

2014 TAX YEAR INFORMATION

KTRS mailed the 1099R tax forms at the end of January 2015. The tax statement contains confidential information and can only be mailed to the member's address currently on record with KTRS. For your privacy and protection, the member, power of attorney, or beneficiary, must submit a written request to KTRS in order to send the 1099R form to an address that is different from the one currently on record with KTRS. The written request may be mailed to KTRS, or faxed to (502) 573-0254. This special request will not change your permanent address record unless you specifically request that it be changed. You may also visit the KTRS Website at www.ktrs.ky.gov for additional information and forms, including the change of address forms.

To request a duplicate for a lost 1099R form, please call 1-800-618-1687. The KTRS Call Center staff will verify your correct name and address for mailing the duplicate form and for the permanent record file.

Need to contact someone?

KTRS 502-848-8500
 Toll Free 800-618-1687
 KERS 502-696-8800
 Toll Free 800-928-4646
 Deferred Compensation ... 502-573-7925
 Toll Free 800-542-2667
 KY Revenue
 Cabinet 502-564-4581
 IRS 800-829-1040

UNDERSTANDING YOUR 1099-R

BOX 1
Shows your total KTRS pension benefit prior to withholdings.

1

BOX 2a
Shows the taxable portion of your benefit. If blank, Box 2b "Taxable Amount Not Determined" should be marked. *In this case, please see your tax advisor.*

2a

BOX 5
Shows the nontaxable portion of the total. This amount is NOT reported anywhere on your tax return. It is an "information only" box.

5

BOX 9b
This box will only show an amount in the first year of retirement. It provides the total amount of previously taxed contributions.

9b

Form 1099-R 2014		OMB No. 1545-0119 Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. This information is being furnished to the Internal Revenue Service.	
		Payer's Federal Identification Number 61-0600439	
		STATE COPY 1- File with Recipient's STATE Tax Return	
Recipient Information	1 Gross Distribution 1	2a Taxable Amount 2a	2b Taxable Amount Not Determined <input type="checkbox"/> Total Distribution <input type="checkbox"/>
Recipient Identification Number	3 Amount in Box 2a Eligible for Capital Gain Selection	4 Federal Income Tax Withheld	5 Employee Contributions 5
	6 Net unrealized appreciation in employer's secur	7 Distribution Code	IRA/SEP/Simple <input type="checkbox"/> 8 Other
Payer's Full Name and Address KENTUCKY TEACHERS' RETIREMENT SYSTEM 479 VERSAILLES ROAD FRANKFORT KY 40601-3800	9a Your Percent. of Total Distrib.	9b Total Emp. Contrib. 9b	10 Amount allocable to IRR within 5 years
	12 State Tax Withheld	13 State/Payer's State Number	14 State Distribution
			11 1st year of desig. Roth contrib. State Taxable Percentage %

NOTE:

Box 1

– Box 2a

= Box 5

KENTUCKY STATE TAX LAWS

The majority of our members do not owe Kentucky state taxes on KTRS benefits. KTRS strongly recommends you seek the advice of a qualified tax preparer for any specific questions concerning Kentucky income taxes on your pension.

The good news is that when calculating your Kentucky state income tax liability, there is a \$41,110 EXCLUSION for total state taxable pension income on the Form 740 Kentucky Income Tax Return. Your Form 740 begins with the federal adjusted gross income (AGI). Schedule M of the KY state return allows adjustments to the federal AGI. Schedule P of the KY state return is NOT always required; it reports pension income in more detail. You may want to take this newsletter to your tax preparer.

You must compute the state taxable amount. Multiply the state taxable percentage (next to box 12) by the federal taxable amount in box 2a to arrive at the state taxable amount. **DON'T FORGET TO APPLY THE KENTUCKY PENSION INCOME EXCLUSION AGAINST THE STATE TAXABLE AMOUNT.**

The Internal Revenue Service (IRS) requires that a qualified retirement plan like KTRS must treat a same-sex spouse as a spouse for federal tax law purposes. This IRS requirement applies to a spouse in a same-sex marriage validly entered into in a jurisdiction whose laws authorize the marriage, even if the spouse lives in a state that does not recognize the validity of same-sex marriage. A domestic partnership or civil union is

not considered a marriage for federal tax law. For more information, see IRS Revenue Ruling 2013-17 and IRS "Answers to Frequently Asked Questions for Individuals of the Same Sex Who Are Married Under State Law."

Kentucky Tax Form 740 | Schedule M

Add all your 1099R, Box 2a,
FEDERAL taxable amounts.

IF THE TOTAL IS UNDER \$41,110 YOU DO NOT HAVE TO FILL OUT KY 740 - SCHEDULE P.

Just subtract the amount from the federal AGI by entering the amount on Part II, line 11. Therefore, you do not owe any state taxes on pensions.

IF THE TOTAL IS OVER \$41,110 YOU MUST FILL OUT KY 740 - SCHEDULE P. Even if you are required to fill out a KY 740 -Schedule P, most retired teachers still do not owe any Kentucky state taxes.

Kentucky Tax Form 740 | Schedule P

Add all your 1099R, STATE taxable amounts.
Enter the total on Part II of Schedule P.

IF THE TOTAL IS UNDER \$41,110 YOU DO NOT OWE ANY KENTUCKY STATE INCOME TAX ON PENSIONS. Follow instructions on completing the schedule.

IF THE TOTAL IS OVER \$41,110 YOU OWE KY STATE TAXES ON THE AMOUNT ABOVE THE EXCLUSION AMOUNT. Again, follow instructions on completing the schedule.

Retired Prior to January 1, 1998	Retired After January 1, 1998 <i>TOTAL FEDERAL RETIREMENT INCOME LESS THAN \$41,110</i>	Retired After January 1, 1998 <i>TOTAL RETIREMENT INCOME MORE THAN \$41,110</i>
KTRS remains as KY STATE NONTAXABLE income. If you receive more than \$41,110 federal taxable pension income you still must prepare KY 740 - Schedule P.	If total federal taxable income is less than \$41,110 then all pension income is KY STATE NONTAXABLE income.	You must fill out KY 740 - Schedule P on your State Income Tax Return. Follow the instructions. Your 1099R will have the information needed to complete the KY 740 - Schedule P.

CAUTION:

*Computing a Kentucky state taxable amount does not mean you owe Kentucky state taxes!!*The requirement to prepare KY 740 - Schedule P does not mean you owe state taxes!