process takes time.

## 1099-R Tentative Timeline

January 1-15	2015 payments (and adjustments) will be balanced
January 16-18	1099-Rs will be printed and posted on <b>myMPERS</b>
January 19-22	1099-Rs will be mailed

### 1099-R tax forms will be available and mailed to you by January 31st

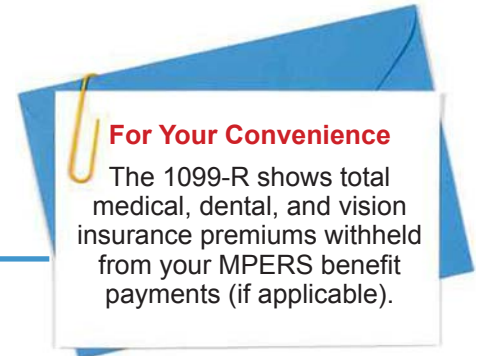
You will receive a separate 1099-R for each type of benefit payment you received from MPERS in 2015 (e.g. monthly benefit payment, BackDROP distribution, survivor benefits, etc). Once your 1099-R has been mailed, the information will be available through Secure Member Access on MPERS' website (www.mpers.org).

### Year-to-Date Medical Premium Information

For your convenience, the 1099-R contains the total medical, dental, and vision premiums that were deducted from your 2015 monthly benefit payments from MPERS (if applicable). The amounts do **not** include any refunds or manual premium payments.

## Notable Sections of Your 1099-R

Distributions from pensions, annuities, retirement, or profit-sharing plans, IRAs, insurance contracts, etc.		<b>2015</b>	OMB No 1545-0119 <b>FORM 1099-R</b>	<b>FOR INFORMATIONAL PURPOSES ONLY</b>									
Account no. (see instructions) 133336		CORRECTED (if checked) <input type="checkbox"/>		The following 2015 premium information is provided for your convenience. These totals only reflect what was withheld from your MPERS benefit (if applicable) and does not include any refunds or manual premium payments.									
PAYER'S name, street address, city, state, and ZIP code				<table border="1"> <thead> <tr> <th></th> <th>Total Withheld for 2015</th> </tr> </thead> <tbody> <tr> <td>Medical Insurance Premiums</td> <td>\$3,432.00</td> </tr> <tr> <td>Vision Care Premiums</td> <td>\$ 138.60</td> </tr> <tr> <td>Dental Care Premiums</td> <td>\$ 612.24</td> </tr> </tbody> </table>			Total Withheld for 2015	Medical Insurance Premiums	\$3,432.00	Vision Care Premiums	\$ 138.60	Dental Care Premiums	\$ 612.24
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Vision Care Premiums	\$ 138.60												
Dental Care Premiums	\$ 612.24												
MoDOT and Patrol Employees' Retirement System 1913 William Street PO Box 1930 Jefferson City, MO 65102-1930													
PAYER'S federal identification number 44-6006203		RECIPIENT'S identification number 123-45-6789		John E Retiree 123 N Main St Jefferson City, MO 65109  <b>Sample 1099-R</b> <i>(for illustrative purposes only)</i>									
RECIPIENT'S name, street address, city, state, and ZIP code													
John E Retiree 123 N Main St Jefferson City, MO 65109													
1 Gross distribution \$45,600.00	1	2a Taxable amount \$42,460.00	2a	<p><b>For Your Convenience</b></p> <p>The 1099-R shows total medical, dental, and vision insurance premiums withheld from your MPERS benefit payments (if applicable).</p>									
2b Taxable amount not determined Total distribution	<input type="checkbox"/>	4 Federal income tax withheld \$3,532.20	4										
5 Employee contributions \$3,140.00	5	7 Distribution code(s) 7	7										
9a Percentage total distributions \$		9b Total employee contributions \$											
12 State tax withheld \$1,200.00	12	13 State/Payer's state no. MO-00402432686											
Copy B - Report this income on your federal tax return. If this form shows federal income tax withheld in Box 4, attach this copy to your return.													
This information is being furnished to the Internal Revenue Service.													



Once your 1099-R has been mailed, the 1099-R information will be available online through the **myMPERS** secure site.

Box #	Description of Amount
<b>1</b>	<b>Gross Distribution:</b> Total amount paid to you by MPERS in 2015.
<b>2a</b>	<b>Taxable Amount:</b> Portion of your total benefit received that is considered "taxable income." (Amount <b>may be</b> different from Box 1 if you purchased service credit before retirement - see Box 5.)
<b>4</b>	<b>Federal Income Tax Withheld:</b> Total amount of Federal income tax withheld from your MPERS benefit payment in 2015.
<b>5</b>	<b>Employee Contributions:</b> Difference between Box 1 and 2a. Portion of amount paid to purchase service that is excluded from your taxable amount (if you purchased service before retirement using after-tax dollars).
<b>7</b>	<b>Distribution Code(s):</b> The code identifies the type of benefit paid (e.g. retirement, BackDROP, survivor, etc). Codes are listed on the back of the 1099-R form.
<b>12</b>	<b>State Tax Withheld:</b> Total amount of Missouri State income tax withheld during 2015 (if applicable).

The information in this newsletter does not amend or overrule any applicable statute, Internal Revenue Code, or administrative rule.

In the event of conflict, the applicable statute, Internal Revenue Code, or administrative rule will prevail.

# UNDERSTANDING YOUR 1099-R

**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 is your basis in a designated Roth account; the part of premiums paid on commercial annuities or insurance contracts recovered tax free; or the nontaxable part of a charitable gift annuity. 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 7** – The following codes identify the distribution you received. Certain distributions may be subject to an additional 10% tax.

Guide to Distribution Codes	
Distribution Codes	Explanations
<b>1—Early distribution, no known exception.</b>	Use Code 1 only if the participant has not reached age 59½, and you do not know if any of the exceptions under Code 2, 3, or 4 apply. However, use Code 1 even if the distribution is made for medical expenses, health insurance premiums, qualified higher education expenses, a first-time home purchase, or a qualified reservist distribution under section 72(t)(2)(B), (D), (E), (F), or (G). Code 1 must also be used even if a taxpayer is 59½ or older and he or she modifies a series of substantially equal periodic payments under section 72(q), (t), or (v) prior to the end of the 5-year period which began with the first payment.
<b>2—Early distribution, exception applies.</b>	Use Code 2 <b>only if</b> the participant has not reached age 59½ <b>and you know</b> the distribution is the following. <ul style="list-style-type: none"> <li>• A Roth IRA conversion (an IRA converted to a Roth IRA).</li> <li>• A distribution made from a qualified retirement plan or IRA because of an IRS levy under section 6331.</li> <li>• A governmental section 457(b) plan distribution that is not subject to the additional 10% tax. But see <i>Governmental section 457(b) plan distributions</i>, earlier, for information on distributions that may be subject to the 10% additional tax.</li> <li>• A distribution from a qualified retirement plan after separation from service in or after the year the participant has reached age 55.</li> <li>• A distribution from a governmental defined benefit plan to a public safety employee (as defined in 72(t)(10)(B)) after separation from service, in or after the year the employee has reached age 50.</li> <li>• A distribution that is part of a series of substantially equal periodic payments as described in section 72(q), (t), (u), or (v).</li> <li>• A distribution that is a permissible withdrawal under an eligible automatic contribution arrangement (EACA).</li> <li>• Any other distribution subject to an exception under section 72(q), (t), (u), or (v) that is not required to be reported using Code 1, 3, or 4.</li> </ul>
<b>3—Disability.</b>	For these purposes, see section 72(m)(7).
<b>4—Death.</b>	Use Code 4 regardless of the age of the participant to indicate payment to a decedent's beneficiary, including an estate or trust. Also use it for death benefit payments made by an employer but not made as part of a pension, profit-sharing, or retirement plan.
<b>7—Normal distribution.</b>	Use Code 7: (a) for a normal distribution from a plan, including a traditional IRA, section 401(k), or section 403(b) plan, if the employee/taxpayer is at least age 59½; (b) for a Roth IRA conversion if the participant is at least age 59½; and (c) to report a distribution from a life insurance, annuity, or endowment contract and for reporting income from a failed life insurance contract under sections 7702(g) and (h). See Rev. Proc. 2008-42, 2008-29 I.R.B. 160, available at <a href="http://www.irs.gov/irb/2008-29_IRB/ar19.html">www.irs.gov/irb/2008-29_IRB/ar19.html</a> . Generally, use Code 7 if no other code applies. Do not use Code 7 for a Roth IRA. <b>Note:</b> Code 1 must be used even if a taxpayer is 59½ or older and he or she modifies a series of substantially equal periodic payments under section 72(q), (t), or (v) prior to the end of the 5-year period which began with the first payment.
<b>G—Direct rollover and direct payment.</b>	Use Code G for a direct rollover from a qualified plan, a section 403(b) plan, or a governmental section 457(b) plan to an eligible retirement plan (another qualified plan, a section 403(b) plan, a governmental section 457(b) plan, or an IRA). See <i>Direct Rollovers</i> , earlier. Also use Code G for a direct payment from an IRA to an accepting employer plan, and for IRRs that are direct rollovers. <b>Note:</b> Do not use Code G for a direct rollover from a designated Roth account to a Roth IRA. Use Code H.