## 2014 TAX YEAR INFORMATION

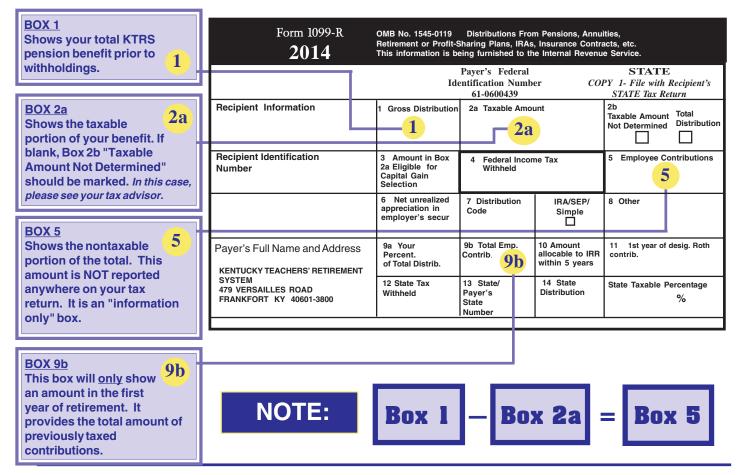
KTRS mailed the 1099R tax forms at the end of January 2015. The tax statement contains confidential information and can only be mailed to the member's address currently on record with KTRS. For your privacy and protection, the member, power of attorney, or beneficiary, must submit a written request to KTRS in order to send the 1099R form to an address that is different from the one currently on record with KTRS. The written request may be mailed to KTRS, or faxed to (502) 573-0254. This special request will not change your permanent address record unless you specifically request that it be changed. You may also visit the KTRS Website at www.ktrs.ky.gov for additional information and forms, including the change of address forms.

To request a duplicate for a lost 1099R form, please call 1-800-618-1687. The KTRS Call Center staff will verify your correct name and address for mailing the duplicate form and for the permanent record file.

### Need to contact someone?

KTRS 502-848-8500
Toll Free 800-618-1687
KERS 502-696-8800
Toll Free 800-928-4646
Deferred Compensation 502-573-7925
Toll Free 800-542-2667
KY Revenue
Cabinet 502-564-4581
IRS 800-829-1040
IRS 800-829-1040

# Understanding Your 1099-R



### KENTUCKY STATE TAX LAWS

The majority of our members do not owe Kentucky state taxes on KTRS benefits. KTRS strongly recommends you seek the advice of a qualified tax preparer for any specific questions concerning Kentucky income taxes on your pension.

The good news is that when calculating your Kentucky state income tax liability, there is a \$41,110 EXCLUSION for total state taxable pension income on the Form 740 Kentucky Income Tax Return. Your Form 740 begins with the federal adjusted gross income (AGI). Schedule M of the KY state return allows adjustments to the federal AGI. Schedule P of the KY state return is NOT always required; it reports pension income in more detail. You may want to take this newsletter to your tax preparer.

You must compute the state taxable amount. Multiply the state taxable percentage (next to box 12) by the federal taxable amount in box 2a to arrive at the state taxable amount. DON'T FORGET TO APPLY THE KENTUCKY PENSION INCOME EXCLUSION AGAINST THE STATE TAXABLE AMOUNT.

The Internal Revenue Service (IRS) requires that a qualified retirement plan like KTRS must treat a same-sex spouse as a spouse for federal tax law purposes. This IRS requirement applies to a spouse in a same-sex marriage validly entered into in a jurisdiction whose laws authorize the marriage, even if the spouse lives in a state that does not recognize the validity of same-sex marriage. A domestic partnership or civil union is

not considered a marriage for federal tax law. For more information, see IRS Revenue Ruling 2013-17 and IRS "Answers to Frequently Asked Questions for Individuals of the Same Sex Who Are Married Under State Law."

Kentucky Tax Form 740 | Schedule M Add all your 1099R, Box 2a, FEDERAL taxable amounts.

IF THE TOTAL IS UNDER \$41,110 YOU DO NOT HAVE TO FILL OUT KY 740 - SCHEDULE P.

Just subtract the amount from the federal AGI by entering the amount on Part II, line 11. Therefore, you do not owe any state taxes on pensions.

IF THE TOTAL IS OVER \$41,110 YOU MUST

FILL OUT KY 740 - SCHEDULE P. Even if you are required to fill out a KY 740 - Schedule P, most retired teachers still do not owe any Kentucky state taxes.

Kentucky Tax Form 740 | Schedule P Add all your 1099R, <u>STATE taxable amounts</u>. Enter the total on Part II of Schedule P.

IF THE TOTAL IS UNDER \$41,110 YOU DO NOT OWE ANY KENTUCKY STATE INCOME TAX ON PENSIONS. Follow instructions on completing the schedule.

IF THE TOTAL IS OVER \$41,110 YOU OWE KY
STATE TAXES ON THE AMOUNT ABOVE THE
EXCLUSION AMOUNT. Again, follow
instructions on completing the schedule.

Retired Prior to January 1, 1998

Retired After January 1, 1998
TOTAL FEDERAL RETIREMENT INCOME
LESS THAN \$41,110

Retired After January 1, 1998

Total Retirement Income

MORE THAN \$41,110

KTRS remains as KY STATE
NONTAXABLE income. If you receive
more than \$41,110 federal taxable
pension income you still must prepare
KY 740 - Schedule P.

If total federal taxable income is less than \$41,110 then all pension income is KY STATE NONTAXABLE income. You must fill out KY 740 - Schedule P on your State Income Tax Return. Follow the instructions. Your 1099R will have the information needed to complete the KY 740 - Schedule P.

#### **CAUTION:**

\*Computing a Kentucky state taxable amount does not mean you owe Kentucky state taxes!!\*The requirement to prepare KY 740 - Schedule P does not mean you owe state taxes!