Guide to Your SERS-Issued 1099-R Tax Form

Because SERS made at least one payment to you in 2025 we are required to provide you and the IRS with a *1099-R* form. This guide explains the information on the form and helps you understand if you should expect to receive more than one *1099-R* before filing your 2025 income tax return.

Depending on the number, type, and timing of the payments you received from SERS, you may receive more than one *1099-R* form. You could receive more than one *1099-R* from SERS if:

- You retired last year and chose to withdraw any of your pension contributions and interest in a lump sum
- You received a payment from your own SERS pension and also received a survivor or beneficiary payment from a deceased SERS member's pension or
- You turned 59½ last year

DEFINED BENEFIT PLAN

Traditional Pension

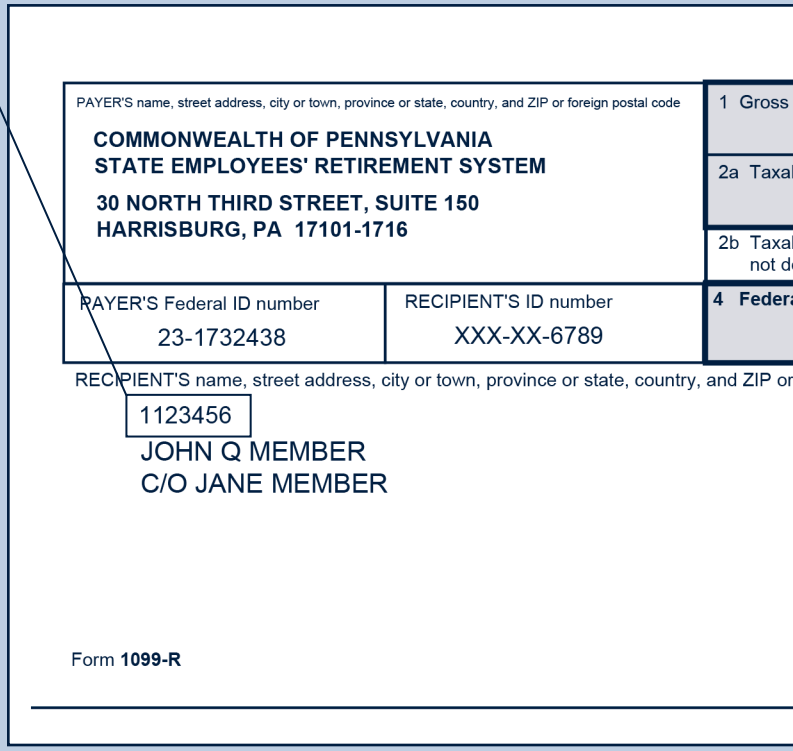
A Map to Your 1099-R

The unique control number is a seven-digit number that identifies a specific *1099-R* form. The first digit indicates how many *1099-R* forms you will receive from SERS for 2025.

Box 9b - Total employee contributions, if you received your first pension payment last year, shows the amount of contributions you paid toward your SERS pension, if any, that are not subject to federal income tax. This box only applies if you received your first pension payment in 2025.

Box 9a - Your total dist. will be blank if the payment was rolled into another qualified retirement plan. If, however, a payment you received was part of the total distribution of a pension account made to more than one person, your percentage of the distribution is shown here.

Box 1 - Gross distribution shows the **total** amount paid to you before taxes were calculated and deducted. In most cases, this is the amount you report on your *1040* or *1040-A* tax form on the line for "IRA distributions," "Pensions and annuities," or "Taxable amount" (whichever applies). If the amount was paid to you as a lump-sum distribution, see *Form 4972, Tax on Lump-Sum Distributions* for additional instruction.



PAYER'S name, street address, city or town, province or state, country, and ZIP or foreign postal code

COMMONWEALTH OF PENNSYLVANIA
STATE EMPLOYEES' RETIREMENT SYSTEM
30 NORTH THIRD STREET, SUITE 150
HARRISBURG, PA 17101-1716

1 Gross

2a Taxal

2b Taxal not d

PAYER'S Federal ID number: 23-1732438

RECIPIENT'S ID number: XXX-XX-6789

4 Federa

RECIPIENT'S name, street address, city or town, province or state, country, and ZIP or

1123456

JOHN Q MEMBER
C/O JANE MEMBER

Form **1099-R**

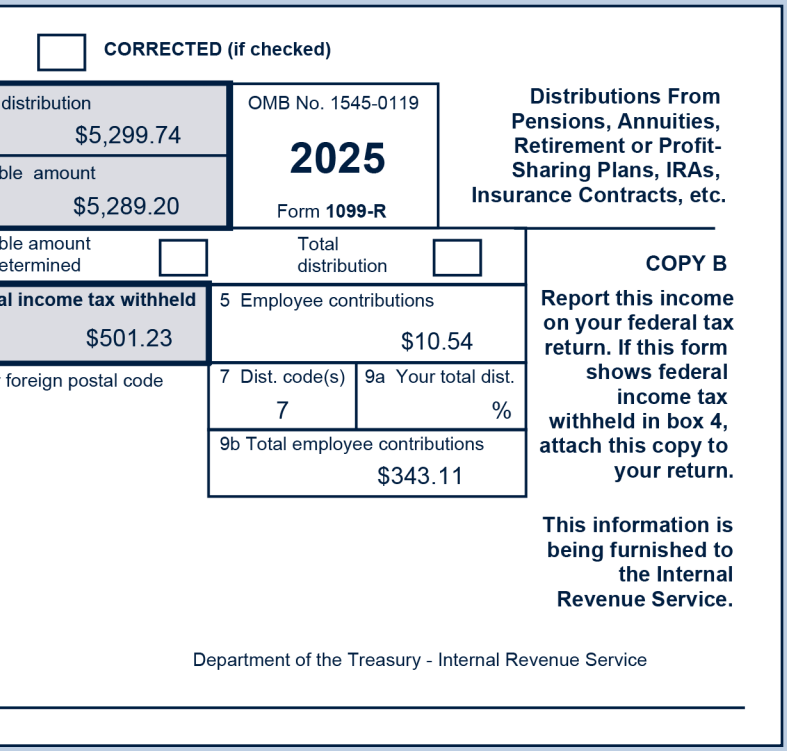
Box 7 - Dist. code shows the type of payment you received. If you received more than one type of payment, you will receive more than one *1099-R* form from SERS and each will have a different code in this box. The following codes apply to SERS payments:

1 – Early Distribution, no known exception (under age 59½) indicates lump-sum payments that were not rolled into another qualified retirement plan if you left employment before the year you turned 55.

2 – Early Distribution, exception applies (under age 59½) indicates lump-sum payments that were not rolled into another qualified retirement plan if you left employment between the year you turned 55 and the year you turned 59½, and to monthly annuity payments made before you turned 59½.

3 – Disability, indicates that you did not qualify for a non-disability retirement based on your years of service.

Box 2a - Taxable amount shows the **taxable** amount paid to you. A portion of the total amount paid to you may not be taxable, so the amount in Box 1 may be different from the amount in Box 2a. If there is any difference, it will be shown in Box 5.



CORRECTED (if checked)

distribution $5,299.74

ble amount $5,289.20

OMB No. 1545-0119

2025

Form **1099-R**

Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.

ble amount etermined

Total distribution

COPY B

Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.

al income tax withheld $501.23

5 Employee contributions $10.54

foreign postal code

7 Dist. code(s) 7

9a Your total dist. %

9b Total employee contributions $343.11

This information is being furnished to the Internal Revenue Service.

Department of the Treasury - Internal Revenue Service

Box 2b - Taxable amount not determined, if marked with a check mark, indicates that SERS does not have enough information to determine how much of the total paid to you is taxable and Box 2a should be blank. If this box is checked, contact the IRS or a professional tax adviser for assistance.

Box 2b - Total distribution, if marked with a check mark, indicates that the 2025 payment closed the SERS account. This could occur if:

- You left employment, were not entitled to a pension, and withdrew all of your contributions and interest in 2025
- You left employment, withdrew all of your contributions in installments, and received your final installment payment in 2025 or
- You received a lump-sum payment in 2025 as a beneficiary of a deceased SERS member

Box 4 - Federal income tax withheld shows the amount of federal income tax withheld from the amount in Box 1. Enter this amount on your tax return as “tax withheld.”

4 – Death, reflects payments you received from a deceased SERS member’s benefit.

7 – Normal Distribution indicates payments made after you turned 59½.

G – Direct rollover of a distribution to a qualified plan, a governmental section 457(b) plan or an IRA indicates payments rolled directly into another qualified retirement plan, such as the commonwealth’s Deferred Compensation Plan.

Box 5 - Employee contributions shows the amount of previously taxed money you paid (or in the case of survivor or beneficiary payments, the amount the deceased SERS member paid) toward your pension, if any, that was returned to you tax-free in 2025, as part of the distribution or pension payments you received. These employee contributions are also referred to as “after-tax contributions.”

DEFINED BENEFIT PLAN

Traditional Pension

1099-R Frequently Asked Questions

Can SERS provide tax advice? No. You can seek advice from a professional tax adviser or from the IRS at www.irs.gov or 1.800.829.1040. This information is general guidance only and does not cover all relevant tax law.

How is federal income tax calculated on my SERS payments? There are several IRS-approved methods of calculating the taxable and non-taxable portions of SERS benefits depending upon the date you first began receiving payments and other factors. In most cases, we use the "simplified method" for pension payments that began after November 18, 1996. Under this method, previously taxed contributions made after December 31, 1986, cannot be fully excluded from federal income tax in the year in which they are received. Instead, they are excluded from federal income tax over a period equal to the expected number of payments, based on your age at retirement.

If you were over age 75 when you retired, special rules apply. See IRS *Publication 575*, *Pension and Annuity Income*, or *Publication 939, General Rule for Pensions and Annuities* for more information, specific to your date of retirement.

Is there a tax penalty if I withdrew my pension contributions and interest at retirement, and had the pretax portion sent directly to me? Yes, if you received a payment before age 59½ and you did not roll the money into a qualified plan. In addition to the regular income tax, you will also pay tax equal to 10 percent of the taxable portion of the withdrawal. There are exceptions. See IRS *Publication 575* for information.

I think my 1099-R is incorrect – what should I do? Please write to SERS at the address on this guide. Provide your daytime phone number and detail the information you believe is incorrect. If necessary, we will issue a corrected 1099-R. If we determine that the original 1099-R is correct, we will notify you and explain why.

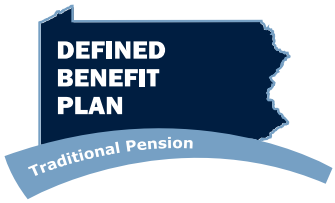
How can I change my income tax withholding?
You can authorize SERS to start, stop, or change your withholding by completing an *IRS W-4P Withholding Certificate for Periodic Pension or Annuity Payments* form. We can mail you a form upon request by calling 1-800-633-5461.

How can I get another copy of my 1099-R form?
Copies of forms dating back to 1995 are available through your Defined Benefit Plan online account at SERS.pa.gov. For a form prior to tax year 1995, contact a pension plan specialist at 1.800.633.5461.

I use direct deposit. If I move, do I have to notify SERS of my new address?
Yes. Even though we don't send you a check every month, we still need to send important information like your *1099-R* form, your annual statement, newsletters, pension verification forms, etc. If your address changes – even temporarily – complete a a *Defined Benefit Plan Change of Address Form* available at SERS.pa.gov.

Receive E-mail Updates

Sign up to receive member updates by e-mail. Visit SERS.pa.gov and scroll to the "Sign Up for News" section.



In general, SERS pension payments are:

Subject to federal income tax. Two key exceptions include: payments made to return employee contributions that you made toward your pension prior to 1982, and payments made to return employee contributions you made when purchasing prior creditable service.

Exempt from PA state and local income taxes. If you live in PA, your SERS pension payments are exempt from PA state and local income taxes. As such, we do not provide *1099-R* forms to any state or local tax authority.

Commercial tax preparation programs may automatically assess PA state and local taxes on SERS payments. In such cases, you will need to manually change the calculated amounts to avoid paying more taxes than you actually owe.

Special notes for those who:

Live outside PA. While SERS payments are exempt from PA state and local taxes, they may be subject to state and local income taxes where you live. If so, you will be required to file Copy 2 of your *1099-R* form with your state and/or local tax office. Contact your state and local tax offices, or a qualified tax professional for more information. If you live outside the United States, you are responsible for learning about and adhering to any income tax obligations you may have to non-U.S. taxing authorities.

Receive SERS disability retirement payments. Generally, if you would not qualify for a non-disability pension from SERS, you must report the taxable portion of your disability pension payments as "wages" on IRS forms *1040* or *1040-A* each year until you reach the age at which you would qualify for a non-disability pension. The IRS refers to that age as the "minimum retirement age."

Are not U.S. citizens. If you are not a U.S. citizen (excluding resident alien) you should receive an IRS *1042-S* form instead of a *1099-R*. Please contact SERS if you receive a *1099-R* in error.

Contributions not subject to federal income tax can include:

"Pre-87 after-tax contributions," if you did not withdraw them in a lump sum at retirement, are previously taxed payroll contributions made toward your pension prior to January 1, 1982 as well as payments to purchase service credit made prior to January 1, 1987.

"Post-86 after-tax contributions" are payments to purchase service credit made on or after January 1, 1987.

See IRS *Publication 575* to learn how contributions you paid tax on can be returned to you without being taxed again. Until all non-taxable money is returned to you, a portion of your pension is paid to you tax-free each year. After all of your after-tax contributions are returned to you, your gross distribution and your taxable amounts will be the same.

Need Help?

Contact your SERS pension plan specialist at 1-800-633-5461.

DEFINED BENEFIT PLAN
Traditional Pension

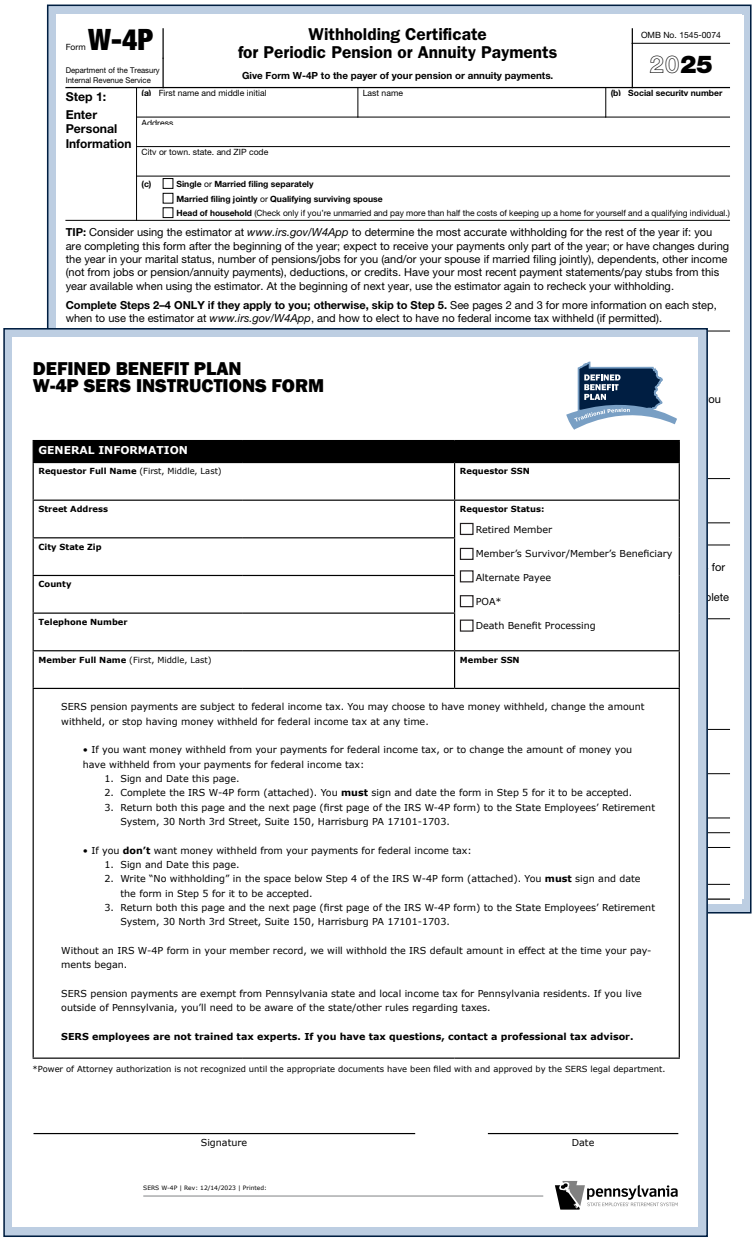
Looking to Change Your Federal Income Tax Withholding?

You are ***not required*** to change your current federal income tax withholding.

If, however, you want to make a change to the amount of money withheld from your ***monthly*** pension for federal income tax, you may do so using the *IRS W-4P Withholding Certificate for Periodic Pension or Annuity Payments* form. We can mail you a form upon request by calling 1-800-633-5461.

The IRS updated the W-4P form, effective Jan. 1, 2023, for all recurring pension and annuity payments. The form replaces all earlier withholding forms.

You also have the option to not have federal income tax withheld from your monthly payments. Please keep in mind that if you have too little money withheld for federal income tax you will generally owe tax when you file your tax return and may owe a penalty.



Form **W-4P**
Department of the Treasury
Internal Revenue Service

Withholding Certificate for Periodic Pension or Annuity Payments

Give Form W-4P to the payer of your pension or annuity payments.

OMB No. 1545-0074

2025

Step 1: Enter Personal Information

(a) First name and middle initial | Last name | (b) Social security number

Address

City or town, state, and ZIP code

(c) ☐ **Single** or **Married filing separately**
☐ **Married filing jointly** or **Qualifying surviving spouse**
☐ **Head of household** (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)

TIP: Consider using the estimator at *www.irs.gov/W4App* to determine the most accurate withholding for the rest of the year if: you are completing this form after the beginning of the year; expect to receive your payments only part of the year; or have changes during the year in your marital status, number of pensions/jobs for you (and/or your spouse if married filing jointly), dependents, other income (not from jobs or pension/annuity payments), deductions, or credits. Have your most recent payment statements/pay stubs from this year available when using the estimator. At the beginning of next year, use the estimator again to recheck your withholding.

Complete Steps 2–4 ONLY if they apply to you; otherwise, skip to Step 5. See pages 2 and 3 for more information on each step, when to use the estimator at *www.irs.gov/W4App*, and how to elect to have no federal income tax withheld (if permitted).

DEFINED BENEFIT PLAN
W-4P SERS INSTRUCTIONS FORM

DEFINED BENEFIT PLAN
Traditional Pension

GENERAL INFORMATION

Requestor Full Name (First, Middle, Last)	**Requestor SSN**
Street Address	**Requestor Status:** ☐ Retired Member ☐ Member's Survivor/Member's Beneficiary ☐ Alternate Payee ☐ POA* ☐ Death Benefit Processing
City State Zip	
County	
Telephone Number	
Member Full Name (First, Middle, Last)	**Member SSN**

SERS pension payments are subject to federal income tax. You may choose to have money withheld, change the amount withheld, or stop having money withheld for federal income tax at any time.

- If you want money withheld from your payments for federal income tax, or to change the amount of money you have withheld from your payments for federal income tax:
  1. Sign and Date this page.
  2. Complete the IRS W-4P form (attached). You **must** sign and date the form in Step 5 for it to be accepted.
  3. Return both this page and the next page (first page of the IRS W-4P form) to the State Employees' Retirement System, 30 North 3rd Street, Suite 150, Harrisburg PA 17101-1703.

- If you **don't** want money withheld from your payments for federal income tax:
  1. Sign and Date this page.
  2. Write "No withholding" in the space below Step 4 of the IRS W-4P form (attached). You **must** sign and date the form in Step 5 for it to be accepted.
  3. Return both this page and the next page (first page of the IRS W-4P form) to the State Employees' Retirement System, 30 North 3rd Street, Suite 150, Harrisburg PA 17101-1703.

Without an IRS W-4P form in your member record, we will withhold the IRS default amount in effect at the time your payments began.

SERS pension payments are exempt from Pennsylvania state and local income tax for Pennsylvania residents. If you live outside of Pennsylvania, you'll need to be aware of the state/other rules regarding taxes.

SERS employees are not trained tax experts. If you have tax questions, contact a professional tax advisor.

*Power of Attorney authorization is not recognized until the appropriate documents have been filed with and approved by the SERS legal department.

Signature _____ Date _____

SERS W-4P | Rev: 12/14/2023 | Printed:

pennsylvania
STATE EMPLOYEES' RETIREMENT SYSTEM

Federal tax forms and help with those forms are available from the IRS.

For tax or estate planning advice, see a professional estate planner, financial advisor, tax adviser, or contact the IRS at www.irs.gov or 1-800-829-1040.