NOTICE REGARDING YOUR 2011 1099-R:

Please note that the 1099Rs have a new look to them; they are larger and easier to read now.

BOX 5

This box is populated with the non-taxable portion of your gross pension benefits if you have any. If you subtract this amount from your gross pension total, the result will be the taxable amount as reported in Box 2. This amount has nothing to do with Insurance. As you will see by reading the description on the back side of 1099R this field can be used for many purposes. This is the fourth year we are utilizing this field to report the non-taxable portion of your pension.

BOX 7 DISTRIBUTION CODES: 2 and 7

For those of you who turned 59 ½ during 2011 you will receive two 1099's. This is because the IRS requires that a "2" be entered in Box 7 to indicate that the recipient is under the age of 59 ½ but the distribution is not subject to an early payment penalty because it is in the form of an annuity. In the month the recipient turns 59 ½ the distribution is then a "normal distribution" and is coded as a 7. This does not affect the taxability of your pension but is merely statistical information.

IF YOU DID NOT RECEIVE A 1099-R:

Accidental Disability Under 20 Years

KIA Survivors

Return of Investment in Contract (Previously Taxed Contributions)

If you are receiving a benefit in one of the above categories you will not be receiving a Form 1099-R this year unless you had taxes withheld. The IRS has directed that "Generally, do not report amounts totally exempt from tax." Therefore, we did not prepare these forms for mailing to our members nor will the information be reported to the IRS. However, we did prepare the form for internal use and it is posted on our "Members Only" website for informational purposes only. You can print the form for your own records if you desire. Unless there are taxes withheld, this form should not be attached to your income tax return.