

**Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRA's, Insurance Contracts, etc.**

- Most often, data is entered, as is, from the 1099-R, with every box being of significance.
- See also [PSO Pension Distribution](#) under Income in TXLNX.
- If there is a Contribution in Box 9b and Taxable Amount, Box 2a is not equal to the Gross Amount, Box 1, then the payer already took into account the Simplified Method for determining the taxable and nontaxable amounts because there were after-tax dollars contributed to the pension. You need not do anything special.
- If, as above, there is an amount in Box 9b but Box 2a is equal to Box 1, or Box 2a is blank, then you must do the Simplified method to determine the Box 2 amount. Box 2b is probably checked--"Taxable amount not determined"--as well.
  - AARP counselors, especially, will use the [Bogart Annuity/Pension Exclusion Calculator](#) to find the taxable amount.
    - Enter the Annuity Start Date and the Annuitant's birthdate.
    - Enter the spouse's birth date if it is a joint or survivor pension.
    - Enter the gross distribution, box 1 on the 1099-R.
    - In the box for "Total annuity contributions", enter the 9b amount from the 1099-R.
    - Click "Click Here to Calculate". Bogart's will:
      - Compute the taxable amount that you must put into box 2a on the 1099-R input screen.
      - Provide four printable tables of all information and calculations, including a year-by-year table showing the Amount Recovered in Prior Years, Exclusion This Year, and the Remaining Cost to recover.
  - Eschewing Bogart, on the 1099-R screen, underneath 2a, Taxslayer asks if you need to calculate your taxable amount and, if so, "Click here". You will be taken to a choice of Simplified Method Worksheet or Public Safety Officers Distribution (discussed later).
    - The distribution amount will be taken from whatever you entered in Box 1.
    - The "Plan cost at annuity start date" is your net investment in the plan. It does not include pre-tax contributions. It is probably given in box 9b of the 1099-R.
    - The "Starting date of annuity" is the first day of the first period for which you received a payment or the date the plan's obligation became fixed.
    - Check if Joint or Survivor Annuity, meaning that the spouse gets benefits after the pensioner death.
    - The "Death benefit exclusion does not apply."
    - Enter the age of the recipient at the start date. If joint or survivor annuity, add the ages of the recipients together and enter.
    - Enter the number of months that were paid in the year.
    - Enter the sum of the previously excluded (non-taxed) amounts or, as Taxslayer says, recovered. The amount will be the same for all years except the first and last.
    - When you click "Continue", Taxslayer will show you the Taxable Amount. The "excluded" amount is the Gross Distribution minus the Taxable Amount. If the Taxable amount shows to be the same as the Gross, click "continue" anyway and see if Taxslayer shows a lesser Taxable amount. This could happen if you did not provide full information on prior recoveries.
  - **If the pensioner died** and there is an amount in box 9b of the 1099-R:
    - If the pensioner died **after** starting to draw the pension, keep using the original Simplified Method amortization.
    - If the pensioner died **before** starting to draw the pension, then the Simplified Method is based on the surviving spouse's information. Compute the taxable amount as though the spouse is the pensioner and has no spouse.
- Lacking full information, if it is not the first or last year of the annuity, you can find the amount of the exclusion by dividing box 9b by a number which depends on the age at which the annuity was started, as follows:

Age	Number
55 or under	30 or (360/12)
55-60	25.83333333 or (310/12)
61-65	21.66666667 or (260/12)

66-70	17.5 or (210/12)
71 or older	13.3333333 or (160/12)

- o If it is a joint or survivor pension, then the Age is the combined age as follows:

<b>Age</b>	<b>Number</b>
110 or under	34.1666667 or (410/12)
111-120	30 or (360/12)
61-65	25.8333333 or (310/12)
66-70	21.6666667 or (260/12)
71 or older	17.5 or (210/12)

Subtract the exclusion from box 1 gross and put the result in box2a, Taxable amount.

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