

TAX INFORMATION GUIDE: 1099-R AND 1099-Q REPORTS



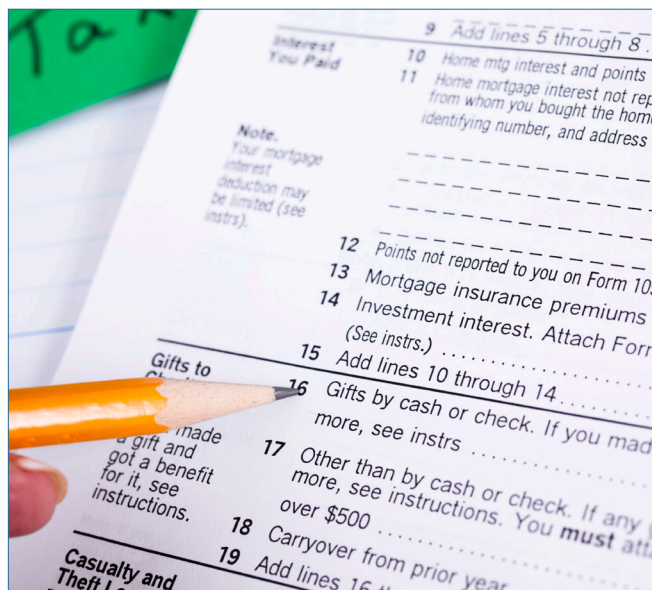
- 1099-R: Reports distributions from a Janney IRA and/or a Janney Qualified Plan.
- 1099-Q: Reports distributions from a Janney Coverdell Education Savings Account (ESA).

For your protection, the Form 1099-R or 1099-Q may show only the last four digits of your Social Security Number. However, your complete Social Security or Tax Identification Number is used to report the appropriate tax information to the Internal Revenue Service (IRS) and, where applicable, to state governments.

For clients with a Tax Identification Number, rather than a Social Security Number, the entire number is displayed to address IRS requirements. If your account has a Tax Identification Number, please confirm that it is correct. If it is incorrect, contact your Financial Advisor promptly so the number can be updated for accurate reporting.

For additional information, review the “Frequently Asked Questions” section to the right. If you have additional questions regarding your Form 1099-R or 1099-Q, contact your Financial Advisor or a professional tax advisor.

You can review the Form 1099-R instructions at:
<https://www.irs.gov/pub/irs-pdf/i1099r.pdf>



FREQUENTLY ASKED QUESTIONS

1. Why might I be receiving multiple Forms 1099-R for one type of account?

The IRS requires Janney to use the appropriate codes in Box 7 of Form 1099-R for different types of distributions. For example, if you attained age 59½ during the year and are taking periodic distributions, you will receive one Form 1099-R with IRS code “01” (under age 59½) in Box 7. You will then receive a second Form 1099-R with code “07” in Box 7 for the period after you reached age 59½.

2. Why is a 1099-R generated if I take a distribution from my IRA account and roll those funds back within 60 days?

The IRS requires Janney to report all types of distributions, regardless of whether the money was rolled back into an IRA within 60 days. A Form 5498, reporting the rollover activity to the IRS, will be generated for the IRA that received the rollover funds. The IRS deadline for the Form 5498 is May 31st. This form is for informational purposes only and does not need to be attached to your tax return.

3. Are all types of retirement plan distributions reported on a Form 1099-R?

Yes, as required by law, all retirement plan distributions are reported even if they are not taxable.

4. Why is the Form 1099-R reporting a “72(t)” distribution with a distribution code of “01” (under age 59½) in box 7?

“72(t)” distributions are substantially equal payments. Janney is required to use the distribution code that relates to your age.

We have been advised that the IRS has changed its interpretation for IRA custodians issuing Forms 1099-R using code “02” in box 7 (early distribution exception applies).

The IRS requires IRA custodians to monitor the distributions and to assure the IRS that the distributions have met all applicable guidelines necessary for the exception to the

10% penalty on distributions prior to age 59½. Because Janney relies on the client to monitor and track these types of distributions, we are required to report the distribution based on your age.

The IRS Form 5329 must be attached to your tax return for this type of distribution. Form 5329 is an IRS form filed with your Form 1040 to indicate that the 10% premature distribution penalty does not apply. To receive a copy of this form, visit www.irs.gov. In addition, please check with your tax advisor regarding the proper calculation and reporting for any distribution where the 10% penalty does not apply.

5. Why is my Form 1099-R reporting the distribution as a “total distribution” if I have been taking periodic distributions throughout the year and then decided to terminate my account?

In box 2b, “Total distribution” will be checked if a total distribution is comprised of one or more distributions within the tax year in which the entire account was distributed.

6. Are Trustee-to-Trustee transfers required to be reported on Form 1099-R?

No. Direct transfers between firms involving the same type of account are not required to be reported on the Form 1099-R.

7. Is a qualified charitable distribution required to be reported on a Form 1099-R?

IRA owners age 70½ or older may request a distribution up to \$100,000 from a Traditional IRA and have those distributions transferred directly to qualifying charities without recognizing the assets as income. These distributions are referred to as “qualified charitable distributions” (QCD).

The IRS requires Janney to report a QCD distribution that you make as a taxable distribution. Please contact your tax advisor regarding this type of distribution and the proper way to report this on your tax form(s). Refer to the instructions for Form 1040. You may also be required to file Form 8606 with your tax return. You will need to keep a copy of the check sent to the charitable organization or a copy of the receipt you may have received from the charity for future reference.

WORKING WITH JANNEY

Depending on your financial needs and personal preferences, as well as the fees and costs associated with those services, you may opt to engage in a brokerage relationship, an advisory relationship, or a combination of both. Each time you open an account, we will make recommendations on which type of relationship is in your best interest based on the information you provide when you complete or update your client profile.

If you engage in a brokerage relationship, you will buy and sell securities on a transaction basis and pay a commission for these services. Our recommendations for the purchase and sale of securities will be based on what is in your best interest and reflect reasonably available alternatives at that time. If you engage in an advisory relationship, you will pay an asset-based fee, which encompasses, among other things, a defined investment strategy, ongoing monitoring, and performance reporting. Your Financial Advisor will serve in a fiduciary capacity for your advisory relationships.

For more information about Janney, please see Janney's Relationship Summary (Form CRS) on www.janney.com/crs which details all material facts about the scope and terms of our relationship with you and any potential conflicts of interest.

By establishing a relationship with us, we can build a tailored financial plan and make recommendations about solutions that are aligned with your best interest and unique needs, goals, and preferences.

Contact us today to discuss how we can put a plan in place designed to help you reach your financial goals.

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