

# PREPARING FOR YEAR-END & THE 2023/2024 TAX SEASON

This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax advisor.

Year-end is approaching and being prepared is the best way to make this tax season your easiest yet. In this document, you'll find important information and tools to help you Prepare. As always, meeting with your financial professional early and often will ensure your questions are answered.

You will receive your 1099 Consolidated Tax Statement between January and March, to ensure you receive it as early as possible and meet all IRS deadlines, while reducing the need to mail a corrected 1099.

Form Name	Week of:
Form 1099-R	January 19
Form 1099-Q	
<b>1099 Consolidated Tax Statement</b>	<b>January 19 &amp; 26</b>
Includes accounts with the simplest tax information and not subject to income reclassification	
Accounts holding more complex securities, for which issuers provided final tax information after January 26.	<b>February 2, 9, 16 &amp; 23</b>
<b>Preliminary 1099 Consolidated Tax Statement</b> – Draft copy. Includes accounts that will not receive a final 1099 Consolidated Tax Statement until all income data is finalized.	<b>February 16</b>
Includes tax information that investment companies did not furnish to LPL Financial, the broker of record, in time for the anticipated February mailing deadline, such as:	
Accounts holding securities that may be subject to income reclassification	<b>March 1, 8 &amp; 15</b>
Accounts holding securities that provide mortgage-backed income reporting information (AMBIR).	
<b>IRS Tax Filing or Extension Request Deadline</b>	<b>April 15</b>
<i>Tax Day is April 15 of each year (unless changed by federal government for that year) and marks the final day to file your income tax returns with the Internal Revenue Service (IRS). If Tax Day falls on a Saturday, Sunday or holiday the deadline to file taxes will be extended to the next working day. This date can be flexible if an extension is filed prior to April 15.</i>	
<b>Form 5498</b>	<b>February 23 &amp; May 24</b>
<b>IRS Extension Tax Filing Deadline</b>	<b>October 15</b>

For more information on IRS tax form deadlines go to 2023 General Instructions for Certain Information Returns at [IRS.gov](https://www.irs.gov)

## Why are there different mailing dates for 1099 Consolidated Tax Statements?

LPL will mail 1099 consolidated tax statements weekly as information is received from various institutions. For certain security types, final tax information from the bank, institution, or other type of issuer may be received after the standard deadline, resulting in your statement not arriving on the anticipated February mailing date.

## Reclassification: What is it and what do I need to know?

Income reclassification is an annual process in which security issuers change the tax characterization of distributions that were paid during the tax year. Often, the result of income reclassification is a more favorable tax treatment. The income reclassification process takes place after the end of the tax year, during the first quarter, when security issuers announce their income reclassification for the previous tax year. The income reclassification process affects income distributions you may have received during the previous tax year. The IRS requires final income reclassification to be reported to you on Form 1099.

**Please note:** *Reclassification is an industry-wide activity. All financial industry firms receive reclassified data from the issuers.*

## Preliminary 1099 Consolidated Tax Statement: What is it and what do I need to know?

A preliminary 1099 Consolidated Tax Form Statement is an advanced one-time draft copy of your 1099 tax forms. If your 1099 Consolidated Tax Statement is not available on or before the anticipated February mailing date, you'll receive a preliminary 1099 Consolidated Tax Form Statement. Preliminary 1099 Consolidated Tax Form Statements will be available online on Account View or through your financial professional, not mailed.

**Please note:** *The draft form should not be considered final and should not be used for the purpose of filing tax returns with the IRS or with any state or other regulatory authority. All pages of the document are for your information only and may assist you with tax preparation.*

## How to go paperless in Account View 2.0

There are several benefits to going paperless.

- Get faster access to your documents—including tax forms
- Peace of mind—eDelivery is more secure
- Convenient access to important documents from one location, anytime, anywhere

For directions on how to set your tax forms to be paperless, please see the steps below. It takes less than 5 minutes to get set-up.

1. Login to your account at [www.myaccountviewonline.com](http://www.myaccountviewonline.com). If you don't have an Account View profile, you can sign up for one at the link above.
2. Once you are logged into your Account View profile, then select "paperless" at the top of the portal to choose your paperless settings.
3. From there you can choose to either go 100% paperless for all eligible documents or pick and choose what you receive paperless and by mail delivery.

## Authorized user access in Account View 2.0

You have the ability to provide an authorized user access to your Account View profile. This is a view-only access to any user you authorize. You could consider giving access to a significant other to view account information or to your accountant, so they can download tax statements. You control this setting within your user profile preferences.

## Year-End Checklist for Tax Season 2023

To prepare for tax season, here are a few things you will need to keep in mind. Should any of these circumstances apply to you, please notify your financial professional to discuss your account.

- ☐ **Federal and State Voluntary Withholding** – If you had a change of address in 2023, you must notify your financial professional by December 8, 2023 to ensure that withholding amounts can be corrected within the same tax year. It's recommended that you review your account transactions regularly with your financial professional to verify that withholdings on distributions have been properly applied.

LPL is not able to reverse or apply any federal or state withholdings in 2024 on distributions that occurred in 2023 for individual retirement account (IRA) and qualified retirement plan (QRP) accounts. Federal and state withholdings will be reported in boxes 4 and 12, respectively, on IRS Form 1099-R, and these tax payments may be claimed as dollar-for-dollar credits on your tax returns.

- ☐ **Required Minimum Distribution** – You're required by the Internal Revenue Service (IRS) to take a required minimum distribution (RMD) from your retirement accounts by April 1 of the year following the calendar year in which you reach age 73 and by December 31 (or the last business day) of each subsequent year. The first year following the year you reach age 73, you'll generally have two required distribution dates: an April 1 withdrawal for the year you turn 73 and an additional withdrawal by December 31 (or the last business day of the year) for the year you turn 74. To avoid having both of these distributions included in your income for the same year, you can make your first withdrawal by year-end of the year you turn 73 instead of waiting until April 1 of the following year. To process RMDs by December 29, 2023, LPL must receive completed distribution request forms by December 8, 2023. Any requests received after December 8th will be processed on a best-efforts basis. The IRS requires LPL to furnish this information to you, even if you're already meeting your RMD requirements elsewhere and do not need to take a distribution from your LPL retirement account. If you need to take a RMD from your LPL retirement account, please contact your financial professional to help you request this distribution.

RMDs are generally determined by dividing the prior year-end IRA balance by the life expectancy factor (or distribution period), as defined in IRS tables. RMDs during your lifetime are based on a distribution period that can be determined using the Uniform Lifetime Table and your age. The distribution period is not affected by your beneficiary's age unless your sole beneficiary (for the entire year) is your spouse who is more than 10 years younger than you. If these assumptions are not accurate, please contact your financial professional for a new RMD calculation.

Please note: If your IRA is holding assets in which the values are not readily ascertainable on an established exchange or generally recognized market, your ability to rely upon the year-end account balance as a basis for computing the required minimum distribution relating to your IRA will depend upon such balance reflecting the fair market value of such assets. Please review the value shown for any such asset on your year-end account statement and provide any other valuation information you

may have for such asset to your financial professional so that a new RMD calculation can be made.

*Please note: Neither LPL nor the custodian of your IRA is responsible for any loss resulting from the valuation of any such asset.*

☐ **Gifting** – Charitable giving is one way you can positively impact your current tax position. You may gift shares from an LPL account to a third-party as a charitable donation using the F172 form. To facilitate a year-end gifting request, please contact your financial professional. LPL must receive signed instructions from you no later than December 8, 2023, to ensure that the gifting of shares takes place and settles in the desired account by year-end. Any requests received after December 8, 2023, will be processed on a best-efforts basis. To facilitate a year-end gifting request in a retirement account the CM105 form is required.

☐ **Roth Conversions** – You may want to contact your financial professional before the end of the year to discuss the details of converting your existing IRAs to a Roth IRA. You're likely aware of the benefits of Roth IRAs: tax-free withdrawals in retirement, no required minimum distributions, and the option to leave an income-tax-free legacy to the next generation. To process requests by December 29, 2023, we must receive completed request forms by December 8, 2023. Any requests received after December 8, 2023 will be processed on a best-efforts basis. Due to the Tax Cuts and Jobs Act, a Roth Conversion is irrevocable. This means that Roth IRA conversions can no longer be recharacterized. Once you convert you cannot revert the money back to your Traditional IRA.

\*Traditional IRA account owners should consider the tax ramifications and age and income restrictions in regards to executing a conversion from a Traditional IRA to a Roth IRA. The converted amount is generally subject to income taxation.

\*A Roth IRA offers tax deferral on any earnings in the account. Qualified withdrawals of earnings from the accounts are tax-free. Withdrawals of earnings prior to the age of 59 ½ or prior to the accounts being opened for 5 years, whichever is later, may result in a 10% IRS penalty tax. Limitations and restrictions apply.

☐ **Cost Basis** - Your cost basis must be adjusted for certain events such as: corporate action, wash sale, return of capital, liquidating distribution, Original Issue Discount accrual, partnership distribution, undistributed capital gain, bond premium amortization, market discount accrual, dividends effective for prior year (i.e. mutual funds), etc.

Also, if you have any securities transferring from another firm, please be sure to have the cost basis transferred before December 8, 2023. Please contact your financial professional if you have any questions.

Finally, please keep in mind that any fixed income elections for the upcoming year (2024) must be made by close of business on December 8, 2023. This may affect tax reporting for fixed income on the 1099-INT. Please contact your financial professional if you have any questions.

## 2023 Year-End Deadlines

2023 Deadline	Description
November 3	<b>In-Kind Distributions of Equities</b> To withdraw equity positions from a retirement account to be held in direct registration at the transfer agent in an individual name, a distribution request form (CM102) is required. Note: The timeframe can range from 2- 6 weeks to re-register securities to an individual name.
December 8	<b>Plan Establishment Through Ascensus</b> For users of the prototype document service, plan establishment paperwork for the current calendar year must be submitted.  <b>Charitable Giving or Educational or Other Gifting Through DTC</b> A distribution request form (CM105) is required to ensure completion of DTC requests. Note: Cash, fractional share positions, and mutual funds are not DTC-eligible. Any requests received after this date will be processed on a best-effort basis.  <b>Required Minimum Distribution (RMD)</b> Under normal circumstances, clients who are 73 years of age or older are required by the IRS to take a RMD from their retirement accounts by April 1st of the following year. For each year following the first year, the RMD must be taken by December 31 (or the last business day of the year). To process requests by December 29, 2023, LPL must receive completed distribution request forms by December 8, 2023. Any requests received after December 8 will be processed on a best-efforts basis.  <b>Federal and State Withholding</b> It is recommended that you review your account transactions regularly with your financial professional to verify that withholdings on distributions have been properly applied. LPL is unable to reverse or apply any federal or state withholdings in 2024 to any distributions that occurred in 2023 for individual retirement arrangement (IRA) and qualified retirement plan. (QRP accounts)  <b>Charitable Giving or Educational or Other Gifting Through ACAT</b> An Outgoing Partial Transfer/Gifting form (F172) is required to ensure completion of Automatic Transfer requests. Note: Any requests received after this date will be processed on a best-effort basis.  <b>IRA Distribution</b> To process requests by December 29, 2023, we must receive completed request forms by December 8, 2023. Any requests received after December 8, 2023 will be processed on a best-efforts basis.

December 15

**Disposition Request for a Worthless Security Position (receipt of deposit)**

To request a receipt of deposit for a security that no longer has a transfer agent, a Disposition Request form (F5) must be received by the Custody department by this date.

December 29

**Backup Withholding**

Submit either an IRS Form W-8/W-9 or an account application prior to this date to satisfy your IRS W-8/W-9 certification requirement and avoid backup withholding on payments. Note: In 2024, LPL will be unable to reverse backup withholding on transactions that occurred in 2023.

**Trade Settlement and Adjustments**

To be reported in 2023 tax forms, trades must trade by this date.

**Courtesy 1099**

Submit courtesy requests for non-reportable accounts that have not been set up yet. Please contact your financial professional if you have any questions.

**Qualified Plan Establishment**

New 401(k)/profit sharing plan documents must be adopted by December 30 to be effective for the 2023 plan year.

**Cash Distributions / Roth Conversions/ In-Kind Journals**

Processing of a 2023 reportable retirement account cash distribution or in-kind journal (including Roth conversion).

**Note:** Retirement account distributions taken through the LPL Premier Check Writing program are reported for the tax year in which the check is cashed (not the year that check is written).

This material was prepared by LPL Financial, LLC.

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