



# Instructions for Forms 1099-R and 5498

Section references are to the Internal Revenue Code unless otherwise noted.

## What's New

### Form 1099-R

**Reporting IRA distributions.** Generally, box 2a should be left blank when reporting distributions from traditional or SEP IRAs, unless otherwise instructed later in these instructions. Box 2b, "Taxable amount not determined" should be checked.

**Corrective distributions.** For plan years beginning after 2007, excess contributions and excess aggregate contributions plus earnings are taxable in the year distributed (except for designated Roth contributions). See *Excess contributions* and *Excess aggregate contributions* on page 5.

**Distributions to beneficiaries.** Distributions from a nonqualified deferred compensation (NQDC) plan to an estate or beneficiary of a deceased plan participant are no longer reported on Form 1099-R. They should be reported on Form 1099-MISC.

**Qualified charitable distributions.** Qualified distributions from IRAs for charitable purposes may be made through December 31, 2009.

**Distributions from an Employee Stock Ownership Plan (ESOP).** Distributions of dividends from an ESOP under section 404(k) to participants or their beneficiaries are to be reported on Form 1099-R. All other distributions from an ESOP must be reported on a separate Form 1099-R.

**Partial exchanges of annuity contracts.** Rev. Proc. 2008-24 was issued to address the tax treatment of certain tax-free exchanges of annuity contracts under sections 72 and 1035. The interim guidance provided by Notice 2003-51 is superseded.

**Guide to Distribution Codes.** The following changes were made to the Guide to Distribution Codes.

- For Distribution Code 1, on page 11, references to the qualified reservist distribution under section 72(t)(2)(G) have been made permanent.
- New Distribution Code U, for distributions under IRC 404(k), was added to the table that begins on page 11.
- Distribution Codes B and U are a valid combination.

### Form 5498

**Reformatted form.** Form 5498 has been enlarged and reformatted to two to a page instead of three to a page to provide additional boxes for reporting information formerly reported in the blank box next to box 10. Instructions have been added for new boxes 12a through 15b on page 16.

**Federally declared disaster areas.** The words "presidentially declared disaster areas" have been replaced with "federally declared disaster areas."

**Military death gratuities and servicemembers' group life insurance (SGLI) payments.** Recipients of military death gratuities and SGLI payments can contribute all or a portion of the amounts received to a Roth IRA. See *Military death gratuities and servicemembers' group life insurance (SGLI) payments* on page 14.

**Qualified settlement income.** Recipients of qualified settlement income received in connection with the Exxon Valdez litigation can contribute all or a portion of the amounts received to a traditional or Roth IRA. See *Qualified settlement income* on page 14.

**Airline payment amount.** All or a portion of certain payments made to qualified airline employees by commercial passenger airline carriers may be contributed to a Roth IRA. See *Airline payment amount* on page 14.

**Required minimum distributions for 2009.** Required minimum distributions (RMDs) for 2009 for defined contribution plans and IRAs have been suspended.

### Reminders

In addition, see the 2009 General Instructions for Forms 1099, 1098, 3921, 3922, 5498, and W-2G for information on the following topics.

- Backup withholding.
- Electronic reporting requirements.
- Penalties.
- Who must file (nominee/middleman).
- When and where to file.
- Taxpayer identification numbers.
- Statements to recipients.
- Corrected and void returns.
- Other general topics.

You can get the general instructions from the IRS website at [www.irs.gov](http://www.irs.gov) or call 1-800-TAX-FORM (1-800-829-3676).

### Specific Instructions for Form 1099-R

File Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., for each person to whom you have made a designated distribution or are treated as having made a distribution of \$10 or more from profit-sharing or retirement plans, any individual retirement arrangements (IRAs), annuities, pensions, insurance contracts, survivor income benefit plans, permanent and total disability payments under life insurance contracts, charitable gift annuities, etc.

Also, report on Form 1099-R death benefit payments made by employers that are not made as part of a pension, profit-sharing, or retirement plan. See box 1 on page 6.

Reportable disability payments made from a retirement plan must be reported on Form 1099-R.

Generally, do not report payments subject to withholding of social security and Medicare taxes on this form. Report such payments on Form W-2, Wage and Tax Statement.

Generally, do not report amounts totally exempt from tax, such as workers' compensation and Department of Veterans Affairs (VA) payments. However, if part of the distribution is taxable and part is nontaxable, report the entire distribution.



**TIP** There is no special reporting for qualified charitable distributions described in section 408(d)(8), qualified HSA funding distributions described in section 408(d)(9), or for the payment of qualified health and long-term care insurance premiums for retired public safety officers described in section 402(l).

**Military retirement annuities.** Report payments to military retirees or payments of survivor benefit annuities on Form 1099-R. Report military retirement pay awarded as a property settlement to a former spouse under the name and taxpayer identification number (TIN) of the recipient, not that of the military retiree.

**Governmental section 457(b) plans.** Report on Form 1099-R, not Form W-2, income tax withholding and distributions from a governmental section 457(b) plan maintained by a state or local government employer. Distributions from a governmental section 457(b) plan to a participant or beneficiary include all amounts that are paid from the plan. For more information, see Notice 2003-20 which is on page 894 of