

MEMORANDUM

TO: RSA Retired Members
FROM: RSA Administration
RE: 2009 Tax Reporting
DATE: January 12, 2010

The following information will assist you in the tax reporting of your retirement benefit for the 2009 calendar year. We request that you retain this memorandum until you receive your IRS Form 1099-R from the Retirement Systems providing you with the information you will need to file your 2009 tax return. Your Alabama state retirement benefits are generally **taxable for Federal Income Tax purposes** and **exempt from Alabama Income Tax**. If you are a resident of a state other than Alabama, you should check with that state's revenue department to determine your tax status.

You should receive your **IRS Form 1099-R** from the RSA during the last week of January. If you have not received your form by February 9, 2010, please call our office toll-free at 1-877-517-0020 and request a duplicate. **We will not accept requests for duplicate forms prior to that date.**

The following refers to specific boxes on the 1099-R Form:

- Box 1** **Gross Distribution:** This will be the total amount of your monthly benefit paid by the RSA during the 2009 calendar year.
- Box 2a** **Taxable Amount:** This is the taxable portion of the gross distribution which should be reported on your Federal Income Tax return
- Box 2b** **Blank** (Unless you received a death benefit payment)
- Box 3** **Zero**
- Box 4** **Federal Income Tax Withheld:** This is the amount of Federal Income Tax withheld from your retirement benefit checks during the 2009 calendar year.
- Box 5** **Employee Contributions:** This represents the return of your pretaxed contributions to RSA and is the difference between Box 1 and Box 2a. Not everyone will have a figure in this box; if Box 1 and Box 2a are the same, Box 5 will be blank.
PLEASE NOTE: THESE ARE NOT DESIGNATED ROTH CONTRIBUTIONS OR INSURANCE PREMIUMS.
- Box 6** **Zero**

Box 7 **Distribution Code:** This code identifies the type of payment you received from RSA. For retirees your distribution code should be one of the following:

<u>Distribution Code</u>	<u>Type Payment</u>
2	Monthly retirement benefits to a person less than age 59-1/2 at the time of distribution.
3	Monthly disability retirement benefits.
4	Death benefits paid to you as beneficiary of a deceased member of RSA.
7	Normal monthly distribution to a person over age 59-1/2.
G	Direct rollover to a qualified plan, a tax-sheltered annuity, a governmental 457(b) plan, or an IRA.

Box 8 **Zero**

Box 9a **Zero**

Box 9b **Total Employee Contributions:** This is an informational item and will be zero unless you are a first year retiree.

Box 10 **Zero**

Box 11 **State/Payers State Number:** Will have "AL" in this box.

Box 12 – 15 **Zero or Blank**

Health Insurance: This provides the total amount of health insurance premiums deducted from your retirement checks during 2009. This is provided for those who use itemized deductions in filing their tax returns. This will be zero if you had no health insurance deductions from your retirement check.

Other Deductions: This is the total amount of deductions (other than health insurance) taken from your retirement checks during 2009. Examples of "Other Deductions" would be association dues and miscellaneous insurance premiums. This will be zero if you had no miscellaneous deductions from your retirement check.

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Roth Contrib. **This will be blank.**

You may wish to provide this memorandum along with the IRS Form 1099-R to the person who prepares your 2009 tax return. If you prepare your own taxes, this memorandum should help answer any questions relating to that process. If you have questions relating to your tax liability or tax filing, you should contact a qualified tax professional.