



If you received income from an employer sponsored retirement plan, including disability retirement, that is not exempt under IRC §104, the first \$6,000 is exempt from tax. For tax years 2003 and later, if you contributed after tax dollars to your plan, you are allowed to recover your cost (investment) in your retirement plan in accordance with Internal Revenue Code §72. Then the first \$6,000 of the balance is exempt from tax.

If you received a traditional IRA distribution after reaching age fifty-nine and one-half (59 1/2), the first \$6,000 is exempt from tax. Your traditional IRA distribution may be adjusted for nondeductible IRA contributions, if any, by completing Federal Form 8606 and attaching it to your Arkansas return. Premature distributions made on account of the participant's death or disability also qualify for the exemption. All other premature distributions or early withdrawals including, but not limited to, those taken for medical expenses, higher education expenses or a first-time home purchase do not qualify for the exemption.

A surviving spouse qualifies for the exemption; however he/she is limited to a single \$6,000 exemption.

Total exemptions from all plans described above cannot exceed \$6,000 per taxpayer, not including recovery of cost.

Any taxpayer age 65 or over not claiming a retirement income exemption on Line 18 is eligible for an additional tax credit per taxpayer. Check the box(es) marked "65 Special".

Section I

Complete the AR-RET form for the taxpayer and/or spouse that received income from an employment related pension or a qualified traditional IRA distribution after reaching age fifty-nine and one-half (59 1/2).

Gross Distribution Amount: Enter the total amount from all 1099-Rs, box 1. Do not include the distribution that is considered a rollover.

Rollover Amount (if any): Any distribution that qualifies as a rollover, enter total amount from the 1099-R, box 1.

Total Gross Distribution: Add lines Gross Distribution box 1a and Rollover amount box 1b.

Taxable Amount: Employment related pension or a qualified traditional IRA distribution after reaching age fifty-nine and one-half (59 1/2), enter the total taxable amount(s) from box 2a of 1099-R(s). If Box 2a is blank, use the Simplified Method Worksheet in the federal 1040 Instruction Booklet to calculate the taxable amount of your distribution.

Retirement Exclusion: Each taxpayer is allowed the retirement exclusion up to \$6,000. The retirement exclusion cannot exceed \$6,000 per taxpayer, not including recovery cost. Exception: If the U.S. Military Pension is claimed, check "Yes" and enter \$0 on line 1e/2e. The retirement exclusion is not allowed.

Taxable Retirement Income: Subtract line 1e from line 1d. Do not enter less than zero. If box 2a of 1099-R is blank and Federal simplified method worksheet is not used or if unable to determine the taxable amount, subtract line 1e from 1a.

Section II – Filing Status

Complete the section below that matches the state filing status shown on the AR1000F/AR1000NR.

Any taxpayer age 65 or over not claiming the retirement exclusion on Line 18 is eligible for an additional tax credit. Check the box(es) marked "65 Special". You cannot take both the "65 Special" tax credit and the retirement income exemption.

If claiming the 65 special, you must complete the appropriate line (If claiming the 65 Special tax credit).

If claiming the retirement exclusion, you must complete the appropriate line (If not claiming the 65 Special tax credit).