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San Bernardino County Employees'
Retirement Association

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Last Approved	N/A
Effective	N/A
Last Revised	N/A
Next Review	N/A

Area	Administration
Applicability	SBCERA systemwide

Correcting and Reissuing 1099-Rs

POLICY NO. 009

Background:

SBCERA reports pension and other retirement related distributions to the IRS. This means that each year SBCERA issues a 1099-R to every retired member and beneficiary receiving a distribution. Infrequently the information on the 1099-R is incorrect due to data conversion, uncertainty in benefit status, or other administrative corrections including change of address. When incorrect information on a 1099-R is identified, SBCERA issues a corrected 1099-R to the member or beneficiary. The member or beneficiary is solely responsible for filing a corrected annual income tax return and paying appropriate taxes, interest, and penalties, if any. In most instances, these corrections involve a change of address or other minor administrative correction that does not require the member or beneficiary to change or re-file their tax return.

When a member is awarded a service retirement and is subsequently awarded a disability retirement, the nature of the payment is not considered incorrect and a corrected 1099-R will not be issued to recharacterize the original tax treatment.

Policy:

When SBCERA issues a corrected 1099-R to a member or beneficiary that requires them to file an amended income tax return, SBCERA may pay some of the cost incurred by the member or beneficiary to have a tax preparer file a corrected annual income tax return on the member or beneficiary's behalf but in no event will SBCERA pay more than \$110 for tax preparation in the filing of an amended tax return. SBCERA may also pay any resulting interest and/or penalties caused by the information corrected on the Form 1099-R. SBCERA will not, however, pay any expense, interest or penalty incurred by the member or beneficiary that is not directly related to the information corrected on the 1099-R, including but not limited to other assessments determined or audit by the IRS as a result of the amended return.

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Any reimbursements for tax preparation, interest and/ or penalties will only be provided by SBCERA if requested by the member in writing and accompanied by proof, satisfactory to SBCERA, of the expenses claimed and their direct correlation to the information corrected on the 1099R. Any reimbursements issued to a member or beneficiary are taxable to the respective individual. Such reimbursements shall be reported to the IRS and the applicable member or beneficiary on Form 1099-MISC. SBCERA will inform the member or beneficiary, as applicable, of the taxability of the reimbursements made to him or her by SBCERA. SBCERA will not provide a tax true-up for the additional tax liability incurred by any member or beneficiary as a result of any reimbursement he or she may receive from SBCERA.

In no event will SBCERA pay any taxes owed by the member or beneficiary or IRS assessments unrelated to incorrect reporting of the member's or beneficiary's SBCERA benefit on the 1099-R.

The Chief Executive Officer will report to the Board on a quarterly basis the issuance of any corrected 1099-Rs that require the member or beneficiary to re-file and the payment of interest, penalties, or amended income tax return preparation expenses under this policy.

Approval Signatures

Step Description

Approver

Date

Applicability

SBCERA, SBCERA Internal