Customer Tax Guide
For the Tax Year
2019

A Comprehensive Guide to your
Composite Tax Statement

Crews & Associates does not provide tax advice.
This material is presented for informational purposes only.
You should consult your tax advisor on all issues and questions concerning your tax situation.
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Crews & Associates’ Obligation to You

Federal tax law requires financial institutions to report certain tax information to their customers and the Internal Revenue Service (IRS). In accordance with these regulations, Crews provides you with Tax Information Statements for interest, dividends, proceeds of sale, and certain other financial transactions. As noted this information is also provided to the IRS. They rely on it when processing tax returns for the purpose of matching what taxpayers report on their tax returns with what financial institutions have reported to the IRS.

The IRS provides a series of statements to be used by financial institutions for tax reporting. These statements are designed to be sent individually (1099-INT, 1099-B, 1099-DIV, etc.). However, the regulations permit financial firms to combine certain of these forms into a Composite Substitute Tax Statement, provided the information presented conforms to IRS-specified requirements. Our Composite Substitute Tax Statement may include reporting on payments consisting of the proceeds of brokerage and barter transactions, dividends, interest, original issue discount, patronage dividends, and royalties. This Tax Guide was designed to take you through your Composite Statement and to assist you in using the information it provides. We suggest you review the section “Tax Information - Terms and Rules” at the end of this guide, prior to utilizing the tax information contained in your Composite Tax Statement for tax return preparation.

What’s New?

The Tax Cuts and Jobs Act (the “Act”) continues to influence tax reporting requirements. The IRS has made a change to Form 1099-B to incorporate reporting for sales of Qualified Opportunity Zone Funds which were created by the Act. The Act established Qualified Opportunity Zones which are designated low-income communities throughout the country. Investment in the Zones through a Qualified Opportunity Fund (“QOF”) enables investors to defer recognition of certain capital gains and possibly realize other tax benefits as well. We believe there will be further tax reporting guidance regarding basis tracking and long-term monitoring of these investments from the IRS in the future.

The Form 1099-B was modified to accommodate the addition of a new checkbox to indicate QOF reporting. The contents of Boxes 3 and 12 have been switched. Box 12 now contains the checkbox to indicate that basis reported in Box 1e is being reported to the IRS. New Box 3 now contains checkboxes for Collectible and QOF reporting. This is further discussed in the Statement section below.

About the Composite 1099 Tax Statement We Prepare for You

IRS regulations permit us to roll up several of your tax statements into one consolidated form – The Composite 1099 Tax Statement (the “Statement”). The Statement is a permitted substitute for official IRS forms and also includes supplemental information. Among the forms that may be included on the Composite Statement that Crews provides are:

- Form 1099-B
- Form 1099-DIV (except for certain dividends)
- Form 1099-INT (except for certain interest)
- Form 1099-MISC (for royalty and substitute payments in lieu of dividends and interest only)
- Form 1099-OID
The supplemental information provided in your Composite Tax Statement is designed to facilitate your tax return preparation. We provide schedules that include:

- Non-Reported Income, Fees, Expenses and Expenditures
- Detail of Miscellaneous Income
- Detail of Tax-Exempt Interest
- Fees & Payments Received
- Schedule of Management Fees (These are no longer tax deductible)

On sales of non-covered securities reported on Form 1099-B, we may include basis if it is available in our records. We are not required to, and do not report such information to the IRS. We also provide explanatory remarks on basis adjustments for covered lots and descriptions of transaction types (buy to close, redemptions, etc.).

Each individual statement is subject to a de minimis reporting threshold except for Form 1099-B. De minimis transactions will not be reported to you, however you still have the obligation to include such amounts in your tax filings. Included in the de minimis threshold reporting exception are payments of interest (1099-INT), original interest discount (1099-OID), dividends (1099-DIV), and substitute dividend payments (1099-MISC). This de minimis reporting exception applies to amounts less than $10. Form 1099-B does not have a de minimis threshold. All transactions subject to reporting on the Form 1099-B must be reported regardless of amount. These threshold amounts are not applicable to statement corrections (see Revised (Corrected) Tax Information Statements below).

**Revised (Corrected) Tax Information Statements**

If we receive corrected or updated information, we will report it to you and to the IRS, if required, on a revised Tax Information Statement. Corrected transactions will show a “C” in the ‘Notes’ column of the revised Tax Information Statement.

Generally, we are required to correct a Form 1099 statement within three years after issuing the original form. Additionally, a broker that transfers an account must furnish corrected information for a transferred tax lot up to 18 months after the original transfer. This could also lead to a corrected 1099 statement being sent to you. Corrections are usually the result of income reallocation transactions, corporate action adjustments and revisions resulting from changes to wash sale transactions. (See “Tax Information - Terms and Rules” below.)

Currently, we process all dollar amount corrections through April 15th of the year subsequent to the tax reporting statement year. Thereafter, if we discover a need to correct a statement, we will apply the current de minimis thresholds when generating a correction.

**Account Transfers and Their Statement Impacts**

Understanding your Composite Tax Statement requires an understanding of how account and security transfers are processed. Our year-end tax information reporting is limited to sales we have effected on your behalf. If your account was transferred to Crews this year, you will receive 1099 statements for
transactions executed and income earned in your previous account from your former broker. When
your account transferred in, your open security positions were transferred to us. In the case of covered
securities, we should have also received the basis for individual tax lots. If your broker failed to provide
basis for covered securities and did not respond adequately to our notification of such failure, we treat
those securities as non-covered, and basis reporting is not required. If you transferred an open short
position, and subsequently closed it through Crews, we will issue a 1099-B, reporting both the cost and
original proceeds you received when you opened the transaction in your prior account before the
transfer.

**Important Dates**

On or before February 18, 2020, we will be mailing single Form 1099-Bs and the Composite 1099 Tax
Statements. When you get one of these statements will depend on the holdings in your account. Most
accounts with mutual funds, unit investment trusts, real estate investment trusts, and other securities
subject to income reclassification will be mailed by February 18, 2020, but accounts pending final
reclassifications will be mailed after February 18th but on or before March 16, 2020. We will obtain an
extension to delay mailing these accounts. By awaiting the delivery of statements with late
reclassifications to file your tax return, you may avoid having to amend your tax return to reflect these
changes, which typically impact income and basis of securities. We work closely with industry experts to
obtain reclassification information as soon as it is available to expedite the delivery of any delayed
statements.

**Important Information to Know When Preparing Your Tax Return**

Before preparing your tax return, you should familiarize yourself with the following important
information. Familiarity with some or all these topics will help you understand the fundamentals of the
information being reported to you in your tax statement(s) and how to use it when preparing your tax
return. Your tax professional can provide further information regarding specific reporting and/or return
preparation requirements. Note that further information helpful to your tax return preparation is
furnished in the Tax Information – Terms and Rules section below.

**Payer**

The “payer” for all transactions on your Tax Information Statement is Crews & Associates (Taxpayer
Identification Number 71-0522369). This name and EIN is listed wherever the payer’s name is requested
on an IRS form with respect to amounts reported on your tax statement.

**Taxpayer Identification Number**

Please use this opportunity to verify that your name and Taxpayer Identification Number (or truncated
number) as displayed on your Tax Information Statement are correct. If there is an error, please provide
an executed IRS Form W-9 (Request for Taxpayer Identification Number and Certification) to your Crews
Financial Advisor. If more than one name is shown, please ensure that the TIN on the Composite Tax
Statement belongs to the individual whose name is listed first. Again, please contact your Financial
Advisor if there is an issue here. Backup withholding may be instituted if your name and/or Taxpayer
Identification Number are incorrect. If they are incorrect there is a process we must follow which may
ultimately result in 24% backup withholding on certain transactions including interest, dividends and
proceeds of sale.
IRS Publications
You can get IRS publications from your local IRS office, by calling the IRS Forms Distribution Center at (800) TAX-FORM, or visiting the IRS website at www.irs.gov. The following IRS publications provide useful tax information related to reporting securities transactions:

- **Pub 550** – Investment Income and Expense
- **Pub 938** – Real Estate Mortgage Investment Conduits (REMICs) Reporting Information; (and Other Collateralized Debt Obligations (CDOs))
- **Pub 1212** – Guide to Original Issue Discount (OID) Instruments

Separate Accounts
We are required to deliver a separate tax statement for each of your accounts maintained with us. However, the fact that securities holdings are held in different accounts does not change the requirements for applying tax regulations. Whether you have a second account with us or an account at another brokerage firm, tax regulations may require netting or matching transactions and positions across accounts (i.e. wash sales, hedging positions). Purchasing options and short positions can require holding period adjustments to other stock positions. We recommend that you consult with your tax advisor in these and other situations when multiple accounts are involved.

Timing Differences
You may encounter timing differences between your Composite Tax Statement and your Crews Brokerage Account Statement. Dividends and interest declared and made payable by mutual funds and REITs in October, November, or December of 2019 should be reported on this year’s Tax Composite Statement, despite their being paid in January of 2020. This is similar for dividends and interest paid on WHFITS and WHMTs, which may be declared in 2019 but actually paid in January or February, 2020. These dividend types are referred to as “spillover dividends.” There may also be a timing difference when reporting the closing of profitable short sales. If the transaction occurs over year-end, your Composite Tax Statement will not reflect the closing transaction until the subsequent year, but you must report and recognize the income in your current year’s tax filing. Again, we recommend consulting your tax advisor.

Federal Income Tax Withheld (Backup Withholding)
If an account holder fails to furnish a valid TIN or other appropriate certification, we may be required to withhold 24% federal income tax from all reportable dividends, interest, and gross proceeds paid to the account. This is called “backup withholding.” Exempt recipient accounts are not subject to backup withholding and neither are foreign persons if they have furnished an appropriate withholding certificate (Form W-8). Amounts withheld as backup withholding are reported separately on the 1099-B, 1099-DIV, 1099-INT, and 1099-OID sections of your Composite Tax Statement. When filing your tax return, you must combine these amounts and report them on IRS Form 1040, line 17.

Form 8949 and Schedule D
Our Composite Tax Statement is designed to facilitate use of Form 8949 when reporting sales and exchanges of capital assets. The form allows you and the IRS to reconcile amounts that were reported on Form 1099-B with the amounts reported on your Form 1040, Schedule D. Information on Form 8949
is presented in various short-term and long-term categories which when aggregated into category totals can be transferred to Schedule D. The portion of our Composite Tax Statement that presents Form 1099-B information indicates what information should be placed on the Form 8949 and under which categories it should appear.

Your Composite 1099 Tax Statement

The Composite 1099 Tax Statement that we deliver to you contains information reported to the IRS and supplemental information for your use which has not been reported to the IRS. The categories of supplemental information may or may not be applicable to your tax information and as such some supplemental schedules may not appear on your composite statement. Summary displays are provided which you may find helpful in preparing your tax returns. Certain summary displays also include information not provided to the IRS.

The First and Second Pages

The First Page of your Composite Tax Statement contains account and payer required information in the top section (see below). Immediately below that information the “Summary Information” sections begin. In that portion, the following sections are presented and serve as substitute Form 1099 statements.

- Dividends and Distributions 2018 1099-DIV
- Miscellaneous Income 2018 1099-MISC
- Section 1256 Contracts 2018 1099-B

The above referenced statements are presented in the aggregate and are not required to be presented on a transactional or position basis. As we include all five principal 1099 statements (the 1099-B, -INT, -DIV, -OID and -MISC) in our composite statement, if you have not had any transactions in one of these the amounts will be reported as zero. The information reported to the IRS as it appears on this section of the statement satisfies Crews’ 1099 reporting requirement for these statements or categories on a statement.

The bottom third of the page displays a single section called the Summary of Proceeds, Gains & Losses, Adjustments and Withholding. This summarizes all Form 1099-B transactions (other than 1256 and regulated futures contracts). This summary is not provided to the IRS. It is for your use. Please note the Column “Form 8949 type” which indicates where on Form 8949 the line of summary information should be presented. This can also be used as a check when reconciling your Form 8949 details to added totals.

1 Please note that this information is for the limited purpose of displaying how a Composite Tax Statement appears. Numbers on the statement are solely for presentation purposes and may not foot or add up correctly. Note that zero amounts may also have been used. Further note that the original IRS forms use “Boxes” and our Composite Tax Statement uses “Lines”. We will often use the terms box and line interchangeably when referring to items on the Composite Tax Statement.
The Second Page of the Composite Tax Statement is the substitute Form 1099-INT (see below). The information in the upper left-hand quadrant is reported to the IRS as it is presented here. The remaining four information summaries on this page are not reported to the IRS. The summary on the upper righthand side labeled, Original Issue Discount and Adjustments is a summary of information presented on the Forms 1099-OID in this Composite Tax Statement. Similar to Form 1099-B, Form 1099-OID is not an aggregate presentation but rather an individual tax position/lot presentation. The other three Information Summaries on this page are not reported to the IRS, but rather are presented to support your tax return preparation. Reconciliations, Fees, Expenses and Expenditures and State Tax Withheld are self-explanatory, while the summary immediately below the Form 1099-INT is described in the Interest Income (Form 1099-INT) section below.

Note that tax-exempt OID summaries appear in the Original Issue Discount and Adjustments summary. Additionally, all corresponding acquisition premium and market discount is summarized here as well. However, all instances of bond premium are presented on Form 1099-INT, including bond premium on an OID instrument purchased above its redemption price. This treatment aligns these amounts with the cash distributions (interest) that they offset.
Original Issue Discount (Form 1099-OID)

OID is the difference between a debt instrument’s stated redemption price at maturity and its (adjusted) issue price. A debt instrument, such as a bond or note, generally has OID when it is issued for a price less than its stated redemption price. OID is a form of interest. Owners of taxable OID instruments are generally required to include a portion of the OID in gross income each year they hold the obligation, even if they do not receive any cash payments.

In complying with the requirement to report the OID income on a per security or per lot basis Crews utilizes the Form 1099-OID presented below. We segment the form into four parts:

- Non-treasury Original Issue Discount
- Treasury Original Issue Discount
- Tax-exempt Original Issue Discount
- Tax-exempt Original Issue Discount on Private Activity Bonds
Taxpayers are also required to report each debt instrument’s OID separately on their tax returns as well. The amounts should be reported exactly as they appear on your Composite Tax Statement as the IRS may attempt to match these items to your tax return. The following is a brief description of the line items which appear on the Non-treasury Original Issue Discount section.

**OID (column 1)** – Amounts in this column reflect the OID on each obligation for the part of the year in which it was owned.

**Early Withdrawal Penalty (column 3)** – Shows interest or principal forfeited if you withdrew before maturity. See instructions on Form 1040 for guidance on where this amount may be deducted.

**Market Discount (column 5)** – Shows the discount accretion for the year if the debt instrument was purchased at a market discount and you chose to recognize this interest income currently.

**Acquisition Premium (column 6)** – Shows the amount of acquisition premium amortization for the year. This amount is generally considered a reduction of OID reported to you. See the instructions for Form 1040, Schedule B for where this amount may be deducted.

**Investment Expenses (column 9)** – This represents your share of investment expenses for a single-class REMIC. Your share of UIT, WHFIT, and WHMT expenses are also reported on this line. You should consult your tax advisor as to the deductibility of these expenses when preparing your tax return(s).
The Treasury Original Issue Discount section features a column 8, Original Issue Discount on US Treasury Obligations. The amount here is the OID on a US Treasury obligation for that part of the year you held the instrument.

The Tax-Exempt Original Issue Discount section features column 11, Tax-exempt OID. The amount reported here is all tax-exempt OID earned for the year on the specific instrument.

The final portion of your Form 1099-OID is for Tax-Exempt OID on Private Activity Bonds. This amount is also included in the Tax-Exempt OID section and is useful for calculating your Alternative Minimum Tax.
Because the amounts of OID we report on your Composite Tax Statement may not be the amount on which you should pay tax, you should calculate your OID adjustment. See IRS Publication 1212, Guide to Original Issue Discount, for details. Report OID on IRS Form 1040, Schedule B, Part 1 Interest and report acquisition premium as an adjustment thereto.

**Proceeds from Broker and Barter Exchange Transactions (Form 1099-B)**

Below, we provide a sample Summary of Form 1099-B information that appears on the first page of your Composite Tax Statement. The summary is very useful when filling out Form 8949 for Schedule D purposes. Note that the second column of information has alphabetic indicators that align the category totals of Form 1099-B transactions to Form 8949.

<table>
<thead>
<tr>
<th>SUMMARY OF PROCEEDS, GAINS &amp; LOSSES, ADJUSTMENTS, AND WITHHOLDING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term</td>
</tr>
<tr>
<td>------</td>
</tr>
<tr>
<td>Short</td>
</tr>
<tr>
<td>Short</td>
</tr>
<tr>
<td>Short</td>
</tr>
<tr>
<td>Short</td>
</tr>
<tr>
<td>Short</td>
</tr>
<tr>
<td>Undetermined</td>
</tr>
<tr>
<td>Undetermined</td>
</tr>
<tr>
<td>Undetermined</td>
</tr>
<tr>
<td>Undetermined</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Undetermined</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Grand total</td>
</tr>
</tbody>
</table>

The following is a table that matches 1099-B transactions with Form 8949:

<table>
<thead>
<tr>
<th>Form 1099-B Section</th>
<th>Form 8949 Part and Box</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-Term transactions - basis reported to IRS</td>
<td>A – Basis reported to the IRS</td>
</tr>
<tr>
<td>Short-Term transactions - no Form 1099-B received</td>
<td>B – Basis not reported to the IRS</td>
</tr>
<tr>
<td>Long-Term transactions - basis reported to IRS</td>
<td>C – Form 1099-B not received</td>
</tr>
<tr>
<td>Long-Term transactions - basis not reported to IRS</td>
<td>D – Basis reported to the IRS</td>
</tr>
<tr>
<td>Long-Term transactions - no Form 1099-B received</td>
<td>E – Basis not reported to the IRS</td>
</tr>
<tr>
<td>Undetermined Term - basis not reported to the IRS</td>
<td>F – Form 1099-B not received</td>
</tr>
<tr>
<td>Undetermined Term - no Form 1099-B received</td>
<td>B or E – Basis not reported to the IRS</td>
</tr>
<tr>
<td>Undetermined Term - 1099-B not received</td>
<td>C or F – Form 1099-B not received</td>
</tr>
</tbody>
</table>

The individual Forms 1099-B are provided in listings in this Composite Tax Statement grouped by the same categories above. Long-term and short-term transactions are segregated both on the Summary and the individual 1099-Bs. Sales of those securities covered by basis reporting regulations are separated from non-covered securities transactions. This 1099-B format simplifies your process of recording or transcribing each transaction from the 1099-B to Form 8949.

The following table matches boxes from Form 1099-B, which report information for covered securities transactions, and the corresponding columns on IRS Form 8949. Note that although the Form 1099-B designates a separate box for wash sales and market discount, the Form 8949 reports those amounts using column (f) for a code and column (g) for the dollar amount.
The following is the first page of the Form 1099-B. It includes required information, annotations updating you about the statement and a section on Income Tax Withheld (backup withholding) if such was the case. Immediately beneath the withholding section (if present) the statement presents Short Term Transactions for Covered Tax Lots.

The following is a brief description of the line items which appear on the Form 1099-B.

**Description of Property (column 1a)** – Name and/or CUSIP of security sold.
Quantity (part of column 1a) – The number of shares displayed under the quantity column is considered a part of the description of property included in 1a. If fractional shares are included, the fractional amount will be shown.

Short-Term Transactions for Covered Lots (Lines 2 & 5) – This caption addresses the information requirement in boxes 2 and 5 on the Form 1099-B. It indicates all transactions appearing in this section are covered and short-term.

Proceeds (column 1d) & Reported Gross / Net (column 6) – This is the amount of proceeds received from the sale with an indication if an option premium was netted in the sale.

Date acquired (column 1b) – For covered short sales, the date shown is the acquisition date of the security delivered to close the short sale. The word “VARIABLE” will display in this column if the securities sold were acquired on a variety of dates.

Cost or other basis (column 1e) – The cost or other basis for disposition transactions is shown here.

Accrued Market Discount (column 1f) & Wash Sale Loss Disallowed (column 1g) – For transactions that resulted in a wash sale, the nondeductible amount of the loss is displayed with code (W) alongside. For securities with recognition of market discount the amount of market discount would be displayed with a (D) alongside.

Gain or loss (Column 7) – The amount of gain or loss on the transaction is shown here but not reported to the IRS (Z). However, if the loss is not allowed as a result of a reportable change in control or structure it will be indicated here with an X and reported to the IRS.

Additional Information (End Column) – This column is used to indicate various possible features of the transaction. For example, as noted above there is now a requirement to indicate if a sale is of a QOF. This will be indicated as “3 – Proceeds from QOF”, to satisfy the checkbox requirement in box 3 on the IRS form. The Additional Information column is used for several other identifications which are self-explanatory.
After the Short Term transactions for covered securities are displayed, the statement presents Short Term Transactions for Noncovered Securities. Note that Line 2 is not mentioned because duration is not reportable for noncovered securities, and the title indicates Box 5 is checked as a noncovered security. The information here is generally the same. However, since basis is not required to be captured or reported on noncovered securities this section may not include cost, and even if it does, this will not be reported to the IRS. As the phase-in of covered securities concluded in 2016, it is unlikely that there will be many short-term noncovered security transactions in the future. But there may be some, as not all security types are subject to the basis reporting regulations yet, and this could change.

The next 1099-Bs presented are those for Long Term Transactions for Covered Tax Lots. Note that other than the description for Line 2, which is now Long Term, all columns and Lines 3 (Basis Reported to IRS) and 5 (Covered Lots) are the same as for Short Term covered transactions.

Long Term Transactions for Noncovered Tax Lots are then presented. Note that Box 2 is not mentioned because duration is not reportable for noncovered securities, and the title indicates Box 5 is checked as
a noncovered security. The possibility of indicating that this long-term transaction also contains some “Ordinary” loss can be accomplished by indicating so in the Additional Information column.

<table>
<thead>
<tr>
<th>Description of property/CUSIP/Symbol</th>
<th>Quantity</th>
<th>Proceeds &amp; % Reported</th>
<th>Date acquired</th>
<th>Cost of other basis</th>
<th>Accrued mtm disc (D)</th>
<th>Wash sale loss disaggregated (W)</th>
<th>Gain or loss ($)</th>
<th>Additional Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>CVX ENERGY INC / CUSIP: 12662P100 / Symbol: CVX</td>
<td>0.000</td>
<td>8,515.25</td>
<td>6/20/2018</td>
<td>5,758.55</td>
<td>...</td>
<td>2,856.25</td>
<td>sale</td>
<td></td>
</tr>
<tr>
<td>INERIO ENERGY PARTNERS LP MLP / CUSIP: 25460R198 / Symbol: IEP</td>
<td>12/15/18</td>
<td>300,000</td>
<td>4,372.95</td>
<td>6/15/17</td>
<td>4,240.94</td>
<td>...</td>
<td>sale</td>
<td></td>
</tr>
<tr>
<td>MIAMI-EAGLE CNTY FLA FL AGC 4.5% DUE 07/1/2026 / CUSIP: 59333FFW9 / Symbol: F</td>
<td>07/20/19</td>
<td>25,000</td>
<td>25,000.00</td>
<td>6/30/19</td>
<td>25,000.00</td>
<td>0.00</td>
<td>redemption 114</td>
<td></td>
</tr>
<tr>
<td>Original basis: $28,252.25</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REPUBLIC SVC RIC BE DUE 35% DUE 12/15/2027 / CUSIP: 760775AL9A / Symbol: A</td>
<td>02/15/19</td>
<td>5,000,000</td>
<td>5,000.00</td>
<td>6/30/19</td>
<td>5,000.00</td>
<td>0.00</td>
<td>redemption 114</td>
<td></td>
</tr>
<tr>
<td>Original basis: $5,153.75</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>42,000.21</td>
<td>40,010.79</td>
<td>2,677.12</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

After covered and noncovered tax lot transactions are presented, the Composite Tax Statement may include transactions for which the term of a transaction is undetermined. There is also a section on proceeds not reported to the IRS. With similar columns and information these sections present securities that may not require reporting (i.e. short-term instruments).

**Dividends and Distributions (Form 1099-DIV)**

On page 1 of the Composite Tax Statement Form 1099-DIV is presented as appears below.

<table>
<thead>
<tr>
<th>DIVIDENDS AND DISTRIBUTIONS 2019 1099-DIV*</th>
<th>OMB No. 1545-0110</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a- Total ordinary dividends (includes lines 1b, 5)</td>
<td>14,233.74</td>
</tr>
<tr>
<td>1b- Qualified dividends</td>
<td>8,146.68</td>
</tr>
<tr>
<td>2a- Total capital gain distributions (includes lines 2b, 2c, 2d)</td>
<td>1,393.87</td>
</tr>
<tr>
<td>2b- Unrecaptured Section 1250 gain</td>
<td>0.00</td>
</tr>
<tr>
<td>2c- Section 1202 gain</td>
<td>0.00</td>
</tr>
<tr>
<td>2d- Collectibles (28%) gain</td>
<td>0.00</td>
</tr>
<tr>
<td>3- Nondividend distributions</td>
<td>50.00</td>
</tr>
<tr>
<td>4- Federal income tax withheld</td>
<td>2.20</td>
</tr>
<tr>
<td>5- Section 199A dividends</td>
<td>0.00</td>
</tr>
<tr>
<td>6- Investment expenses</td>
<td>0.00</td>
</tr>
<tr>
<td>7- Foreign tax paid:</td>
<td>106.33</td>
</tr>
<tr>
<td>8- Foreign country or US possession: See detail</td>
<td>0.00</td>
</tr>
<tr>
<td>9- Cash liquidation distributions</td>
<td>0.00</td>
</tr>
<tr>
<td>10- Noncash liquidation distributions</td>
<td>0.00</td>
</tr>
<tr>
<td>11- Exempt-interest dividends (includes line 12)</td>
<td>1,517.40</td>
</tr>
<tr>
<td>12- Specified private activity bond interest dividends (AMT)</td>
<td>225.66</td>
</tr>
</tbody>
</table>

The following describes the many types of information conveyed on the Form 1099-DIV.

**Total Ordinary Dividends (1a)** – Ordinary dividends including net short-term capital gains from a mutual fund are fully taxable. Exempt-interest dividends from a mutual fund or other regulated investment company (RIC) are reported on Form 1099-DIV, Line 10. They are not reported on Form 1099-INT, Interest Income.

**Qualified Dividends (1b)** – A portion of your dividends may be eligible for taxation at capital gains rates. This is the amount that appears as Qualified Dividends on line 1b. You should report the eligible amount
on IRS Form 1040, line 9b. For information on Qualified Dividends, see Tax Information – Terms and Rules below. For guidance on determining whether your dividends qualify for taxation at the Long-Term Capital Gains rate, see IRS Publication 550 or the instructions to IRS Form 1040.

**Total Capital Gain Distributions (2a)** – Total capital gain distributions (long-term) from a mutual fund or REIT are included in this section of your Tax Statement. If your capital gain distributions contain additional classifications, the Composite Tax Statement will include separate Capital Gain Distributions lines 2b, 2c and 2d.

**Unrecaptured Section 1250 Gain (2b), Section 1202 Gain (2c), Collectibles (28%) Gain (2d)** – If your Tax Information Statement contains amounts on any of these lines, see the Instructions for IRS Form 1040, Schedule D (Capital Gains and Losses) for information on how to report this income.

**Non-dividend Distributions (3)** – Certain payments represent non-dividend distributions because they are a return of capital. You must reduce your cost (or other basis) by the amount of the non-dividend distribution for the purposes of calculating the gain or loss when the security is sold. If your security is a covered security, Crews will adjust the basis in our cost basis system for you. Once you have received an amount equal to your cost (or other basis) for the security, further distributions are taxable as a capital gain. You should review distributions on non-covered securities carefully to determine if any represent a return of capital. Crews does not track basis on such securities.

**Federal Income Tax Withheld (4)** – This is the amount of federal income tax withheld (backup withholding) and is reported as a payment by you on Form 1040, line 64. Federal income tax withheld is 24% of the dividend amount.

**Section 199A Dividends (5)** - The Tax Cuts and Jobs Act created a new “Deduction for Qualified Business Income of Pass-thru Entities” which applies to “qualified REIT dividends.” This is now a new category for reporting purposes known as Section 199A dividends and they are reported on Box 5 on Form 1099-DIV. The regulations also permit RICs to pass-thru the REIT character of dividends to their shareholders as well. As a point of interest, twenty percent of the reported amount of Section 199A dividends is a tax deduction not subject to the itemized deduction limitation and can be claimed by taxpayers in addition to the standard deduction. To benefit from this deduction, shareholders must hold the RIC shares for more than 45 days during the 91-day period that begins 45 days prior to the dividend ex-date.

**Investment Expenses (6)** – Your share of investment expenses as reported by the issuer.

**Foreign Tax Paid (7)** – Your Tax Statement includes foreign tax paid (withheld) from foreign-source dividends credited to your account. (Box 8 requests the foreign country to which the tax is paid.)

**Cash and Noncash Liquidation Distributions (9 and 10)** – Generally, liquidation distributions are treated as amounts received from the sale or exchange of a capital asset and should be reported on IRS Form 8949 and Form 1040, Schedule D.

**Exempt-Interest Dividends (11)** – Exempt-interest dividends from a mutual funds or other RICs are presented here. They do not include specified private activity bond interest dividends.
Specified Private Activity Bond Interest Dividends (12)– Exempt-interest dividends paid by a RIC on specified private activity bonds are presented here to the extent that the dividends are attributable to interest on the bonds received by the RIC minus an allocable share of the expenses.

**Detail for Dividends and Distributions**

This 1099-DIV form is supplemented with the Detail for Dividends and Distributions which is presented after the Form 1099-B information. The example immediately below shows that the information is captured by security issue with sufficient detail to facilitate a determination of whether the dividend is eligible to be ‘qualified.’ Notice that in this example we display many different descriptions for dividend types in the Transaction Type field. Typically, an issuer will use a single type for its dividends.

<table>
<thead>
<tr>
<th>Security description</th>
<th>CUSIP security symbol</th>
<th>State</th>
<th>Date</th>
<th>Amount</th>
<th>Transaction type</th>
<th>Notes</th>
<th>Ex-Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOME DEPOT INC</td>
<td>43707E102</td>
<td></td>
<td>03/22/19</td>
<td>37.38</td>
<td>Qualified dividend</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>08/15/19</td>
<td>37.38</td>
<td>Qualified dividend</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>09/14/15</td>
<td>37.38</td>
<td>Qualified dividend</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>12/14/19</td>
<td>37.38</td>
<td>Qualified dividend</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>149.52</td>
<td>Total Dividends &amp; Distributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>JOIN HANCOCK DISCIPLINED VALUE MD</td>
<td>47007WH06</td>
<td></td>
<td>12/18/19</td>
<td>133.35</td>
<td>Long-term capital gain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAP FUND CLASS I</td>
<td></td>
<td></td>
<td>12/18/19</td>
<td>14.37</td>
<td>Qualified dividend</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>147.72</td>
<td>Total Dividends &amp; Distributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SPARK NEW ZEALAND SPON ADR</td>
<td>06832A102</td>
<td></td>
<td>06/17/19</td>
<td>134.46</td>
<td>Qualified dividend</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>06/17/19</td>
<td>134.46</td>
<td>Qualified dividend</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>151.82</td>
<td>Total Dividends &amp; Distributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>17.67</td>
<td>Total Foreign tax withheld</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Interest Income (Form 1099-INT)**

We report interest information on page 2 of your Tax Statement reflecting all interest income credited to your account. The summary section represents four totals for interest income: Interest Income, Interest on U.S. Savings Bonds and Treasury Obligations, Tax-Exempt Interest, and Specified Private Activity Bond Interest. We report these totals separately to the IRS.
The descriptions below correspond to the line items in the 1099-INT above.

**Interest Income (1)** – Interest income reported on this line was paid by corporations (U.S. and foreign) and U.S. government agencies, and may include interest on your credit balances.

**Interest on U.S. Savings Bonds and Treasury Obligations (3)** – Interest Income on this line was paid on U.S. Treasury notes, bonds, and bills. This interest income is not included in Interest Income (line 1), Tax-Exempt Interest (line 8), or Specified Private Activity Bond Interest (line 9).

**Investment Expenses (5)** – The amount reported on this line represents your allocable share of investment expenses and may be attributed to direct investments such as UITs, WHFITs and WHMTs.

**Foreign Tax Paid (6)** – This amount represents taxes paid to foreign governments on interest from foreign sourced assets. You may be able to claim these taxes as a credit or as an itemized deduction on your federal income tax return. (Box 7 requests the foreign country to which the tax is paid.)

**Tax-Exempt Interest (8)** – Interest income reported on this line represents interest paid on bonds issued by U.S. states, the District of Columbia, a U.S. possession, an Indian tribal government or a political subdivision.

**Specified Private Activity Bond Interest (AMT) (9)** – Interest income reported in this line was paid from specified private activity bonds. This interest may be considered in your alternative minimum tax (AMT) calculation, and is included in the Tax-Exempt Interest (line 8). You may be required to report this total on IRS Form 6251, Alternative Minimum Tax – Individuals.

**Market Discount (10)** – If purchased at a market discount and the taxpayer has elected to recognize market discount income currently this box captures the annual reportable amount.

**Bond Premium Amounts (11, 12, 13)** – These boxes capture specific types of bond premium that can offset interest income and reduce basis. Tax-exempt bond premium is a reduction in basis only. Although Line 13 on the IRS Form 1099-INT, is a single total of tax-exempt interest bond premium including that of Private Activity Bonds, we have broken that number down between the two categories for your convenience when preparing your tax return. For reporting purposes, the IRS permits reporting
interest net of premium amortization on the interest line or gross with the premium displayed in boxes 11 through 13. Crews will show your interest in gross amounts with the corresponding premium reflected on the appropriate premium line. Note that the reporting of premium amortization is only required for covered securities.

**Detail of Interest Income**

The supporting Detail for Interest Income shows payments, indicating amount and other details. It includes Transaction Type which adds further clarity for tax preparation.

![Detail for interest income](image)

Also presented on the Second Page of the Composite Tax Statement immediately below the Form 1099-INT is a listing of informational items related to your form 1099-INT. This information is not furnished to the IRS but is meant for your use when preparing your tax return(s). Note we highlight various types of interest you may have paid during the year which may offset interest income. We also provide information on bond premium and discount on noncovered securities. You should consult your tax advisor as to the applicability of any of these amounts to your tax situation.
The following amounts are not reported to the IRS. They are presented here for your reference when preparing your tax return(s):

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable accrued interest paid</td>
<td>0.00</td>
</tr>
<tr>
<td>Taxable accrued Treasury interest paid</td>
<td>21.31</td>
</tr>
<tr>
<td>Tax-exempt accrued interest paid</td>
<td>226.39</td>
</tr>
<tr>
<td>Tax-exempt accrued interest paid (AMT)</td>
<td>408.47</td>
</tr>
<tr>
<td>Taxable accrued nonqualified interest paid</td>
<td>0.00</td>
</tr>
<tr>
<td>Tax-exempt accrued nonqualified interest paid</td>
<td>0.00</td>
</tr>
<tr>
<td>Tax-exempt accrued nonqualified interest paid (AMT)</td>
<td>0.00</td>
</tr>
<tr>
<td>Nonqualified interest</td>
<td>1,906.07</td>
</tr>
<tr>
<td>Tax-exempt nonqualified interest</td>
<td>0.00</td>
</tr>
<tr>
<td>Tax-exempt nonqualified interest (AMT)</td>
<td>0.00</td>
</tr>
<tr>
<td>Interest shortfall on contingent payment debt</td>
<td>0.00</td>
</tr>
<tr>
<td>Bond premium- Treasury obligations (noncovered lots)</td>
<td>44.51</td>
</tr>
<tr>
<td>Bond premium- Tax-exempt obligations (noncovered lots)</td>
<td>0.00</td>
</tr>
<tr>
<td>Bond premium- Tax-exempt obligations (AMT, noncovered lots)</td>
<td>871.58</td>
</tr>
<tr>
<td>Market discount (noncovered lots)</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**Miscellaneous Income (Form 1099-MISC)**

The Form 1099-MISC has limited application when it comes to reporting securities tax information. If a firm carries margin accounts it may report dividend and interest substitutes when margin account securities are lent out and a dividend or interest payment occurs. This amount is reported on the line item 8 and is always treated as ordinary income by taxpayers.

**Other Statement Forms**

The Composite 1099 Tax Statement also includes detailed reporting information for Regulated Futures Contracts and REMIC and WHFIT Statements. There are information schedules that present mutual fund and UIT Supplemental Tax Detail, Tax-Exempt Interest Detail, and other miscellaneous schedules. If you receive any of these and are in need of explanation beyond what appears on the Composite Tax Statement you should consult your tax advisor.

One final page from the Composite Statement that we wish to call your attention to appears near the end of the statement. It is our 2019 End Notes page. This page enables us to communicate with you about the tax character of specific transactions or securities by CUSIP. The number notes (25, 31, etc.) will appear in the Notes column on the right-hand side of certain pages in the statement. The alphabetic notes (BP, CL, etc.) will appear alongside a security on a statement with the word Note: before it (Note: BP). These notes provide further information to assist in the preparation of your tax return(s). Generally, a CUSIP level message will highlight a condition about a type of security, whereas transaction level messages will address the activity of a specific date such as a corporate action.
Tax Information - Terms and Rules
This section provides information to help you better understand some of the complex tax treatments of securities and transactions that appear on your Form 1099 Composite Tax Statement. We urge you to consult your tax advisor for further explanations on its contents.

Changing Ownership of Securities
Gifted Securities – Gifted securities present an unusual twist for basis and duration tracking. If you receive a gift of securities the basis attached to it will either be the basis that the donor had in the security or the fair market value (FMV) on the date of the gift. The holding period will either be that of the donor or begin on the date of the gift. The actual basis amount and holding period may not be determinable until you sell the securities.

If the FMV of the securities is equal to or greater than the donor’s adjusted basis at the time of the gift, we will always use the donor’s adjusted basis at the time you received the gift for calculating gain or loss. However, if the FMV of the security at the time of the gift was less than the donor’s adjusted basis, your basis will depend on whether you have a gain or a loss when you sell the securities. Your basis for figuring gain is the same as the donor’s adjusted basis plus or minus any required adjustment to basis while you held the security. Your basis for figuring loss is the FMV when you received the gift plus or minus any required adjustments to basis while you held the security. But if you use the donor’s adjusted basis for figuring a gain and get a loss, and then use the FMV for figuring a loss and have a gain, we will report neither gain nor loss on the sale of the securities. While our basis tracking system does make this determination, this can be confusing, so we urge you to consult with your tax advisor at the time of sale of any gifted security that you hold.

Inherited Securities – If you received securities from an estate and they were transferred in to Crews, they will be valued for basis tracking purposes as of the date of death or six months after under certain conditions. Regardless of whether these securities were covered or noncovered their valuation is adjusted under tax rules to either of the dates mentioned above. Additionally, a security that is inherited automatically becomes a long-term holding for the beneficiary.
Covered Securities
Covered securities are those securities you acquired on or after a date certain (the “effective date”) established by the basis reporting legislation. Generally, a security can only be a covered security if it is bought or acquired after the effective date. A security cannot mature into covered status by being held through the effective date for that security. In general, equities (including foreign equities) became covered securities beginning in 2011, mutual funds and equities acquired in connection with a dividend reinvestment plan (DRP) became covered in 2012, options and less complex fixed income instruments became covered in 2014 and in 2016 complex debt instruments became covered securities.

Debt Instruments
“Complex” Debt – This is the term the IRS attributed to many fixed income instruments for which cost basis reporting is now required. The tracking of basis on these securities may be complicated by their unique structures and payment terms which are generally singled out for special treatment under the tax code. The regulations specific to some of these instruments, address the interaction of the securities with other fixed income regulations (premium, discount and OID rules, currency conversion, etc.). The result is a series of tax rules that can vary significantly on treatment of premium and discount, the manner in which OID may accrue, the treatment for foreign denominated securities, the calculation of yield which may be modified or subject to revision during the instrument’s life, and many other bond features requiring unique tax treatment. If you have purchased a complex debt instrument you should consult your tax advisor when reviewing our 1099 reporting of income, sales or credits resulting from these investments to help you gain a better understanding of the tax implications of your investment.

Fixed Income Elections – Cost basis rules require that we amortize premium for both your taxable and nontaxable bonds. You can elect to not amortize your taxable bonds, and we will not do so. You can also elect to accrete market discount on your bonds. Such an election would lead to more taxable interest each year but a smaller capital gain (or greater loss) when sold. We default to not accreting discount, so if you have not made a market discount election, you will not recognize any current income for this.

Premium on a taxable bond – Premium is amortized based upon a “yield-to-best” calculation. This means our amortization schedule (the time over which we will allocate the premium you paid to acquire the bond) will go to the point where your return on the investment would be the highest percentage rate. When premium is amortized annually, the amount for the year is used to offset your interest income on the bond. If the amount is greater than the interest income, tax rules permit rolling the amount forward or taking a deduction on your income tax return.

Premium on a tax-exempt bond – Tax-exempt premium must be amortized annually and be used to reduce your basis in the bond. The amortization schedule is the “yield-to-worst,” meaning it will go to the call or redemption point that provides the lowest return on investment. Amortizing and reducing basis will ultimately increase your capital gain or reduce your capital loss. From a tax perspective, the premium is deemed to have been paid to generate the tax-free income stream and not the bond itself, which is why it is amortized as the interest is earned.

Options
Stock Options – The sale of a Stock Option (Section 1234 option), both puts and calls, is reported on a Form 1099-B. However, the manner of reporting depends upon which side of the option you are on. If
you buy a put or call, then the cost to purchase the option is your cost basis and is reported on the Form 1099-B, Box 1e “Cost or other basis.” But if you sell a put or a call to open a position, (write the option), the amount you pay to close out the position (the money paid to buy back the option) is treated as negative proceeds – not basis.

When we report a purchase and then sale of an option to you, it will have “Proceeds” in Box 1d and “Cost or other basis” in Box 1e. When we report your closing of a written option, we will report the net amount of your proceeds from the original sale with the cost to close it in Box 1d “Proceeds.” If you bought the option to close and paid more than your original proceeds from the sale, we will report a netted, negative proceeds amount to you in Box 1d. If the option you wrote expires, we will report to you only proceeds with no associated cost.

When you exercise an option or get assigned we must fold in the premium you received or paid on the option into the basis of the underlying stock or proceeds of sale from the underlying shares. When the transaction is reported, Box 6 will be checked to indicate “Net proceeds.”

**Qualified Dividends**

On Form 1099-DIV for tax year 2017, Box 1a – Total Ordinary Dividends reflects dividend payments made by Crews to you. Of that total amount a portion may also be reported in Box 1b – Qualified Dividends. These “qualified” dividends may be eligible for favorable tax treatment at long-term capital gains rates if certain criteria are satisfied. These criteria are layered, with two tests – the first test is at the security level and the second test is at the investor level to meet a holding period.

**Security level criteria of a Qualified Dividend payment:**
- The payment must be from a US or qualified foreign corporation.

**Holder level criteria of a Qualified Dividend payment:**
- The common stock of a company must be held by the taxpayer for more than 60 days during the 121-day period that begins 60 days before the ex-dividend date of the dividend.
- If the holder maintains a position that reduces the risk in the shares (i.e. an option to sell them, a short stock position, etc.), the days while such position is held are not counted for holding period purposes.
- The holding period need not be in consecutive days.

**Short Sales**

A short sale occurs when an investor sells securities that the investor does not own and then arranges to borrow securities that are delivered to settle the transaction. The short sale remains open until the investor purchases shares to close it out by delivering those shares to the firm that lent them to the investor at the time of the sale.

Reporting a short sale can sometimes create confusion. The date information placed into Boxes 1b and 1c on Form 1099-B can be different from the information placed into the same boxes when reporting the sale of a long position. For Short Sale reporting, Box 1b “Date acquired” (purchase date) reports the date the securities delivered to close the Short Sale were acquired. Box 1c “Date sold or disposed”
reports the date those securities were delivered to close the short sale. Although the Form 1099-B is reporting a sale, neither date reports the actual date of the original short sale.

In general, duration tracking is not necessary for a short sale as it is almost always short-term. If the shares delivered to cover the short sale (Box 1b) were acquired more than a year before the short sale was entered into, then the transaction would be long-term.

The potential confusion surrounding the appropriate dates to report can be compounded by the divergence of our reporting obligation and your tax liability for a particular year-end sale scenario in which the dates straddle two years. Consider a purchase on December 31 to close an open short position. This transaction would settle in January of the following year. The January settlement date would be the “date of sale or exchange” for the short sale, requiring us to report in the following year. But for you, the situation is different if the trade is profitable. For a short sale that is profitable over year end, taxpayers must treat the trade date of the purchase to close (occurring in the first year) as the short sale’s closing date, even though the 1099-B we issue must indicate the settlement date (occurring in year 2) as the purchase date. We must issue this 1099-B in the second year even though you are required to include the transaction in your prior year’s tax filing. If the tax lot is closed for a loss, then normal recognition would be required in the second year, coinciding with our issuing of the Form 1099-B. If you engage in short-selling we urge you to consult your tax advisor as to their implications on your tax return filings.

Wash Sales

If you sold a security at a loss and repurchased it within a 61-day period, you cannot recognize the loss. It is considered a disallowed loss, and we must fold it into the basis of your replacement shares. Conceptually, this is to avoid the recognition of a loss while the taxpayer continues to maintain the security position. The timeframe during which you cannot purchase replacement shares is from 30 days before the date of sale that generated the disallowed loss to 30 days after the sale. The duration of a security with a disallowed loss includes the number of days the original position that created the disallowed loss was open. So if you have a position that was open for 120 days and you fold the loss into replacement shares, the date of acquisition is 120 days earlier than the date you acquired the replacement shares. Note you do not carry the security acquisition date using the date you purchased the original shares; instead, you add the number of days that position was open to the replacement share date.

We are not required to track wash sales for anything but the same security, which is generally defined as the same CUSIP or other identifying number. But the wash sale regulations require that you track wash sales for “substantially similar” securities. This means you may have to treat options and stocks as the same security for wash sale purposes, and some other securities as well (i.e., certain bonds, convertible stocks). We are also not required to “wash” your securities across accounts. So if we do maintain more than one account for you, we will not match IBM in one account with IBM in another account. You will have to do this when you prepare your tax return.

The wash sale rules apply to retirement accounts as well. So if you sell a security in your taxable account at a loss but within the 61-day window re-establish the position in your tax-free account, you cannot take the disallowed loss. Instead, you must increase the basis in your tax-free shares, which is of no
value to you. This is a risk if you are not familiar with the wash sale rules. Note the application of the wash sale rule for transactions occurring entirely within the tax free account is not required since the account is tax free.

**Important Wash Sale Terms**

**61-Day Window** – That period of 30 days before and 30 days after a transaction, plus the transaction day itself, that gives rise to a disallowed loss. Any acquisition that reestablishes part or all of that disposed-of position during the 61-day window will be considered a wash sale and its basis will be adjusted to incorporate the disallowed loss.

**Broker Wash Sale Reporting Obligation** – The broker wash sale reporting obligation is limited to reporting on identical (the same CUSIP) shares of covered stock bought and sold in the same account. The taxpayer’s obligation cuts across all accounts.

**Disallowed Loss** – The loss on a transaction that is disallowed for tax deductibility purposes because it is part of a wash sale string. The loss is used to adjust the basis (added to it) of the replacement shares and will be recognized upon sale of the replacement shares.

**Duration** – The length of time a security is held by a taxpayer. The duration of a holding period can be long-term or short-term. For most security transactions duration is calculated from the date of acquisition. For wash sale transactions it is equal to the number of days the transactions in the wash sale string are open.

**Identical and Substantially Identical Securities** – Under the Cost Basis Reporting regulations which require brokers to track wash sales, Identical Securities for wash sale purposes are those securities with the same CUSIP number. However, the taxpayer must apply a “substantially identical” test. A substantially identical security is so similar to another that the IRS does not recognize a difference between them. Substantially identical securities can include both new and old securities issued by a corporation that has undergone reorganization, convertible securities and common stock of the same corporation, and options on stock and the underlying shares.

**Replacement Shares** – Shares bought that replace the original shares that were sold within the 61day wash sale window, or shares sold to replace an original short position that was closed within the 61-day window.

**Taxpayer Wash Sale Reporting Obligation** – The taxpayer has the obligation to calculate wash sales for Schedule D reporting. The obligation requires matching identical and substantially identical securities across all of the taxpayer’s accounts, including IRA and Roth accounts.

**Wash Sale** – A wash sale occurs when a security is sold at a loss and, within a period of 30 days before or 30 days after the sale, the identical or “substantially identical” security is reestablished. Under these circumstances, that loss will be disallowed and may not be considered in calculating a taxpayer’s losses for income tax purposes.

**Wash Sale String** – Three or more transactions that, when linked together within the 61-day window, create a wash sale.