

Understanding Your 1099-R Tax Form from the Oklahoma Police Pension & Retirement System

Copy B -- Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.		OMB No. 1545-0119 2013 Form 1099-R
Account number (see instructions)			CORRECTED (if checked) <input type="checkbox"/>	
PAYER'S name, street address, city or town, province or state, country, and ZIP or foreign postal code Oklahoma Police Pension & Retirement System 1001 N.W. 63rd Street, Suite 305 Oklahoma City, OK 73116-7335				
PAYER'S federal identification number 73-1039862		RECIPIENT'S identification number		
RECIPIENT'S name, street address, city or town, province or state, country, and ZIP or foreign postal code				
1 Gross distribution \$ Box 1	2a Taxable amount \$ Box 2a	2b Taxable amount not determined <input type="checkbox"/> Total distribution <input type="checkbox"/> Box 2b		
3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$ Box 4	5 Employee contributions/Design. Roth contrib./ins. premiums \$ Box 5		
6 Net unrealized appreciation in employer's securities \$	7 Distribution code(s) Box 7	IRA/SEP/SIMPLE <input type="checkbox"/>	8 Other \$ %	
9a Your percentage of total distribution %	9b Total employee contributions \$ Box 9b	10 Amount allocable to IRR within 5 years \$		11 1st year of design. Roth contrib.
\$ Box 12	-----		\$	
12 State tax withheld	13 State/Payer's state no.		14 State distribution	
15 Local tax withheld	16 Name of locality		17 Local distribution	
\$	\$		\$	
\$	\$		\$	

Form **1099-R** Department of the Treasury - Internal Revenue Service 38-2099803
This information is being furnished to the Internal Revenue Service.

Disclaimer: The Oklahoma Police Pension & Retirement System does not provide specific tax advice. This document provides further clarification regarding certain amounts and codes included on your form 1099-R. Members are encouraged to consult with a competent tax advisor regarding specific tax questions.

Box 1 - Gross distribution

This box shows the total gross amount you received from the Oklahoma Police Pension and Retirement System (OPPRS) for the calendar year. *(See Frequently Asked Questions below about receiving more than one form 1099-R for a calendar year)

Box 2a - Taxable amount

This box shows the amount of your distribution that is taxable. If part of your distribution is not taxable, the non-taxable amount will be displayed in Box 5. If box 2a is blank and there is no amount in Box 5, OPPRS may not have all the information necessary to determine your taxable amount. This will generally be the case if you retired prior to January 1, 1993. In this circumstance, "Taxable amount not determined" will be checked in Box 2b.

Box 2b – Taxable amount not determined -OR-

If "Taxable amount not determined" is checked, then OPPRS did not have the information necessary to determine the taxable amount, and Box 2a is left blank. In this case, you are responsible for determining your taxable amount. Additional guidance on how to calculate the non-taxable portion of your benefit can be found in IRS Publication 575 or in the IRS Form 1040 Instructions under the heading "Pensions and Annuities".

Box 2b – Total distribution

If the "Total distribution" in box 2b is checked, then all benefits owed were distributed by OPPRS during the year, and there will be no further distributions from OPPRS.

Box 3 – Capital gain

This box is not applicable to OPPRS retirees.

Box 4- Federal income tax withheld

This box shows the total amount of federal income tax withheld for the calendar year.

Box 5 - Employees contributions/Desig. Roth contribs./ins. premiums

This box shows after-tax contributions excluded from your gross distribution in Box 1 for the calendar year. It equals the difference between your Taxable amount in Box 2a and the Gross distribution in Box 1. Your insurance premium deductions are not included on form 1099-R. After year end, you will receive a statement showing your insurance premium deductions for the year that were paid directly to your health insurer by OPPRS. As defined by the 2006 Pension Protection Act, you can deduct up to \$3,000.00 from your taxable income (see IRS Form 1040 instructions for further details).

Box 6 – Net unrealized appreciation in employer securities

This box is not applicable to OPPRS retirees.

Box 7 - Distribution code(s)

This IRS code identifies the type of distribution you received from OPPRS.

For A Regular (Monthly) Annuity:

- Code number 1 – Early distribution, no known exception. Usually this code applies to distributions when a member is under the age of 50, and tax penalties may apply. However, this code does not apply to regular monthly benefit payments from OPPRS that are paid to fully vested, retired members.
- Code number 2 – Early distribution, exception applies. This code will apply if you are younger than age 59½ this tax year. Since OPPRS is a governmental defined benefit plan for public safety employees, you will not incur an early distribution penalty on regular monthly benefits under this code.
- Code number 3 – Disability. This code indicates a distribution based on the disability of a member.
- Code number 4 – Death. This code represents a distribution based on the death of a member or beneficiary. Death benefits distributed to beneficiaries will also have this code.
- Code number 4G – Death, Direct rollover and rollover contribution. This code indicates that the distribution was made on account of death and that the proceeds were rolled over to another eligible qualified retirement plan.
- Code number 7 – Normal distribution. This code indicates you are 59½ years old or older and that you received normal distributions for the year.

For A Lump Sum Payment (to Member) of Refunded Contributions or Deferred Option (DOP) Distributions:

- Code number 1 – Early distribution, no known exception. Usually this code applies to distributions when a member is under the age of 50. When a member under age 50 receives a refund of contributions or a direct payment from one of the DOP plans, Box 7 will have this code. A 1099-R with this code may incur early distribution tax penalties.
- Code number 2 – Early distribution, exception applies. This code will apply if you are younger than age 59½ this tax year, but older than 50. Since OPPRS is a governmental defined benefit plan for public safety employees, separating from service in or after the year you reach age 50 is a qualifying exception for Code 2. A 1099-R with this code is generally not subject to early distribution tax penalties.
- Code number 7 – Normal distribution. This code indicates you are 59½ years old or older and that you received normal distributions for the year.
- Code number G – Direct rollover and rollover contribution. This code represents amounts that were rolled over from OPPRS to another eligible qualified retirement plan. Refunds and DOP distributions that are made prior to age 50 may avoid early distribution tax penalties by being rolled over to another eligible qualified retirement plan.

Box 8 – Other

This box is not applicable to OPPRS retirees.

Box 9a – Your percentage of total distribution

This box is not applicable to OPPRS retirees.

Box 9b – Total employee contributions

This amount, if any, represents the total post-tax contributions that you will be allowed to exclude from your taxable amount over your lifetime (presented for informational purposes only.)

Box 10 – Amount allocable to IRR within 5 years

This box is not applicable to OPPRS retirees.

Box 11 – 1st year of desig. Roth contrib.

This box is not applicable to OPPRS retirees.

Box 12 – State tax withheld

This box shows OPPRS's Oklahoma tax ID (OK-69-0730001) and the amount of Oklahoma income tax withheld for the year.

Boxes 13, 14, 15, 16 and 17

These boxes are not applicable to OPPRS retirees.

FREQUENTLY ASKED QUESTIONS

Q. Why did I receive two (or more) 1099-R forms this year?

A. If you turned 59½ years old during the year, one 1099-R you receive will have Code 2 in Box 7, identifying amounts that you received prior to turning age 59½. A second 1099-R will have Code 7 in Box 7, identifying amounts that you received after turning age 59½. The IRS requires separate 1099-R forms to be issued when a recipient's status within the plan changes during the year. The year following the year you reach age 59½, you should once again receive just one 1099-R from the system. REMEMBER, the amounts from both 1099-R's should be added together for tax purposes in the year you turn age 59½.

You will also receive more than one form 1099-R for your initial year of retirement if you received distributions from one of the Deferred Option Plans (DOP). The IRS requires separate reporting for the amounts distributed from the DOP plans. During your first year of retirement, depending on your distribution and rollover elections, you will receive at least two 1099-R forms for tax purposes.

Q. What does the amount in Box 5 represent?

A. This amount represents the current year's portion of your after-tax contributions made prior to January 1, 1989 or for purchased service contributions that are being returned back to you. Your total post-tax contributions are divided out over a period of years based on IRS tax tables and a portion of your contributions are returned to you each year. This amount is the difference between your gross income amount (Box 1) and your taxable amount (Box 2a).

Q. Is my health insurance premium that was deducted monthly from my pension benefit included in Box 5?

A. No. You will receive an Insurance Deduction Report that will be sent shortly after year end. This report will show the amount withheld from your distributions and sent to the insurance company on your behalf. You are entitled to deduct up to \$3,000.00 annually from your taxable income for health insurance premiums paid on your behalf by OPPRS.