


**2011 1099-Rs  
in  
Pension Reporter**

Presented by  
Kristina Kananen, QPA QKA APA

1



**2011 1099-Rs in Pension Reporter**

- What we will cover
  - 1099-R fields and maneuvering in PR
  - Data Needed
  - Organizing Data and getting it into PR easily
  - Other forms affiliated with 1099-Rs

2



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- 1099-R Fields and Maneuvering in PR
  - Name, Address, EIN/TIN or SSN required for every Payer and every Payee
    - Last known address is adequate
    - PR will not print or process incomplete 1099-Rs
    - Listing of invalid 1099-Rs available to forward to clients for completion
    - If using spreadsheet import, Send the spreadsheet to client for approval before import to PR.

3



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- 1099-R Fields and Maneuvering, Cont.
  - Foreign Payers
  - Foreign Payees
  - Amount allocable to IRR within 5 years
  - 1<sup>st</sup> year of Desig. Roth Contrib.
  - Account Number
  - Date = Date of Distribution

4



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- 1099-R Fields and Maneuvering, Cont.
  - Gross Distribution (Box 1)
  - Taxable Amount (Box 2a)
  - Taxable Amount Not Determined (First 2b box)
  - Total Distribution = Total Amount to the Credit (Second 2b box)

5



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- 1099-R Fields and Maneuvering, Cont.
  - Capital Gain (Box 3) – Instructions page 8
  - Federal Income Tax Withheld (Box 4)
  - Employee Contributions/Designated Roth contributions or insurance premiums (Box 5)
  - Net Unrealized Appreciation in employer's securities (Box 6)

6



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- 1099-R Fields and Maneuvering, Cont.
  - IRA/SEP/SIMPLE
  - Other (Box 8)
  - Your percentage of total distribution (Box 9a)
  - Total Employee Contributions (Box 9b) Optional

7



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- 1099-R Fields and Maneuvering, Cont.
  - State Tax Withheld (Box 12)
  - State/Payer's State no. (Box 13)
  - State Distribution (Box 14)
  - Local Tax Withheld (Box 15)
  - Name of Locality (Box 16)
  - Local Distribution (Box 17)

8



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Distribution Codes (Box 7)

- What you need to know.

- Age
  - If born before 1/2/36, has the 10-Year option been used
- Reason for the distribution
- Lump Sum or Substantially Equal
- If Substantially Equal, has there been a change

9



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Distribution Codes (Box 7)

- What you need to know (cont)

- Whether the participant has a tax basis (box 5) from Employee after-tax contributions, PS58 costs or Roth contributions
- Whether the Plan distributed Employer Securities
- Who is the payee

10



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Distribution Codes (Box 7)

- What you need to know

- Did the participant have life insurance in the plan
- If there are Roth monies included in the distribution, what year did the participant make his first Roth contribution?
- Did the participant use the In-Plan Roth Rollover provision?

11



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Distribution Codes (Box 7)

- What you need to know

- Is the Distribution to be rolled over to an IRA, conduit IRA or another qualified plan?
- If the distribution is to be rolled over to an IRA, is the IRA a Roth IRA?
- Does the plan provide for an Eligible Automatic Contribution Arrangement and is the distribution a “permissible withdrawal”?

12



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Code 1

- If the participant is under the age of 59 ½, Code 1 will apply unless the participant met an exception.
  - Distribution was made due to an IRS levy (Sec. 6331)
  - 457(b) distribution not subject to 10% tax.
  - Distribution after taxpayer attained age 55
  - Distribution from governmental DB plan to Public Safety Employee after age 50 or for health or long-term care
  - Substantially equal payments under 72(q), (t) or (v)
  - Any other distribution not required to use 1, 3 or 4 under 72(q), (t) or (v)

13



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Code 1

- Used after the employee attains age 59 ½ only IF the employee was taking substantially equal payments and modified the payments before the end of the 5-year period.

14



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Code 1 (Cont)

- Code 1 can be used with

- Corrective distributions taxable in 2011 (Code 8)
- Designated Roth account distribution (Code B)
- Deemed Distributions (loans) (Code L)
- Corrective distributions taxable in 2010 (Code P)

- Note: Code D which was used to report corrective distributions taxable in the 2<sup>nd</sup> preceding plan year was deleted (Use E)

15



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Code 2

- Participant is under age 59 ½, and one of the exceptions discussed in Code 1 applies and the participant was not disabled [see IRC 72(m)(7)] or deceased.
- Used for Permissible withdrawals under EACAs

16





**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Code 2 (Cont.)
  - Can be used with Corrective distribution codes (8 or P) or with Roth distribution (B)

17



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Code 3
  - Participant is considered disabled if he has provided proof that he is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which is unlikely to end or will result in death.

18



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Code 4
  - The Participant has died and the benefit is payable to a beneficiary or a trust.
  - Payee is the Beneficiary or the trust and their SSN or TIN is used
  - Can be used with codes 8, A, B, G, H, L or P

19



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Code 7
  - Normal Distribution means over age 59 ½
  - Only Codes A or B can be used with Code 7 – May be eligible for 10-year tax option
    - Participant must have been born before 1/2/36 and the distribution must be a lump sum
    - You need to know if the recipient used this method or the capital gain treatment in the past.

20



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Code 8
  - Use when Corrective distributions for 2010 were made after 3/15/11
  - Can be used with Codes 1, 2, 4, B, or J

21



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Code 9
  - Cost of insurance at risk
  - Historically called PS58 costs, but that table no longer used
  - Total of all 1099-Rs filed over the years with a Code 9 is the basis that will be reported in Box 5 when a distribution is made and the final 1099-R prepared

22



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Code B
  - Used for all Roth account distributions.

23



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Code B
  - Can be used with
    - Early Distributions (Code 1)
    - Early Distributions with exception (Code 2)
    - Death (Code 4)
    - Normal Distribution (Code 7)
    - Corrective distributions taxable in 2011 (Code 8) or in 2010 (Code P)
    - Rollovers/Transfers (Code G)
    - Deemed distributions (Code L)
    - Dividends distributed from an ESOP (code U)

24



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Code E

- Excess Annual Additions under section 415
- Corrective Distributions for the 2<sup>nd</sup> preceding plan year
- Used alone
- Used instead of Code B if Roth money distributed
- Not subject to 10% penalty

25



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Code G

- Direct Rollover and Rollover Contribution
  - Used for Direct rollovers from the plan to another qualified plan or IRA
  - Normally used alone, but can be used with Code 4 (death) and with Code B (Roth account distribution)

26



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Code H
  - Used when there is a direct rollover from a designated Roth account to a Roth IRA
  - Can be used with a Code 4

27



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Code L
  - Loans treated as deemed distributions under Section 72(p)
  - This code is not used for loan offsets
  - Can be used with Code 1 (Early), Code 4 (Death) or Code B (Roth)

28



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Code P
  - Excess contributions plus earnings/excess deferrals taxable in 2010
  - Made for 2010 plan year and returned on or before 3/15/11
  - Can be used with Code 1 (Early), Code 2 (Early with exception), Code 4 (Death), or Code B (Roth) or Code J (Early from Roth IRA)

29



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Organizing Data and getting it into PR easily
  - Paper Method
  - Spreadsheet method
  - Inquiry Letters to Plan Sponsor
  - Using the Summary Report from PR

30



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Organizing Data and getting it into PR easily
  - Transfer from DC/Win using 1099-R Update – (Validation in PR Important)
  - Native Import (Posted with this webinar)
  - Simple Import (See Help|Release Notes)

31



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- Other Forms affiliated with 1099-Rs
  - Form 945 and 945A
  - Form 1096 (Only Paper Filers)
  - Form 4419 (Only E-Filers need to file.)
- Combined Federal/State Reporting
  - Transmitters must submit a file to <http://fire.test.irs.gov> to be approved to facilitate Combined Federal/State Reporting. (Form 6847 is now defunct.)

32





**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

- **Correcting 1099-Rs**

- **New Process!!**

- Open the 1099-R you want to correct
  - Check the Corrected Box at the top – Important this is the first change you make
  - Make the corrections you need to make and save the 1099-R
- PR will automatically copy the original 1099-R for you as a New 1099-R

33



**DATAIR**  
EMPLOYEE BENEFIT SYSTEMS, INC.

## 2011 1099-Rs in Pension Reporter

Thank you for Attending

\*\*\*

Please post any questions to the Pension Reporter Discussion Forum on [www.datair.com](http://www.datair.com). Answers will be posted as soon as possible.

34