

## Verizon Communications benefits—Year-end tax information

This information describes the tax forms sent to you for pension and/or other benefit payments you received in 2017, and includes answers to questions that are often asked by other participants, as well as examples of the tax forms.

Your 2017 tax forms are included in this mailing. If you misplace your form(s) or need additional copies, go to the Benefits Payments Online (BPO) website at [wellsfargo.com/verizonbpo](http://wellsfargo.com/verizonbpo). Enter your user ID and your password and follow the on-site instructions. If you have forgotten your password, click on Forgot your password in order to reset it. You will be asked to answer several security questions you provided at the time you initially registered on the site. If you don't remember your security questions, or have forgotten your user ID, click on Contact Us for a 1-800 Help Line. If you are a first time user, click on Register and follow the instructions to set up your user ID and password. Your user ID will initially be your Social Security number, and you will be immediately required to choose a new user ID.

### Frequently asked questions

#### **I received a 1099-R, 1099-MISC and/or 1042-S and the TIN/SSN is masked—why?**

Due to new legislation changes and data privacy guidelines, the full TIN/SSN has been partially masked on the 1099-R, 1099-MISC and/or 1024-S tax forms.

#### **I received two tax forms—why?**

Depending on your situation you may receive more than one tax form:

- If you turned 59½ in 2017, you may have a form for the period of time when you were less than 59½ and a form for the period of time after you turned 59½.
- You may be receiving a payment as both a beneficiary and an employee.
- You may have received both a lump-sum and annuity payments from a qualified plan in 2017.
- You may have received both a qualified (1099-R) and a non-qualified (W-2) payment in 2017.
- You may have been an active employee of Verizon and also retired and received a pension payment in 2017.

#### **What is the code of distribution?**

Codes of distribution are assigned based on your age and the type of payment you're receiving. For additional information regarding codes of distribution, please visit the IRS website at [irs.gov](http://irs.gov).

#### **What if I didn't receive my 2017 W-2 from Verizon payroll?**

If you did not receive your W-2 statement for a period of active service with Verizon in 2017, please call Verizon Employee Services at 800.932.7947.

#### **My state and/or federal withholding is incorrect—how can I get this amount corrected?**

We cannot change the reporting of state and/or federal withholding once the 2017 tax year has closed. If there is an error in the withholding amount on your tax form, please speak with a financial advisor or your tax preparer for information on how to recover amounts withheld that exceed your tax obligation.

#### **Why do I have imputed income in box 12 of my 2017 W-2 form?**

If you had retiree life insurance coverage greater than \$50,000 during 2017, a portion of the amount over \$50,000 is reported to the government as taxable income. If our records indicate you have a domestic partner who does not qualify as a tax dependent, the value of the Verizon medical and/or dental coverage provided to your domestic partner (and to children of your domestic partner) during 2017 is reported as taxable income.

#### **How can I change my payment to be directly deposited into my bank account?**

Call the Verizon Benefits Center at 855.4Vz.Bens (855.489.2367) to make direct deposit changes.

The table below indicates tax forms you should receive based on your circumstances.

<b>If you are a:</b>	<b>You will receive:</b>
Service Pensioner, Vested Pensioner, Disability Pensioner or Beneficiary	Form 1099-R
Beneficiary or Alternate Payee who received a non-qualified pension benefit	Form 1099-MISC
Recipient of payment from any of the Verizon Savings Plans	Form 1099-R
Post-Divestiture Retiree (retired on or after January 1, 1984) living outside of the Verizon service areas and receiving taxable concession telephone reimbursement	Form W-2
Service Pensioner with over \$50,000 in basic group term life insurance coverage (cost of coverage as determined by the IRS)	Form W-2
Service Pensioner with domestic partner coverage	Form W-2
Service or Disability Pensioner who received medical or dental credits or a Medicare Incentive Payment	Form W-2
Recipient of any payments issued by your former and/or active payroll	Form W-2
Non-Resident Alien (these tax forms will be mailed by March 15, 2018)	Form 1042-S
Puerto Rico Resident (these tax forms will be mailed by February 28, 2018)	Form 480.7C

**For more information**

If you have questions about your tax form(s) that are not addressed within this communication or if you do not receive your tax form(s) by February 14, 2018 (or the date on the table above, as applicable), please contact the Verizon Benefits Center. Make sure you have the last four digits of your Social Security number, your date of birth, your Benefits Center password available and then dial 855.4Vz.Bens (855.489.2367). Listen to the main menu to make your selection and then follow the prompts to reach a representative.

## SAMPLE Form 1099-R

The 1099-R form reports qualified pension payments and/or distributions from savings plans and other retirement plans to the Internal Revenue Service (IRS). Descriptions of the types of information you may find on your Form 1099-R are provided below. **Please note** due to recent legislation changes and data privacy guidelines the tax identification number (TIN/SSN) will be partially masked/hidden as seen with the example provided below. The first five characters will include Xs.

<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0119		<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>							
PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1	Gross distribution			<div style="font-size: 2em; font-weight: bold;">2017</div>					
		2a	Taxable amount								
PAYER'S federal identification number		RECIPIENT'S identification number		<b>Form 1099-R</b>							
						<b>Copy 1 For State, City, or Local Tax Department</b>					
RECIPIENT'S name		3 Capital gain (included in box 2a)		4 Federal income tax withheld							
						5 Employee contributions /Designated Roth contributions or insurance premiums		6 Net unrealized appreciation in employer's securities			
Street address (including apt. no.)		7 Distribution code(s)		8 Other							
						City or town, state or province, country, and ZIP or foreign postal code		9a Your percentage of total distribution		9b Total employee contributions	
10 Amount allocable to IRR within 5 years		11 1st year of desig. Roth contrib.		FATCA filing requirement							
						Account number (see instructions)		15 Local tax withheld		16 Name of locality	

Form **1099-R**

[www.irs.gov/form1099r](http://www.irs.gov/form1099r)

Department of the Treasury - Internal Revenue Service

### 1. Gross distribution

Amount(s) paid in 2017 from pension plans, annuities, retirement or profit sharing plans, IRAs, savings distributions, insurance contracts, etc. Lump-sum payments rolled over to a qualified IRA or other retirement plan will also appear here.

### 2a. Taxable amount

Taxable portion of amount paid. Usually this is the same as the amount in Box 1. However, payments that were directly rolled over to a qualified IRA or other retirement plan should not appear here.

### 2b. Taxable amount not determined/Total distribution

If you received a lump-sum distribution, Total distribution (second) box contains an X.

### 3. Capital gain

Capital gains will appear here if applicable.

### 4. Federal income tax withheld

Federal income tax withheld from distribution(s).

### 7. Distribution code

IRS code to identify type of distribution. (Refer to the instructions on the back of the form.)

### 12. State tax withheld

State income tax withheld from distribution(s).

### 15. Local tax withheld

Local income tax withheld from distribution(s).

### 16. Name of locality

Populated for New York City or Yonkers residents only.

## SAMPLE Form W-2

The Form W-2 reports income and other items, such as taxable fringe benefits, payments from non-qualified pension plans and supplemental retirement plans. Descriptions of the types of information you may find on your Form W-2 are provided below.

22222		a Employee's social security number		OMB No. 1545-0008		
b Employer identification number (EIN)		1 Wages, tips, other compensation		2 Federal income tax withheld		
c Employer's name, address, and ZIP code		3 Social security wages		4 Social security tax withheld		
		5 Medicare wages and tips		6 Medicare tax withheld		
		7 Social security tips		8 Allocated tips		
d Control number		9 Verification code		10 Dependent care benefits		
e Employee's first name and initial      Last name      Suff.		11 Nonqualified plans		12a		
		13 Statutory employee      Retirement plan      Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b		
		14 Other		12c		
f Employee's address and ZIP code				12d		
15 State	Employer's state ID number	16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2 Wage and Tax Statement**  
Copy 1 — For State, City, or Local Tax Department

2017

Department of the Treasury—Internal Revenue Service

### 1. Wages, tips, other compensation

Taxable concession telephone reimbursements, flexible benefits credits, imputed income on basic group term life insurance and payments from any non-qualified or supplemental retirement plans will appear here. If you received any wages from a Verizon employee payroll system during 2017, you will receive a separate W-2 from Verizon. If you retired during 2017, any taxable concession telephone reimbursement or imputed income earned while you were active will be reported on the Form W-2 you receive from Verizon.

### 2. Federal income tax withheld

Amount withheld from payments reported in Box 1.

### 3. Social security wages

Wages subject to Social Security tax. For 2017, maximum wages subject to Social Security tax is \$127,200.

### 4. Social security tax withheld

Social security withholding is 6.2% of Box 3.

### 5. Medicare wages & tips

Wages subject to Medicare tax.

### 6. Medicare tax withheld

Medicare withholding is 1.45% of Box 5. There is no limit on wages for purposes of Medicare withholding.

### 11. Non-qualified plans

Non-qualified deferred compensation either paid or earned in 2017. If there is a difference between Federal Income Tax (FIT) wages and FICA (Social Security & Medicare) wages, the difference is reported in Box 11 for non-qualified pension and savings plans and taxable fringe benefits.

### 12. Imputed Income and uncollected FICA taxes:

**Box 12a** The value of imputed income on basic group term life insurance (GTLI) in excess of \$50,000 will appear as Code C.

**Box 12b** The amount of Social Security tax will appear as Code M.

**Box 12c** The amount of uncollected Medicare tax resulting from imputed income on GTLI will appear as Code N. You are responsible for reporting this tax liability on your income tax return. More specific questions should be directed to your tax advisor.

**Box 12d** The cost of non-taxable health insurance provided through your employer will appear as Code DD.