

IMPORTANT TAX INFORMATION

Frequently Asked Questions (“FAQs”) About Your 1099-R Tax Statements

What is a Form 1099-R?

The IRS requires Hilltop to report to the IRS any distributions from your retirement plan last year on Form 1099-R, even if the funds were rolled to another plan. When you file your federal and state tax returns, you may need to include a copy of this form to your returns.

Why was money withheld from my distribution for taxes?

Unless you elected in writing not to have taxes withheld, Hilltop is required by the IRS to withhold 10% for federal taxes from Retirement Plan distributions. If the account is an Employer Sponsored Plan, Hilltop is required to withhold 20% in federal tax withholding from any distribution that is eligible for rollover treatment.

I have already filed my taxes and did not report the information on my 1099-R. What do I need to do to report this information to the IRS?

An amended return may need to be filed that includes the information reported on Form 1099-R. Consult your tax or legal advisor for further information.

Why did I receive a Form 1099-R for the amount that I received from a deceased person or former spouse?

The IRS requires Hilltop to report all assets received by an individual from an account due to death or divorce.

Why did I receive a Form 1099-R on a distribution from my employer’s retirement plan that was rolled directly into an IRA? This is called a direct rollover. It is reported to the IRS with Form 1099-R for the rollover distribution and Form 5498 for the rollover contribution, which will be created by the receiving institution.

Why did I receive a Form 1099-R for my rollover from one IRA to another IRA?

A rollover occurs when money is distributed from one tax-deferred account and deposited to another tax-deferred account within 60 days. Although the distribution is considered taxable, the Trustee of the receiving IRA will issue a Form 5498 in May to report to the IRS that these rollover funds were deposited into another tax-deferred account.

Why did I receive a Form 1099-R for a recharacterization of contributions?

If you recharacterize contributions from one type of IRA to another, the amount is reportable on Form 1099-R and could be subject to income tax. The Tax Cuts and Jobs Act of 2017 eliminated recharacterizations of Traditional IRA conversions and employer-sponsored retirement plan to Roth IRA rollovers.

When does Hilltop Securities Inc. send this information to the IRS?

We will report Form 1099-R information to the IRS during the last week of April.

Why did I receive a Form 1099-R for my qualified charitable distribution?

Charitable distributions are reported on Form 1099-R for the calendar year the distribution is made. To report a qualified charitable distribution on your Form 1040 tax return, see the Form 1040 instructions for additional information.

****** It is recommended that designated beneficiaries be frequently reviewed for all Retirement Plans. Contact your Financial Professional to make account updates or if you have any questions. *******

Please contact your accountant, tax or legal advisor with regard to your individual situation. Hilltop Securities Inc., is a registered broker-dealer and registered investment adviser that does not provide tax or legal advice. The firm is a wholly owned subsidiary of Hilltop Holdings, Inc. (NYSE: HTH), located at 717 N. Harwood Street, Suite 3400, Dallas, Texas 75201, (214) 859-1800. Member: NYSE, FINRA, SIPC