

Form 1099

Questions & Answers

Q. What is a Form 1099?

A. IRS Form 1099 is an important document for your federal tax reporting and records that was developed to report certain types of taxable and nontaxable transactions. Generally, you're not required to attach the Form 1099 to your annual federal income tax return, although you should keep it with your other tax documents for reference and recordkeeping. Your tax adviser will need to see all of your 1099 forms and can give you additional information about the Form 1099 and the reported transactions.

Q. Why did I receive a Form 1099?

A. VALIC is required by law to provide you with a Form 1099-R for any tax year in which you receive a distribution payment from one of the following:

- Annuity (including distributions resulting from a death benefit)
- Pension
- Profit-sharing or retirement plan
- Traditional IRA
- Self-Employed Pension (SEP) IRA
- Roth IRA

Distributions from retirement plans must be reported, whether taxable or not. The Form 1099 contains detailed explanations of the individual boxes on the form as well as information for the taxpayer about the purpose of the form. Please review the explanations located on the reverse side of your Form 1099.

Q. What do I need to do with the Form 1099?

A. Generally, the Form 1099 is provided for your tax-reporting and recordkeeping purposes. It reflects the federal tax information that VALIC reported to the IRS. In most cases, attaching the Form 1099 to your income tax return is not required. Note: If Box 4 (federal income tax withheld) on your Form 1099 shows an amount, you must attach a copy of the Form 1099 to your income tax return. Please consult your tax adviser.

Q. What does each box on the Form 1099 mean?

A. An explanation of each box on the Form 1099 is provided on the back. For further information, refer to one of the resources listed in this brochure.

Q. What do the distribution codes in Box 7 on the Form 1099-R mean?

A. The distribution codes listed in Box 7 describe the type of distribution being reported. The most common code is 7, indicating a normal distribution. Other codes are explained on the reverse side of the Form 1099-R.

Q. How is the taxable amount calculated?

A. We report, as the taxable amount, the portion of your distribution that has not previously been subject to federal income tax. Generally, for tax-favored retirement plans, such as an IRA or 403(b) contract, the entire amount of the distribution is taxable.

Q. What is an early distribution?

A. Generally, if a distribution is made before you reach age 59½ it is considered an early distribution. This applies to both tax-qualified and nonqualified annuity contracts, but not to both governmental and tax exempt Section 457 plans. If an early distribution was received, it is indicated by a Code 1 in Box 7. Early distributions might be subject to a 10% federal early withdrawal tax penalty, unless an exception applies.

Q. I exchanged my annuity contract for another. Why did I receive a Form 1099-R?

A. The IRS requires the reporting of a nontaxable exchange of one annuity contract for another (also called a Code Section 1035 exchange) as a distribution. We identify the distribution as a nontaxable Section 1035 exchange by placing distribution Code 6 in Box 7.

Q. Why did I receive a Form 1099-R for my direct rollover?

A. The IRS requires that we report the gross amount rolled from your retirement plan to an IRA or other eligible retirement plan. The distribution is identified as a direct rollover by placing a distribution Code G in Box 7.

Q. Why was my retirement annuity loan reported?

A. If you did not make a scheduled loan repayment when it was due or by the end of any applicable grace period, the IRS requires we default the entire loan and report it as a taxable deemed distribution. Also, upon termination of a contract, any outstanding loan balance is reported as a taxable distribution if it is not otherwise repaid.

Q. What if incorrect information is listed on my Form 1099?

A. If information on your Form 1099 is incorrect, such as your name, address or taxpayer identification number, please call 1-877-290-2571 to speak with a Customer Service Representative.

Q. Where can I receive more information and/or help?

A. VALIC does not provide tax advice. We encourage you to consult your tax adviser or the IRS with questions about your specific situation.

Information can be obtained from several sources. The following is a partial list of possible sources of tax-related information and in no way represents a complete list.

IRS publications are updated annually for the tax-filing season and can be located by contacting the IRS at 1-800-829-3676 or by visiting www.irs.gov. Your local public library may offer a reference set of IRS publications.

The IRS also provides a recorded information service, Tele-Tax (1-800-829-4477), that offers messages on more than 140 tax topics and a line where you can speak with IRS staff (1-800-829-1040).

Local programs are available to assist older, disabled, low-income or non-English-speaking individuals with completion of basic income tax forms. Two such programs are Volunteer Income Tax Assistance (VITA) and Tax Counseling of the Elderly (TCE). Check your local telephone directory for listings for these two organizations.

Additional sources are available on the Internet. The following is a sampling of Internet sites that provide general tax information. We cannot guarantee the accuracy of any information provided on the following websites.

www.naea.org

www.irs.gov

For more information regarding your account, please contact one of our Customer Service Representatives (CSRs) at 1-877-290-2571. CSRs are available to assist you Monday through Friday, from 7:00 a.m. to 8:00 p.m. (CT).