

FORM 1099-R INSTRUCTIONS FOR RECIPIENT

Generally, distributions from pensions, annuities, profit-sharing and retirement plans (including Section 457 state and local government plans), IRAs, insurance contracts, etc., are reported to recipients on Form 1099-R.

Qualified plans. If your annuity starting date is after 1997, you must use the simplified method to figure your taxable amount if your payer did not show the taxable amount in Box 2a. See the instructions for IRS Form 1040, 1040A, or 1040NR.

IRAs. For distributions from a traditional individual retirement arrangement (IRA), simplified employee pension (SEP), or savings incentive match plan for employees (SIMPLE), generally the payer is not required to compute the taxable amount. See the Form 1040, 1040A or 1040NR instructions to determine the taxable amount. If you are at least age 70½, you must take required minimum distributions from your IRA (other than a Roth IRA). If you do not, you are subject to a 50% excise tax on the amount that should have been distributed. See Pub. 590-A and Pub. 590-B for more information on IRAs.

Roth IRAs. For distributions from a Roth IRA, generally the payer is not required to compute the taxable amount. You must compute any taxable amount on Form 8606. An amount shown in box 2a may be taxable earnings on an excess contribution.

Recipient's identification number. For your protection, this form may show only the last four digits of your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN). However, the issuer has reported your complete identification number to the IRS.

Account Number. May show an account or other unique number the payer assigned to distinguish your account.

Box 1. Shows the total amount you received this year. The amount may have been a direct rollover, a transfer or conversion to a Roth IRA, a recharacterized IRA contribution; or you may have received it as periodic payments, as nonperiodic payments, or as a total distribution. Report the amount on Form 1040, 1040A, or 1040NR on the line for "IRA distributions" or "Pensions and annuities" (or the line for "Taxable amount"), and on Form 8606, as applicable. However, if this is a lump-sum distribution, see Form 4972. If you have not reached minimum retirement age, report your disability payments on the line for "Wages, salaries, tips, etc." on your tax return. Also, report on that line permissible withdrawals from eligible automatic contribution arrangements and corrective distributions of excess deferrals, excess contributions, or excess aggregate contributions, except if the distribution is of designated Roth contributions or your after-tax contributions or if you are self-employed.

Box 2a. This part of the distribution is generally taxable. If there is no entry in this box, the payer may not have all the facts needed to figure the taxable amount. In that case, the first box in box 2b should be checked. You may want to get one of the free publications from the IRS to help you figure the taxable amount. See *Additional information* section on page two of this document. For an IRA distribution, see *IRAs and Roth IRAs* on this page. For a direct rollover, other than from a qualified plan to a Roth IRA, zero should be shown, and you must enter zero (-0-) on the "Taxable amount"

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line of your tax return. If you roll over a distribution (other than a distribution from a designated Roth account) from a qualified plan (including a governmental section 457(b) plan) or section 403(b) plan to a Roth IRA, you must include on the "Taxable amount" line of your tax return the amount shown in this box plus the amount in box 6, if any.

If this is a total distribution from a qualified plan and you were born before January 2, 1936 (or you are the beneficiary of someone born before January 2, 1936), you may be eligible for the 10-year tax option. See Form 4972 instructions for more information.

Box 2b. If the first box is checked, the payer was unable to determine the taxable amount, and box 2a should be blank, except for an IRA. It is your responsibility to determine the taxable amount. If the second box is checked, the distribution was a total distribution that closed out your account.

Box 4. Shows federal income tax withheld. Include this amount on your income tax return as tax withheld, and if box 4 shows an amount (other than zero), attach Copy B to your return. Generally, if you will receive payments next year that are not eligible rollover distributions, you can change your withholding or elect not to have income tax withheld by giving the payer Form W-4P.

Box 7. The following codes identify the distribution you received. For more information on these distributions, see the instructions for your tax return. Also, certain distributions may be subject to an additional 10% tax. See the instructions for IRS Form 5329.

1 - Early distribution, no known exception (in most cases, under age 59½).

2 - Early distribution, exception applies (under age 59½).

3 - Disability.

4 - Death.

7 - Normal distribution.

8 - Excess contributions plus earnings/excess deferrals (and/or earnings) taxable in 2016.

E - Distributions under Employee Plans Compliance Resolution System (EPCRS).

G - Direct rollover of a distribution to a qualified plan, a section 403(b) plan, a governmental section 457(b) plan, or an IRA.

J - Early distribution from a Roth IRA with no known exception (in most cases, under age 59½).

N - Recharacterized IRA contribution made for 2016 and recharacterized in 2016.

P - Excess contributions plus earnings/excess deferrals (and/or earnings) taxable in 2015.

Q - Qualified distribution from a Roth IRA.

R - Recharacterized IRA contribution made for 2015 and recharacterized in 2016.

S - Early distribution from a SIMPLE IRA in the first 2 years, no known exception (under age 59½).

T - Roth IRA distribution, exception applies.

If the IRA/SEP/SIMPLE box is checked, you have received a traditional IRA, SEP, or SIMPLE distribution.

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Box 12. If state income tax was withheld from the distribution, Box 12 will show the amount of state tax withheld.

Future developments. For the latest information about developments related to Form 1099-R and its instructions, such as legislation enacted after they were published, go to www.irs.gov/form1099r.

Additional information. You may want to see:

Form W-4P	Pub. 575
Form 4972	Pub. 590-A
Form 5329	Pub. 590-B
Form 8606	Pub. 721
Pub. 560	Pub. 939
Pub. 571	Pub. 969

We hope that the information provided above will be useful when completing your income tax return(s). However, this document is not intended to provide a complete explanation of all your income tax filing requirements and should not take the place of professional tax advice. For questions about which tax forms to use or how to complete them, please contact your tax advisor, or refer to the IRS and state instructions for preparing income tax returns. You may also view IRS publications on the IRS website at irs.gov. If you have any questions about your Franklin Templeton account(s), please visit franklintempleton.com/taxcenter or call Retirement Services at (800) 527-2020. Please keep in mind that Franklin Templeton cannot discuss account-specific matters with your tax advisor without your prior consent.