



Guide To Your USAA Life Insurance Company Forms 1099-INT and 1099-R For Tax Year 2018

USAA is committed to providing accuracy in reporting tax information related to your life insurance and annuity contracts and help in understanding how it is used.

In this guide you will find:

- a general overview of tax reporting requirements.
- methods used to determine reported distributions from your contracts with USAA Life Insurance Company.
- the way the IRS treats distributions from your contracts.
- the way the IRS treats income on your contracts.
- a description and explanation of the 1099-INT and 1099-R and tax form related to your contract.

If applicable to your Life Insurance Company contract, you may have received Form 1099-INT and Form 1099-R.

The information in this brochure is not legal or tax advice. We recommend that you consult your legal and tax advisors if you need advice regarding your specific situation.

If a tax advisor prepares your income tax return, we encourage you to include the instructions for recipient when providing copies of your form(s) 1099.

Tax Return Assistance on usaa.com

From the usaa.com home page, navigate to My Tools and select View Documents under the Documents & Forms category to sign up to receive your tax forms electronically in the future.

In addition to the information in this guide, on usaa.com/taxes you may:

- view and print your USAA Life Insurance Company form(s) 1099.
- read articles on recent tax law changes.
- access other tools and information to answer general tax questions and help you complete your tax return.
- link to IRS publications and forms.

FORM 1099-INT

☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code

USAA FEDERAL SAVINGS BANK
C/O USAA LIFE INSURANCE CO.
9800 FREDERICKSBURG ROAD
SAN ANTONIO, TX 78288

PAYER'S Federal identification number

RECIPIENT'S identification number

RECIPIENT'S name

MEMBER NAME

Account number

1 Interest income

\$

2 Early withdrawal penalty

\$

3 Interest on U.S. Savings Bonds and Treas. obligations

\$

5 Investment expenses

\$

6 Foreign tax paid

\$

8 Tax-exempt interest

\$

OMB No. 1545-0112

2018

Form 1099-INT

Interest Income

Copy B For Recipient

4 Federal income tax withheld

\$

7 Foreign country or U.S. possession

9 Specified private activity bond interest

\$

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.

Form 1040

Department of the Treasury—Internal Revenue Service (99)

2018

OMB No. 1545-0074

IRS Use Only—Do not write or staple in this space.

Filing status: ☐ Single ☐ Married filing jointly ☐ Married filing separately ☐ Head of household ☐ Qualifying widow(er)

Your first name and initial

Last name

Your social security number

Attach Form(s) W-2. Also attach Form(s) W-2G and 1099-R if tax was withheld.

Standard Deduction for—

- Single or married filing separately, \$12,000

1

2a

3a

4a

5a

6

7

8

9

10

2a

3a

4a

5a

6

7

8

9

10

b Taxable interest

b Ordinary dividends

b Taxable amount

b Taxable amount

6

7

8

9

10

Form 1099-INT What is it?

We are required to report taxable interest income to the IRS. This form shows the taxable interest earned throughout the year.

Who receives it?

A Form 1099-INT will be generated for all accounts to which taxable interest was earned; such as interest on accumulated dividends and interest on delayed death benefits. Business owned accounts and accounts with interest totaling less than \$10 that have no tax withholdings will not receive a Form 1099-INT. You are required to report all of your interest even though you will not receive a Form 1099-INT.

Where is it reported?

Your taxable interest is shown in box 1 **A**, and you report it on line 2b of form 1040. If your taxable income is reported on a form other than 1040, please consult with your tax advisor.

2

Form 1099-R

☐ FATCA filing requirement

☐ CORRECTED (if checked)

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

USAA FEDERAL SAVINGS BANK
C/O USAA LIFE INSURANCE CO.
9800 FREDERICKSBURG ROAD
SAN ANTONIO, TX 78288

PAYER'S federal identification number

RECIPIENT'S identification number

RECIPIENT'S name

1 Gross distribution

\$

2a Taxable amount

\$

2b Taxable amount not determined ☐

4 Federal income tax

OMB No. 1545-0119

2018

Form 1099-R

7 Distribution code(s)

IRA/

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

Copy B
Report this income on your Federal tax return. If this form shows Federal income

Form 1099-R What is it?

The Form 1099-R you receive from USAA Life Insurance Company provides information to you and the IRS regarding distributions from your:

- IRAs (Traditional, Roth and SEP)
- Non-qualified annuity
- Certain employer sponsored plans
- Life insurance contract

Who receives it?

Form 1099-R is delivered to account holders who had total or partial distributions in 2018 from these types of accounts. Conversions and recharacterizations, and certain other transactions, are also shown on Form 1099-R.

1035 exchange checklist

A **conversion** is a *distribution* of money from a traditional or SEP IRA or 403b Plan that is rolled over to a Roth IRA.

Recharacterization refers to the treatment of a *contribution* to one type of IRA as having been made to a different type of IRA, or to the treatment of a *conversion* to a Roth IRA as though it had not occurred.

An external 1035 exchange is a reportable (tax free) replacement of an insurance policy for another insurance contract covering the same person that is performed in accordance with the conditions of Section 1035 of the Internal Revenue Code.

A direct rollover is a tax free, reportable distribution between an IRA to a qualified plan. The funds move from trustee to trustee.

A dividend on a participating life insurance contract is reportable and taxable once the total dividends paid out on a policy has exceeded the total premiums paid into the policy.

Where is it reported?

You will use information from Form 1099-R when completing IRS form 1040, and you may also need to report it on one or more of these IRS forms:

- Form 8606 (Nondeductible IRAs)
- Form 5329 (Additional Taxes on Qualified Plans [Including IRAs] and Other Tax-Favored Accounts)
- Form 4972 (Tax on Lump-Sum Distributions)

Form 1099-R

| FORM 1099-R <input type="checkbox"/> CORRECTED (if checked) | | | | | | | |
|--|---|--|--|--|--------------------------------|--|--|
| PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code USAA FEDERAL SAVINGS BANK C/O USAA LIFE INSURANCE CO. 9800 FREDERICKSBURG ROAD SAN ANTONIO, TX 78288 | <table style="width: 100%;"> <tr> <td style="width: 30%;"> 1 Gross distribution \$ </td> <td style="width: 40%; text-align: center;"> OMB No. 1545-0119 <div style="font-size: 24pt; font-weight: bold;">2018</div> Form 1099-R </td> <td style="width: 30%; vertical-align: top;"> Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. </td> </tr> <tr> <td> 2a Taxable amount \$ </td> <td colspan="2"></td> </tr> </table> | 1 Gross distribution \$ | OMB No. 1545-0119 <div style="font-size: 24pt; font-weight: bold;">2018</div> Form 1099-R | Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. | 2a Taxable amount \$ | | |
| 1 Gross distribution \$ | OMB No. 1545-0119 <div style="font-size: 24pt; font-weight: bold;">2018</div> Form 1099-R | Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. | | | | | |
| 2a Taxable amount \$ | | | | | | | |
| PAYER'S federal identification number | RECIPIENT'S identification number | | | | | | |
| RECIPIENT'S name | | | | | | | |
| <table style="width: 100%;"> <tr> <td style="width: 30%;"> 2b Taxable amount not determined <input type="checkbox"/> </td> <td style="width: 40%; text-align: center;"> Total distribution <input type="checkbox"/> </td> <td style="width: 30%;"></td> </tr> </table> | | 2b Taxable amount not determined <input type="checkbox"/> | Total distribution <input type="checkbox"/> | | | | |
| 2b Taxable amount not determined <input type="checkbox"/> | Total distribution <input type="checkbox"/> | | | | | | |
| <table style="width: 100%;"> <tr> <td style="width: 60%;"> 7 Distribution </td> <td style="width: 40%;"> IRA </td> </tr> </table> | | 7 Distribution | IRA | | | | |
| 7 Distribution | IRA | | | | | | |

Copy B
 Report this income on your Federal tax return. If this form shows

Form 1040

Form 1040 Department of the Treasury—Internal Revenue Service (99)

2018

OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing status: ☐ Single ☐ Married filing jointly ☐ Married filing separately ☐ Head of household ☐ Qualifying widow(er)

Your first name and initial

Last name

Your social security number

Your standard deduction: ☐ Someone can claim you as a dependent ☐ You were born before January 2, 1954 ☐ You are blind

Form 1040 (2018)

Page **2**

| | | | |
|-----------|---|-----------|--|
| 1 | Wages, salaries, tips, etc. Attach Form(s) W-2 | 1 | |
| 2a | Tax-exempt interest | 2a | |
| 3a | Qualified dividends | 3a | |
| 4a | IRAs, pensions, and annuities | 4a | |
| 5a | Social security benefits | 5a | |
| 6 | Total income. Add lines 1 through 5. Add any amount from Schedule 1, line 22 | 6 | |
| 7 | Adjusted gross income. If you have no adjustments to income, enter the amount from line 6; otherwise, subtract Schedule 1, line 36, from line 6 | 7 | |
| 8 | Standard deduction or itemized deductions (from Schedule A) | 8 | |
| 9 | Qualified business income deduction (see instructions) | 9 | |
| 10 | Taxable income. Subtract lines 8 and 9 from line 7. If zero or less, enter -0- | 10 | |
| 11 | a Tax (see inst.) (check if any from: 1 <input type="checkbox"/> Form(s) 8814 2 <input type="checkbox"/> Form 4972 3 <input type="checkbox"/>) | 11 | |
| 12 | a Child tax credit/credit for other dependents b Add any amount from Schedule 3 and check here | 12 | |
| 13 | Subtract line 12 from line 11. If zero or less, enter -0- | 13 | |
| 14 | Other taxes. Attach Schedule | 14 | |

Refer to the IRS instruction book for IRS Form 1040 for more information.

Account Distributions

The amount in box 1 of Form 1099-R should be reported on line 4a of IRS Form 1040. (Special reporting rules may apply for direct distributions to qualified charities made by taxpayers age 70½ or over. See IRS instructions for form 1040.)

Taxable Life Insurance Dividends

A dividend on a participating life insurance contract is reportable and taxable once the total dividends paid out on a policy has exceeded the total premiums paid into the policy.

NOTE: The amount in Box 1 of Form 1099-R received as a result of a taxable life insurance dividend should be reported on line 4a.

Form 1099-R

FORM 1099-R

☐ CORRECTED (if checked)

| | | | | |
|---|-----------------------------------|---|--|---|
| PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code USAA FEDERAL SAVINGS BANK C/O USAA LIFE INSURANCE CO. 9800 FREDERICKSBURG ROAD SAN ANTONIO, TX 78288 | | 1 Gross distribution \$ | OMB No. 1545-0119 2018 Form 1099-R | Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. |
| | | 2a Taxable amount \$ | | |
| PAYER'S federal identification number | RECIPIENT'S identification number | 2b Taxable amount not determined <input type="checkbox"/> | Total distribution <input type="checkbox"/> | Copy B Report this income on your |

Form 8606

Form 8606

Nondeductible IRAs

OMB No. 1545-0074

Department of the Treasury
Internal Revenue Service (99)

Go to www.irs.gov/Form8606 for instructions and the latest information.

Attach to 2018 Form 1040 or 2018 Form 1040NR.

Name. If married, file a separate form for each spouse required to file 2018 Form 8606. See instructions.

Your social security number

Home address (must be your home)

8915B). If the result is zero or less, enter -0-. See instructions

7 Enter your distributions from traditional, SEP, and SIMPLE IRAs in 2018. Do not include rollovers (other than repayments of qualified 2017 disaster distributions (see 2018 Form 8915B)), qualified charitable distributions, a one-time distribution to fund an HSA, conversions to a Roth IRA, certain returned contributions, or recharacterizations of traditional IRA contributions (see instructions)

8 Enter the net amount you converted from traditional, SEP, and SIMPLE IRAs to Roth IRAs in 2018. Also enter this amount on line 16

9 Add lines 6, 7, and 8

10 Divide line 5 by line 9. Enter the result as a decimal rounded to at least 3 places. If the result is 1.000 or more, enter "1.000"

11 Multiply line 8 by line 10. This is the nontaxable portion of the amount you converted to Roth IRAs. Also enter this amount on line 17

12 Multiply line 7 by line 10. This is the nontaxable portion of your distributions that you did not convert to a Roth IRA

| | | |
|----|---|--|
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | x | |
| 11 | | |
| 12 | | |

Nondeductible IRA Contributions

If you made nondeductible IRA contributions for 2018 or in previous years, report the amount of these contributions on IRS Form 8606 (Nondeductible IRAs) to determine the taxable portion of your distribution. Report the distribution amount from box 1 of Form 1099-R on line 7 or 8 of Form 8606.

Form 1099-R

FORM 1099-R

☐ CORRECTED (if checked)

| | | | | | |
|---|-----------------------------------|---|---|----------------|---|
| PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code USAA FEDERAL SAVINGS BANK C/O USAA LIFE INSURANCE CO. 9800 FREDERICKSBURG ROAD SAN ANTONIO, TX 78288 | | 1 Gross distribution | OMB No. 1545-0119 | | Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. |
| | | 2a Taxable amount \$ | 2018 Form 1099-R | | |
| PAYER'S federal identification number | RECIPIENT'S identification number | 2b Taxable amount not determined <input type="checkbox"/> | Total distribution <input type="checkbox"/> | | Copy B Report this income on your Federal tax return. If this form shows Federal income tax withheld in attachment |
| RECIPIENT'S name | | 4 Federal income tax withheld | 7 Distribution code(s) | IRA/SEP/SIMPLE | |

Form 5329

Form 5329

Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts

OMB No. 1545-0074

Department of the Treasury
Internal Revenue Service (99)

► Attach to Form 1040 or Form 1040NR.
► Go to www.irs.gov/Form5329 for instructions and the latest information.

2018
Attachment Sequence No. 29

Name of individual subject to additional tax. If married filing jointly, name of first spouse.

IRA distributions. See instructions.

| | | | | |
|---|--|---|--|--|
| 1 | Early distributions included in income. For Roth IRA distributions, see instructions | 1 | | |
| 2 | Early distributions included on line 1 that are not subject to the additional tax (see instructions). Enter the appropriate exception number from the instructions: _____ | 2 | | |
| 3 | Amount subject to additional tax. Subtract line 2 from line 1 | 3 | | |

Distribution Code

Box 7 of Form 1099-R identifies the code for the distribution you received. See Instructions for Recipient, Box 7, of your Form 1099-R for an explanation of the code(s).

Distribution Code 1

Code 1 indicates distributions made before you reached age 59 1/2 and that are, in general, subject to a 10% additional tax. You may be required to file Form 5329 (Additional Taxes on Qualified Plans [Including IRAs] and Other Tax-Favored Accounts). Report the amount in box 2a of your Form 1099-R on Form 5329, line 1.

However, as explained in the Form 5329 instructions, certain exceptions to the additional tax apply with respect to qualified withdrawals for first-time homebuyers' expenses, higher education expenses, medical insurance premiums and deductible medical expenses. If your Form 1099-R shows distribution code 1 in box 7 and you qualify for an exception to the additional tax, you should file Form 5329 and report the amount from box 2a of your Form 1099-R that can be excluded on Form 5329, line 2.

Distribution Code D

Reports payments from nonqualified annuities and distributions from life insurance contracts that may be subject to the net investment income tax.

FORM 1099-R

☐ CORRECTED (if checked)

| | | | | | |
|---|-----------------------------------|---|--|---|---|
| PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code USAA FEDERAL SAVINGS BANK C/O USAA LIFE INSURANCE CO. 9800 FREDERICKSBURG ROAD SAN ANTONIO, TX 78288 | | 1 Gross distribution | OMB No. 1545-0119 2018 Form 1099-R | | Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. |
| | | 2a Taxable amount | | | |
| PAYER'S federal identification number | RECIPIENT'S identification number | 2b Taxable amount not determined <input type="checkbox"/> | | Total distribution <input type="checkbox"/> | 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. |
| RECIPIENT'S name | | 4 Federal income tax withheld | 7 Distribution code(s) | IRA/SEP/SIMPLE <input type="checkbox"/> | |
| Plan ID number (see instructions) | 12 State tax withheld | 13 State/Payer's state no. | | 14 State distribution | This information is being furnished to the Internal Revenue Service. |

State Income Tax

Any state income tax withheld from account distributions will be shown in box 12. For more information on retirement account distributions, see IRS Publication 590 (Individual Retirement Arrangements).