



February, 2017

Re: Tax Season Information

Dear Client,

As you prepare for the 2016 tax filing season, the good news is that all of the portfolio information you or your CPA should need to prepare your return will likely be contained within a single document you will soon receive from your custodian: Composite Form 1099. If you took a distribution from a retirement account in 2016, you will also receive a Form 1099-R.

Form 1099 will either be mailed to you or, if you receive your information electronically, you can retrieve the document directly from your custodian's website at www.schwab.com, www.fidelity.com or www.advisorclient.com for TD Ameritrade customers.

The 1099 is a Composite of What Information? The 1099 contains the following reporting sections: 1099-DIV (dividends and capital gains distributions), 1099-INT (interest income payments), 1099-B (proceeds from the sale of securities), and, if applicable, 1099-MISC (all non-employee compensation) and 1099-OID (issued if you purchased a bond for an amount that is less than face value). The Composite will also include summaries of investment activity, including realized gains and losses reports. Management fees you paid to B|O|S are also reported in the 1099. Some of the information provided in this report may also be reported to the IRS.

Should I Expect to Receive Gains and Losses Reports from B|O|S? Not anymore – this information is all provided within your 1099. 2008 legislation required custodians to begin reporting realized gains and losses for “covered” securities, which include stocks purchased since 2011, mutual funds and Exchange-Traded Funds (ETFs) purchased since 2012, and “less complex” fixed income securities purchased since 2014. Transactions in these security types prior to these dates and/or “complex” fixed income securities (regardless of acquisition date) are not “covered.” As a courtesy, custodians are providing the realized gain and loss information on all security transactions, covered and uncovered, to be used in tax preparation. However, the information on uncovered positions **will not** be reported to the IRS. For more information concerning the definitions of covered and uncovered securities, please visit your custodian's website.



Will My 1099 Be Correct? Ultimately, yes. But, because mutual fund companies sometimes revise their tax information, you may receive a Corrected Form 1099 several weeks after receiving your first 1099. Most often, these corrected 1099s adjust originally reported dividend figures to reflect qualified dividend income, foreign taxes paid or return of capital, among other items. If you receive corrected 1099 statements, please forward them to your tax preparer.

Is There Anything Else I Need to Know? In addition to the information provided on your Form 1099, you or your tax preparer may require supplemental information specific to funds you own, such as the percentage of interest paid by each state for municipal bond funds, or the percentage of a fund invested in U.S. government securities. For your convenience, B|O|S has posted information for Vanguard, DFA, and PIMCO funds in the “Resources” section of our website, www.bosinvest.com.

If you have any questions or concerns regarding this tax information, please do not hesitate to call us.

Sincerely,

Bingham, Osborn & Scarborough LLC