


Guide to 1099-R Box 7 Distribution Codes

Distribution Codes	Explanations	Used with code ...(if applicable)
1—Early distribution, no known exception.	Use Code 1 only if the participant has not reached age 59½, and you do not know if any of the exceptions under Code 2, 3, or 4 apply. However, use Code 1 even if the distribution is made for medical expenses, health insurance premiums, qualified higher education expenses, a first-time home purchase, or a qualified reservist distribution under section 72(t)(2)(B), (D), (E), (F), or (G). Code 1 must also be used even if a taxpayer is 59½ or older and he or she modifies a series of substantially equal periodic payments under section 72(q), (t), or (v) prior to the end of the 5-year period which began with the first payment.	8, B, D, K, L, or P
2—Early distribution, exception applies.	Use Code 2 only if the participant has not reached age 59½ and you know the distribution is: <ul style="list-style-type: none"> • A Roth IRA conversion (an IRA converted to a Roth IRA). • A distribution made from a qualified retirement plan or IRA because of an IRS levy under section 6331. • A governmental section 457(b) plan distribution that is not subject to the additional 10% tax. But see <i>Governmental section 457(b) plan distributions</i>, earlier, for information on distributions that may be subject to the 10% additional tax. • A distribution from a qualified retirement plan after separation from service in or after the year the participant has reached age 55. • A distribution from a governmental defined benefit plan to a public safety employee (as defined in 72(t)(10)(B)) after separation from service in or after the year the employee has reached age 50. • A distribution that is part of a series of substantially equal periodic payments as described in section 72(q), (t), (u), or (v). • A distribution that is a permissible withdrawal under an eligible automatic contribution arrangement (EACA). • Any other distribution subject to an exception under section 72(q), (t), (u), or (v) that is not required to be reported using Code 1, 3, or 4. 	8, B, D, K, or P
3—Disability.	For these purposes, see section 72(m)(7).	D
4—Death.	Use Code 4 regardless of the age of the participant to indicate payment to a decedent's beneficiary, including an estate or trust. Also use it for death benefit payments made by an employer but not made as part of a pension, profit-sharing, or retirement plan.	8, A, B, D, G, H, K, L, or P
5—Prohibited transaction.	Use Code 5 if there was a prohibited transaction involving the IRA account. Code 5 means the account is no longer an IRA.	None
6—Section 1035 exchange.	Use Code 6 to indicate the tax-free exchange of life insurance, annuity, long-term care insurance, or endowment contracts under section 1035.	W
7—Normal distribution.	Use Code 7: (a) for a normal distribution from a plan, including a traditional IRA, section 401(k), or section 403(b) plan, if the employee/taxpayer is at least age 59½, (b) for a Roth IRA conversion if the participant is at least age 59½, and (c) to report a distribution from a life insurance, annuity, or endowment contract and for reporting income from a failed life insurance contract under sections 7702(g) and (h). See Rev. Proc. 2008-42, 2008-29 I.R.B. 160, available at www.irs.gov/irb/2008-29_IRB/ar19.html . Generally, use Code 7 if no other code applies. Do not use Code 7 for a Roth IRA. Note: Code 1 must be used even if a taxpayer is 59½ or older and he or she modifies a series of substantially equal periodic payments under section 72(q), (t), or (v) prior to the end of the 5-year period which began with the first payment.	A, B, D, or K
8—Excess contributions plus earnings/excess deferrals (and/or earnings) taxable in 2014.	Use Code 8 for an IRA distribution under section 408(d)(4), unless Code P applies. Also use this code for corrective distributions of excess deferrals, excess contributions, and excess aggregate contributions, unless Code P applies. See <i>Corrective Distributions</i> , earlier, and <i>IRA Revocation or Account Closure</i> , earlier, for more information.	1, 2, 4, B, J, or K
9—Cost of current life insurance protection.	Use Code 9 to report premiums paid by a trustee or custodian for current life or other insurance protection. See the instructions for box 2a, earlier, for more information.	None

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A—May be eligible for 10-year tax option.	Use Code A only for participants born before January 2, 1936, or their beneficiaries to indicate the distribution may be eligible for the 10-year tax option method of computing the tax on lump-sum distributions (on Form 4972, Tax on Lump-Sum Distributions). To determine whether the distribution may be eligible for the tax option, you need not consider whether the recipient used this method (or capital gain treatment) in the past.	4 or 7
B—Designated Roth account distribution.	Use Code B for a distribution from a designated Roth account. But use Code E for a section 415 distribution under EPCRS (see Code E) or Code H for a direct rollover to a Roth IRA.	1, 2, 4, 7, 8, G, L, P, or U
D—Annuity payments from nonqualified annuities and distributions from life insurance contracts that may be subject to tax under section 1411.	Use Code D for a distribution from any plan or arrangement not described in sections 401(a), 403(a), 403(b), 408, 408A, or 457(b).	1, 2, 3, 4, or 7
E—Distributions under Employee Plans Compliance Resolution System (EPCRS).	See <i>Distributions under Employee Plans Compliance Resolution System (EPCRS)</i> , earlier.	None
F—Charitable gift annuity.	See <i>Charitable gift annuities</i> , earlier.	None
G—Direct rollover and direct payment.	Use Code G for a direct rollover from a qualified plan, a section 403(b) plan or a governmental section 457(b) plan to an eligible retirement plan (another qualified plan, a section 403(b) plan, a governmental section 457(b) plan, or an IRA). See <i>Direct Rollovers</i> , earlier. Also use Code G for a direct payment from an IRA to an accepting employer plan, and for IRRs that are direct rollovers. Note: Do not use Code G for a direct rollover from a designated Roth account to a Roth IRA. Use Code H.	4, B, or K
H—Direct rollover of a designated Roth account distribution to a Roth IRA.	Use Code H for a direct rollover of a distribution from a designated Roth account to a Roth IRA.	4
J—Early distribution from a Roth IRA.	Use Code J for a distribution from a Roth IRA when Code Q or Code T does not apply. But use Code 2 for an IRS levy and Code 5 for a prohibited transaction.	8 or P
K—Distribution of IRA assets not having a readily available FMV.	Use Code K to report distributions of IRA assets not having a readily available FMV. These assets may include: <ul style="list-style-type: none"> • stocks, short or long-term obligations, ownership interests in limited liability companies (LLCs), partnerships, trusts, or similar entities, not readily tradable on an established US or foreign securities market, • real estate, or • option contracts or similar products not offered for trade on an established US or foreign option exchange.  <p>Use of Code K is optional for 2014.</p>	1, 2, 4, 7, or G
L—Loans treated as deemed distributions under section 72(p).	Do not use Code L to report a loan offset. See <i>Loans Treated as Distributions</i> , earlier.	1, 4, or B
N—Recharacterized IRA contribution made for 2014.	Use Code N for a recharacterization of an IRA contribution made for 2014 and recharacterized in 2014 to another type of IRA by a trustee-to-trustee transfer or with the same trustee.	None
P—Excess contributions plus earnings/excess deferrals taxable in 2013.	See the explanation for Code 8. The IRS suggests that anyone using Code P for the refund of an IRA contribution under section 408(d)(4), including excess Roth IRA contributions, advise payees, at the time the distribution is made, that the earnings are taxable in the year in which the contributions were made.	1, 2, 4, B, or J

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Q—Qualified distribution from a Roth IRA.	<p>Use Code Q for a distribution from a Roth IRA if you know that the participant meets the 5-year holding period and:</p> <ul style="list-style-type: none"> • The participant has reached age 59½, • The participant died, or • The participant is disabled. <p>Note: <i>If any other code, such as 8 or P, applies, use Code J.</i></p>	None
R—Recharacterized IRA contribution made for 2013.	<p>Use Code R for a recharacterization of an IRA contribution made for 2013 and recharacterized in 2014 to another type of IRA by a trustee-to-trustee transfer or with the same trustee.</p>	None
S—Early distribution from a SIMPLE IRA in the first 2 years, no known exception.	<p>Use Code S only if the distribution is from a SIMPLE IRA in the first 2 years, the employee/taxpayer has not reached age 59½, and none of the exceptions under section 72(t) are known to apply when the distribution is made. The 2-year period begins on the day contributions are first deposited in the individual's SIMPLE IRA. Do not use Code S if Code 3 or 4 applies.</p>	None
T—Roth IRA distribution, exception applies.	<p>Use Code T for a distribution from a Roth IRA if you do not know if the 5-year holding period has been met but:</p> <ul style="list-style-type: none"> • The participant has reached age 59½, • The participant died, or • The participant is disabled. <p>Note: <i>If any other code, such as 8 or P, applies, use Code J.</i></p>	None
U—Dividends distributed from an ESOP under section 404(k).	<p>Use Code U for a distribution of dividends from an employee stock ownership plan (ESOP) under section 404(k). These are not eligible rollover distributions. Note: Do not report dividends paid by the corporation directly to plan participants or their beneficiaries. Continue to report those dividends on Form 1099-DIV.</p>	B
W—Charges or payments for purchasing qualified long-term care insurance contracts under combined arrangements.	<p>Use Code W for charges or payments for purchasing qualified long-term care insurance contracts under combined arrangements which are excludible under section 72(e)(11) against the cash value of an annuity contract or the cash surrender value of a life insurance contract.</p>	6