Guide To Your **USAA Life Insurance Company**
Forms 1099-INT and 1099-R
For Tax Year 2013

USAA is committed to providing accuracy in reporting tax information related to your life insurance and annuity contracts and help in understanding how it is used.

In this guide you will find:

- a general overview of tax reporting requirements.
- methods used to determine reported distributions from your contracts with USAA Life Insurance Company.
- the way the IRS treats distributions from your contracts.
- the way the IRS treats income on your contracts.
- a description and explanation of the 1099-R tax form related to your contract.

If applicable to your Life Insurance Company contract, you may have received Form 1099-INT and Form 1099-R.

The information in this brochure is not legal or tax advice. We recommend that you consult your legal and tax advisors if you need advice regarding your specific situation.

If a tax advisor prepares your income tax return, we encourage you to include the instructions for recipient when providing copies of your form(s) 1099.

Tax Return Assistance on **usaa.com**

From the **usaa.com** home page, select the "Documents" tab to sign up to receive your tax forms electronically in the future.

In addition to the information in this guide, on **usaa.com** keyword Tax Center, you may:

- view and print your USAA Life Insurance Company form(s) 1099.
- read articles on recent tax law changes.
- access other tools and information to answer general tax questions and help you complete your tax return.
- link to IRS publications and forms.

If you are using TurboTax to prepare your income tax return, please note:

- 1099 originals are available for download January 31, 2014.
- Corrected Forms 1099 will be available for download on February 28, 2014 for corrections made through February 24, 2014.
- Corrected Forms 1099 will be available for download on March 28, 2014 for corrections made after the above dates and through March 24, 2014.
- Corrected Forms 1099 will be available for download on April 11, 2014 for corrections made after the above dates and through April 7, 2014.
- Any 1099 corrections made after the above dates, will ***NOT*** be available for download.

FORM 1099-INT

☐ CORRECTED (if checked)

This form is in a format prescribed by the IRS. It has been modified for clarity by USAA Life Insurance Company.

PAYER'S name, street address, city, state, and ZIP code USAA FEDERAL SAVINGS BANK C/O USAA LIFE INSURANCE CO. 9800 FREDERICKSBURG ROAD SAN ANTONIO, TX 78288		1 Interest income Ⓐ $ 2 Early withdrawal penalty $	OMB No. 1545-0112 2013 Form **1099-INT**	**Interest Income**
PAYER'S federal identification number 74-6393739	RECIPIENT'S identification number 123-45-6789	3 Interest on U.S. Savings Bonds and Treas. obligations $	**4 Federal income tax withheld** **$**	**Copy B** **For Recipient** This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
RECIPIENT'S name MEMBER NAME		5 Investment expenses $		
		6 Foreign tax paid $	7 Foreign country or U.S. possession	
Account number		8 Tax-exempt interest $	9 Specified private activity bond interest $	

Form **1040** Department of the Treasury—Internal Revenue Service (99)
U.S. Individual Income Tax Return 2013 OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2013, or other tax year beginning , 2013, ending , 20 See separate instructions.

Your first name and initial | Last name | **Your social security number**

Income	7	Wages, salaries, tips, etc. Attach Form(s) W-2	7
	8a	**Taxable** interest. Attach Schedule B if required	8a
Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.	b	**Tax-exempt** interest. **Do not** include on line 8a	8b
	9a	Ordinary dividends. Attach Schedule B if required	9a
	b	Qualified dividends	9b
	10	Taxable refunds, credits, or offsets of state and local income taxes	10
	11	Alimony received	11
	12	Business income or (loss). Attach Schedule C or C-EZ	12
If you did not	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐	13
	14	Other gains or (losses). Attach Form 4797	14

Form 1099-INT What is it?

We are required to report taxable interest income to the IRS. This form shows the taxable interest earned throughout the year.

Who receives it?

A Form 1099-INT will be generated for all nonretirement accounts to which taxable interest was paid, except for business owned accounts and accounts with interest totaling less than $10 that have no tax withholdings. You are required to report all of your interest even if you do not receive a Form 1099-INT.

Where is it reported?

Your taxable interest is shown in box 1 Ⓐ, and you report it on line 8a of form 1040 or 1040A.

FORM 1099-R

☐ CORRECTED (if checked)

This form is in a format prescribed by the IRS. It has been modified for clarity by USAA Life Insurance Company.

PAYER'S name, street address, city, state and ZIP code USAA FEDERAL SAVINGS BANK C/O USAA LIFE INSURANCE CO. 9800 FREDERICKSBURG ROAD SAN ANTONIO, TX 78288		1. Gross distribution $ 2a. Taxable amount $	OMB No. 1545-0119 **2013** Form **1099-R**	**Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.**
PAYER'S federal identification number 74-6393739	RECIPIENT'S identification number	2b. Taxable amount not determined ☐	Total distribution ☐	**Copy C** **For Recipient's Records**
RECIPIENT'S name		**4. Federal income tax withheld**	7. Distribution code(s)	IRA/ SEP/ SIMPLE

Form 1099-R What is it?

The Form 1099-R you receive from USAA Life Insurance Company provides information to you and the IRS regarding distributions from your:

- IRAs (Traditional, Roth and SEP)
- 403(b), Tax Sheltered Annuity (TSA) and Optional Retirement Annuity (ORP)
- Keogh plans
- non-qualified annuity
- life insurance contract

Who receives it?

Form 1099-R is delivered to account holders who had total or partial distributions in 2013 from these types of accounts. Conversions and recharacterizations are also shown on Form 1099-R.

A **conversion** is a *distribution* of money from a traditional, SEP or SIMPLE IRA that is rolled over to a Roth IRA.

Recharacterization refers to the treatment of a *contribution* to one type of IRA as having been made to a different type of IRA, or to the treatment of a *conversion* to a Roth IRA as though it had not occurred.

An external 1035 exchange is a reportable (tax free) replacement of an insurance policy for another insurance contract covering the same person that is performed in accordance with the conditions of Section 1035 of the Internal Revenue Code.

A dividend on a participating life insurance contract is reportable and taxable once the total dividends paid out on a policy has exceeded the total premiums paid into the policy.

Where is it reported?

You will use information from Form 1099-R when completing IRS form 1040 or 1040A, and you may also need to report it on one or more of these IRS forms:

- Form 8606 (Nondeductible IRAs)
- Form 4972 (Tax on Lump-Sum Distributions)
- Form 5329 (Additional Taxes on Qualified Plans [Including IRAs] and Other Tax-Favored Accounts)

Form 1099-R

FORM 1099-R

☐ CORRECTED (if checked)

This form is in a format prescribed by the IRS. It has been modified for clarity by USAA Life Insurance Company.

PAYER'S name, street address, city, state and ZIP code		1. Gross distribution	OMB No. 1545-0119	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
USAA FEDERAL SAVINGS BANK C/O USAA LIFE INSURANCE CO. 9800 FREDERICKSBURG ROAD SAN ANTONIO, TX 78288		\$ 2a. Taxable amount \$	2013 Form 1099-R	
PAYER'S federal identification number 74-6393739	RECIPIENT'S identification number	2b. Taxable amount not determined ☐	Total distribution ☐	Copy C For Recipient's Records

Form 1040

Form **1040** Department of the Treasury—Internal Revenue Service (99) **U.S. Individual Income Tax Return** 2013 OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2013, or other tax year beginning , 2013, ending , 20 See separate instructions.

Your first name and initial	Last name	Your social security number
If a joint return, spouse's first name and initial	Last name	Spouse's social security number

Income	7	Wages, salaries, tips, etc. Attach Form(s) W-2		7
	8a	**Taxable** interest. Attach Schedule B if required		8a
Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.	b	**Tax-exempt** interest. **Do not** include on line 8a	8b	
	9a	Ordinary dividends. Attach Schedule B if required		9a
	b	Qualified dividends	9b	
	10	Taxable refunds, credits, or offsets of state and local income taxes		10
	11	Alimony received		11
	12	Business income or (loss). Attach Schedule C or C-EZ		12
If you did not get a W-2, see instructions.	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐		13
	14	Other gains or (losses). Attach Form 4797		14
	15a	IRA distributions	15a	**b** Taxable amount 15b
	16a	Pensions and annuities	16a	**b** Taxable amount 16b
Enclose, but do not attach, any payment. Also,	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		17
	18	Farm income or (loss). Attach Schedule F		18
	19	Unemployment compensation		19

Refer to the IRS instruction book for IRS Form 1040 for more information.

Account Distributions

The amount in box 1 of Form 1099-R should be reported on line 15a or 16a of IRS Form 1040 or line 11a or 12a of IRS Form 1040A. (Special reporting rules may apply for direct distributions to qualified charities made by taxpayers age 70½ or over. See IRS instructions for form 1040 or 1040A.)

Taxable Life Insurance Dividends

A dividend on a participating life insurance contract is reportable and taxable once the total dividends paid out on a policy has exceeded the total premiums paid into the policy.

NOTE: The amount in Box 1 of Form 1099-R received as a result of a taxable life insurance dividend should be reported on line 16a.

Form 1099-R

FORM 1099-R

☐ CORRECTED (if checked)

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PAYER'S name, street address, city, state and ZIP code	1. Gross distribution	OMB No. 1545-0119	**Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.**
USAA FEDERAL SAVINGS BANK C/O USAA LIFE INSURANCE CO. 9800 FREDERICKSBURG ROAD SAN ANTONIO, TX 78288	$ **2a.** Taxable amount $	**2013** Form **1099-R**	
PAYER'S federal	RECIPIENT'S identification number	**2b** Taxable amount ☐ Total distribution	**Copy C**

Form 8606

Form **8606** | **Nondeductible IRAs** | OMB No. 1545-0074

Department of the Treasury
Internal Revenue Service (99)

▶ **Information about Form 8606 and its separate instructions is at *www.irs.gov/form8606.***

▶ **Attach to Form 1040, Form 1040A, or Form 1040NR.**

2013
Attachment Sequence No. **48**

Name. If married, file a separate form for each spouse required to file Form 8606. See instructions. | **Your social security number**

	... SEP, and SIMPLE IRAs ... December 31, 2013, plus any outstanding rollovers (see instructions) . .	**6**	
7	Enter your distributions from traditional, SEP, and SIMPLE IRAs in 2013. **Do not** include rollovers, a one-time distribution to fund an HSA, conversions to a Roth IRA, certain returned contributions, or recharacterizations of traditional IRA contributions (see instructions) .	**7**	
8	Enter the net amount you converted from traditional, SEP, and SIMPLE IRAs to Roth IRAs in 2013. **Do not** include amounts converted that you later recharacterized (see instructions). Also enter this amount on line 16 .	**8**	
9	Add lines 6, 7, and 8 . . . . **9**		
10	Divide line 5 by line 9. Enter the result as a decimal rounded to at least 3 places. If the result is 1.000 or more, enter "1.000"	**10**	× .
11	Multiply line 8 by line 10. This is the nontaxable portion of the amount you converted to Roth IRAs. Also enter this amount on line 17	**11**	
12	Multiply line 7 by line 10. This is the nontaxable portion of your ...		

Nondeductible IRA Contributions

If you made nondeductible IRA contributions for 2013 or in previous years, report the amount of these contributions on IRS Form 8606 (Nondeductible IRAs) to determine the taxable portion of your distribution. Report the distribution amount from box 1 of Form 1099-R on line 7 or 8 of Form 8606.

Form 1099-R

FORM 1099-R

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PAYER'S name, street address, city, state and ZIP code USAA FEDERAL SAVINGS BANK C/O USAA LIFE INSURANCE CO. 9800 FREDERICKSBURG ROAD SAN ANTONIO, TX 78288		**1.** Gross distribution $ **2a.** Taxable amount $	OMB No. 1545-0119 **2013** Form **1099-R**	**Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.**
PAYER'S federal identification number 74-6393739	RECIPIENT'S identification number	**2b.** Taxable amount not determined ☐	Total distribution ☐	**Copy C** **For Recipient's Records**
RECIPIENT'S name		**4. Federal income tax withheld**	**7.** Distribution code(s)	IRA/ SEP/ SIMPLE

Form 5329

Form **5329**

Department of the Treasury
Internal Revenue Service (99)

Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts

▶ Attach to Form 1040 or Form 1040NR.

▶ Information about Form 5329 and its separate instructions is at *www.irs.gov/form5329*.

OMB No. 1545-0074

2013

Attachment Sequence No. **29**

Name ... subject to additional tax. If married filing ...

may also ... to indicate that you qualify for an exception to the additional tax on early distributions or for certain Roth IRA distributions (see instructions).

1	Early distributions included in income. For Roth IRA distributions, see instructions	1	
2	Early distributions included on line 1 that are not subject to the additional tax (see instructions). Enter the appropriate exception number from the instructions: ________	2	
3	Amount subject to additional tax. Subtract line 2 f...	3	

Distribution Code

Box 7 of Form 1099-R identifies the code for the distribution you received. See Instructions for Recipient, Box 7, of your Form 1099-R for an explanation of the code(s).

Distribution Code 1

Code 1 indicates distributions made before you reached age 59 1/2 and that are, in general, subject to a 10% additional tax. You may be required to file Form 5329 (Additional Taxes on Qualified Plans [Including IRAs] and Other Tax-Favored Accounts). Report the amount in box 2a of your Form 1099-R on Form 5329, line 1.

However, as explained in the Form 5329 instructions, certain exceptions to the additional tax apply with respect to qualified withdrawals for first-time homebuyers' expenses, higher education expenses, medical insurance premiums and deductible medical expenses. If your Form 1099-R shows distribution code 1 in box 7 and you qualify for an exception to the additional tax, you should file Form 5329 and report the amount from box 2a of your Form 1099-R that can be excluded on Form 5329, line 2.

Distribution Code D

Reports payments from nonqualified annuities and distributions from life insurance contracts that may be subject to the net investment income tax.

FORM 1099-R

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PAYER'S name, street address, city, state and ZIP code USAA FEDERAL SAVINGS BANK C/O USAA LIFE INSURANCE CO. 9800 FREDERICKSBURG ROAD SAN ANTONIO, TX 78288		**1.** Gross distribution $ **2a.** Taxable amount $	OMB No. 1545-0119 **2013** Form **1099-R**	**Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.**
PAYER'S federal identification number 74-6393739	RECIPIENT'S identification number	**2b.** Taxable amount not determined ☐	Total distribution ☐	**Copy C** **For Recipient's Records**
RECIPIENT'S name		**4. Federal income tax withheld** **$**	**7.** Distribution code(s) / IRA/ SEP/ SIMPLE ☐	
PLAN ID number	12. State tax withheld $	13. State/Payer's state no.	14. State distribution $	This information is being furnished to the Internal Revenue Service.

State Income Tax

Any state income tax withheld from account distributions will be shown in box 12. For more information on retirement account distributions, see IRS Publication 590 (Individual Retirement Arrangements).

State Tax Reporting

Q. Does USAA report any tax information to the states for state income tax purposes?

A. Tax information is required to be provided to some states and the District of Columbia. USAA Life Insurance Company participates in the combined federal and state tax filing with the IRS, which in turn forwards this information to the District of Columbia and these states:

Alabama	Georgia	Maine	Montana	South Carolina
Arizona	Hawaii	Maryland	Nebraska	Utah
Arkansas	Idaho	Massachusetts	New Jersey	Vermont
California	Indiana	Michigan	New Mexico	Virginia
Colorado	Iowa	Minnesota	North Carolina	Wisconsin
Connecticut	Kansas	Mississippi	North Dakota	
Delaware	Louisiana	Missouri	Ohio	

USAA Life Insurance Company also files directly, when required, to these states and territories:

Arkansas	Idaho	Massachusetts	New York	Puerto Rico
California	Kansas	Michigan	North Carolina	Virgin Islands
Delaware	Maine	Montana	North Dakota	
Guam	Mariana Islands	New Jersey	Oklahoma	