

Simplified Method Worksheet (Keep for Your Records)

1. Total pension or annuity payments received this year. Also, add this amount to the total for Form 1040, line 16a, or Form 1040A, line 12a. _____
2. Your cost in the plan (contract) at annuity starting date _____
 Note: *If your annuity starting date was **before this year** and you completed this worksheet last year, skip line 3 and enter the amount from line 4 of last year's worksheet on line 4 below. Otherwise, go to line 3.*
3. Enter the appropriate number from Table 1 below. **But** if your annuity starting date was **after 1997** and the payments are for your life and that of your beneficiary, enter the appropriate number from Table 2 below. _____
4. Divide line 2 by the number on line 3. _____
5. Multiply line 4 by the number of months for which this year's payments were made. If your annuity starting date was **before 1987**, enter the amount on line 8 below and skip lines 6, 7, 10 and 11. Otherwise go to line 6. _____
6. Enter any amount previously recovered tax free in years after 1986. _____
7. Subtract line 6 from line 2. _____
8. Enter the **smaller** of line 5 or line 7. _____
9. **Taxable amount for year.** Subtract line 8 from line 1. Enter the result, but not less than zero. Also add this amount to the total for Form 1040, line 16b, or Form 1040A, line 12b. **Note:** If your Form 1099-R shows a larger taxable amount, use the amount on line 9 instead. _____
10. Add lines 6 and 8. _____
11. **Balance of cost to be recovered.** Subtract line 10 from line 2. _____

Table 1 for Line 3 Above

IF the age at annuity starting date was:	AND your annuity starting date was--	
	before Nov. 19, 1996, enter on line 3:	after Nov. 18, 1996, enter on line 3:
55 and under	300	360
56-60	260	310
61-65	240	260
66-70	170	210
71 and over	120	160

Table 2 for Line 3 Above

IF the combined ages at annuity starting date were:	If after Nov. 18, 1996, enter:
110 or under	410
111-120	360
121-130	310
131-140	260
141 or over	210