Form 1099-R issued by ERS for 2021

The 1099-R is a four-part form with instructions on the back of the form.

- Copy B is to be used in preparing your federal return.
- Retain Copy C for your records and keep it in a safe place for future financial purposes.
- You may disregard Copy 2, since all benefits received from the ERS are exempt from State of Hawaii income tax.
  - If you are living out-of-state, you should consult a qualified tax preparer or state/local tax authority regarding the tax laws in your area.

The next page contains the Instructions for Recipient printed on the IRS Form 1099-R for 2021.
### Instructions for Recipient

Generally, distributions from retirement plans (IRAs, qualified plans, section 403(b) plans, and governmental section 457(b) plans), insurance contracts, etc., are reported to recipients on Form 1099-R.

#### Qualified plans and section 403(b) plans.

If your annuity starting date is after 1997, you must use the simplified method to figure your taxable amount if your payer didn’t show the taxable amount in box 2a. See the instructions for your tax return.

**IRAs.** For distributions from a traditional individual retirement arrangement (IRA), simplified employee pension (SEP), or savings incentive match plan for employees (SIMPLE), generally the payer isn’t required to compute the taxable amount. See the instructions for your tax return to determine the taxable amount. If you’re at least age 72, you must take minimum distributions from your IRA (other than a Roth IRA). If you don’t, you’re subject to a 50% excise tax on the amount that should’ve been distributed. See Pub. 550-A and Pub. 590-B for more information on IRAs.

**Roth IRAs.** For distributions from a Roth IRA, generally the payer isn’t required to compute the taxable amount. You must compute any taxable amount on Form 8606. An amount shown in box 2a may be taxable earnings on an excess contribution.

**Loans treated as distributions.** If you borrow money from a qualified plan, section 403(b) plan, or governmental section 457(b) plan, you may have to treat the loan as a distribution and include all or part of the amount borrowed in your income. There are exceptions to this rule. If your loan is taxable, code L will be shown in box 7. See Pub. 575.

**Recipient’s taxpayer identification number (TIN).** For your protection, this form may show only the last four digits of your TIN (SSN, ITIN, ATIN, or EIN). However, the payer has reported your complete TIN to the IRS.

**Account number.** May show an account, policy, or other unique number the payer assigned to distinguish your account.

#### Box 1. Shows the total amount distributed this year. The amount may have been a direct rollover, a transfer or conversion to a Roth IRA, a recharacterized IRA contribution; or you may have received it as periodic payments, nonperiodic payments, or a total distribution. Report the amount on Form 1040, 1040-SR, or 1040-NR on the line for “IRA distributions” or “Pension and annuities” (or the line for “Taxable amount”) and on Form 8606, as applicable. However, if this is a lump-sum distribution, see Form 4972. If you haven’t reached your minimum retirement age, report your disability payments on the line for “Wages, salaries, tips, etc.” on your tax return. Also report on that line permissible withdrawals eligible automatic contribution arrangements and corrective distributions of excess deferrals, excess contributions, or excess aggregate contributions except if the distribution is of designated Roth contributions or your Roth account was made against the cash value of an annuity contract or the cash surrender value of a life insurance contract (Life Insurance Contracts). An amount will be shown in this box and code W will be shown in box 7. If a charge or payment was made against the cash value of an annuity contract or the cash surrender value of a life insurance contract for the purchase of qualified long-term care insurance, an amount will be shown in this box and code W will be shown in box 7. You need not report these amounts on your tax return. If code C is shown in box 7, the amount shown in box 1 is a receipt of reportable death benefits that is taxable in part.

**Box 2a.** This part of the distribution is generally taxable. If there is no entry in this box, the payer may not have all the facts needed to figure the taxable amount. In that case, the first box in box 2b should be checked. You may want to get one of the free publications from the IRS to help you figure the taxable amount. See Additional information on the back of Copy 2. For an IRA distribution, see IRAs and Roth IRAs, earlier. For a direct rollover, other than from a qualified plan, section 403(b) plan, or governmental section 457(b) plan to a designated Roth account in the same plan or to a Roth IRA, zero should be shown and you must enter zero (-0-) on the “Taxable amount” line of your tax return. If you roll over a distribution (other than a distribution from a designated Roth account) from a qualified plan, section 403(b) plan, or governmental section 457(b) plan to a Roth IRA, you must include on the “Taxable amount” line of your tax return the amount shown in this box plus the amount in box 6, if any. If this is a total distribution from a qualified plan and you were born before January 2, 1936 (or you’re the beneficiary of someone born before January 2, 1936), you may be eligible for the 10% early distribution penalty tax. See Form 4972 for more information. If you’re an eligible retired public safety officer who elected to receive retirement benefits, see the Instructions for Form 8938.

**Box 2b.** If the first box is checked, the payer was unable to determine the taxable amount and box 2a must be blank, except for an IRA. It’s your responsibility to determine the taxable amount. If the second box is checked, the distribution was a total distribution that closed out your account.

**Box 3.** If you received a lump-sum distribution from a qualified plan and were born before January 2, 1936 (or you’re the beneficiary of someone born before January 2, 1936), you may be able to elect to treat this amount as a capital gain on Form 4972 (not on Schedule D (Form 1040)). See the Form 4972 instructions for more information. For a charitable gift annuity, report as a long-term capital gain as explained in the Instructions for Form 8949.

**Box 4.** Shows federal income tax withheld. Include this amount on your income tax return as tax withheld, and if box 4 shows an amount (other than zero), attach Copy B to your return. Generally, if you receive payments that aren’t eligible rollover distributions, you can choose your withholding or elect not to have income tax withheld by giving the payer Form W-4P.

**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’s your basis in a designated Roth account; the part of premiums paid on commercial annuities or insurance contracts recovered tax free; the nontaxable part of a charitable gift annuity; or the investment portion of a life insurance contract reported under section 6050Y. This box doesn’t 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 6.** If you received a lump-sum distribution from a qualified plan that includes securities of the employer’s company, the net unrealized appreciation (NUA) (any increase in value of such securities while in the trust) is taxed only when you sell the securities unless you choose to include it in your gross income this year. See Pub. 575 and Form 4972. If you roll over the distribution to a designated Roth account in the same plan or to a Roth IRA, see the instructions for box 2a. For a direct rollover to a designated Roth account in the same plan or to a Roth IRA, the NUA is included in box 2a. If you didn’t receive a lump-sum distribution, the amount shown is the NUA attributable to employee contributions, which isn’t taxed until you sell the securities.

**Box 7.** The following codes identify the distribution you received. For more information on these distributions, see the instructions for your tax return. Also, certain distributions may be subject to an additional 10% tax. See the Instructions for Form 5329.

- Early distribution, no known exception (in most cases, under age 59 1/2).
- Early distribution, exception applies (under age 59 1/2).
- Disability.
- Death.
- Prohibited transaction.
- Section 1035 exchange (a tax-free exchange of life insurance, annuity, qualified long-term care insurance, or endowment contracts).
- Normal distribution.
- Excess contributions plus earnings/excess deferrals (and/or earnings) taxable in 2022.
- Cost of current life insurance protection.
- May be eligible for 10-year tax option (see Form 4972).
- Designated Roth account distribution.

**Note:** If code B is in box 7 and an amount is reported in box 11, see the Instructions for Form 5329.

**Box 8.** Shows federal income tax withheld. Include this amount on your income tax return as tax withheld, and if box 4 shows an amount (other than zero), attach Copy B to your return. Generally, if you receive payments that aren’t eligible rollover distributions, you can choose your withholding or elect not to have income tax withheld by giving the payer Form W-4P.

**Box 9.** For a life annuity from a qualified plan or from a section 403(b) plan (with after-tax contributions), an amount may be shown for the employee’s total investment in the contract. It may be eligible for 10 year tax option (see Form 4972). If charges were made for qualified long-term care insurance contracts under combined arrangements, the amount of the reduction in the investment (but not below zero) in the annuity or life insurance contract is reported here.

**Box 9a.** If a total distribution was made to more than one person, the percentage you received is shown.

**Box 9b.** For a life annuity from a qualified plan or from a section 403(b) plan with after-tax contributions, an amount may be shown for the employee’s total investment in the contract. It is used to compute the taxable part of the distribution. See Pub. 575.

**Box 10.** If an amount is reported in this box, see the Instructions for Form 5329 and Pub. 575.

**Box 11.** The first year you made a contribution to the designated Roth account reported on this form is shown in this box.

**Box 12.** If checked, the payer is reporting on this Form 1099 to satisfy its Internal Revenue Code section 412 account reporting requirement under FATCA. You may also have a filing requirement. See the Instructions for Form 8938.

**Box 13.** Shows the date of payment for reportable death benefits under section 6050Y.

**Boxes 14–19.** If state or local income tax was withheld from the distribution, boxes 16 and 19 may show the part of the distribution subject to state and/or local tax.

**Additional information.** You may want to see:

- Form W-4P, Form 4972, Form 5329, Form 8606
- Pub. 525, Taxable and Nontaxable Income
- Pub. 560, Retirement Plans for Small Business
- Pub. 571, Tax-Sheltered Annuity Plans
- Pub. 575, Pension and Annuity Income
- Pub. 590-A, Contributions to IRAs
- Pub. 590-B, Distributions from IRAs
- Pub. 721, U.S. Civil Service Retirement Benefits
- Pub. 939, General Rule for Pensions and Annuitities
- Pub. 969, HSAs and Other Tax-Favored Health Plans