



A guide to your 2023 1099-R Tax Reporting Statement

Important tax reporting information to help you prepare your federal tax return

IRS Form 1099-R, "Distributions from Pensions, Annuities, Retirement or Profit Sharing Plans, IRAs, Insurance Contracts, etc.," is used to report all retirement plan distributions to holders of Merrill BASIC™, SEP, SIMPLE, Retirement Selector Account (RSA) 403(b)(7), and variations of IRA accounts to their beneficiaries.



Form 1099-R reports the total amounts distributed during the tax year 2023. If you have received different types of distributions or resided in more than one state during 2023 you may receive more than one Form 1099-R. You will need this information to complete your personal income tax return for 2023 on Internal Revenue Service (IRS) Forms 1040, 1040A or 1040-SR, and where applicable, Form 5329, Form 8606, and/or applicable state tax forms. While the enclosed notice addresses tax filings for individuals, estates and trusts receiving distributions may also require this information to complete tax filings.

Form 1099-R does not report the transfer of assets by trustees or custodians between like accounts that are not paid directly to you. However, Form 1099-R will reflect any amount paid from a SIMPLE IRA directly to the trustee of an IRA that is not a SIMPLE IRA during an individual's first two years of participation in the SIMPLE IRA.

In addition, Form 1099-R will reflect a code G in Box 7 for any eligible rollover distribution from a qualified retirement plan that is directly rolled over to an IRA or another employer plan. If you converted a traditional IRA to a Roth IRA, the conversion amount will be reported as a distribution on Form 1099-R. If you were under age 59½ at the time of the conversion, the distribution will be coded as a premature distribution (code 2), to which an exception from the 10% early withdrawal penalty applies. Distributions made payable to you and then rolled over to another retirement account within 60 days are also reportable. A Form 5498 will be issued by June 1, 2024 that will report any rollover deposits and/or conversion amounts.

Please note as an added security measure, IRS Regulation 301.6109-4 allows filers of Forms 1099-R to only specify the last four digits of a recipient's social security number on the form. For this reason, only the last four digits of your social security number will be printed on the Form 1099-R.

Common reporting questions and answers

1. Why didn't Merrill use distribution code 4G for my spousal rollover?

A spousal beneficiary would only receive code 4G if they directly rolled assets over from a qualified employer plan to a traditional IRA. If the spousal beneficiary rolled the assets from an IRA to their own IRA, they would receive code 4 on their Form 1099-R. Both transactions will receive a Form 5498 reporting the rollover deposit.

2. Why does Box 1 (Gross distribution) have the same amount as Box 2a (Taxable amount) while Box 2b (Taxable amount not determined) is checked on my IRA's Form 1099-R?

Per IRS guidelines for Traditional, SEP, and SIMPLE IRAs, Merrill populates Boxes 1 and 2a with the same dollar amount. Box 2b is checked since we are not able to determine the taxable amount of the distribution.

For assistance in determining the taxable amount of the distribution and to properly report this amount on your tax return, please seek guidance from your tax advisor.

3. Since I am over the age of 59½, why did I receive distribution code T (instead of code Q) on the Form 1099-R?

- Code T is used when the client is over the age of 59½ and we do not know if the 5-year aging period has been met.
- Code Q is used when we know that the 5-year aging period has been met and the client is over the age of 59½.

4. Why doesn't Merrill use code 3 for distributions due to disability?

As a custodian, Merrill is unable to determine whether you meet the IRS definition of disability (see section 72(m)(7) of the Internal Revenue Code). Therefore, we are unable to use code 3 for distributions due to disability. For more information, go to www.irs.gov/forms-pubs/about-form-5329. You can also consult with your tax advisor about filing IRS Form 5329 (Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts).

5. I made a non-deductible contribution into my IRA and did a Roth Conversion. Why does my 1099-R show an amount in Box 2a (Taxable Amount)?

Per IRS guidelines for Traditional, SEP, and SIMPLE IRAs, Merrill is required to populate Boxes 1 and 2a with the same dollar amount. Box 2b is checked since we are not able to determine the taxable amount of the distribution. For more information, go to www.irs.gov/forms-pubs/about-form-8606. You can also consult with your tax advisor about filing Form 8606 (Nondeductible IRAs).

6. Why did I receive a Form 1099-R if I deposited my distribution back into my IRA within 60 days?

- All distributions are reported on a Form 1099-R regardless of whether the funds were rolled back into the IRA. The IRS allows you to complete one tax-free rollover between IRAs within 60 days of the initial withdrawal once every 12 consecutive months. If you have questions about how to report a 60-day rollover, speak to your tax advisor.



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