



YOU ASK, WE ANSWER



Why do non-taxable rollovers still generate a 1099?

Dear Kelly,

Last year I finally moved my money from my old 401(k) to my current 403 (b). I was told that doing this would not result in a taxable event but I just received a 1099 in the mail from the transaction, can you help me understand why I received this form?

-Concerned

Dear Concerned,

Your question is one I get asked a lot. Tax codes frequently change, as do your taxable circumstances. You may make more money, make less money, have more/less dependents, etc. Having a basic knowledge of taxes is helpful, and the IRS website is a great, user-friendly tool that can help. [Here is a link that explains more about the form you received.](#)

As far as your form goes, when anyone transfers a retirement account from one financial institution to another, it generates a 1099r form. By looking closely at the form, you can learn more about why the form was generated. Specifically, draw your attention to section 7.

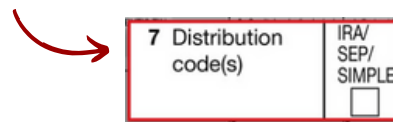
This section is coded a certain letter or number based off of what occurred. For example, if someone rolled over pre-tax monies (like you) to another pre-tax account, that 1099R is coded letter 'G'. The IRS defines 'G' as "Direct rollover of a distribution to a qualified plan, a section 403(b) plan, a governmental section 457(b) plan, or an IRA."

Rolling funds over is typically a non-taxable event, but it is still a reportable event to the IRS (hence the 1099r form). The IRS likes to keep track of what year that rollover occurred.

If you still have questions about this form or other tax forms you receive, connect with your tax professional or financial professional, they should be able to help clarify the situation.

Sincerely,

Kelly



For an easy to read article outlining some of the main types of tax forms, click here.



Kelly DeMay is a Financial Advisor with Equitable Advisors. Equitable Advisors partners with SAANYS to provide financial articles, seminars, guidance and planning for SAANYS members.

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