TAXABLE YEAR | CALIFORNIA SCHEDULE

1995 Tax on Lump-Sum Distributions G-1

Attach to Form 540, 540NR or 541. Use this form only for lump-sum distributions from qualified retirement plans.

Name(s) as shown on return | Social security number or FEIN

Part I

Complete this part to see if you qualify to use Schedule G-1. Yes No

1 Did you roll over any part of the distribution? If "Yes," do not complete the rest of this form . . . . **1** ☐ ☐

2 Was the retirement plan participant born before 1936 OR at least age 59½ on the date of distribution?. . **2** ☐ ☐
If "No," do not complete the rest of this form.

3 Was this a lump-sum distribution from a qualified pension, profit-sharing, or stock bonus plan? (See Distributions that qualify for the 20% Capital Gain Election or for 5- or 10-Year Averaging in the federal Form 4972 instructions.) If "No," do not complete the rest of this form . . . . **3** ☐ ☐

4 Was the participant in the plan for at least 5 years before the year of the distribution? . . . . **4** ☐ ☐

5 Was this distribution paid to you as a beneficiary of a plan participant who died? . . . . **5** ☐ ☐
If you answered "No" to both questions 4 and 5, do not complete the rest of this form.

6 Was the plan participant:

a An employee who received the distribution because he or she quit, retired, was laid off, or was fired? **6a** ☐ ☐

b Self-employed or an owner-employee who became permanently and totally disabled before the distribution? . . . . **6b** ☐ ☐

c Age 59 ½ or older at the time of the distribution? . . . . **6c** ☐ ☐
If you answered "No" to question 5 and **all** parts of question 6, do not complete the rest of this form.

7 Did you use Schedule G-1 in a prior year for any distribution received after 1986 for the same plan participant, including yourself, for whom the 1995 distribution was made? If "Yes," do not complete the rest of this form. . . . . **7** ☐ ☐

If you qualify to use this form, you may elect to use Part II or Part III; or elect to use Part II and Part III.

Part II

Complete this part to choose the 5.5% capital gain election. See instructions. Do not complete this part unless the participant was born **before** 1936.

Check this box to choose the 5.5% capital gain election . . . . ☐

8 Capital gain part from federal Form 1099-R, box 3. If you did not check the box above, enter -0- . . . . . **8** ________

9 Multiply line 8 by 5.5% (.055) and enter here. If you did not elect to use Part III also enter the result on Form 540, line 23; Form 540NR, line 26; or Form 541, line 20b . . . . **9** ________

Part III

Complete this section for the 5-year or 10-year averaging method. If you used a federal averaging method, you must use the same method for California. See instructions.

10 Ordinary income from federal Form 1099-R. Subtract box 3 from box 2a. If you did not complete Part II, enter the amount from federal Form 1099-R, box 2a. See instructions . . . . **10** ________

11 Death benefit exclusion. See instructions . . . . **11** ________

12 Total taxable amount. Subtract line 11 from line 10 . . . . **12** ________

13 Current actuarial value of annuity, if applicable, from federal Form 1099-R, box 8 . . . . **13** ________

14 Adjusted total taxable amount. Add line 12 and line 13. If this amount is $70,000 or more, skip line 15 through line 18, and enter this amount on line 19 . . . . **14** ________

15 Multiply line 14 by 50% (.50), but do not enter more than $10,000 . . . . **15** ________

16 Subtract $20,000 from line 14 and enter the difference. If the result is zero or less, enter -0- . . . . **16** ________

17 Multiply line 16 by 20% (.20). . . . . **17** ________

18 Minimum distribution allowance. Subtract line 17 from line 15. . . . . **18** ________

19 Subtract line 18 from line 14. . . . . **19** ________

5-year averaging method

20 Multiply line 19 by 20% (.20). . . . . **20** ________

21 Tax on amount on line 20. Use Tax Rate Schedule 1 in the instructions . . . . **21** ________

22 Multiply line 21 by five (5). If no entry on line 13, skip line 23 through line 28, and enter this amount on line 29 **22** ________

23 Divide line 13 by line 14 (carry to four decimal places). See instructions . . . . **23** ________

24 Multiply line 18 by the decimal amount on line 23. . . . . **24** ________

25 Subtract line 24 from line 13. . . . . **25** ________

26 Multiply line 25 by 20% (.20). . . . . **26** ________

27 Tax on amount on line 26. Use Tax Rate Schedule 1 in the instructions . . . . **27** ________

28 Multiply line 27 by five (5) . . . . **28** ________

29 Subtract line 28 from line 22. . . . . **29** ________

30 Tax on lump-sum distribution. Add Part II, line 9, and Part III, line 29. . . . . **30**

Part III continued on Side 2.

Part III Continued from Side 1.

10-year averaging method. Complete line 31 through line 41 only if the participant was born **before** 1936. Otherwise, enter the amount from line 30 on line 42.

31	Multiply line 19 by 10% (.10)	**31**	
32	Tax on amount on line 31. Use Tax Rate Schedule 2 in the instructions	**32**	
33	Multiply line 32 by ten (10). If no entry on line 13, skip line 34 through line 39, and enter this amount on line 40	**33**	
34	Divide line 13 by line 14 (carry to four decimal places). See instructions	**34**	
35	Multiply line 18 by the decimal amount on line 34	**35**	
36	Subtract line 35 from line 13	**36**	
37	Multiply line 36 by 10% (.10)	**37**	
38	Tax on amount on line 37. Use Tax Rate Schedule 2 in the instructions	**38**	
39	Multiply line 38 by ten (10)	**39**	
40	Subtract line 39 from line 33	**40**	
41	Tax on lump-sum distribution. Add Part II, line 9, and Part III, line 40.	**41**	
	If you used a federal averaging method for the lump-sum distribution, STOP. See instructions in Part III.		
42	Compare line 30 and line 41. Enter the smaller amount here and on Form 540, line 23, Form 540NR, line 26, or Form 541, line 20b	**42**	

Instructions for Schedule G-1

Tax on Lump-Sum Distributions

General Information

Important Information

Beginning in 1995, you may be able to figure the tax on a lump-sum distribution under the 5-year tax option even if the plan participant was born after 1935. You can do this only if the distribution was made on or after the date the participant reached age 59½, and the distribution otherwise qualifies.

A Purpose of Form

If you received a qualified lump-sum distribution in 1995, and meet the age requirements you can use Schedule G-1 to figure your tax by special methods that may result in less tax.

California law concerning the requirements for special averaging methods on lump-sum distributions is generally the same as federal law. However, your basis in your pension plan for California purposes may differ from your federal basis. If you received a lump-sum distribution from a Keogh plan, the taxable portion of the distribution does not include the contributions not deducted for California purposes. Get FTB Pub. 1005, Pension and Annuity Guidelines, for more information.

Note: For federal purposes, the capital gain is reduced by the amount of related estate tax. Since California has no estate tax, there is no comparable reduction.

Early Distribution. If you received an early distribution from a qualified retirement plan, you may have to pay an additional 2½% tax, unless the distribution meets one of the exceptions. Get form FTB 3805P, Return for Additional Taxes Attributable to Qualified Retirement Plans (including IRAs), Annuities and Modified Endowment Contracts.

B Who Can Use The Form

If you received a qualified lump-sum distribution and were born before 1936 or reached age 59½ before you received the distribution, you can use Schedule G-1. If you received a qualifying distribution as a beneficiary after a participant's death, the deceased must have been born before 1936 or have reached age 59½ for you to use this form for that distribution.

To determine if the distribution qualifies, see the instructions for federal Form 4972.

C How To Use The Form

Use Schedule G-1 with Form 540 or Form 540NR (for individuals) or Form 541 (for estates or trusts) to:

- Choose the 5.5% capital gain method by checking the box and completing Part II;
- Choose the 5- or 10-year averaging method by completing Part III; and
- Figure tax using the 5- or 10-year averaging method, which taxes the ordinary income part of the lump sum as if you received it in equal parts over 5 or 10 years.

If you use either special averaging method mentioned above, you must use it for all lump-sum distributions you receive in one taxable year.

Note: Except for the capital gain election, you must choose the same special averaging method for California that you choose for federal purposes. See instructions in Part III.

Distribution Statement. The payer should have given you federal Form 1099-R or other statement that shows the separate parts of your distribution. The amounts you will use from federal Form 1099-R in filling out Schedule G-1 are capital gain (box 3); ordinary income (box 2a minus box 3); total of ordinary income plus capital gain (box 2a); net unrealized appreciation (NUA) in employer's securities (box 6); and, if it applies, the current actuarial value of an annuity (box 8). If you do not have a statement that shows this information, ask the payer for one that does show it.

D How Often You Can Choose

If you choose either the 5- or 10-year averaging method or capital gain treatment for any lump-sum distribution received after 1986, you cannot choose any of these methods for any distribution received in a later year from a plan for the same participant.

If you make an election as a beneficiary of a deceased participant, it does not affect any election you can make for qualifying lump-sum distributions from your own plan. You can also make an election as the beneficiary of more than one qualifying person.

E When You Can Choose

If you choose the 5.5% capital gain method or choose the 5- or 10- year averaging method, file Schedule G-1 with your original or amended return. Generally, you have four years from the due date of your tax return to choose either of the methods.

F Capital Gain Elections

The plan participant must have been born **before** 1936 to be eligible for the capital gain election. Only the taxable amount of distributions applicable to pre-1974 participation may receive capital gain treatment. The amount that qualifies for capital gain treatment is shown on Form 1099-R, box 3. If there is an amount on Form 1099-R, box 6 (net unrealized appreciation or NUA), part of it may also qualify for capital gain treatment. See the NUA Worksheet in the instructions for federal Form 4972, page 3, to figure the capital gain part of NUA. Figure the tax using 5.5% instead of the 20% used for federal purposes.

If your distribution includes capital gain, you can either:

- make the 5.5% capital gain election in Part II of Schedule G-1; or
- treat the capital gain as ordinary income.

G Tax on Prior Year Lump-Sum Distributions

The federal rules for multiple lump-sum distributions do not apply in some circumstances for California. Under California law, if you received a lump-sum distribution prior to 1987 and you received a lump-sum distribution in 1995 that is the only lump-sum distribution you received after 1986, figure your tax on the lump-sum distribution for 1995 separately on Schedule G-1. Do **not** include the lump-sum distribution you received prior to 1987 on Schedule G-1.

Specific Line Instructions

If you received more than one distribution for the same plan participant, add them together and figure the tax on the total amount.

If you and your spouse file a joint return and each has received a lump-sum distribution, complete and file a separate Schedule G-1 for each spouse's election and combine them on Form 540, line 23, or Form 540NR, line 26.

If you file for a trust that shared the distribution only with other trusts, figure the tax on the whole lump sum first. The trusts then share the tax in the same proportion that they shared the distribution.

Part II

Line 8

Enter zero (-0-) if your distribution does not include capital gain, or if you are not making the 5.5% capital gain election.

If you make the 5.5% capital gain election but do not take a death benefit exclusion, enter the entire capital gain amount from federal Form 1099-R, box 3.

If you checked the box above line 8, and you are taking the death benefit exclusion, figure the amount to enter on the following worksheet:

Death Benefit Worksheet

A. Enter the capital gain amount from Form 1099-R, box 3 (if you elected to include NUA in taxable income, enter the amount from line G of the NUA Worksheet in federal Form 4972 instructions). . . ________

B. Enter the taxable amount from Form 1099-R, box 2a (if you elected to include NUA in taxable income, add the amount from Form 1099-R, box 6, to the amount from Form 1099-R, box 2a, and enter the result here) . . . . ________

C. Divide line A by line B and enter the result as a decimal ________

D. Enter your share of the death benefit exclusion* . . . . . . ________

E. Multiply line D by line C . . ________

F. Subtract line E from line A. Enter the result here and on line 8 . . . . ________

*If there are multiple recipients of the distribution, the $5,000 maximum death benefit exclusion must be allocated among the recipients in the same proportion that they share the distribution.

Enter the balance of your allowable death benefit exclusion on Part III, line 11, and see the instructions for line 11.

Part III

If you used a federal averaging method for the qualified lump-sum distribution, you must use the same method for California. In this case:

- To figure 5-year averaging complete line 10 through line 30.
- To figure 10-year averaging complete line 10 through line 19, and line 31 through line 41.

Enter the result of the 5-year averaging from line 30, or 10-year averaging from line 41, on Form 540, line 23, Form 540NR, line 26, or Form 541, line 20b.

If you did not use a federal averaging method, complete line 10 through line 42.

Line 10 — Community property laws do not apply to figuring tax on the amount you report on line 10.

If you made the capital gain election, enter only the ordinary income from Form 1099-R on this line. To figure this amount, subtract Form 1099-R, box 3, from Form 1099-R, box 2a. Enter the result on line 10. If you included NUA in taxable income, then add the amount from line F of the NUA Worksheet in federal Form 4972 instructions to the ordinary income amount computed previously.

If you did not make the capital gain election (Part II) and did not elect to include net unrealized appreciation (NUA) in taxable income, enter the amount from Form 1099-R, box 2a.

If you did not make the capital gain election but did elect to include NUA in your taxable income, add the amount from Form 1099-R, box 2a, to the amount from Form 1099-R, box 6. Enter the total on line 10. On the dotted line to the left of the entry, write ''NUA'' and the amount of NUA included.

Line 11 — If you received the distribution because of the employee's death, you may exclude up to $5,000 of the lump-sum from your gross income. However, if part of the death benefit exclusion was allowed in Part II, you must reduce the allowable exclusion by the amount on line E of the Death Benefit Worksheet.

If the trust for which you are filing shared the lump sum with other trusts, it will share the exclusion in the same proportion as it shared the distribution. This exclusion applies to the beneficiaries or estates of common-law employees, self-employed individuals and shareholder-employees who owned more than 2% of an S corporation.

Line 23 or Line 34 — Decimals should be carried to five places and rounded to four places. Drop amounts 4 and under (.44454 becomes .4445). Round amounts 5 and over up to the next number (.44455 becomes .4446).

Line 21 & Line 27

Use Tax Rate Schedule 1 to complete Part III, line 21 and line 27.

Tax Rate Schedule 1 for Part III, 5-Year Averaging

If the amount on Part III, line 20 or line 26 is: Over—	But Not Over—	*Enter on Part III, line 21 or line 27*			*of the amount over—*
$ 0	$ 4,831	$ 0.00	PLUS	1.0%	$ 0
4,831	11,449	48.31	PLUS	2.0%	4,831
11,449	18,068	180.67	PLUS	4.0%	11,449
18,068	25,083	445.43	PLUS	6.0%	18,068
25,083	31,700	866.33	PLUS	8.0%	25,083
31,700	109,936	1,395.69	PLUS	9.3%	31,700
109,936	219,872	8,671.64	PLUS	10.0%	109,936
219,872	AND OVER	19,665.24	PLUS	11.0%	219,872

Line 32 & Line 38 — Use the tax rate schedule below to complete Part III, line 32 and line 38.

Tax Rate Schedule 2 for Part III, 10-Year Averaging

If the amount on Part III, line 31 or line 37 is: Over—	But Not Over—	*Enter on Part III, line 32 or line 38*			*of the amount over—*
$ 0	$ 3,490	$ 0.00	PLUS	1.0%	$ 0
3,490	6,110	34.90	PLUS	2.0%	3,490
6,110	8,710	87.30	PLUS	3.0%	6,110
8,710	11,360	165.30	PLUS	4.0%	8,710
11,360	13,980	271.30	PLUS	5.0%	11,360
13,980	16,630	402.30	PLUS	6.0%	13,980
16,630	19,220	561.30	PLUS	7.0%	16,630
19,220	21,850	742.60	PLUS	8.0%	19,220
21,850	24,460	953.00	PLUS	9.0%	21,850
24,460	27,090	1,187.90	PLUS	10.0%	24,460
27,090	& over	1,450.90	PLUS	11.0%	27,090

Multiple Recipients of a Lump-Sum Distribution

If you shared a lump-sum distribution from a qualified retirement plan when not all recipients were trusts (a percentage will be shown in Form 1099-R, boxes 8 and/or 9), figure the tax on your distribution as follows:

Line 10 — Use the table below to determine the amount to enter on line 10 on Schedule G-1.

If in Part II	Is Net Unrealized Appreciation (NUA) included in your taxable income?	– Computation – Use Form 1099-R Amounts
You didn't make the capital gain election.	NO	Divide box 2a by the percentage in box 9.
	YES	Add box 2a and box 6. Divide the result by the percentage in box 9.
You made the capital gain election.	NO	Subtract box 3 from box 2a. Divide the result by the percentage in box 9.
	YES	Subtract box 3 from box 2a. Add to line F of the NUA worksheet on page 3 of federal form 4972 instructions. Then divide the result by the percentage of distribution shown in box 9.

Line 13 – Divide the amount shown in box 8 by the percentage shown in box 8.

Line 30 – Complete the following worksheet:

A. Enter your percentage of distribution from Form 1099-R, box 9 . . . . ________
B. Enter the amount from line 29 . . . . ________
C. Multiply line A by the amount on line B . . . . ________
D. Enter the amount from Part II, line 9 . . . . ________
E. Add line C and line D. Enter the result here and on line 30 . . . . ________

Line 41 — Complete the following worksheet:

A. Enter your percentage of distribution from Form 1099-R, box 9 . . . . ________
B. Enter the amount from line 40 . . . . ________
C. Multiply line A by the amount on line B . . . . ________
D. Enter the amount from Part II, line 9 . . . . ________
E. Add line C and line D. Enter the result here and on line 41 . . . . ________