

2015

Tax Guide

FORM 1099-R



WI Services Company

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IMPORTANT NOTE REGARDING TAX IDENTIFICATION NUMBER (TIN) MASKING, GROUPING OF ACCOUNTS AND ADDRESS INFORMATION ON TAX FORMS

In order to provide additional security against identity theft, we are masking the first five digits of the TIN on the tax forms for all of our shareholders. This change will not affect how we report information to the IRS, nor will it affect how you would prepare your tax return. It is simply being done to help keep your identity secure.

In an effort to reduce the number of 1099-R forms produced (and to reduce the amount of paper utilized), we have consolidated data in preparing these forms. 1099-R distributions are grouped together on individual forms based upon the three groupings described below:

- IRA's, IRA Rollover's, SEP and SIMPLE IRA plans
- Roth IRA's
- TSA's, 457 plans and other Qualified Plans

Within each grouping listed above, information is combined at a TIN level. This means that the number of 1099-R forms you receive (up to three) will depend upon the number of unique account types you hold and the groups they fall into. It also means that, by way of example, all of the IRA's you hold under the same TIN will appear on the same 1099-R form. Please note, within each form, the individual funds and accounts will be listed separately so you can identify the applicable taxable information. Three copies of each 1099-R will be provided. For further clarification please refer to the 1099-R Frequently Asked Questions section.

The name and address printed on the 1099-R will be that of the lowest fund/account number of those accounts included on that form.

IRS resources

The information in this guide should not be considered tax or legal advice. Please contact your legal or tax advisor for information regarding your individual situation. Neither WI Services Company, its affiliates nor representatives provide tax advice.

IRS RESOURCES

General Information: (800) 829-1040
(Spanish-speaking assistance available)

TTY/TDD Telephone Service: (800) 829-4059

Note: This number is answered by TTY/TDD equipment only.

Web Site: www.irs.gov

KEY IRS PUBLICATIONS

Forms and publications shown below are available on the IRS website at www.irs.gov.

This information is also available at your local IRS office, post office, library, or by calling (800) TAX-FORM.

- 17: Your Federal Income Tax for Individuals
- 505: Tax Withholding and Estimated Tax
- 509: Tax Calendars for 2016
- 514: Foreign Tax Credit for Individuals
- 525: Taxable and Nontaxable Income
- 550: Investment Income and Expenses
- 560: Retirement Plans for Small Business
- 571: Tax-Sheltered Annuity Plans (403(b) Plans)
- 575: Pension and Annuity Income
- 590: Individual Retirement Arrangements
- 910: Guide to Free Tax Services
- 929: Tax Rules for Children and Dependents
- 970: Tax Benefits for Education

IRS TELE-TAX TOPICS

IRS tax topics have recorded information on about 150 topics that answer many federal tax questions. A complete list can be found in your IRS Form 1040 Instructions or by calling (800) 829-4477.

Form 1099-R: Distributions from IRAs and qualified plans

FORM 1099-R

PAYER'S name, street address, city or town, province or state, country, ZIP or postal code, and taxpayer ID:
**FIDUCIARY TRUST CO NH CUST
 WI SERVICES COMPANY
 PO BOX 29277
 SHAWNEE MISSION KS 66201-9217
 1-888-923-3355**

RECIPIENT'S name, street address (including apt. no.), city or town, province or state, country, ZIP or postal code:
**FIDUCIARY TRUST CO NH CUST
 IRA
 FBO WI SERVICES COMPANY
 6301 GLENWOOD ST
 MISSION KS 66202-4291**

TAX YEAR 2015

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. This information is being furnished to the Internal Revenue Service.

Copy B
 FORM 1099-R

RECIPIENT'S identification number: **XXX-XX-5675**

Corrected (if checked) (OMB No. 1545-0047)
 Department of the Treasury/ Internal Revenue Service

FORM 1099-R • Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. • 2015

(1) Gross distribution	(2a) Taxable amount	(2b) Taxable amount not determined	Total Distribution	(4) Federal income tax withheld	(7) IRA/ SEP/ SIMPLE Distribution code(s)	(12) State tax withheld
Fund name: IVY SMALL CAP GROWTH A	136.07	136.07	X	0.00	7	X
Fund-Acct. no.: 602-1 PAYER'S Federal ID no.: 02-0267645 (13) State/Payer's state no.: KS036-020267645F						
Totals per distribution code by state.						
\$136.07	\$136.07			\$0.00		\$0.00

(1) Gross distribution	(2a) Taxable amount	(2b) Taxable amount not determined	(3) Total distribution	(4) Federal income tax withheld
Fund name: IVY SMALL CAP GROWTH A	136.07	136.07	X	X
Fund-Acct. no.: 602-1 PAYER'S Federal ID				
Totals per distribution code by state.				
\$136.07	\$136.07			\$0.00

(7) Distribution code(s)	IRA/ SEP/ SIMPLE	(12) State tax withheld
7	X	0.00

11 ID no.: **02-0267645** (13) State/Payer's state no.: **KS036-020267645F**

Understanding Form 1099-R

1 GROSS DISTRIBUTION

Box 1 reports the total amount of distributions from IRA's or Qualified Plans including federal and state tax withholding.

2 TAXABLE AMOUNT

Box 2a reports the amount of distribution that is generally taxable. Pursuant to 2015 Form 1099-R IRS instructions, for Traditional, SEP or SIMPLE IRA's, the amount in box 2a will usually be the same as the amount in box 1. For Roth IRA's and Qualified Plans, this box will generally be blank.

3 TAXABLE AMOUNT NOT DETERMINED

Box 2b is generally marked for mutual fund accounts. It is the responsibility of shareholders to determine the taxable amount of the distributions.

TOTAL DISTRIBUTION

Will be marked if the distribution was a total distribution that closed out the account.

4 FEDERAL INCOME TAX WITHHELD

Box 4 reports the amount of federal tax withheld on the distribution.

5 TOTALS PER DISTRIBUTION CODE BY STATE

Per IRS Publication 1179, totals are not disallowed on Form 1099-R. Therefore, totals will be provided per distribution code by state for boxes 1, 2a, 4, and 12. Each type of distribution by state will be aggregated and provided as a separate total.

6 DISTRIBUTION CODE

Box 7 reports the type of distribution. Refer to the back of Form 1099-R for a list of codes and distribution definitions.

7 STATE TAX WITHHELD

Box 12 reports the amount withheld on the distribution. The amount is a prepayment of state income tax.

8 STATE/PAYER'S STATE NUMBER

Box 13 indicates state tax residence on our records at the time of distribution. When state withholding is taken, the amount is remitted to the state listed on the form.

Frequently asked questions

Q. WHY DID I RECEIVE A 1099-R FOR MY ACCOUNT?

A. Federal regulations require that you report proceeds from redemptions on your retirement accounts. This includes removal of excess contributions/deferrals, conversions and recharacterizations.

Q. WHY IS MONEY BEING WITHHELD FROM MY RETIREMENT ACCOUNT DISTRIBUTION?

A. Unless instructed by a shareholder not to withhold income tax, federal law requires 10% to be withheld from retirement account distributions. If the distribution is from a Qualified Plan, federal law requires 20% to be withheld on distributions that are not direct rollovers to another custodian. This serves as a prepayment of income tax and should not be confused with penalties for early withdrawals.

Note: If withholding is reported, copy B of Form 1099-R must be filed with Form 1040.

Q. WHY DID I RECEIVE THREE COPIES OF MY 1099-R?

A. The first copy is filed with your federal taxes. The second copy is for your records. The third copy should be used if you are required to file taxes with your state.

Q. WHY DID I RECEIVE A 1099-R ON A CONVERSION FROM MY IRA TO A ROTH IRA?

A. All or a portion of the amount converted may be taxable. The conversion from your traditional IRA to a Roth IRA is considered a distribution from your traditional IRA. Conversions are typically taxable in the year of the distribution and are reported on the Form 1099-R. To determine the taxable amount refer to the instructions for Form 8606 or consult your tax advisor on completing Form 8606.

Q. WHAT ARE TAX IMPLICATIONS OF MY ROTH IRA RECHARACTERIZATION?

A. The distribution will be reported on Form 1099-R and must be reported in the calendar year in which it occurred. See the instructions for IRS Forms 1040 and 8606 to determine how recharacterizations are reported or please consult your tax advisor.

Q. WHY DO I HAVE SEPARATE TOTAL LINES ON MY 1099-R?

- A. There are different scenarios that may create multiple total lines.
1. If you have multiple distribution codes they will be listed as separate totals. For example, a normal distribution was taken out of your IRA Rollover, this would be one total line, and a distribution due to death was taken out of your Beneficiary IRA, this would be a second total line.
 2. If you lived in different states during the tax year, totals will be provided for each state. For example, from January through April you lived in Missouri and from May through December you lived in Kansas. Any distributions taken out of your account from January through April will be one total line with a state code of MO and any distributions taken out of your account from May through December will be a second total line with a state code of KS.

Q. SOME OF THE CONTRIBUTIONS PREVIOUSLY MADE TO MY TRADITIONAL IRA ACCOUNT HAVE BEEN NONDEDUCTIBLE CONTRIBUTIONS. HOW DO I DETERMINE HOW MUCH OF MY 2015 DISTRIBUTIONS ARE TAXABLE?

A. In order to determine the taxable amount of your 2015 distributions received from your traditional IRA, see the instructions for IRS Form 8606 and IRS Publication 590.

Q. WHY IS MY ROLLOVER TRANSACTION FROM MY IRA ACCOUNT REPORTED ON FORM 1099-R?

A. All retirement account distributions are reportable to the IRS on Form 1099-R. If your IRA was rolled over into another IRA investment, that amount will also be reported to you and the IRS on Form 5498.

Resources and additional assistance

TURBOTAX® AND TURBOTAX FOR THE WEBSM

Fund shareholders who are registered for online account access now have the ability to download and import tax information directly into TurboTax.

The software includes the Instant Data Entry feature, which enables automated import of 1099 investment information directly for your retirement and non-retirement accounts. Once imported, you can download this information directly into your TurboTax return.

H&R BLOCK TAX SOFTWARE™

Fund shareholders who are registered for online account access now have the ability to download and import tax information directly into H&R Block Tax Software.

The software includes a Smart Import feature, which enables automated import of 1099 investment information directly for your retirement and non-retirement accounts. Once imported, you can download this information directly into your H&R Block Tax Software return.

DUPLICATE TAX FORMS ONLINE

Fund shareholders who are registered for online accounts can view and print any tax form that has been generated for your account for the previous tax year.

RETIREMENT PLAN CALCULATOR

Where does your road to retirement lead you? In just a few short minutes, Waddell & Reed's Retirement Calculator will evaluate and analyze your goals, explore options to achieve your goals, and point you down the path of taking control of your financial future. Go to Waddell.com>Individual Investors>Resources and Tools>Calculators and Tools to see if you are on the right path to retirement.

Notes

Notes

If you have questions about any of the forms you have received please call one of our Client Service Representatives toll free at (888) 923-3355, Monday through Friday, 7:30 a.m. – 7:00 p.m. Central time.

NOT FDIC/NCUA INSURED | MAY LOSE VALUE
NO BANK GUARANTEE | NOT A DEPOSIT
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY