

PERF AND TRF FORM 1099-R REPORTING OVERVIEW

<u>Type of Benefit</u>	<u>Box 1</u> Gross Distribution	<u>Box 2a</u> Taxable Amount	<u>Box 2b</u> Taxable Amount Not Determined / Total Distribution	<u>Box 3</u> Capital Gains	<u>Box 4</u> Federal Taxes Withheld	<u>Box 5</u> Employee Contributions	<u>Box 6</u> Net Unrealized Appreciation	<u>Box 7</u> Distribution Code	<u>Box 8</u> Other	<u>Box 9a</u> Percentage of Total Distribution	<u>Box 9b</u> Total Employee Contributions	<u>Boxes 10-15</u> Various
Refund, direct rollover OR ASA lump sum direct rollover	Total amount	\$0 <u>unless</u> rollover to Roth IRA, where taxable amount will be reported	<input checked="" type="checkbox"/> Total distribution if refund	May be applicable	\$0 <u>unless</u> rollover to Roth IRA and member elects to withhold	Generally \$0; if rollover to Roth IRA, include any basis recovery amount	N/A	G	N/A	N/A	N/A	Yes
Refund, cash out OR ASA lump sum cash out	Total amount	Yes (unless ASA 12/31/86 balance only, then \$0)	<input checked="" type="checkbox"/> Total distribution if refund	May be applicable	Yes (20% mandatory)	Yes	N/A	7 if 59½ or older 1 or 2 if less than 59½ ¹ A if applicable	N/A	N/A	N/A	Yes
Retirement ² (Life/5 year certain)	Total amount	Yes	No, unless final distribution, then <input checked="" type="checkbox"/> total distribution	N/A	Yes	Yes	N/A	7 if 59½ or older 2 if less than 59½	N/A	N/A	Optional	Yes

¹ For monthly benefits, in the year member turns 59½, 2 Form 1099-Rs would be issued based on different coding.

²To the extent a member's ASA is being paid in the same monthly benefit form as their pension benefit, it may be reported together. Similarly, the distribution of a member's rollover savings account would be reported in the same manner as the member's ASA, pursuant to member's payment option selection (i.e., lump sum, direct rollover, monthly benefit).

<u>Type of Benefit</u>	<u>Box 1</u> Gross Distribution	<u>Box 2a</u> Taxable Amount	<u>Box 2b</u> Taxable Amount Not Determined / Total Distribution	<u>Box 3</u> Capital Gains	<u>Box 4</u> Federal Taxes Withheld	<u>Box 5</u> Employee Contributions	<u>Box 6</u> Net Unrealized Appreciation	<u>Box 7</u> Distribution Code	<u>Box 8</u> Other	<u>Box 9a</u> Percentage of Total Distribution	<u>Box 9b</u> Total Employee Contributions	<u>Boxes 10-15</u> Various
Retirement (Straight life)	Total amount	Yes	No, unless final distribution, then <u>X</u> total distribution	N/A	Yes	Yes	N/A	7 if 59½ or older 2 if less than 59½	N/A	N/A	Optional	Yes
Retirement (Life/5 year certain/ cash refund)	Total amount	Yes	No, unless final distribution, then <u>X</u> total distribution	N/A	Yes	Yes	N/A	7 if 59½ or older 2 if less than 59½	N/A	N/A	Optional	Yes
Retirement (Joint w/ survivor options)	Total amount	Yes	No, unless final distribution, then <u>X</u> total distribution	N/A	Yes	Yes	N/A	7 if 59½ or older 2 if less than 59½	N/A	N/A	Optional	Yes
Survivor monthly payments under retirement options	Total amount	Yes	No, unless final distribution, then <u>X</u> total distribution	N/A	Yes	Yes	N/A	4	N/A	N/A	Optional	Yes
Survivor lump sum payment, rollover	Total amount	\$0 <u>unless</u> rollover to Roth IRA, where taxable amount will be reported	<u>X</u> Total distribution	May be applicable	\$0 <u>unless</u> rollover to Roth IRA	Generally \$0; if rollover to Roth IRA, include any basis recovery amount	N/A	4,G	N/A	N/A	N/A	Yes

<u>Type of Benefit</u>	<u>Box 1</u> Gross Distribution	<u>Box 2a</u> Taxable Amount	<u>Box 2b</u> Taxable Amount Not Determined / Total Distribution	<u>Box 3</u> Capital Gains	<u>Box 4</u> Federal Taxes Withheld	<u>Box 5</u> Employee Contributions	<u>Box 6</u> Net Unrealized Appreciation	<u>Box 7</u> Distribution Code	<u>Box 8</u> Other	<u>Box 9a</u> Percentage of Total Distribution	<u>Box 9b</u> Total Employee Contributions	<u>Boxes 10-15</u> Various
Survivor lump sum payment, cash	Total amount	Yes	<input checked="" type="checkbox"/> Total distribution	May be applicable	Yes (20% mandatory)	Yes	N/A	4	N/A	N/A	N/A	Yes
Disability benefit (not 1977 Fund)	Total amount	Yes	No, unless final distribution, then <input checked="" type="checkbox"/> total distribution	N/A	Yes	Yes, when basis recovery begins ³	N/A	7 if 59½ or older 3 (if SSA determined) or 2 if less than 59½ ⁴	N/A	N/A	Optional	Yes

ANNOTATIONS

<u>Box 1 Gross Distribution</u>	This box will include the total distribution amount, both pre and post-tax, for the year from the Plan. Amount will be included regardless whether member completes a rollover. <ul style="list-style-type: none"> For 1977 Fund, includes the \$3,000 used for health insurance premiums.
<u>Box 2a Taxable Amount</u>	This box will show only the taxable amount of the distribution. <ul style="list-style-type: none"> Thus, for rollover box will be \$0 (other than a rollover to a Roth IRA, where the taxable portion of the distribution would be reported).

³ For a regular PERF or TRF disability benefit, the IRS does provide that basis recovery is delayed until the time that the disability benefit may be considered a retirement benefit. See IRS Publication 575, p. 5 (2010) ("You must report your taxable disability payments as wages ... until you reach minimum retirement age. Minimum retirement age is generally the age at which you can first receive a pension or annuity if you are not disabled.... Beginning on the day after you reach minimum retirement age, payments you receive are taxable as a pension or annuity.") We understand PERF has made an internal decision to use age 62 for the commencement of basis recovery on a disability benefit. Please note this is separate from an early retirement benefit, against which basis recovery would begin immediately regardless of age.

⁴In the year member turns 59½, 2 Form 1099-Rs would be issued based on different coding.

	<ul style="list-style-type: none"> • The taxable amount will be determined based upon the applicable basis recovery method. <u>See</u> basis recovery methodology section for more detail. • For duty-related disability under the 1977 Fund, all or portion of benefit may be non-taxable and thus not reported in this box. • For 1977 Fund, amount reported includes the \$3,000 used for health insurance premiums.
<u>Box 2b Taxable Amount Not Determined/Total Distribution</u>	<p>Taxable amount not determined should only be marked if Plan cannot reasonably obtain data needed to compute the taxable amount (if this box is completed, Box 2a is \$0). In virtually all circumstances the Funds should be able to determine taxability and, thus, this box would not be completed.</p> <p>Total Distribution should be marked only if the entire balance of the member's benefit is being distributed. If periodic payments are made, mark this box in final year of payment.</p>
<u>Box 3 Capital Gain</u>	Only applicable to lump sum distributions to members born before January 2, 1936 or their beneficiaries. This will presumably be of limited applicability.
<u>Box 4 Federal income tax withheld</u>	Report amount of federal income tax withheld from distribution.
<u>Box 5 Employee Contributions</u>	<p>Report the amount of after-tax employee contributions (basis) recovered from distribution for the year. If the distribution is a total distribution, the total employee contributions should only be shown in Box 5 (not box 9b). Do not show in Box 5 amounts recovered in prior years.</p> <p>For 1977 Fund, amounts that are non-taxable because duty related disability (as opposed to basis recovery) should <u>not</u> be included in this box.</p>
<u>Box 6 Net Unrealized Appreciation in Employer Securities</u>	This box will not apply to PERF or TRF distributions.
<u>Box 7 Distribution Code</u>	<p>The following Codes would be potentially applicable to PERF or TRF distributions (we have noted above the specified ones to use in particular circumstances).</p> <ul style="list-style-type: none"> • <u>1—Early distribution, no known exception</u>. Use if member has not reached 59½ and fund does not know if any exception to 10% penalty applies. <u>Note</u> that in case of a loan treated as a deemed distribution (but <u>not</u> a loan offset), may also be used in connection with Code L. • <u>2—Early distribution, exception applies</u>. Use if member has not reached age 59½ and fund knows one of the following applies: <ul style="list-style-type: none"> ➤ Distribution to satisfy IRS levy. ➤ Distribution after separation from service in or after the year the taxpayer reaches age 55 (for public safety employees, age 50).

	<p>➤ Distribution is part of a series of substantially equal lifetime periodic payments beginning after separation from service</p> <p><u>Note:</u> Should not be used with any other Codes that would apply to distributions from the Funds.</p> <ul style="list-style-type: none"> • <u>3—Disability</u>. Use if member's distribution is due to disability and disability meets definition under Code Section 72(m)(7) (generally if have Social Security determination letter). Otherwise, code will generally be either 2 or 7. <u>Note:</u> Should not be used with any other Codes. • <u>4—Death</u>. Use if payment is to beneficiary, including estate or trust. <u>Note:</u> May also be used in connection with Code A, G (if direct rollover by designated beneficiary), or L. • <u>7—Normal distribution</u>. Use for normal distribution after reaching age 59½ . <u>Note:</u> May also be used in connection with Code A. • <u>A—10 year tax option</u>. Use if lump sum distribution to member born before January 2, 1936 (or to beneficiary of such member) to indicate may be eligible for 10 year tax option method. • <u>G—Direct rollover and rollover contribution</u>. Use for any direct rollover to an eligible retirement plan, IRA, or Roth IRA. <u>Note:</u> May be used with Code 4 in connection with a direct rollover by beneficiary. • <u>L—Loan treated as deemed distribution</u>. Use if distribution is being reported as a deemed distribution for a loan. Do <u>not</u> use if loan offset applies. <p>If two or more numeric codes apply (other than 8 and 1, 8 and 2, or 8 and 4), must file more than 1 Form 1099-R "For example, if part of a distribution is premature (Code 1) and part is not (Code 7), file one Form 1099-R for the part to which Code 1 applies and another Form 1099-R for the part to which Code 7 applies."</p>
<u>Box 8 Other</u>	Not applicable to PERF or TRF distributions.
<u>Box 9a Percentage of total distribution</u>	If total distribution is made to more than one person, enter percentage. Not completed for direct rollovers.
<u>Box 9b Total employee contributions</u>	Not required; if choose to report total employee contributions, do not include amounts recovered in prior years. For total distribution, report total employee contributions in Box 5, not here. Applies to after-tax contributions only.
<u>Box 10 Amount allocable to IRR within 5 years</u>	Only applies to in-plan Roth rollovers; not applicable to any PERF or TRF distributions.
<u>Boxes 12 – 17 State and local information</u>	State and local tax withholding and information requirements.