1099-R Exclusion Worksheet
(lower section of 1099-R screen)

Exclusion Worksheet

1 Amount rolled over .... 0.
2 Amount, up to $100,000, paid directly by the trustee of the IRA to a charitable organization. The donor must have been at least 70 1/2 when the distribution was made .... 0.
3 Amount rolled over into an HSA. This election is irrevocable and can only be done once in the recipient's lifetime .... 0.
4 Retired public safety officers - amount, up to $3,000, paid directly from a qualified governmental plan to pay health or qualified long-term care insurance for the taxpayer, spouse, or dependents .... 0.
5 Excludable amount due to a tax-free exchange; as calculated in a previous year; or by law, is specifically tax-exempt .... 0.
* If the distribution is from a traditional, SEP, or SIMPLE IRA and you ever made nondeductible IRA contributions, check .... ☐
* If this is a conversion from a traditional IRA to a Roth IRA, check .... ☐
If PART of this distribution was converted to a Roth IRA, enter the amount converted .... 0.

Simplified Method

1 Cost in the plan at the annuity starting date (RRB line 3) .... 0.
2 Check age of primary annuitant at annuity starting date
☐ 55 or under ☐ 56-60 ☐ 61-65
☐ 66-70 ☐ 71 or older
☐ Check if the annuity starting date is after 11/18/1996.
☐ Check if the annuity starting date is after 12/31/1997 **and** this is a joint and survivor annuity. Use table below.
Check combined age of annuitants at annuity starting date
☐ 110 or under ☐ 111-120 ☐ 121-130
☐ 131-140 ☐ 141 or more
3 Exclusion per month 0.00
4 Number of months for which payments were received this year 0
5 If the annuity started after 1986, enter the amount recovered tax free in prior years .... 0.
6 Exclusion .... 0.
7 Remaining cost in the pension or annuity .... 0.

This worksheet is used to recover the taxpayer's original contributions. The employee contributions are shown in box 5 or box 9b on Forms 1099-R, CSA-1099-R and CSF-1099-R and box 3 of Form RRB-1099-R. "Partially Taxable-Simplified Method" below

Enter the amount paid for qualified insurance premiums paid by a retired public safety officer.

Taxpayer should have documentation of the recovered tax-free amounts from previous years or last year's tax return.

Rollover – Exclusion Worksheet
Make sure the Box 7 IRA is checked before starting. TaxWise will transfer the amount to line15 on the 1040. An IRA Rollover may be either:

- **DIRECT** transfer of securities or funds from one financial institution directly to another. If the funds were transferred from a Traditional IRA to another traditional IRA, Box 7 of the 1099-R should be coded "G" and the amount will be shown as non-taxable on line 15b. This Exclusion Worksheet should have no entries.
- **INDIRECT** rollover is when the taxpayer receives a distribution (Box 7 indicates a normal or early distribution) but reinvests it in another IRA within 60 days. The amount rolled over will be non-taxable.
- Sometimes a withdrawal includes both a regular distribution (generally taxable) and a rollover (generally non-taxable). The exclusion worksheet is used to input the amount that will not be taxable or transfer the distribution information to Form 8606 as necessary.

Line 1-Enter the full amount of the rollover (not distribution or ROTH conversion)

- This checks the "Check if rollover" box on 1040 line 15b
- Click in the red box on 1040 line 15b and press F9 to link to the "New form 1040 IRA Rollover Explanation worksheet and explain the rollover (e.g. IRA rolled from "bank ABC" to "savings & loan DEF")

Line 2-Enter any amounts that are paid directly to a charity if the person was 70-1/2 when donation was made. This makes the distribution non-taxable. The TP does not get a charitable deduction (EXPIRED-may be extended).
Line 3-Amount rolled over to an HSA ***out-of-scope***.
Line 4-Enter qualified amount (up to $3000) for health and/or LTC insurance paid from the retirement plan. Amount may be in Box 5 of the 1099-R or in a letter from the plan.
Line 5-Do not enter an amount as this is ***out-of-scope***. However, do not forget to check any applicable boxes.

- The box: "Ever made nondeductible IRA contributions" would add an incomplete 8606 (red) and would therefore be out-of-scope.
- The box: "conversion from a traditional to a ROTH" would add a completed 8606 (blue)
- If part of the distribution was converted to a ROTH. That part would be taxable and a completed 8606 (blue) will be added.

Partially Taxable - Simplified Method
If the taxpayer made after tax contributions toward the pension, a portion of the annuity payment is not taxable; **however, if the starting date of the payments was prior to July 2, 1986, the entire amount of the taxpayer's contribution probably would have been recovered under the "Three Year Rule" and you should enter the entire amount in Box 2.**
Line 1-*If Box 2 is blank*, enter the total amount of employee contributions from 1099-R, Box 9b on Line 1.
Line 2-Check the appropriate box for the primary annuitant's age when the annuity payment started (not his or her current age). Depending on the annuity start date, you MAY have to check one of the two boxes relating to annuity starting date.
Note: the second box is used ONLY if this is a joint or survivor annuity, in which case the combined ages at the time the annuity started must also be checked. Errors in checking these boxes WILL result in an incorrect tax-exempt amount.
Line 3 - Calculated entry.
Line 4-Enter the number of months for which payments were received during the tax year, which will usually be 12 except for the year in which payments started or ended.
Line 5-Enter the amount recovered tax free in prior years in the next box; you need to either (1) look at last year's tax return to determine this amount or (2) calculate the amount using the monthly amount computed by TaxWise times the number of months prior to the current tax year.
Line 6-The non-taxable amount is calculated by TaxWise and taxable amount is reflected on Form 1040 line 16b. The Taxable Amount box on the TaxWise 1099-R will remain blank.