

Frequently Asked Life Tax Questions

Please Note: By law, insurers may not offer tax or legal advice. Based on your particular circumstances and objectives, you should seek advice from a qualified and duly-licensed independent tax or legal adviser.

Why 1099 tax forms?

Q. Why am I receiving a 1099 tax form?

A. The Internal Revenue Service (IRS) requires businesses that pay any “person” dividends, pensions, retirement pay or other distributions, to report these transactions to both the person and the IRS. These forms also allow for checks and balances between the companies reporting of distributions and what is reportable to or by the IRS.

1099's

Q. When will my 1099 be mailed?

A. 1099 forms will be mailed out by January 31st. Please allow 10 mailing days before requesting a duplicate.

Q. I just received a 1099 form, what do I do with it?

A. Clients must report taxes on the amount entered in Box 2A of the 1099-R form or box 1 of the 1099-INT form. The form should be provided to the IRS when filing your taxes. If your policy is an IRA or SEP, the taxable portion of Box 1 must be reported.

Q. I did a 1035 Exchange or a Direct Rollover that is not taxable, why am I receiving a 1099?

A. Although it may not be a taxable event, it is reportable. The 1099 will show a code 6 or G in Box 7, which means 1035 Exchange or Direct Rollover. Box 2A will show no taxable amount.

Q. I received a check as a payment for a death benefit, why am I receiving a 1099?

A. The 1099 will show a code 4 in Box 7 which indicates a death benefit. The person who received the death benefit is responsible for taxes on the amount shown in Box 2A. If your policy is an IRA/SEP, the taxable amount portion on Box 1 must be reported.

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Q. My 1099 shows a code 1 in Box 7 which indicates an early withdrawal penalty, but I'm disabled, this should show a code 2 which indicates an exception to the early withdrawal penalty.

A. You will need to provide proof to the IRS that you are disabled under the guidelines of the Social Security Administration for this year. See your tax advisor if you need assistance. For future tax years, you will need to provide proof to the company in order for code 2 to be applicable.

W-9

Q. Why did I receive a W-9 form?

A. The name and social security number we have does not match the IRS record. The W-9 is the IRS form that you need to complete so that we can verify the correct information and update your records.