

1099 Forms



TRS issues 1099 forms each January to individuals who received distributions from TRS in the previous year. Members with active TRS accounts who received a lump-sum distribution from TRS in the past three years may also view the associated 1099 form(s) online by accessing our website.

This brochure provides answers to some common questions members may have about 1099 forms.

Q1: What is a 1099-R?

A1: A 1099-R is a form that reports distributions made from a pension plan (or other retirement account) to an individual during a calendar year. TRS sends a copy of this form to the individual and reports the information to the Internal Revenue Service (IRS).

Q2: What distributions are reported on a 1099-R form?

A2: TRS issues a separate 1099-R form for each of the following types of distributions:

- Taxable excess withdrawals, including those taken at retirement;
- Defaulted loans and taxable loans taken at retirement;
- Advance payments and retirement allowance payments from the Qualified Pension Plan (QPP);
- Annuity payments from the Tax-Deferred Annuity (TDA) Program;
- TDA and QPP Direct Withdrawals and Direct Rollovers;
- TDA Required Minimum Distributions (RMDs);
- Death benefit payments;
- Lump-sum disability payments;
- Withdrawals of funds upon separation from service; and
- Refunds of erroneous contributions.

Please note that TRS does not issue a 1099-R form when members receive a tax-free excess withdrawal or a tax-free loan at retirement.

Q3: Of the sum represented on the 1099-R form, which portion is tax-free and which portion is taxable?

A3: The tax-free amount is listed in box #5; the taxable amount is listed in box #2a.

Q4: What if a “0” is shown as the taxable amount in box #2a?

A4: A “0” is shown in the case of a Direct Rollover, in which you received no funds directly.

Q5: When is the “Taxable amount not determined” box in box #2b checked?

A5: Generally, TRS is able to calculate the taxable portion of your gross distribution (*i.e.*, the amount in box #1), and that amount is reflected in box #2a. However, the “Taxable amount not determined” box in box #2b is checked when all the information required to calculate the taxable amount is not available. In that case, you may wish to consult with your tax advisor to determine the taxable portion of the distribution. In addition, if you are a retiree, your Benefits Letter may help you calculate this amount.

Q6: What is the distribution code used in the 1099-R form?

A6: The distribution code in box #7 indicates the type of distribution you received. Below is a list of the distribution codes used on the 1099-R form:

Distribution Codes

- 1** “Early” distribution to a member who is under age 55.
- 2** “Early” distribution to a member who is under age 59½ and has separated from service after the age of 55.
- 3** Distributions to a member on an accident or ordinary disability retirement; distributions include retirement allowance payments, outstanding QPP and/or TDA loans at retirement, and total TDA withdrawals.
- 4** Death benefit distribution based on the death of a retired member.
- 4a** Death benefit distribution if the beneficiary qualifies for a 5-year or 10-year tax option. (If you are a beneficiary of a member who was born before 1936, you may have the option of paying taxes on this distribution over a period of 5 or 10 years.)
- 4b** Death benefit distribution if the beneficiary qualifies for a “death benefit exclusion.” (If you are the beneficiary of a member who died while in active service before August 21, 1996, \$5,000 of the distributed amount is tax-free.)
- 7** “Normal” distribution to a member who is at least age 59½ (e.g., QPP retirement allowance or TDA annuity payments).
- 8** Excess contributions, plus investment return, taxable in the year of distribution.
- D** Excess contributions, plus investment return, taxable two years before the year of distribution.
- E** Distributions under the IRS Employee Plans Compliance Resolution System (EPCRS) to correct overpayments made by the member (e.g., overpayments on loans, deficits, service credit purchases).

- G** Direct Rollover to a qualified plan, a tax-sheltered annuity, or an Individual Retirement Arrangement (IRA).
- *L** Loan regarded as a “deemed” distribution for a member who is age 59½ and older or for a member who is under age 59½ and has separated from service after the age of 55.
- *L1** Loan regarded as a “deemed” distribution for a member under age 55.
- P** Excess contributions, plus investment return, taxable in the year preceding the year of distribution.

** A loan becomes a “deemed” distribution for any of the following reasons: if it is not fully repaid within the maximum five-year repayment period; if a member’s total past due amount is equal to or greater than the equivalent of one quarterly payment or three regular monthly payments, whichever is applicable; or if the outstanding loan balance exceeds \$50,000, in which case, the amount exceeding \$50,000 becomes a “deemed” distribution.*

Q7: If I receive a distribution check in January of one year, but the check was dated for December of the previous year, in which year will the distribution be taxable?

A7: The distribution will be taxable for the year that the distribution was made (*i.e.*, the year indicated on your check).

Q8: If I received advance payments of my regular retirement allowance, would I receive a 1099-R form for those payments?

A8: Yes. You would receive a 1099-R form for the total advance payments you receive during a calendar year. Any regular retirement allowance payments you receive during the same year would be reported on the same 1099-R form.

Q9: How are my retirement allowance payments taxed? How can I elect the rate at which taxes are withheld?

A9: All *service* and *ordinary disability* retirement allowance payments (including advance payments) are subject to federal taxes and are reported on a 1099-R form(s).

If you retired under *accident disability*, the entire “regular pension” component of your monthly benefit is tax-free; the annuity portion of your accident disability retirement allowance payments is generally taxable. The taxable annuity portion would be any amounts paid from the Annuity Reserve Fund or Pension Reserve Fund (for Tiers I/II members) or any amount paid from the Annuity Reserve Accumulation Fund (for members in other tiers). Taxes are not generally withheld from advance payments under accident disability retirement.

You may elect to have a specific amount of federal tax withheld from your retirement allowance payments by filing a “Withholding Certificate for Pension or Annuity Payments” (W-4P) with TRS; this form is provided to you before you receive payments from TRS. Alternatively, you may make a withholding election online by accessing our website.

Your withholding election would generally take effect approximately two to six weeks after TRS receives your online W-4P filing, or approximately two months after TRS receives your paper form.

Unless you elect otherwise, withholding is applied to your retirement allowance payments (and any advance payments) at the rate for a married person with three dependents. Please note that, if you have a permanent residence outside of the United States, IRS regulations prohibit you from electing to have no federal tax withheld from your retirement benefits.

Q10: Is interest also reported on the 1099-R form?

A10: No. Generally, any interest payments associated with a distribution named in A2 would be reported on a 1099-INT form. However, the full amount of any Direct Rollover is reported on the 1099-R form, including any portion of the Direct Rollover that is attributable to interest.

Q11: When will I receive my 1099 form(s) for a given year?

A11: TRS sends out all 1099-R and 1099-INT forms for a given tax year by the following January 31. Members with active TRS accounts who received a lump-sum distribution from TRS in the past three years may also view the associated 1099 form(s) online by accessing our website. However, if your 1099 form(s) was corrected in a given year, you would be unable to view either the original form or the corrected form online.

Q12: What should I do with the 1099(s) that I receive?

A12: You should save this form(s) with your other tax records for the year. When you file your federal tax return, you must report the amounts that your 1099-R form(s) designates as taxable distributions and as taxes withheld. You must also report the amounts that your 1099-INT form(s) designates as interest.

Q13: Why was I issued more than one 1099-R form?

A13: TRS issues a separate 1099-R form for each type of distribution listed in A2. In addition, retirees receiving a QPP retirement allowance who reached age 59½ during the previous calendar year would receive two 1099 forms: one for the period prior to reaching age 59½, and one for the period after reaching age 59½.

Q14: Why didn't I receive a 1099 form from TRS?

A14: TRS may not have made a taxable or tax-deferred distribution to you or on your behalf during the year. However, if you received a distribution, or if TRS processed a Direct Rollover of your QPP and/or TDA funds during the year, you should have received a 1099 form. If you changed your address without notifying TRS, the 1099 form would have been sent to your previous address.

Q15: If an amount on my 1099 form seems incorrect, what should I do?

A15: First, be sure that your calculations are based on the gross amount of your distribution. If there still is a discrepancy between your calculations and the amount on your 1099 form, you should file a “1099-R/1099-INT Inquiry Form” (code GA5) with TRS along with supporting documentation (e.g., copies of your pay stubs). Your inquiry should be addressed within 15 business days after TRS’ receipt of this form.

Q16: May I receive a duplicate 1099 form?

A16: Yes. You may request a duplicate 1099 form by filing a “1099-R/1099-INT Inquiry Form” with TRS. Duplicates are usually processed within 15 business days after TRS’ receipt of your request. Members with active TRS accounts who received a lump-sum distribution from TRS in the past three years may also request a duplicate 1099 form(s) online by accessing our website.

Q17: If I have any additional questions about my 1099-R or 1099-INT forms, whom may I contact?

A17: If you have any questions, please contact TRS’ Member Services Center.

For your convenience, TRS forms and publications are available on our website.
If you require additional assistance, please contact our Member Services Center at 1 (888) 8-NYC-TRS.

This publication should not be solely relied upon, as it is based on currently available information that is subject to change. TRS suggests that you consult with an attorney and/or a tax advisor if you have any specific legal or tax questions concerning this information. In all cases, the specific provisions of the governing laws, rules, and regulations prevail.



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