



Preparing 2008 1099-Rs in Pension Reporter

Presented by
Kristina Kananen, QPA QKA APA



2008 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



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2008 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 before import to PR.



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2008 1099-Rs in Pension Reporter

- 1099-R Fields and Maneuvering, Cont.
 - Foreign Payers
 - Foreign Payees
 - 1st year of Desig. Roth Contrib.
 - Account Number
 - Date = Date of Distribution



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- 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)



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- 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)



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- 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



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- 1099-R Fields and Maneuvering, Cont.
 - State Tax Withheld (Box 10)
 - State/Payer's State no. (Box 11)
 - State Distribution (Box 12)
 - Local Tax Withheld (Box 13)
 - Name of Locality (Box 14)
 - Local Distribution (Box 15)



2008 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



2008 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



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- 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?



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- 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”?



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- 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)



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- 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.



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- Code 1 (Cont)
 - Code 1 can be used with
 - Corrective distributions taxable in 2008 (Code 8)
 - Designated Roth account distribution (Code B)
 - Corrective distributions taxable in 2006 (Code D)
 - Deemed Distributions (loans) (Code L)
 - Corrective distributions taxable in 2007 (Code P)



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- 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



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



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- 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.



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- 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, D, G, H, L or P



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- Code 7
 - Normal Distribution means over age 59 ½
 - Only Code A 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.



2008 1099-Rs in Pension Reporter

- Code 8
 - Use when Corrective distributions for 2007 were made after 3/15/08
 - Can be used with Codes 1, 2, 4 or B



2008 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



2008 1099-Rs in Pension Reporter

- Code B
 - Used when there is a non-qualified Roth distribution.
 - Since qualified plans have only had Roth Contributions since 1/1/06, no Roth distribution will be qualified until 1/1/11.



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- Code B
 - Can be used with
 - Early Distributions (Code 1)
 - Early Distributions with exception (Code 2)
 - Death (Code 4)
 - Corrective distributions taxable in 2008 (Code 8) or in 2007 (Code P)
 - Rollovers/Transfers (Code G)
 - Deemed distributions (Code L)



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- Code D
 - Excess contributions plus earnings/excess deferrals taxable in 2006.
 - Corrective distributions not made until 2008, if not made before 12/31/08, serious plan qualification issue.
 - Used with Codes 1, 2, 4 or B



2008 1099-Rs in Pension Reporter

- Code E
 - Excess Annual Additions under section 415
 - Used alone
 - Used instead of Code B if Roth money distributed
 - Not subject to 10% penalty



2008 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 (not qualified Roth distribution)



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- 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



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- 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)



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- Code P
 - Excess contributions plus earnings/excess deferrals taxable in 2007
 - Made for 2007 plan year and returned on or before 3/15/08
 - Can be used with Code 1 (Early), Code 2 (Early with exception), Code 4 (Death), or Code B (Roth)



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2008 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



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2008 1099-Rs in Pension Reporter

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



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2008 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 or Service Bureau Users)
 - Form 6847 (E-Filers or Service Bureau Users)



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Thank you for Attending

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