

Year End Timeline for 2011/2012 FAQ for MG Trust Year-End Taxes

This information is being provided to answer frequently asked questions regarding the tax remittance process of MG Trust Company, LLC (MG Trust).

MG Trust processes distribution checks for employer sponsored retirement plans at the request of the Designated Representative – either a Third Party Administrator or Recordkeeper - who services each plan.

MG Trust will withhold the specified amounts of Federal or State Taxes from the distributions as instructed by the Designated Representative. Federal tax is remitted daily. State tax is remitted according to individual state schedules.

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12/26/2011 – MG Trust will be **CLOSED** for the holiday.

12/30/2011 – DEADLINE - Disbursement files received by 12:30pm MST will be processed and receive 1099 if applicable. There is a 2:00pm MST deadline for disbursement requests submitted on the Workflow Management System. **(These are normal deadlines for distributions)**

- **No federal or state taxes can be remitted for the 2011 tax year after 12/30/2011**
- **No Federal or State refunds can be processed after 12/30/2011**

01/14/2012- **Approximate dates** for Year-end **STATEMENTS** to be mailed to Plans and available on website www.mgtrustonline.com TPA and 3rd party copies to be completed and mailed by 1/21/2012.

01/13/2012 – **DEADLINE** for changes/corrections to make the 1099 PRINT file.

- **All corrections from this point are billable to the TPA.**

1/16/2012 - **MARTIN LUTHER KING JR. DAY. MG TRUST CLOSED.**

01/20/2012 – 1099 print file released to print vendor. All forms will be mailed by the IRS deadline of 2/1/2012.

02/01/2012 – 1099 forms available on website.

02/6/2012 – **PRINT CORRECTION*** process begins.

03/04/2012 – Last **PRINT CORRECTION*** file run. After this all corrections processed will be sent to the IRS as **CORRECTED**.

03/15/2012– **DEADLINE** for corrections/changes to be part of the original IRS 1099 file.

03/16/2012 – **1099 file released to IRS.** Deadline for receipt is 3/31/2012.

04/06/2012 – First **TRUE CORRECTION**** file generated to the IRS.

04/06/2012 – **GOOD FRIDAY. MG TRUST CLOSED.**

05/18/2012 – 5498 forms mailed.

* **PRINT CORRECTION** – After the original print file is sent for distribution and before the IRS file is submitted for reporting, there is a period of time where corrections made to forms will appear as original records to the IRS. We refer to these as **PRINT CORRECTIONS**. The recipients of the forms will see the box for **CORRECTED** is checked.

**** TRUE CORRECTIONS** – All corrections made after the 1099 file is uploaded to the IRS will be marked CORRECTED on the form and reported as corrections to the IRS.

Q. Who is MG Trust Company LLC, and why did you send me a 1099 (R, DIV or B)?

A. MG Trust Company provides Trustee and Custodial services for many qualified retirement plans and other defined contribution plans. We process distributions and create the appropriate tax form in accordance with instructions originated by your Plan Administrator or record keeper. The plan name from which your distribution occurred is printed below our name and address on the 1099 form. For specific questions regarding your distribution, please contact your Human Resources department or Plan Administrator.

Q. Why did I receive a 1099-R for my account?

A. Federal regulations require that you report proceeds from redemptions (including removals of excess deferrals/contributions) on your retirement accounts. You are required to send in this form with your federal income tax return.

Q. Why was money withheld from my retirement account redemption?

A. MG Trust provides Trustee and Custodial services for many qualified retirement plans and other defined contribution plans. We process distributions and create the appropriate tax form in accordance with instructions originated by your Plan Administrator or record keeper. The plan name from which your distribution occurred is printed below our name and address on the 1099-R form. For specific questions regarding your distribution, please contact your Human Resources department or Plan Administrator.

(For your information: Federal law requires 10% withholding on distributions from retirement accounts, unless instructed otherwise by the participant. This serves as a prepayment of your income tax and is not to be confused with any IRS penalties for premature withdrawals. Additionally, if this was a distribution from a qualified plan, federal law requires 20% withholding on most distributions that are not direct rollovers to another custodian; this 20% withholding should not be confused with any IRS penalties.)

Q. Where do I report this information on my individual tax return?

A. You may need to obtain IRS Form 5239 if this was a premature distribution. Consult your tax advisor if you need assistance deciding if this applies to your situation.

Q. What is a Form 1099?

Generally, all distributions from pensions, annuities, profit-sharing and retirement plans (including section 457 state and local government plans), IRAs, insurance contracts, etc., are reported to recipients on Form 1099-R. The plan custodian sends the form to the owner of a plan if he or she has made distributions of \$10 or more from the plan in a given year. The form is mailed to recipients by January 31 of the year after the distribution was made. In some cases, the individual may need to attach a copy of [Form 1099-R](#) to his or her tax return. The plan owner, the IRS and the municipal or state tax department (if applicable) all receive a copy of the form. Please consult a tax advisor regarding how to report the information received on a 1099R.

A. 1099 forms are created and issued by January 31st each year and mailed to each participant receiving a distribution for that tax year. Copies of all 1099's are filed with the IRS by March 31st of each tax year. All 1099 forms are uploaded electronically to the IRS. A 1096 form is not prepared as this form is only required for manual form submission.

All tax reported on the 1099 forms is reconciled to the Form 945 information return and to the tax remittances submitted to the IRS.

Q. What do I need to know about Form 945?

A. All tax payments for taxes withheld by MG Trust are submitted under MG Trust's tax ID number to the IRS and or state tax agencies. Information Returns are also filed with each tax agency under MG Trust's tax ID number, including the Federal Form 945. All tax forms are filed showing MG Trust as the payor. Annually, a single Form 945 is filed with the IRS for all tax remitted by MG Trust. Separate 945 forms per plan are not prepared. A plan can notify the IRS in writing stating our capacity (ex: agent, custodian, trustee); further explaining our use of an omnibus account (MG Trust TIN) resulting in a combined Form 945 instead of an individual form for their plan.

Q. What is the Tax ID Number for MG Trust Company LLC?

A. The Tax ID Number for MG Trust LLC is 75-3182674.

Q. Why did I receive a 1099-R for my stock dividends in my account?

A. Dividends or distributions under section 404(k) on stock held by an employee stock ownership plan (ESOP) or a tax credit ESOP are now reported on Form 1099-R (as of 2009.) If a section 404(k) distribution is made in the same year as a total distribution from the ESOP, you will receive two separate Form 1099-R forms, one for the dividends and one for the distribution.

Q. Why did I receive two copies of my 1099-R?

A. You receive two copies of your 1099-R so that you may provide those copies to different agencies. The first copy is filed with your federal taxes. The second copy is for your own records, or should be used if you are required to file taxes with your particular state.

Q. How do I reclaim federal or state taxes withheld from my distribution?

A. Please consult your tax advisor. Taxes withheld on your behalf can only be refunded to you by the IRS, or appropriate state, as part of your annual return. MG Trust is unable to recover or refund taxes withheld for previous tax years.

Q. When will year end statements be available on the website?

A. **Approximate date for** Year end statements is scheduled to be available on <http://www.mgtrustonline.com/> by 1/14/2012.

Q. When will year end statements be mailed?

A. Year end statements are scheduled to be mailed by 1/14/2012.

If additional information is needed, questions may be addressed to MG Trust at:

service@mgtrustonline.com or call our service line at 1-888-947-3472.