

## Important Tax Information - CSA 1099R, Statement of Annuity Paid

**General** — The 2021 tax year includes the 12 monthly annuity payments dated January 2 through December 1, 2021, as well as any adjustments made through December. It does *not* include the payment you received in January 2022.

**Filing Instructions** — Your annuity is reportable on your income tax return every year, unless your total income is below the amount required to file a return. If your total income is below that amount and you had tax withheld, you should file a return in order to get a refund. Read your IRS Form 1040 instructions carefully. Then, if you have questions, contact your local IRS office. The retirement system does not provide tax advice and does not supply IRS publications.

**Taxable Annuity Amount** — If your annuity starting date is after November 18, 1996, and you did not retire on disability, we have used the Simplified Method to figure the taxable amount of your CSRS or FERS annuity. For your convenience, this amount is reported on your 1099R. For all other retirees and those receiving former spouse benefits, the Taxable Annuity Amount box will show “unknown.” You can choose to use either the Simplified Method or the General Rule if your annuity starting date is after July 1, 1986, but before November 19, 1996. For a detailed explanation of how to determine the taxable portion of your annuity, request Publication 721, *Tax Guide to U.S. Civil Service Retirement Benefits*, from the IRS. If, after reviewing Publication 721, you need assistance in determining the taxable portion of your annuity, follow the directions in Publication 721 for obtaining assistance from the IRS.

**Lump Sum Payments** — If, during 2021, you received a lump sum payment equal to all or a portion of your retirement contributions, the lump sum is included in the gross annuity amount shown on this form. The lump sum payment and the monthly annuity payments you received during the tax year are subject to different IRS tax rules.

For your convenience in filing your income tax return, we have shown the lump sum payment amount and the total amount of annuity paid during the tax year separately. The amount of the lump sum credit on which your tax liability is based will be greater than the amount actually paid to you if you owed deposits for service not subject to retirement or redeposits for monies you withdrew from the retirement system and had not paid back. Subject to the exception below, any outstanding deposits and redeposits were deemed paid if you elected to receive the lump sum payment. These deemed amounts are taxable as though they were paid to you in 2021, since these deposit and redeposit amounts deemed paid increased your monthly annuity payments. We provided the dollar amounts deemed paid, (*if any*) on form RI 37-8, that was sent to you with your alternative annuity election letter. All monies deemed paid in 2021 are a part of your 2021 tax liability, even if you have not been paid the total lump sum. **Exception:** *If your annuity commenced on or after December 2, 1990, and you received a refund of Civil Service Retirement contributions for a period of service that ended before October 1, 1990 (or ended before March 1, 1991, if your annuity commenced on/after October 28, 2009), the amount of the redeposit is not included in the amount of the lump sum credit.*

All tax withheld from your annuity and your lump sum payment is shown as a combined amount on your statement. Refer to IRS Publication 721, *Tax Guide to U.S. Civil Service Retirement Benefits*, for information on how to calculate the taxes on your annuity and lump sum payment or how to ask the IRS to make the computation for you. If you were not age 55 in the year in which you retired, the taxable portion of the lump sum payment may be subject to a tax penalty, even if you attained age 55 in the year you received the lump sum.

**Voluntary Contributions** — If you are receiving additional payments resulting from voluntary contributions to the retirement fund, the additional portion of your annuity due to the voluntary contributions must be reported separately for tax purposes and is shown at the bottom of your statement.

**Disability Payments** — If you retired on disability, payments you receive are fully taxable as ordinary income until you reach minimum retirement age.

Beginning on the day after you reach minimum retirement age, your payments are treated, for tax purposes, as a retirement annuity. At that time, you begin to recover an amount equal to your contributions as tax-free income under the IRS General Rule as explained in IRS Publication 721.

**Minimum Retirement Age** — This is the age at which you first could have received a non-disability annuity. If you need assistance in reporting your disability annuity on your tax return, you should consult IRS Publication 721 or contact the IRS.

**How to Start, Stop, or Change Monthly Federal Income Tax Withholding** — Call OPM’s Retirement Information Office at 1-888-767-6738. *Hearing impaired users should utilize the Federal Relay Service by dialing 711 or, their local communications provider number to reach a Communications Assistant.* If you want to speak to a Customer Service Specialist, call between the hours of 7:40 a.m. and 5:00 p.m. Eastern time.

**How to Start, Stop, or Change State Income Tax Withholding** — You may have State Income Tax withheld from your monthly annuity only if your State elects to participate in the Voluntary State Income Tax Withholding Program. These States *do not* participate in the program or do not have State income tax:

Alabama	Kansas	Pennsylvania	Virgin Islands
Alaska	Massachusetts	Puerto Rico	Washington
Florida	Nevada	South Dakota	Wyoming
Hawaii	New Hampshire	Tennessee	
Illinois	New York	Texas	

If you live in one of these states, you should contact your State tax office for information on the tax liability of your retirement annuity.

If you live in the District of Columbia or in a state that participates in the program and you wish to have income taxes withheld from your annuity, please call 1-888-767-6738.

**Services Online** — Visit our interactive web site at: [www.ServicesOnline.OPM.gov](http://www.ServicesOnline.OPM.gov) to make changes to your Federal and State income tax withholdings. This site also allows you to view and/or print your current year 1099R and the five prior years. To compute your Taxable Annuity Amount using the Simplified Method go to: [www.opm.gov/retire](http://www.opm.gov/retire).

**Missing or Incorrect Social Security Numbers** — We are required to report your Social Security Number to the IRS with your income information. If your Social Security Number is not shown on your tax statement or is incorrectly shown on your tax statement, you should put your correct number (*in ink*) on the CSA 1099R form if you are required to attach it to your return. Then inform OPM’s Retirement Operations Center, P.O. Box 45, Boyers, PA 16017 of your correct Social Security Number. Be sure to include your CSA number and a copy of your Social Security card when you contact OPM.

**Useful Items** — You may want to see:

- Publication 524, *Credit for the Elderly or the Disabled*
- Publication 575, *Pensions and Annuity Income*
- Publication 590, *Individual Retirement Arrangements (IRAs) (Including ROTH IRAs and Education IRAs)*
- Publication 721, *Tax Guide to U.S. Civil Service Retirement Benefits*
- Publication 939, *General Rule for Pensions and Annuities*

These publications are free and may be obtained from the IRS by calling 1-800-TAX-FORM (1-800-829-3676).

**Reminder** — Not complying with Federal retirement tax obligations could mean penalties, interest, and potential levy of your retirement income. Call the IRS at 1-800-829-3676 for Publication 1798, “*Retiring Qs & As*”. It gives answers to “*retiring*” tax questions.