

Goodbye
Tension...

Hello  Pension!



Tax Credit Alliance
OF NEBRASKA



CENTER ON CHILDREN,
FAMILIES, AND THE LAW

Retirement Income

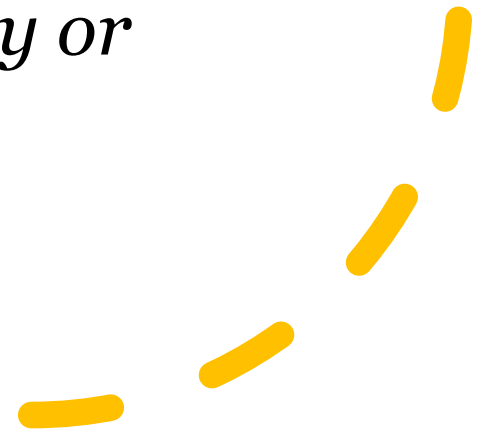
Retirement Income


- IRA/Pension Distributions
 - Social Security
 - Railroad Retirement
 - IRA Deduction
 - Early Distribution Tax
 - Retirement Credit
-
- **References:**
 - Pub 4012, D-42 to D-58, E-15 to E-16, G-17 to G-19, H-6 to H-8
 - Pub 4491, 11-1 to 11-17, 14-1 to 14-4, 17-5 to 17-8, 25-1 to 25-4, 27-4 to 27-7

Retirement Income can Include:

- Social Security or Railroad Retirement
- Annuities
- Retirement or profit-sharing plans
- Insurance contracts
- IRAs, etc.

Retirement income may be fully or partially taxable.






Determining Retirement Income

- Review Form 13614C, Income Section
- Ask questions...
 - Clarify the type of plan
 - Contributions before-tax or after-tax dollars, etc.
- Be sensitive when asking questions, as the taxpayer may not know
 - Refer them to their former employer or annuity administrator
 - Send them with specific questions

Retirement income can be reported on one of the forms in the Form 1099-R Series:

- Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs
- Insurance Contracts, etc.
- Form CSA 1099-R, Statement of Annuity Paid (civil service retirement payments)
- Form CSF 1099-R, Statement of Survivor Annuity Paid
- Form RRB 1099-R, Annuities or Pensions by the Railroad Retirement Board

If Form 1099-R is for an IRA-type distribution, it will be indicated in Box 7.



IRA/Pension Distribution

- A 1099-R will be received
 - If a distribution is taken from a pension account
 - If a distribution is taken from an IRA
 - If a pension or IRA is rolled over to another type of retirement account
- Taxability will be determined based on
 - the type of account
 - if the contributions made to account initially were before or after tax
 - When the distribution was taken

IRA/Pension Distributions

- Taxability (continued)
- IRA
 - Traditional is fully taxable unless they make nondeductible contributions (if so this is out of scope unless it is a Qualified Charitable Deduction)
 - Roth is not taxable if the following apply
 - The distribution is taken 5 years after the contribution to the account was made
 - The taxpayer is over 59 1/2 or disabled
 - The amount is distributed to a beneficiary of an estate
 - Used for the first-time homebuyer credit (up to \$10,000)

- Taxability (continued)
- Pension

Employee Contributions	Contributions		Taxability of Distributions		
	Before-Tax	After-Tax	Fully	Partially	Nontaxable
No	n/a	n/a	Yes	—	—
Yes	Yes	—	Yes	—	—
Yes	—	Yes	—	Yes	—
Yes, Roth	—	Yes	—	—	Yes



Form 1099-R

If we receive a 1099-R – items to look for, include:

- Is there a taxable amount in box 2
- Is the box checked that the taxable amount not determined
- Is the box checked that it is a total distribution
- What code is in the Distribution code box 7
- Is it an IRA or not
- Is there Federal or State withholding

Box 1, Gross Distribution

The amount of the policy/contract distribution before deducting any loans or loan interest. May differ from the policy's net surrender value

Box 2a, Taxable Amount

This is the total earnings, or profit, on an insurance policy or annuity contract that has been distributed to the policy/contract owner for that year. The calculation is made as follows:

Gross distribution (Box 1) - Employee contributions or insurance premiums (Box 5) = Taxable Amount (Box 2a)

Box 4, Federal Income Tax Withheld

Box 5, Employee Contributions or Insurance Premiums

For traditional products, this is the difference between the amount of premiums paid into the policy/contract less the value of dividends credited.

For variable products, this is the total amount paid into the policy/contract

Box 7, Distribution Codes

Each code identifies the type of distribution the policy/contract owner received.

Box 14, State Withheld, Box 15, State/Payer's EIN, Box 16, State Distribution

Check boxes, if filled, enter numbers into TaxSlayer

VOID CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. \$ _____		1 Gross distribution \$ _____	OMB No. 1545-0119 2023 Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
		2a Taxable amount \$ _____			
PAYER'S TIN _____		2b Taxable amount not determined <input type="checkbox"/> Total distribution <input type="checkbox"/>		Copy 1 For State, City, or Local Tax Department	
		3 Capital gain (included in box 2a) \$ _____			4 Federal income tax withheld \$ _____
RECIPIENT'S name _____ Street address (including apt. no.) _____ City or town, state or province, country, and ZIP or foreign postal code _____		5 Employee contributions/ Designated Roth contributions or insurance premiums \$ _____		6 Net unrealized appreciation in employer's securities \$ _____	
		7 Distribution code(s) _____	IRA/SEP/SIMPLE <input type="checkbox"/>	8 Other \$ _____ %	
10 Amount allocable to IRR within 5 years \$ _____		11 1st year of desig. Roth contrib.	12 FATCA filing requirement <input type="checkbox"/>	14 State tax withheld \$ _____	15 State/Payer's state no. _____
13 Date of payment _____		9a Your percentage of total distribution % _____		9b Total employee contributions \$ _____	16 State distribution \$ _____
Account number (see instructions) _____		17 Local tax withheld \$ _____		18 Name of locality _____	
_____		_____		19 Local distribution \$ _____	

Box 7 Distribution Codes	Explanations
1 – Early distribution, no known exception	<ul style="list-style-type: none"> If this amount was rolled over within 60 days of the withdrawal and—if the distribution was from an IRA—no prior rollover was made in the same 12-month period. Check the box under Rollover or Disability on Form 1099-R, and enter the amount rolled over. Trustee to trustee transfer isn't considered a prior rollover. If more than one rollover from an IRA in the 12-month period, return is Out of Scope. If this wasn't rolled over, a 10% additional tax will be applied unless the taxpayer qualifies for an exception. See Tab H, Other Taxes, Payments and Refundable Credits, for a list of exceptions. If the taxpayer qualifies for an exception, go to Form 5329, Additional Taxes on Qualified Plans and Other Tax-Favored Accounts, enter the amount that qualifies for an exception and select the reason for the exception from the drop-down list.
2 – Early distribution, exception applies	Code 2 applies if the taxpayer is under 59 ½ but the payer knows that an exception to the additional tax applies. If the IRA/SEP/SIMPLE box ISN'T checked, no further action needed. If the IRA/SEP/SIMPLE box IS checked, ask the taxpayer if any non-deductible contributions were made. If so, the return is Out of Scope.
3 – Disability	<p>Code 3 is for a disability pension.</p> <ul style="list-style-type: none"> If the taxpayer is under the minimum retirement age for the company he retired from, then check the box under Rollover or Disability that says, "Check here to report as wages on the Form 1040." This will reclassify the disability income as wages. It will also include the amount in earned income for calculation of the earned income credit, the dependent care credit and the additional child tax credit. If the taxpayer has reached the minimum retirement age, no further action is needed.
4 – Death	Code 4 is for a survivor's benefit or an inherited IRA. If it's an inherited IRA and the original owner had a basis, the survivor takes over that basis (Out of Scope).
6 – Section 1035 exchange	Code 6 is a tax-free exchange of life insurance, annuity, qualified long-term care insurance, or endowment contract. It is not reported on the tax return.
7 – Normal distribution	<p>Code 7 is for normal distributions. It may occur in several different situations:</p> <ul style="list-style-type: none"> If the amounts in Box 1 and 2a are the same, and Box 2b isn't checked, the pension is fully taxable. If the taxpayer makes a rollover from one IRA to another and holds the money less than 60 days, enter the amount rolled over into the Rollover or Disability field. If the Box 2b is checked and there is an amount in Box 9b, complete the Simplified Method. Be sure to use the taxpayer's age at the time of retirement—not current age. If there is an amount in Box 2a that is different than Box 1, no further action is needed. If there is no amount (or zero) in Box 2a, check to see if there is an amount in Box 5. If this is the same amount as Box 1, the distribution is the taxpayer's own money coming back. None of the distribution will be taxed. If any portion of this distribution was sent directly from the trustee to a charity, and the taxpayer is over 70 1/2 years old, enter the net taxable amount in box 2a (which may be zero). Select Continue and at the IRA/Pensions Distributions page, select Nontaxable Distributions and check the box to mark that there is a Qualified Charitable Distribution (QCD). No itemized deduction may be taken for the donation. If taxpayers receive or expect to receive a state or local tax credit for their QCD, the amount treated as a QCD may be reduced by the amount of the state or local tax credit. See Publication 526, Charitable Contributions, for details. If the IRA/SEP/SIMPLE box IS checked, ask the taxpayer if any non-deductible contributions were made. If so, the return is Out of Scope.
B – Designated Roth account distribution	Code B is for a distribution from a designated Roth account. This code is in scope only if taxable amount has been determined.
D – Annuity payments from nonqualified annuities	Code D is used for a distribution from a private annuity in conjunction with the regular code. The distribution is subject to the net investment income tax. If the taxpayer has AGI over a threshold amount (\$200,000 for a single taxpayer or HoH; \$250,000 MFJ or QW; \$125,000 MFS), then this code means the return is Out of Scope. If the AGI is less than the threshold amount the return is in scope and no further action is needed.
F – Charitable gift annuity	Code F is used for the annuity payments from a charitable gift annuity. To determine the amount to enter in Box 2a (Taxable amount), subtract the amount in Box 3 Capital gain, and Box 5 (Employee contributions) from the Gross distribution (Box 1) and enter that difference in the Form 1099R screen Box 2a. Also, navigate to Income>Capital Gains and Losses>Additional Capital Gain Distributions and enter the amount in Box 3 as a long-term capital gain.

Box 7 Distribution Codes	Explanations
G – Direct rollover of distribution and direct payment	Code G is for a direct rollover from a qualified plan to an eligible retirement plan. If Box 2a, taxable amount, is zero or blank, it won't be taxed. If there is an amount in Box 2a, the direct rollover is fully or partially taxable. Check the rollover box and enter the amount rolled over.
H – Direct rollover of a designated Roth account distribution to a Roth IRA	Code H is for a direct rollover of a distribution from a designated Roth account to a Roth IRA. It won't be taxed. No further action is needed. Box 2a should be blank.
L – Loans treated as deemed distributions	Code L is for loans treated as deemed distributions. This code could possibly be combined with codes 1, 4, or B. For more information on how it is treated see the codes on this chart.
M – Qualified plan loan offset	Code M is used for a qualified plan loan offset distribution due to plan termination or severance from employment. The taxpayer has until the due date, including extensions, to rollover any of the amount. It is always used with another code 1,2,4,7 or B. Treat the distribution based on the other code.
Q – Qualified distribution from a Roth IRA	This distribution isn't taxable. Box 2a should be blank. TaxSlayer enters the distribution amount on Form 1040 on the IRAs, pensions, and annuities line. No further action is needed.
S – Early distribution from a SIMPLE IRA in the first 2 years, no known exception	A 25% additional tax will be applied unless the taxpayer qualifies for an exception. See Tab H, Other Taxes, Payments, and Refundable Credits, for a list of exceptions. If the taxpayer qualifies for an exception, go to Form 5329 and enter the amount of the distribution not subject to the additional tax and select the exception reason from the dropdown list.
W – Charges or payments for purchasing qualified long-term care insurance contracts under combined arrangements.	This distribution is excludable from gross income. It is not entered on the tax return.
5, 8, 9, A, E, J, K, N, P, R, T, U	These codes are Out of Scope.

Simplified Method – When to Use IT



Box 2a will automatically fill in with the amount in Box 1. If a different amount is shown on the document, enter that amount directly. You may need to use the Simplified Method to calculate the taxable amount of the distribution if:

- Box 2a is zero or blank and an amount is shown in Box 9b.*
- Box 1 and 2a contain the same amount and Taxable amount not determined box is marked.*

Refer to the Taxable Amount Not Determined and Form 1099-R Simplified Method sections later in this Tab.

How to Enter a 1099-R

1. If a joint return, choose who the document belongs to.
2. After completing the Simplified Method Worksheet or entering the Public Safety Officer Exclusion for Health Insurance Premiums, the taxable portion of the distribution will carryover to Box 2a. Manual adjustments are required to make sure Box 2a reflects changes due to rollovers, qualified charitable distributions, return of excess contributions, etc.

3. Payer's ID/TIN and the first four letters of their name must be entered accurately. Payer ID/Name mismatch is a common e-file reject.

4. If marked, the taxable amount will not carry to Form 8880, Credit for Qualified Retirement Savings Contributions, line 4 as a current year distribution. See Tab G, Nonrefundable Credits.

5. If Simplified Method is required or if the taxpayer has public safety officer health insurance deduction, click here for worksheet.

6. If Box 2b indicates "Taxable amount not determined" or "Total distribution", mark the appropriate box as shown on the document.

7. If Box 4 has an entry, ensure that the tax withheld is entered and is correct.

Form 1099-R

CANCEL **SAVE & ENTER ANOTHER** **CONTINUE**

Check here if this is a standard 1099-R.
 Check here if this is a substitute 1099-R.

! Only the amount entered in box 2a will be considered taxable.

Whose 1099-R is this?

Recipient *

Taxpayer Sample **1**
 Spouse Sample

Payer Information

Payer's ID * - **3**

Payer Name *

Check here if foreign address

Address (street number & name) *

ZIP code * -

City, town, or post office *

1099-R Information

1 Gross Distribution * \$

2 2a Taxable Amount \$

4 Does not carry to Form 8880
5 Do you need to calculate your taxable amount?
Click here for options.

2b

6 Taxable amount not determined
 Total distribution

3 Capital gain \$

7 4 Federal income tax withheld \$

How to Enter a 1099-R

<input type="text"/>	5 Employee contributions or insurance premiums
State *	8 <input type="text"/> \$ <input type="text"/>
<input type="text" value="- Please Select -"/>	6 Net unrealized appreciation in employer's securities
Phone Number	<input type="text"/> \$ <input type="text"/>
* Optional	7 Distribution Code(s) *
<input type="text" value="() - -"/>	<input type="text"/>
	<input type="checkbox"/> IRA/SEP/Simple
Recipient Information	8 Other (Not collected)
<input type="checkbox"/> Check here if foreign address	9a Your percentage of total distribution
Address (street number & name) *	<input type="text"/>
<input type="text"/>	9b Total employee contributions
ZIP code *	10 <input type="text"/> \$ <input type="text"/>
<input type="text" value="30904"/> - <input type="text"/>	<small>10 Amount allocable to IRR within 5 years Not needed for e-filing</small>
City, town, or post office *	
<input type="text" value="Augusta"/>	
State *	
<input type="text" value="Georgia"/>	
Rollover or Disability	
<input type="checkbox"/> Check here if all/part of the distribution was rolled over, and enter the rollover amount.	
<input type="checkbox"/> Check here to report on Form 1040, Line 1 (Distribution code must be a "3")	

8. Box 5 on the document may be current year's amount of employee contributions or insurance premiums (recovery of cost basis or investment in the contract). If Box 5 is the same as Box 1, none of the distribution is taxable. If the payer has calculated the taxable amount of the pension in Box 2a, generally the difference between Boxes 1 and 2a will appear in Box 5. If Box 5 is the amount of health insurance premiums, (typically only on a CSA 1099-R) you must manually carry the amount to the Schedule A, Itemized Deductions, Medical or Dental Expenses (alternatively, this can be used for the PSO deduction if eligible as described on the next page).
9. Box 7 is a required entry – Enter exactly as shown on document. If IRA/SEP/Simple is marked, check to enter exactly as shown on the document. See Distribution Codes Chart in this tab. The simplified method cannot be used for code "D" or other non-qualified plan distributions.
10. Box 9b shows the total employee contributions and may be needed if Box 2 has no entry – usually requires Simplified Method Worksheet (see Box 2a).

How to entered the Simplified Method

Simplified Method Worksheet

CANCEL **CONTINUE**

Gross distribution amount (from 1099-R)
\$25,000.00

Plan cost at annuity start date
\$ **1**

Starting date of annuity *
MM DD YYYY **2**

Check here if this is a Joint or Survivor Annuity.

Death benefit exclusion
\$

Age of recipient at start date *
If joint or survivor annuity, add ages of recipients

Number of months paid in 2020 *

Amounts previously recovered
\$

Public Safety Officer Exclusion
\$

1. Enter the Plan cost (shown in Box 9b of 1099-R).
2. Enter the annuity start date. If the disability benefits were paid under this plan during the tax year, enter the date beginning after the taxpayer reached minimum retirement age as the annuity start date. The plan administrator should issue two separate 1099-R statements. If not, prorate the amount to be treated as wages based on the annuity start date.

How to entered the Simplified Method

3. Enter the age of the taxpayer on the date the pension started – this may be different than the taxpayer's age at the end of that year.

For a joint and survivor annuity, add the ages of both spouses on the start date. For the beneficiary of an employee who died, see Publication 575, Pensions and Annuities.

For a joint and survivor annuity that starts:

- After the death of the employee, use only the survivor's age and do not check the box for Joint and Survivor Annuity.
- Before the death of either beneficiary, continue with the same exclusion amount after the first death.

4. Enter the amount that could have been recovered tax free in prior years even if not claimed. Look at last year's tax return to find this amount, or calculate the amount using the monthly tax free amount computed by TaxSlayer for the 2023 tax year times the number of months prior to 2023. For annuitants who retired between July 2, 1986 and Dec. 31, 1986, enter zero.

The taxable amount is calculated and carried to Box 2a on Form 1099-R.

Simplified Method Worksheet

CANCEL	CONTINUE
--------	----------

Gross distribution amount (from 1099-R)
\$24,000.00
Plan cost at annuity start date
\$

Starting date of annuity *
MM DD YYYY

Check here if this is a Joint or Survivor Annuity.

Death benefit exclusion
\$

Age of recipient at start date *
If joint or survivor annuity, add ages of recipients
3

Number of months paid in 2022 *

Amounts previously recovered
\$ 4

Public Safety Officer Exclusion
\$

CANCEL	CONTINUE
--------	----------

Simplified Method



If you use TaxSlayer's simplified method worksheet, enter a note with the taxpayer's annuity start date, age at the start date, and amounts previously recovered to help next year's preparer. To make a note that will not be transmitted to the IRS but will stay with the file, select the pull-down arrow to the right of the taxpayer's name in top right corner. Choose Notes. Then give the note a name and enter details. This note will be attached to the page where you created it and it will also be accessible from the Client Search List.

1099-R Nontaxable Income

Nontaxable Distribution

If part or all of your 1099-R distribution(s) was for any of the following reasons, please check the appropriate box.

Important: The amount that you enter as the Taxable Amount in Box 2a for each 1099-R will be carried to your return as taxable income. If any of the exclusions apply, do not include the excludable amount in Box 2a for the appropriate 1099-R. Only include in Box 2a the amount that you want reported on your return as taxable income.


Exceptions:


- 1 Check here to mark this as a Qualified Charitable Distribution (QCD) on your return. Note: The taxpayer must have been at least age 70 1/2 at the time of the distribution.
- 2 Check here to mark this as a qualified health savings account (HSA) funding distribution (HFD) on your return.
- 3 Check here if you are an eligible retired public safety officer, and part of your distribution was used to pay the premiums for accident or health insurance, or to pay long-term care insurance.


1. Qualified Charitable Distribution (QCD) may be used if the person was at least 70½. This makes that portion of the distribution nontaxable.
2. Qualified Health Savings Account funding distribution from an IRA (related to a Form 1099-R) if rolled over, is Out of Scope.
3. Do not use this checkbox as it alone will not produce the required Public Safety Officer (PSO) notation on Form 1040. See Tab D, Income, Taxable Amount Not Determined (Special Circumstances) page.

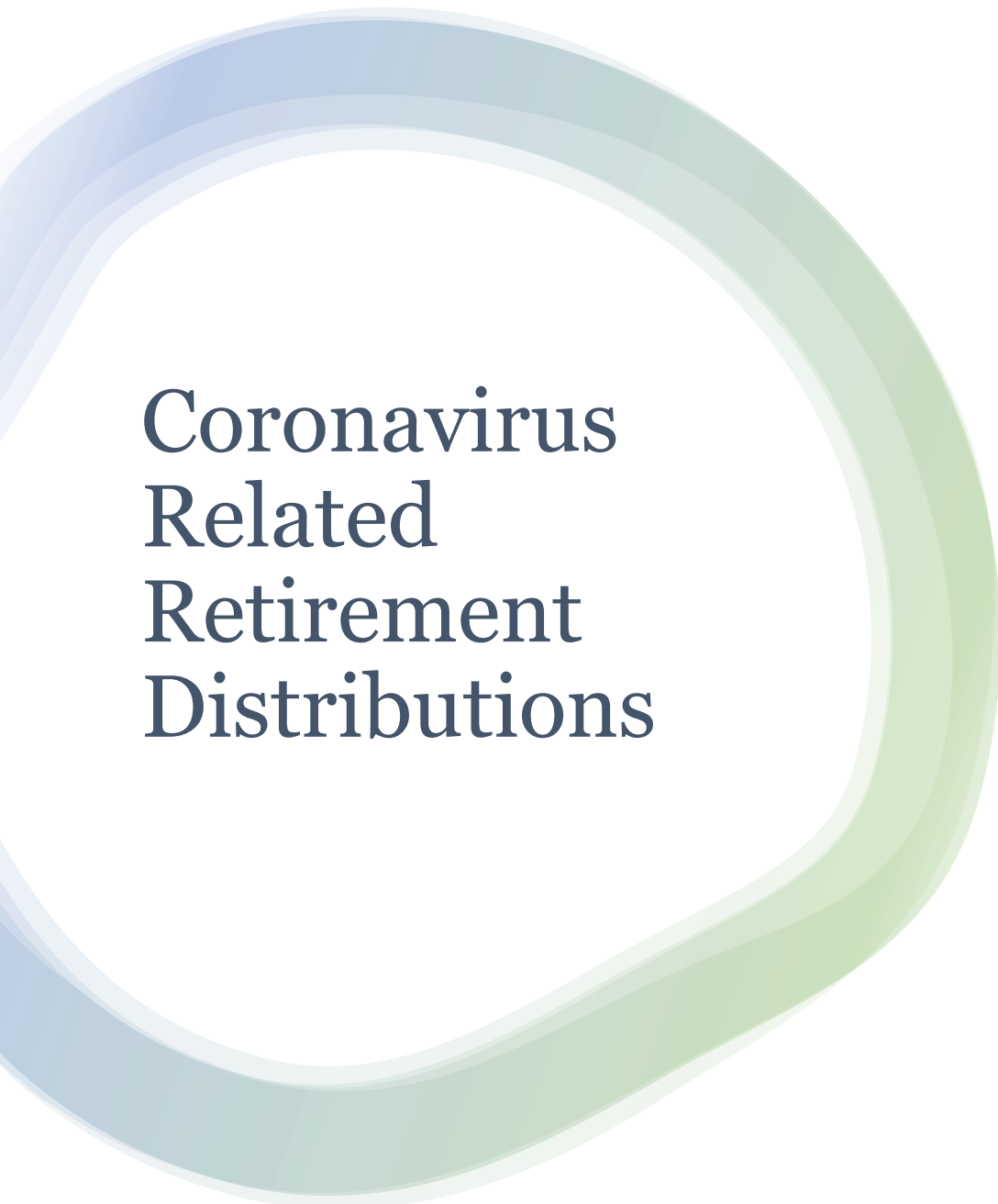
Qualified Charitable Distributions:

- The QCD can only be made from a traditional IRA.
- The QCD is not included in income.
- The QCD is not allowed as a charitable deduction.
- The QCD counts toward the taxpayer's Required Minimum Distribution.
- It must be a direct distribution from the trustee to the qualified charitable organization.
- The amount of the QCD should be deducted from the gross distribution and the result entered in Box 2a on the Form 1099-R input screen.

 A qualified charitable contribution (QCD) can be made by a taxpayer who is age 70 ½ or older (unchanged). However, the excludable portion of a QCD distribution is reduced by IRA deductions once the taxpayer attains age 70½. This provision applies cumulatively for tax years beginning after 2019 as to both distributions and deductions.

 If taxpayers receive or expect to receive a state or local tax credit for their QCD, the amount treated as a QCD may be reduced by the amount of the state or local tax credit. See Publication 526, Charitable Contributions, for details.

 Subtract the QCD amount in Box 2a, but do not adjust the amount in Box 16, State Distribution, to



Coronavirus Related Retirement Distributions

- Taxpayers could elect to take the entire distribution as income in 2020 or they could have the distribution divided evenly over three years
- If the taxpayer took the distribution evenly over three years we need to file form 8915-F
- They should have filed this in 2020, 2021 and 2022
- **There is NO Coronavirus related distributions for 2023**
- Taxpayers could re contribute their distribution, if they re contributed after the due date of the 2022 return it is considered an excess payment and needs to be carried back and the 2022 return will need to be amended
 - See Pub 4012 D-53 to D-55
- Disaster-related distributions that are not coronavirus distributions are **OUT OF SCOPE**



Railroad Retirement and Social Security

- Railroad retirement will be reported on Form RRB-1099
- Social Security will be reported on SSA-1099
- Social Security and Railroad retirement may be partially taxable depending on the filing status and other income that taxpayer has
 - The taxable portion will never be more than 85%
 - Many times it will be less than 50%

Software will calculate the taxable amount based on the information entered

Railroad Retirement Benefits

Reported on two (2) forms & Require two (2) entry screens

Blue Form

- Treated as Social Security Benefits
- Form RRB 1099 Tier 1

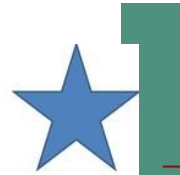


Green Form

- Retirement Distributions
- Form RRB-1099-R
- May have to use simplified method for taxable amount

Social Security SSA-1099/RRB-1099 Tier 1 Distributions

RRB-1099



Sample SSA-1099 Form

CORRECTED DUPLICATE

PAYER'S NAME, STREET ADDRESS, CITY, STATE, AND ZIP CODE:
UNITED STATES RAILROAD RETIREMENT BOARD
 844 N RUSH ST CHICAGO, IL 60611-2092

TAX YEAR

PAYMENTS BY THE RAILROAD RETIREMENT BOARD

1. Claim No. and Payee Code	3. Gross Social Security Equivalent Benefit Portion of Tier 1 Paid in the Year Shown Above		COPY C - FOR RECIPIENT'S RECORDS. THIS INFORMATION IS BEING FURNISHED TO THE INTERNAL REVENUE SERVICE.
2. Recipient's Identification Number	4. Social Security Equivalent Benefit Portion of Tier 1 Repaid to RRB in the Year Shown Above		
Recipient's Name, Street Address, City, State, and Zip Code	5. Net Social Security Equivalent Benefit Portion of Tier 1 Paid in the Year Shown Above		
	6. Workers' Compensation Offset in the Year Shown Above		
	7. Social Security Equivalent Benefit Portion of Tier 1 Paid for One Year Prior to the Year Shown Above		
	8. Social Security Equivalent Benefit Portion of Tier 1 Paid for Two Years Prior to the Year Shown Above		
	9. Social Security Equivalent Benefit Portion of Tier 1 Paid for Three or More Years Prior to the Year Shown Above		
	10. Federal Income Tax Withheld	11. Medicare Premium Total	

FORM RRB-1099 (1-98) DO NOT ATTACH TO YOUR INCOME TAX RETURN

PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME
 • SEE THE REVERSE FOR MORE INFORMATION.

Box 1. Name Douglas Davis	Box 2. Beneficiary's Social Security Number 124-06-1301
Box 3. Benefits Paid in 2012 15,972.00	Box 4. Benefits Repaid to SSA in 2012 NONE
Box 5. Net Benefits for 2012 (Box 3 minus Box 4) 15,972.00	
DESCRIPTION OF AMOUNT IN BOX 3	DESCRIPTION OF AMOUNT IN BOX 4
Paid by check or direct deposit 14,365.00 Medicare Part B premiums deducted from your benefit 1,156.80 Medicare Prescription Drug premiums (Part D) deducted from your Benefits 450.20 Voluntary federal income tax withheld 0.00 Total Additions 15,972.00 Benefits for 2012 15,972.00	NONE
Box 6. Federal Income Tax Withheld 0.00	
Box 7. Address Douglas Davis 210 Main Street Bridgewater, NJ 08807	
Box 8. Claim Number (Use this number if you need to contact SSA)	

Enter on Social Security screen

1. Enter amount from Box 5 of Form SSA-1099 or from Form RRB-1099 - Tier 1 (Blue form) Net Social Security Equivalent Benefits (SSEB).
2. Be sure to check for any tax withheld. Often taxpayers choose this option. This is found in Box 6 of the SSA-1099 and Box 10 of the RRB-1099.
3. Enter the total of Medicare Parts A, B, C, and D. Repeat for spouse. If Medicare premiums have been used for the Self Employed Health Insurance deduction, do NOT enter on this screen.
4. If an amount is present in the description of Box 3 on Form SSA-1099, or Boxes 7, 8 and 9 on Form RRB-1099, the taxpayer received benefits attributable to a prior year. If the taxpayer is able to provide prior year tax returns, use the Social Security Lump-Sum Payment worksheet on the next page to see if the taxable amount of Social Security is reduced.

Social Security SSA-1099/RRB-1099 Tier I

Taxpayer's Social Security Benefit (Generally Box 5 of Form SSA-1099)

 1

Taxpayer's Federal Tax Withheld (Amount from Box 6 of Form SSA-1099)

 2

Taxpayer's Medicare Premiums

 3

Spouse's Social Security Benefit (Generally box 5 of Form SSA-1099)

Spouse's Federal Tax Withheld (Amount from Box 6 of Form SSA-1099)

Spouse's Medicare Premiums

Lump-Sum Payments

 4

Form RRB-1099-R Distributions

PAYER'S NAME, STREET ADDRESS, CITY, STATE, AND ZIP CODE UNITED STATES RAILROAD RETIREMENT BOARD 844 N RUSH ST CHICAGO IL 60611-2092		20XX		ANNUITIES OR PENSIONS BY THE RAILROAD RETIREMENT BOARD			
PAYER'S FEDERAL IDENTIFYING NO. 36-3314600		3. Employee Contributions		<p>COPY B -</p> <p>REPORT THIS INCOME ON YOUR FEDERAL TAX RETURN. IF THIS FORM SHOWS FEDERAL INCOME TAX WITHHELD IN BOX 9 ATTACH THIS COPY TO YOUR RETURN.</p> <p>THIS INFORMATION IS BEING FURNISHED TO THE INTERNAL REVENUE SERVICE.</p>			
1. Claim Number and Payee Code		4. Contributory Amount Paid					
2. Recipient's Identification Number		5. Vested Dual Benefit					
Recipient's Name, Street Address, City, State, and Zip Code		6. Supplemental Annuity					
		7. Total Gross Paid (Sum of boxes 4, 5 and 6)					
		8. Repayments					
		9. Federal Income Tax Withheld					
10. Rate of Tax		11. Country				12. Medicare Premium Total	

FORM RRB-1099-R

RRB-1099-R

Whose RRB-1099-R is this?

Recipient *

TAXPAYER EXAMPLE 1

SPOUSE EXAMPLE

Payer Information

Payer's ID *

Payer Name *

Check here if foreign address

Address (street number & name) *

ZIP code *

City, town, or post office *

State *
- Please Select -

Phone Number * Optional

Recipient Information

Check here if foreign address

Address (street number & name) *
123 MAIN ST

ZIP code *
33635 -

City, town, or post office *
Tampa

State *
Florida

RRB-1099-R Information

3 Total employee contributions
\$

4 Contributory Amount Paid
Not needed for e-filing

5 Vested Dual Benefit
Not needed for e-filing

6 Supplemental Annuity
Not needed for e-filing

7 Total Gross Paid *
\$

7a Taxable Amount
\$

Does not carry to Form 8880

Do you need to calculate your taxable amount? 2
Click here for options.

8 Repayments
Not needed for e-filing

9 Federal income tax withheld
\$

10 Rate of Tax
Not needed for e-filing

11 Country
Not needed for e-filing

12 Medicare Premium Total
Not needed for e-filing

Check here to report on Form 1040, Line 1

1. A spouse of a railroad retiree receives a spouse annuity and will have a separate RRB-1099-R even though the spouse was not employed by the railroad.
2. Taxable amount may have to be determined using Simplified Method. Railroad retirement pensions which start when the spouse is alive must use the joint and survivor simplified method. Survivor annuities are available for all surviving spouses. The simplified method is **always** needed for a railroad retiree, but it is never needed for the spouse's RRB-1099-R paid to the spouse while the retiree is alive.

IRA Deduction

- A deduction can be taken if the taxpayer contribution to a Traditional IRA
- The total amount that can be contributed is \$6,500 or \$7,500 if over age 50
- There is no age cap (used to be 70 ½)
- This contribution can be made anytime in 2023 or until April 15, 2024



Tax on Early Distribution from retirement plan or IRA

Exception codes and explanations for early distributions from IRAs or retirement plans:

Do not rely on this list alone. For exceptions that apply to IRAs, see Publication 590-B for rules and details pertaining to each exception. For exceptions that apply to pensions or annuities, see Publication 575. See also Form 5329 Instructions.

No	Exception
01	Qualified retirement plan distributions (doesn't apply to IRAs) if you separated from service in or after the year you reach age 55 (age 50 for qualified public safety employees).
02	Distributions made as part of a series of substantially equal periodic payments (made at least annually) for your life (or life expectancy) or the joint lives (or joint life expectancies) of you and your designated beneficiary (if from an employer plan, payments must begin after separation from service).
03	Distributions due to total and permanent disability. Does not apply if the disability occurred after the distribution.
04	Distributions made on or after the date of death (doesn't apply to modified endowment contracts).
05	Qualified retirement plan distributions up to (1) the amount you paid for unreimbursed medical expenses during the year minus (2) 7.5% of your adjusted gross income for the year. Expenses can also be entered on Schedule A.
06	Qualified retirement plan distributions made to an alternate payee under a qualified domestic relations order (doesn't apply to IRAs).
07	IRA distributions made to unemployed individuals for health insurance premiums. ¹
08	IRA distributions up to the amount you paid for qualified higher education expenses during the year, unless paid with tax-free education aid or Pell grant.
09	IRA distributions made for purchase of a first home, up to \$10,000 per taxpayer and paid within 120 days of distribution.
10	Distributions due to an IRS levy on the qualified retirement plan.
11	Qualified distributions to reservists while serving on active duty for at least 180 days.
12	Distributions incorrectly indicated as early distributions by code 1, J, or S in box 7 of Form 1099-R. Include on line 2 the amount you received when you were age 59½ or older.
13	Distributions from a section 457 plan, which aren't from a rollover from a qualified retirement plan.
14	Distributions from a plan maintained by an employer if: <ul style="list-style-type: none"> • You separated from service by March 1, 1986; • As of March 1, 1986, your entire interest was in pay status under a written election that provides a specific schedule for the distribution of your entire interest; and • The distribution is actually being made under the written election.
15	Distributions that are dividends paid with respect to stock described in section 404(k).
16	Distributions from annuity contracts to the extent that the distributions are allocable to the investment in the contract before August 14, 1982. For additional exceptions that apply to annuities, see <i>Tax on Early Distributions</i> under <i>Special Additional Taxes</i> in Pub. 575.
17	Distributions that are phased retirement annuity payments made to federal employees. See Pub. 721 for more information on the phased retirement program.
18	Permissible withdrawals under section 414(w).
19	Qualified birth or adoption distributions. Attach a statement that provides the name, age, and TIN of the child or eligible adoptee. See Note on the following page.
20	Distributions due to terminal illness made on or after December 30, 2022. Distributions that are made after the date on which your physician has certified that you have an illness or physical condition that can reasonably be expected to result in death in 84 months or less after the date of the certification.
21	Corrective distributions made on or after December 29, 2022, the income on excess contributions distributed before the due date of the tax return (including extensions).
99	Enter this code if more than one exception applies

- An additional 10% tax will be calculated if a taxpayer takes a distribution from their retirement account early
- Form 5329 can be filed if one of the exceptions for early distribution apply

Retirement Contribution Savings Credit

- Taxpayer may be eligible to take the Retirement Contribution Savings Credit

Step	Probe/Ask the taxpayer:	Action
1	Did you make a voluntary contribution or deferral to an IRA or other qualified plan for 2023? ¹	YES – Go to Step 2 NO – Not qualified for credit
2	Is AGI \$36,500 or less (\$54,750 if head of household, \$73,000 if married filing jointly)?	YES – Go to Step 3 NO – Not qualified for credit
3	Were you born before January 2, 2006?	YES – Go to Step 4 NO – Not qualified for credit
4	Are you being claimed as a dependent on someone else's tax return for 2023?	YES – Not qualified for credit NO – Go to Step 5
5	Were you a full-time student ² during 2023?	YES – Not qualified for credit NO – Qualified for credit

Footnotes

¹Plans that qualify are listed on Form 8880. Answer yes if the taxpayer will make a qualifying IRA contribution for tax year 2023 by the due date of the return.

²You were a student if during any part of 5 calendar months of 2023 you:

- Were enrolled as a full-time student at a school, or
- Took a full-time, on-farm training course given by a school or a state, county, or local government agency. **Note:** A school includes technical, trade and mechanical schools. It does not include on-the job training courses, correspondence schools, or schools offering courses only through the Internet.

Retirement Contribution Savings Credit

In addition to the questions above

- Look at the W-2 to see if the Retirement box is checked
- Look to see if in box 12 any of the retirement code amount are present (codes D, E, F, G, H, S, AA, BB
- Look to see if there is a retirement amount in box 14

If they qualify for 8880 will be filled out

- If amounts on the W-2 the amounts should pull through
- If not we will need to enter it

There is an income phase out if the income is over the following

- Single, Married filing Separate-\$36,500
- Head of Household-\$54,750
- Married filing Joint-\$73,000



Questions/Comments