

# Important Tax and Regulatory Information

Your resource to find regulatory and supplemental information from National Financial Services LLC (NFS).

## Import Your Brokerage Tax Information into TurboTax®

If you use TurboTax®, you may be able to import certain information directly from your account into the software.

### What Information You Can Import

While you can't import all of your National Financial Services (NFS) information directly, you can import some of the most useful information needed to prepare your tax return. The account types and specific information available for download are:

- Brokerage and other nonretirement accounts: 1099 and other cost basis information
- Individual retirement accounts (such as IRAs): 1099-R distribution information

### When to Import Your Information

Most customers will be able to import their tax information from National Financial Services beginning on or about January 31, 2024. It's important to **wait until you have received the corresponding tax reporting statement** from National Financial Services, either by mail or eDelivery, before you import the information into TurboTax. This will allow you to compare the information to the official forms to ensure that you have complete information for your return. It also allows you to make any adjustments that might be necessary.

### For Active Traders and Very High Incomes

If you're an active trader, the online version of TurboTax may not have the data capacity you need to successfully import all your information. We recommend using either the CD version or installing the software directly onto your computer. Extremely active traders may find that the CD version does not have adequate capacity, either.

In addition, TurboTax limits the number of digits in any entry field to nine. This includes the cents to the right of the decimal point. Any amount greater than \$9,999,999.99 will not be imported into TurboTax. Please review your return if you receive an error message while importing.

## **Nonretirement Accounts, Including Brokerage**

If you have a National Financial Services brokerage or other nonretirement account, you may be able to import your 1099 and other cost basis information directly into TurboTax.

### **Specific Statement Information You Can Import:**

- 1099-DIV Dividends and Distributions
- 1099-INT Interest Income
- 1099-MISC Miscellaneous Income.
- 1099-B Proceeds from Broker and Barter Exchange Transactions
- 1099-OID Original Issue Discount

**Note:** Data imported from certain forms may need to be further adjusted (details below).

### **When this Tax Information Will Be Available**

All direct imports of information should be conducted only when you have received the corresponding statement from National Financial Services by mail or eDelivery.

The IRS mailing deadline for NFS Brokerage 2023 consolidated (1099) tax reporting statements is February 15, 2024. An extension filed by Fidelity allows additional time for receipt of final tax information from issuers; potentially reducing corrected tax forms. National Financial Services will mail or send an eDelivery notification of all 2023 (1099) tax forms to account holders beginning in January, and through mid-March, of 2024.

### **How to Import Your Information**

Once you receive your 1099 statement by mail or through eDelivery, have it available to verify the imported information. Follow these simple steps:

1. Enter your Investor360° ID and then your password. When asked where to import information from, select Investor360°. The tax information available for each of the accounts associated with your ID should appear.
2. Review the account numbers listed next to each tax form. The information from these tax forms is available for you to import from Investor360°. Only your nonretirement and retirement accounts will be included in this list, as well as accounts that you have access to on [www.Investor360.net](http://www.Investor360.net) using your login ID and password.
3. Select the nonretirement accounts from which you wish to import tax information and follow the instructions in TurboTax.

Once imported, TurboTax products should help you:

- a. Report the information on certain sections of the federal income tax return(s) you prepare automatically using TurboTax, or

- b. Determine how the information should be reported on the federal income tax return(s) you prepare using TurboTax.
4. If you are missing accounts in your login ID, your financial representative can assist you in assigning additional accounts to your login ID. After adding missing accounts, you will need to repeat this process to import account tax information from accounts that were not previously linked to your Investor360° login ID.
5. Before filing your tax return, compare all the information you imported and reported on your tax return carefully against the official tax forms which NFS made available to you via eDelivery or by mail. Make sure all items on those forms have been appropriately accounted for and adjusted as necessary based on your individual tax situation.

## About the Imported Data

This import is not a substitute for your Form(s) 1099 tax statement. The import containing your tax information is based on information known to NFS, or in some instances, information you have provided to. In certain instances, the imported data may not reflect all of the information needed for tax reporting. You may be required to modify, delete, or otherwise act on some or all of the information that you import from NFS. For example, certain information will be imported but will require that you choose how it should be accounted for on your federal income tax return. You may also need to make further adjustments for other events or items not tracked by NFS.

The tax information import function downloads information from NFS into your TurboTax return and does not always place that information directly into the federal income tax return. It is essential that you complete the review processes (in Step 3 above) contained within TurboTax in their entirety to ensure that you report all NFS information correctly to the IRS.

Additionally, be sure to verify the information that you import against your own records to ensure accurate and complete reporting of all required tax information on your federal income tax return. Although NFS is providing the tax information import as a courtesy service, NFS does not guarantee that the information provided is entirely sufficient or accurate for tax reporting purposes, and NFS is not liable for your reliance on, and use of, the import feature.

If you have specific questions regarding the preparation of your tax return, contact your tax advisor or the IRS.

## Notes About Importing Specific Data

Other specific information that may be useful to some filers:

- **Call option transactions.** If you wrote (sold) a call option during 2023, the sale proceeds will be included in the data imported into your TurboTax return. If the option was open as of December 31, 2023, you may need to edit the imported data to compute your tax liability properly.

- **Cost basis for contingent debt instruments.** For contingent debt instruments, your TurboTax import does not display certain adjustments to estimated cost basis and the associated gains and losses, including adjustments for premium, acquisition premium or discount, or accreted original issue discount (OID), as it might for other fixed-income instruments. For transactions involving contingent debt instruments, you will need to refer to your tax reporting statement and/or your own cost records to complete your tax return.
- **Cost basis for other fixed-income instruments.** Estimated adjusted cost basis and associated gains and losses displayed in your tax reporting statement and imported into your TurboTax return may not reflect all adjustments necessary for tax reporting purposes and may also not apply if you are using an amortization calculation method that differs from the one NFS uses. You should verify the adjusted cost basis and associated gain/loss information provided by NFS against your own records when determining the proper amounts to use for tax-reporting purposes. Consult your tax advisor and/or refer to IRS Publication 550, *Investment Income and Expenses*, for additional information.

You may also need to adjust the amount of original issue discount (OID) interest reported by NFS. Refer to IRS Publication 1212, *Guide to Original Issue Discount Instruments*, to determine the correct OID amount to report on your tax return.

Amortization, accretion, and similar adjustments to cost basis are not provided in your tax reporting statement (and are not imported into your TurboTax return) for certain fixed-income securities, such as short-term instruments, unit investment trusts, foreign fixed-income securities, or securities that are subject to early prepayment of principal (pay downs). For transactions relating to these securities, you will need to refer to your own records to complete your tax return.

- **Foreign fixed-income securities.** TurboTax does not import into any cost basis or realized gain/loss information in a foreign currency for any fixed-income security of which according to NFS's records, you've made any purchase or sale in a currency other than USD. For these securities, you will need to refer to your tax statement and your own records to determine your cost basis and realized gain/loss. You will also need to refer to your own records to determine whether any of these securities is denominated in a currency other than USD or makes a payment calculated by reference to the value of a currency other than USD, and if so, what (if any) portion of your realized gain/loss is treated as ordinary income/loss. You will then need to input the appropriate information into the relevant section(s) of your tax return.

**Wash sales.** Be sure to refer to your tax reporting statement and your own records to confirm that all wash sales are reported and categorized appropriately on your tax return and any cost basis and holding period adjustments from prior wash sales are appropriately recorded in your tax records.

**Index option contracts.** If you own Section 1256 index option contracts, you'll need to manually enter any reportable information into TurboTax.

## **More Help Understanding Your Statement Information**

You may also wish to consult IRS Publication 550, *Investment Income and Expenses*.

### **IRA Distributions (1099-R)**

If you took a distribution from a National Financial Services retirement account (such as a traditional or Roth IRA), you may be able to import your 1099-R information directly into TurboTax.

### **When this Tax Information Will Be Available**

All direct imports of information should be conducted only when you have received the 1099-R from National Financial Services by mail or eDelivery.

The IRS mailing deadline for 1099-R statements is January 31. National Financial Services will mail or send an eDelivery notice of all 2023 1099-R tax forms by January 19, 2024.

### **How to Import Your Information**

Once you receive your 1099-R statement by mail or through eDelivery, have it available to verify the imported information. Follow these simple steps:

1. Under Retirement Plans and Social Security in TurboTax, choose IRA, 401(k), Pension Plan Withdrawals (1099-R). When asked where to import information from, select Investor360° and enter the same information that you use to log on to [www.Investor360.net](http://www.Investor360.net). The tax information available for each of the accounts associated with your ID should appear.
2. Review the account numbers listed next to each tax form. The information from these tax forms is available for you to import from Investor360°. Nonretirement and retirement accounts will be included in this list, as well as accounts that you have access to on [www.Investor360.net](http://www.Investor360.net) using your login ID and password.
3. Select the IRAs from which you wish to import tax information and follow the instructions in TurboTax.

Once imported, TurboTax products should help you:

- a. Report the information on certain sections of the federal income tax return(s) you prepare automatically using TurboTax, or
- b. Determine how the information should be reported on the federal income tax return(s) you prepare using TurboTax.

4. If you are missing accounts in your login ID, your financial representative can assist you in assigning additional accounts to your login ID. After adding missing accounts, you will need to repeat this process to import account tax information from accounts that were not previously linked to your Investor360<sup>o</sup> login ID.

Before filing your tax return, compare all the information you imported and reported on your tax return carefully against the official tax forms that National Financial Services made available to you via eDelivery or by mail. Make sure all items on those forms have been appropriately accounted for and adjusted as necessary based on your individual tax situation.

### **About the Imported Data**

This import is not a substitute for your Form 1099-R tax statement(s). The import containing your tax information is based on information known to NFS, or in some instances, information you have provided to NFS. In certain instances, the imported data may not reflect all the information needed for tax reporting. You may be required to modify, delete, or otherwise act on some or all of the information that you import from NFS. For example, certain information will be imported but will require that you choose how it should be accounted for on your federal income tax return.

The tax information import function downloads information from NFS into your TurboTax return and does not always place that information directly into the federal income tax return. It is essential that you complete the review processes (in Step 3 above) contained within TurboTax in their entirety to ensure that you report all NFS information correctly to the IRS.

Additionally, be sure to verify the information that you import against your own records to ensure accurate and complete reporting of all required tax information on your federal income tax return. Although NFS is providing the tax information import as a courtesy service, NFS does not guarantee that the information provided is entirely sufficient or accurate for tax reporting purposes, and NFS is not liable for your reliance on, and use of, the import feature.

If you have specific questions regarding the preparation of your tax return, contact your tax advisor or the IRS.

### **More Help Understanding Your Statement Information**

To learn more about the information NFS provides on Form 1099-R for individual retirement accounts, annuity, and life insurance products, consult the applicable tax guides:

- Form 1099-R guide for retirement account distributions
- Form 1099-R annuity distribution information

You may also refer to the IRS instructions on the back of 1099-R for additional information regarding this tax form. These instructions are also available by selecting *Info* when viewing your form online.

NFS reports the gross distribution amount as well as the amount of any federal or state withholding tax. NFS does not report or calculate the taxable amount of the distribution. Refer to IRS Publications 560, *Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans)*, and 571, *Tax-Sheltered Annuity Plans [403(b) Plans]*, to help calculate the taxable amount of your distribution. Please consult your tax advisor for more information.

## **Disclosures**

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