

## 2017 IRS Form 1099-Q

### General Information

IRS Form 1099-Q is used to report distributions from Education Savings Accounts (ESAs). Foresters Investor Services, Inc. (FIS) issues 1099-Q forms for ESAs as agent for Foresters Financial Services, Inc. (FFS) as custodian.

### Reportable Transactions

The following are included as reportable transactions:

- Proceeds paid directly to the designated beneficiary including normal distributions and distributions due to disability
- Trustee-to-trustee transfers
- Money removed due to an excess contribution
- Distribution due to death
- Proceeds paid to an alternate payee

### Non-Reportable Transactions

The following are **NOT** included as reportable transactions:

- Exchanges between different First Investors fund accounts within the same registration.
- A change in designated beneficiary if the new beneficiary is an eligible member of the former beneficiary's family.

### Reporting Considerations

- FIS mails to client by **January 31**.
- FIS sends electronically to the IRS by **March 31**.
- Client receives one copy - Copy B for federal tax return.
- Client does not attach Form 1099-Q to tax return. Information is used to complete tax return.
- Client will receive one Form 1099-Q per account reflecting the total distributions from that account.\*
- All 1099-Q forms for the same Master Account Number are mailed in the same envelope.

\* If there was a trustee-to-trustee transfer and another type of distribution from the same ESA, each would be reported on a separate Form 1099-Q.

PAYER'S/TRUSTEE'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Gross distribution	OMB No. 1545-1760
		\$	2017
		\$	
PAYER'S/TRUSTEE'S federal identification no.		2 Earnings	Form 1099-Q
RECIPIENT'S taxpayer identification no.		\$	
RECIPIENT'S name	3 Basis	4 Trustee-to-trustee transfer	<b>Payments From Qualified Education Programs (Under Sections 529 and 530)</b>  <b>Copy B For Recipient</b> This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
Street address (including apt. no.)	5 Check one:	6 If this box is checked, the recipient is not the designated beneficiary	
City or town, state or province, country, and ZIP or foreign postal code	<input type="checkbox"/> Qualified tuition program-- Private <input type="checkbox"/> or State <input type="checkbox"/> <input type="checkbox"/> Coverdell ESA	<input type="checkbox"/>	
Account number (see instructions)	6 If the fair market value (FMV) is shown below, see Pub. 970, Tax Benefits for Education, for how to figure earnings.		
Form 1099-Q (keep for your records)		www.irs.gov/form1099q Department of the Treasury - Internal Revenue Service	

- **Box 1 - Gross Distribution.** Shows the gross distribution.
- **Box 2 - Earnings.** May show the earnings part of the gross distribution shown in box 1. Generally, amounts distributed that are used to pay for qualified education expenses, transferred between trustees, or rolled over to another qualified education program within 60 days, are not included in income. Report taxable amounts as "Other Income" on Form 1040. Also see Form 5329 and its separate instructions.
- **Box 3 - Basis.** May show your basis in the gross distribution reported in box 1.
- **Box 4 - Trustee-to-trustee transfer.** This box is checked if a trustee-to-trustee transfer was made from one qualified tuition program to another qualified tuition program.
- **Box 5 - Check One: Qualified tuition program or Coverdell Education Savings Account (ESA).** A box is checked depending on whether the gross distribution was from a qualified tuition program (private or state) or from a Coverdell ESA.
- **Box 6 - If this box is checked, the recipient is not the designated beneficiary.** This box is checked if the recipient is not the designated beneficiary.
- **FMV.** Fair Market Value on December 31st appears in this area (below box 6).

### Common Questions

**Q: I moved my Education Savings Account (ESA) from Foresters Financial Services, Inc. to another financial institution and never took receipt of the money. Why did I receive a tax form?**

**A:** Unlike IRAs, trustee-to-trustee transfers for ESAs are reportable. You will receive a 1099-Q indicating the total amount of the transfer in box 1 and an "X" will appear in box 4.

**Q: Last year, the designated beneficiary was changed on the ESA from my son to my youngest daughter. Will I receive a tax form for this transaction?**

**A:** No. Provided the new beneficiary is an eligible member of the former beneficiary's family, IRS Form 1099-Q will not be issued.

**Q: My ESA account was redeemed in full and the proceeds were made payable to the designated beneficiary's estate. Will Form 1099-Q be issued to the designated beneficiary or to the estate?**

**A:** In this instance, the 1099-Q will be issued to the estate of the designated beneficiary. The estate will be listed in the recipient box and box 6 will be marked with an "X".

**Q: In error, I contributed \$2,400 to my ESA. I withdrew the excess (\$400) plus another \$32 in earnings in July. I received Form 1099-Q yesterday showing the entire amount, \$432, as my gross distribution. How should I report this on my tax return?**

**A:** The earnings should be reported as ordinary income to the designated beneficiary. The Form 1099-Q will reflect the full withdrawal amount (\$432) in box 1 (Gross Distribution). The amount of earnings (\$32) will be reflected in box 2 (Earnings). The basis (\$400) will be reflected in box 3 (Basis).

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### IRS Resource Information

- **Phone Numbers:**
  - (800) 829-1040 (General Inquiries)
  - (800) 829-4059 (Hearing Impaired)
  - (800) 829-3676 (to order forms/publications)
- **Website**
  - [www.irs.gov](http://www.irs.gov)