

IMPORTANT 2020 TAX INFORMATION

Frequently Asked Questions (“FAQs”) About Your 2020 1099R Tax Statements

What is a 2020 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 1099R. 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 2020 Form 1099-R. Consult your tax or legal advisor for further information.

Why did I receive a 2020 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 2020 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 in order 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.

When does Hilltop Securities Inc. send this information to the IRS? We will report 2020 Form 1099-R information to the IRS during the last week of April 2021.

** It is recommended that Retirement Plan holders frequently review their designated beneficiaries. Contact your Financial Professional to make account updates or if you have any questions.***

Hilltop Securities Inc. does not provide tax and/or legal advice. Please contact your accountant, tax or legal advisor regarding your individual situation.