

## IMPORTANT 2022 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 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. 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 2023.

#### **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 Retirement Plans frequently review their designated beneficiaries. 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***