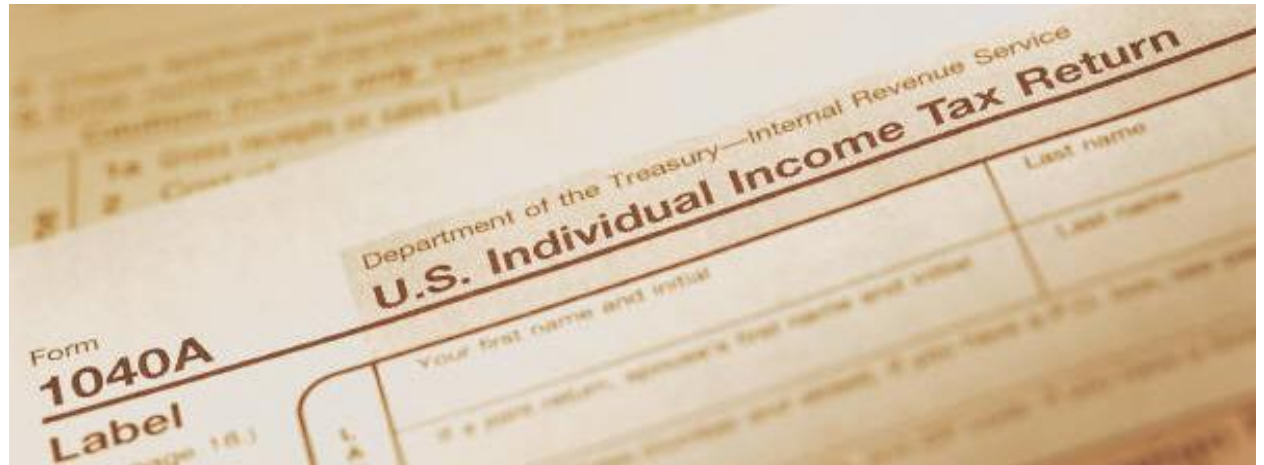


2009 Tax Guide



A Comprehensive Reference Guide to Your 2009 Tax Information Statement

This comprehensive and informative guide is a tool to assist you or your tax professional with the preparation of your tax returns.

If your account was transferred to our firm during 2009, your Tax Information Statement only reports investment activity that occurred since you began doing business with us.

We hope you will find this reference guide to be a useful and effective tool in the preparation of your 2009 tax returns.

This guide is not intended to provide tax advisory services. We suggest that you consult your tax professional to discuss the appropriate federal, foreign, state and local tax treatment of your transactions. This guide, as well as your Tax Information Statement, is solely intended to assist you in accumulating data to prepare your income tax returns and should not be construed or relied upon as tax advice. All amounts and transactions displayed in this guide are only illustrations and do not represent actual transactions. Accordingly, no guidance should be inferred as to any specific transaction from the illustrations in this guide.

IMPORTANT INFORMATION FOR PREPARING YOUR 2009 INCOME TAX RETURN

Before preparing your tax return, please take a minute to note the following important information. This guide has been tailored for use by individual U.S. taxpayers (who are “investors” for tax purposes and not traders or “dealers” in securities for whom special tax rates may apply) and describes how and where to report certain transactions on your federal income tax return. Your tax professional can provide further advice as to federal, foreign, state and local tax reporting requirements.

- > **SEPARATE ACCOUNTS**
You will receive a separate Tax Information Statement for each of your brokerage accounts.
- > **TRANSFERRED ACCOUNTS**
If your account was transferred to us during 2009, your Tax Information Statement only includes activity (including income accruals) during the time you conducted business with us. Your former firm should provide IRS Form 1099 for activity that occurred before your account was transferred.
- > **IRS PUBLICATIONS**
IRS publications can be obtained 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. For instance, IRS publications 550, Investment Income and Expenses and 1212, Guide to Original Issue Discount (OID) Instruments, provide useful tax information related to reporting securities transactions.
- > **CORRECTIONS**
Please review your Tax Information Statement. If the statement is incorrect, contact your investment or tax professional. If necessary, the correct information will be promptly provided to the IRS, and we will mail a revised Tax Information Statement to you.
- > **YOUR TAX INFORMATION STATEMENT IS A SUBSTITUTE FOR THE FOLLOWING IRS FORMS:**
 - 1099-B Proceeds from Broker and Barter Exchange Transactions
 - 1099-INT Interest Income
 - 1099-DIV Dividends and Distributions
 - 1099-DIV Capital Gain Distributions
 - 1099-OID Original Issue Discount
- > **RETIREMENT ACCOUNT DISTRIBUTIONS–
PERSHING SUBSTITUTE FORM**
 - 1099-R Retirement Account Distributions
- > **DUPLICATE TAX FORMS**
If you request a duplicate Tax Information Statement, we will mail it to the address of record for your account.

INTRODUCING YOUR TAX INFORMATION STATEMENT

Your Tax Information Statement begins with a summary of the information we report to the IRS. Certain categories of transactions in this summary may not pertain to your account. A second summary displays transactions that we do not report to the IRS, but includes information you may find helpful in preparing your tax returns.

The details of each transaction reported on your Tax Information Statement are displayed after the summaries and are explained in their respective sections throughout this guide.

GENERAL INFORMATION ABOUT YOUR TAX INFORMATION STATEMENT

> EXEMPT ACCOUNTS

Certain accounts are exempt from IRS Form 1099 reporting and backup withholding requirements. These accounts include, generally, all corporate accounts; qualified retirement plans (QRPs); individual retirement accounts (IRAs); charitable organizations; foreign accounts; and most federal, state and local government accounts. A more complete list of exemption criteria is provided in the Instructions to IRS Form W-9 (Request for Taxpayer Identification Number and Certification). If your account is exempt from IRS Form 1099 reporting and you received a Tax Information Statement, please contact your investment professional.

> TAXPAYER IDENTIFICATION NUMBER

Please check your name and Taxpayer Identification Number as shown on your Tax Information Statement. If either is missing or incorrect, promptly provide an executed IRS Form W-9 (Request for Taxpayer Identification Number and Certification) to your investment professional. If more than one name is shown, please ensure that the Social Security number on the Tax Information Statement belongs to the individual whose name is listed first. If that is not the case, please have the Tax Information Statement corrected by providing an IRS Form W-9 to your investment professional. On the IRS Form W-9, circle the name of the individual whose Social Security number is being furnished. To avoid backup withholding, it is important to ensure that your name and Taxpayer Identification Number are correct. If the information is not correct, or does not match the records of the IRS or Social Security Administration, then, upon notice from the IRS, pursuant to their "B-Notice Program," we may be required to commence backup withholding.

> FEDERAL INCOME TAX WITHHELD (BACKUP WITHHOLDING)

We are required by law to withhold 28% of federal income tax from all reportable dividends, interest and gross proceeds paid to certain U.S. persons (including trusts, partnerships, etc.) who fail to furnish a valid Taxpayer Identification Number or appropriate certification (IRS Form W-9). This is called "backup withholding." If you are exempt from

backup withholding because you are an exempt recipient (for instance, a corporation, QRP or charity), please furnish your investment professional with an executed IRS Form W-9, indicating the exemption. If you are exempt from backup withholding because you are a foreign person, please furnish a withholding certificate, such as IRS Form W-8BEN or W-8IMY.

We report federal income tax withheld separately in the 1099-B, 1099-DIV, 1099-INT and 1099-OID sections of your statement. You should combine these amounts and report them on IRS Form 1040, line 61.

When withholding is required, we remit the amount withheld directly to the IRS. We cannot refund this tax withholding to you.

> NOMINEE RECIPIENTS

If your Social Security number or Employer Identification Number is shown on your Tax Information Statement, and the statement includes amounts belonging to another person, you are considered a nominee recipient. You must file IRS Form 1099 for each of the other owners, showing the income allocable to each. File the applicable IRS Form 1099 along with IRS Form 1096 (Annual Summary and Transmittal of U.S. Information Returns) with the IRS Center in your area. You should be listed as the "payer" on IRS Form 1099 and as the "filer" on IRS Form 1096. The other owner(s) should be listed as the "recipient(s)" on IRS Form 1099. You must furnish an IRS Form 1099 to the other owner(s). Spouses are not required to file a nominee report to show amounts owned by the other.

> PAYER

The "payer" for all transactions on your Tax Information Statement is Pershing LLC (Taxpayer Identification Number 13-2741729). This name and Taxpayer Identification Number should be listed wherever the payer's name is requested on an IRS form with respect to amounts reported on your Tax Information Statement.

- > **REVISED 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.
- > **DIFFERENCES BETWEEN YOUR TAX INFORMATION STATEMENT AND BROKERAGE ACCOUNT STATEMENTS**
Dividends and interest declared and made payable by mutual funds and real estate investment trusts (REITs) in October, November or December 2009 are reported on the 2009 Tax Information Statement, even when the dividends are actually paid in 2010. These dividends are referred to as “spillover dividends” and will not be reported again on the 2010 Tax Information Statement.

Frequently Asked Questions: Taxpayer Identification Number

Corrections to Your Taxpayer Identification Number

- Q: My child’s stock was sold through a custodial account. However, the Tax Information Statement reflects by Taxpayer Identification Number. How can this be corrected?**
- A:** You should complete a new IRS Form W-9 (Request for Taxpayer Identification Number and Certification) and circle your child’s name as the person for whom the Taxpayer Identification Number is supplied. Submit this form to your investment professional and request that a new Tax Information Statement, as well as an account correction, be made.

PROCEEDS FROM BROKER AND BARTER EXCHANGE TRANSACTIONS

IRS Form 1099-B, Schedule D (Capital Gains and Losses)

The amounts indicated in this section of your Tax Information Statement reflect proceeds from securities transactions such as sales, redemptions, tender offers and maturities. We also report a bond’s final principal distribution in this section of the statement.

Your Tax Information Statement reflects gross proceeds net of transaction costs (for instance, commissions and fees) and does not represent net profit. Transactions are reported on a trade-date basis and each is reported separately to the IRS. Accordingly, you should report each transaction separately on your tax return to avoid a mismatch with the IRS.

- > **HOLDING PERIOD**
Report your capital gains and losses as either short term or long term, depending on how long you held the asset. Assets held for more than one year should be reported as long term. Your actual holding period will vary with respect to each investment.
- > **TRANSACTIONS REPORTED ON IRS FORM 1099-B DESCRIBED**
Below are the common transactions that are reported in this section of your Tax Information Statement: equity sales, Treasury bill sales, sales of notes and bonds.
 - **EQUITY SALES:** Proceeds from the sale of equities are reported on a trade-date basis, net of commissions.
 - **TREASURY BILL SALES:** To properly report proceeds from the sale of Treasury bills on your tax return, you should determine which portion of your gain or loss is capital gain or loss, and which portion is ordinary income or loss. The discount on Treasury bill maturities is reported in the 1099-INT section of your Tax Information Statement as part of Interest on U.S. Savings Bonds and Treasury Obligations (Box 3).
 - **SALES OF NOTES AND BONDS:** The principal portion of the proceeds from the sale of notes and bonds is reported in this section. Accrued interest received on federally taxable notes and bonds sold between interest payment dates is not included in this section of your Tax Information Statement, but is reported on a settlement-date basis in the 1099-INT section of your statement, and is identified by a symbol “#” shown after the amount.

INTEREST INCOME

IRS Form 1099-INT, Schedule B (Interest and Ordinary Dividends)

The amounts reported in this section of your Tax Information Statement reflect interest income credited to your account during 2009. The summary section of your Tax information Statement reflects 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 each of these totals separately to the IRS. Accordingly, you should report each total separately on your tax return. We report details of these totals in the Interest Income section of your Tax Information Statement as follows:

A. INTEREST INCOME (BOX 1)

Interest income reported in this column was paid by corporations (U.S. and foreign) and U.S. government agencies, and also includes interest on your credit balance. Total interest income reported in this column is also reported in the summary section of your Tax Information Statement as Interest Income. You should report this total on IRS Form 1040, Schedule B, line 1. The various classifications of the interest income are reported to you in the CUSIP®/Security Type column as follows:

- U. S. CORPORATIONS: This includes interest from certain U.S. corporate bonds, taxable municipal bonds and certain collateralized debt obligations (CDOs) issued without OID. Also included is the total credit interest earned on cash balances in your account.
- U. S. GOVERNMENT AGENCIES: This includes interest from government agencies, such as the Federal National Mortgage Association (FNMA) and the Government National Mortgage Association (GNMA).

B. INTEREST ON U.S. SAVINGS BONDS AND TREASURY OBLIGATIONS (BOX 3)

Interest income reported in this column was paid on U.S. Treasury notes, bonds and bills. This interest income is not included in Interest Income (Box 1), Tax-Exempt Interest (Box 8), or Specified Private Activity Bond Interest (Box 9). Total Interest on U.S. Savings Bonds and Treasury Obligations (Box 3) is also reported in the summary section of your Tax Information Statement. You should report total interest on U.S. savings bonds and Treasury obligations on IRS Form 1040, Schedule B, line 1.

> ACCRUED INTEREST RECEIVED/PURCHASED

Accrued interest received on notes and bonds sold between interest payment dates is included in the 1099-INT section of your Tax Information Statement on a settlement-date basis, when it is credited to your account. If you received accrued interest, the amount will be identified by a symbol “#”.

Report total Interest Income (Box 1) on IRS Form 1040, Schedule B, Part 1, line 1.

Special Message for Owners of Mutual Funds, UITs, and REITs

If you held one or more of these investments, we may send you a revised Tax Information Statement if we did not receive reallocation information by February 6. Not all issuers make their final distribution information available until after January. When we have not received the distribution information from the issuer, we have denoted the income with a symbol (**) on your Tax Information Statement. Income and interest declared on these investments in October, November or December of 2009 is considered received on December 31, 2009, even if the income or interest was not actually paid until January.

Accordingly, these amounts are reported on your 2009 IRS Form 1099. UIT revisions will be mailed by March 15, 2010.

DIVIDENDS AND DISTRIBUTIONS

IRS Form 1099-DIV (Dividends and Distributions)

Dividends and other distributions from corporations, mutual funds, UITs, and REITs are reported in this section of your Tax Information Statement. Income derived from money market funds will also be reported in this section. You will receive a separate IRS Form 1099-DIV directly from a money market fund if we did not handle the processing of your funds for the entire year.

A. TOTAL ORDINARY DIVIDENDS (BOX 1a)

Ordinary dividends, which include any net short-term capital gains from a mutual fund, are fully taxable. Ordinary dividends paid by corporations, mutual funds, and certain UITs are included in this section of your Tax Information Statement.

Subtotals for U.S. and foreign source ordinary dividends are included at the end of this section. For mutual funds and UITs, foreign income includes any distribution that is comprised in whole or in part of foreign source ordinary dividends. Report total ordinary dividends on IRS Form 1040, line 9a, or IRS Form 1040A. Also report it on IRS Form 1040, Schedule B (Interest and Ordinary Dividends), line 5, if required. See the instructions for IRS Form 1040, Schedule B, to determine if you are required to complete Schedule B to report your dividends.

B. QUALIFIED DIVIDENDS (BOX 1b)

The portion of your dividends that is eligible for the 15% or 0% capital gains rate is reported as Qualified Dividends in Box 1b in this section of your Tax Information Statement. You should report the eligible amount on IRS Form 1040, line 9b. If you have qualified dividends, you must figure your tax by completing the Qualified Dividends and Capital Gains Tax Worksheet in IRS Form 1040 or 1040A instructions, or the Schedule D Tax Worksheet in the Schedule D instructions, whichever applies.

Exception: Some dividends that we report as Qualified Dividends in Box 1b may not be Qualified Dividends depending on your circumstances. For instance:

- You must hold the stock or mutual fund shares for the minimum number of days or the dividends will not qualify for the reduced rate. Dividends on stock that you owned for less than 61 days in the 121-day period surrounding the ex-dividend date are not qualified dividends. The 121-day period begins 60 days before the ex-

dividend date. When counting the number of days you held the stock, include the day you disposed of the stock, but not the day you acquired it. The ex-dividend date is the first date following the declaration of a dividend on which the purchaser of a stock is not entitled to receive the next dividend payment.

- For dividends on preferred stock, where the dividend is attributable to periods totaling more than 366 days, the stock must be held for at least 91 days within the 181 days surrounding the ex-dividend date.
- If you are obligated to make payments under a short sale, dividends on the stock you sold short (or substantially similar stock) are not considered qualified dividends.

Foreign Dividends: Foreign dividends are considered qualified dividends when they are paid by a foreign corporation that is either: (1) incorporated in a U.S. possession; (2) eligible for the benefits of a comprehensive income tax treaty with the U.S. and that the Treasury Department has determined is satisfactory for this purpose; or (3) readily tradable on an established securities market in the U.S. (such as the New York Stock Exchange® or the NASDAQ® stock market). However, dividends paid by passive foreign investment companies are not considered qualified dividends.

Money Market and Bond Funds: Dividends paid on money market and bond funds are nonqualified dividends. As such, these dividends are reported in Box 1a, not Box 1b, in this section of your Tax Information Statement. For more information about determining if your dividends qualify for the 15% or 0% rate, please see the instructions to IRS Form 1040 or IRS Publication 550.

C. NONDIVIDEND DISTRIBUTIONS (Box 3)

Certain payments represent non-dividend distributions, since they are a return of capital. You should reduce your cost (or other basis) by the amount of the nontaxable distribution for the purposes of calculating the gain or loss when the security is sold. Once you have received an amount equal to your cost (or other basis) for the security, further distributions are taxable as capital gain. Please review your dividends carefully to determine if any dividends received represent a return of capital.

Special Message for Owners of Mutual Funds, UITs, and REITs

If you held one or more of these investments, we may send you a revised Tax Information Statement if we did not receive reallocation information by February 6. Not all issuers make their final distribution information available until after January. When we have not received the distribution information from the issuer, we have denoted the income with a symbol “***” on your Tax Information Statement. Income and interest declared on these investments in October, November or December of 2009 is considered received on December 31, 2009, even if the income or interest was not actually paid until January.

Frequently Asked Questions: Qualified Dividends

1. What is a qualified dividend?

A qualified dividend is a dividend that is taxed at the preferential federal tax rate established by the Jobs and Growth Tax Relief Reconciliation Act of 2004, which was enacted in May 2003.

Qualified dividends are generally subject to a maximum tax rate of 15% (or 0% for taxpayers in the 10% or 15% tax brackets).

2. Why is it important to differentiate a dividend as qualified or nonqualified?

It is important to distinguish a qualified dividend from other dividends because qualified dividends are subject to a lower federal tax rate than ordinary income.

3. How do I know if my dividends are qualified dividends?

You can identify which dividends are eligible for qualified dividend status by examining your Tax Information Statement and Form 1099-DIV, Box 1b. You have to then ensure that your specific circumstances (such as the holding period requirement [see question 6 below]) allow the dividend to be reported as a qualified dividend on your tax return.

4. How are qualified dividends reported on my Tax Information Statement?

Qualified dividends are reported in the Dividends and Distributions section of your Tax Information

Statement, under the column titled “Qualified Dividends.”

5. Are the qualified dividends on my Tax Information Statement eligible for the reduced rate?

Yes. The qualified dividends on your Tax Information Statement are eligible for the reduced rate. However, in order for you to report these dividends as qualified on your tax return, you have to meet certain requirements, such as the holding period requirement (see question 6 below). In addition, if you were short against the box on the dividend’s ex-dividend date, your dividend will not be considered to be a qualified dividend, even though we reported it to you as a qualified dividend.

6. What is the holding period requirement?

You must meet a holding period requirement in order to report your dividends as qualified dividends on your tax return. These are the important points to note about the holding period requirement:

- You must hold the stock for more than 60 days during the 121-day period, which begins 60 days prior to a dividend’s ex-dividend date.
- The ex-dividend date is the first date following the declaration of a dividend on which the purchaser of the stock is not entitled to receive

the next dividend payment. The ex-dividend date is usually two days before the record date, which is the date set by the company on which an individual must own shares in order to be eligible to receive a dividend or capital gain distribution. For mutual fund shares, the ex-dividend date is usually the reinvestment date.

- When counting the number of days you held the stock, include the day you disposed of the stock, but not the day you acquired it.
- The number of days you are considered to hold the stock for this purpose is reduced for each day you diminish your risk of loss by entering into certain transactions, such as options or forward contracts, and short-against-the-box transactions.

Holding Period Example:

Assume the following facts:

- July 1, 2009—You purchase 200 shares of XYZ company.
- July 9, 2009—XYZ’s stock goes ex-dividend.
- July 28, 2009—You receive a dividend from XYZ company, which we report as a qualified dividend on your Tax Information Statement.
- August 4, 2009—You sell your 200 shares of XYZ company.

In this case, the 121-day period begins May 10, 2009, and ends on September 7, 2009. You held the shares from July 2, 2009, through August 4, 2009 (include the date you sold the shares, but not the date you acquired them)—a total of 34 days. Since you held the stock less than 61 days, your dividend on XYZ company is not a qualified dividend, even though we reported it to you as a qualified dividend on your Tax Information Statement.

7. Is there a different holding period for preferred stock?

Generally, the holding period for preferred stock is the same as stated above. However, if your preferred stock dividend is attributable to a period greater than 366 days, you must hold the stock for at least 91 days during the 181-day period, which begins 90 days before the ex-dividend date. These types of dividends pay very rarely. Most likely, your preferred stock dividends would be subject to the 60-day requirement mentioned above.

8. How does the holding period apply if I hold mutual fund shares?

The holding period requirement for mutual fund shares is the same as the 60-day holding period mentioned above. If you do not hold your mutual fund shares for more than 60 days, your mutual fund dividends will be nonqualified, even if we report them as qualified on your Tax Information Statement.

9. How do I report qualified dividends on my tax return?

Once you determine which of your dividends are qualified dividends, you should:

- Enter your qualified dividends on IRS Form 1040, line 9b, and
- Figure your tax by completing the Qualified Dividends and Capital Gain Tax Worksheet in the Form 1040 or 1040A instructions or the Schedule D Tax Worksheet in the Schedule D instructions, whichever applies. See the Instructions to IRS Form 1040, Schedule D (Capital Gains and Losses) for more information on how to report your qualified dividends.

10. Where can I get more information about qualified dividends?

IRS Publication 550, Investment Income and Expenses, contains useful information on reporting dividend income. This publication is available at www.irs.gov.

ORIGINAL ISSUE DISCOUNT (OID)

IRS Form 1099-OID, Schedule B (Interest and Ordinary Dividends)

The amounts in this section of your Tax Information Statement reflect the OID reported to the IRS. OID is the difference between the stated redemption price at maturity and the issue price of a debt instrument. A debt instrument, such as a bond or note, generally has OID when the instrument is issued for a price that is less than

its stated redemption price at maturity. OID is a form of interest. If you own a taxable debt obligation that was issued with an OID, you may be required to include a portion of the OID in your gross income for each year you hold the obligation, even if you did not receive any cash payments.

Tax Return Reporting Instructions

> INCOME REPORTED INDIVIDUALLY

As required by federal tax law, we report the income individually for each OID obligation that was held in your account during the year. These amounts are identified on your Tax Information Statement and should be reported separately on your tax return. It is important that you report these amounts on your tax return in the same way they appear on your Tax Information Statement. The IRS may attempt to match these items to your tax return and may contact you if it cannot do so.

Frequently Asked Questions: OID

OID REPORTING

Q. Why is OID being reported? I did not receive a cash payment from my debt instrument during 2009.

A. If a debt instrument is issued with an OID, we are required to report a portion of that OID each year the debt instrument is held in your account. OID applies regardless of how much cash you received with respect to your debt instrument. IRS publications 550, Investment Income and Expenses and 1212, Guide to Original Issue Discount (OID) Instruments, are helpful when reporting OID on your tax return.

Information Reported on Form 1099-OID

A. ACCRUAL BEGIN/ENTRY DATE

Income earned on an OID instrument is calculated separately for each accrual period. Although amounts are reported to the IRS on an annual basis, we report income to you for each accrual period. The date each accrual period begins is displayed in this column. If your account was transferred to us in 2009, the beginning accrual date will be the date we received your securities in connection with the transfer.

B. DAILY OID RATE PER \$1,000

This amount is the daily accrual rate of OID. This rate was obtained from IRS Publication 1212 or from an independent third party.

C. OID (BOX 1)

Amounts in this column reflect the OID on each obligation for the part of the year in which it was owned. Report the total for each security separately on IRS Form 1040, Schedule B, line 1. OID on U.S. Treasury obligations is not included in this column.

ADDITIONAL INFORMATION

Generally, liquidation distributions are treated as amounts received from the sale or exchange of a capital asset and should be reported on IRS Form 1040, Schedule D, as either a short-term or long-term capital gain or loss. Please review liquidation distributions with your tax professional since the tax consequences may vary based on the nature of the distribution.

> Securities Purchased

Securities purchased through your brokerage account in 2009 are displayed in this section. We do not send this information to the IRS. We provide this information to you because you will need it to calculate gain or loss upon disposition of the securities. Please note the following:

- NET COST: The net cost displayed includes commissions and fees. If the security purchased is a debt instrument, the net cost does not include accrued interest purchased. Accrued interest purchased is reported separately in this section of your Tax Information Statement. The cost of securities purchased during 2009 should be reported on your tax return in the year the securities are sold on IRS Form 1040, Schedule D, Capital Gains and Losses.
- SECURITIES: Various types of securities purchased, such as stocks and debt instruments, are included in this section.
- TRADE DATE: We report the securities you purchased on a trade date basis.
- ACCRUED INTEREST PURCHASED: Your Tax Information Statement includes details of accrued interest purchased for various categories of notes and bonds purchased between interest payment dates. We do not report accrued interest purchased to the IRS. Accrued interest purchased is generally a reduction of interest income in the year in which the related interest income is reported. The Tax Information Statement includes accrued interest purchased with respect to all 2009 note and bond purchases on a settlement-date basis. If you purchased a note or bond with accrued interest in 2009, whose initial interest payment was reported by us in 2009, you should adjust your 2009 interest income by the accrued interest purchased, as reported on your 2009 brokerage confirmation or 2009 Tax Information Statement. Taxable amounts of accrued interest purchased should be reflected on IRS Form 1040, Schedule B, Interest and Ordinary Dividends, line 1, as a reduction of interest income. Identify this reduction of interest income as accrued interest. The nontaxable amounts should reduce the appropriate nontaxable income categories.

RETIREMENT ACCOUNT DISTRIBUTIONS—IRS FORM 1099-R

Information Reported on Form 1099-R

If you took a reportable distribution from your IRA (Traditional IRA, Roth IRA, Simplified Employee Pension [SEP] IRA or Savings Incentive Match Plan for Employees [SIMPLE] IRA), qualified retirement plan (401(k), profit sharing plan or money purchase pension plan), or 403(b)(7) custodial account, you will receive Form 1099-R. The payer from transactions reported on Form 1099-R is Pershing LLC (Taxpayer Identification Number 13-3718556).

A. GROSS DISTRIBUTIONS

Box 1 displays the gross distribution taken from your retirement account. Note that you may receive more than one 1099-R. The amount entered in Box 15a should be a total of all gross distributions from your IRAs. The amount entered in Box 16a should be a total of all gross distributions from your qualified retirement plans or 403(b)(7) custodial accounts.

stipulate that the taxable amount reported in Box 2a should be left blank. The amount entered in Box 15b and/or 16b of your 1040 should be a total of the taxable amount of your distributions, as appropriate.

B. TAXABLE AMOUNT

Box 2a displays the taxable amount of distributions taken from your retirement account. In many cases, IRS instructions

C. TAXABLE AMOUNT NOT DETERMINED

The “Taxable Amount Not Determined” box is either blank or populated with an “X.” In most cases, particularly for distributions from IRAs, the IRS instructions call for the payer to populate the box with an “X.” You should consult with a tax professional to determine the actual taxable amount of your distribution(s).

D. DISTRIBUTION CODE(S)

You may owe additional tax on the amount distributed to you. An example of this would be if you took a distribution from your IRA and you are under age 59½ and no exceptions apply (first-time home purchase or distribution is part of a series of substantially equal periodic payments). In certain cases where no exception applies, you may owe an additional 10% in taxes. See IRS Form 5329 for the calculation of additional tax on early distributions.

The information in this Tax Guide was provided by Pershing LLC. If you have questions concerning any of the information on your Tax Information Statement, you may call your Financial Advisor at Strongtower Financial, Inc., at (888)378-6683.