

GETTING READY FOR THE UPCOMING TAX SEASON

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

Tax Season is approaching and being prepared is the best way to make this tax season your easiest yet. Following are important information and tools to help you get ready. As always, meeting with your financial advisor early and often will ensure your questions are answered, so reach out to your financial advisor today.

Why are there different mailing dates for 1099 Consolidated Statements?

During the 2020/2021 tax season, LPL will mail 1099 consolidated statements in four waves (similar to other major financial firms) to meet all IRS deadlines, reduce errors, and cut down on the need to mail corrected forms.

See “[Important Tax Season Mailing Dates](#)” below for a full list of mailing dates. Certain investment types are more likely to experience income reclassification (sometimes referred to as income reallocation) and other adjustments made by issuers each year after original financials are reported, which will result in your tax statement not arriving on the anticipated February 12 date. In these cases, your 1099 tax statement will be mailed between February 19 – March 12, 2021.

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

Income reclassification (sometimes called income reallocation) is an annual process where 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.

Should I file an extension?

It is always a good idea for you to maintain an open line of communication with your financial advisor and your tax advisor throughout the year to ensure the best tax strategy and outcomes for you. This dialogue will help you decide if filing an extension is the best course of action. There are many reasons why filing an extension might make sense for you. For example, the volume of data or complexity of certain transactions inside or outside your account may require additional time to address. Also, if you are expecting to receive your 1099 in the fourth mailing wave in March, it may be reasonable to consider filing an extension to allow sufficient time for your tax advisor to accurately complete your tax return forms.

If you are unsure about your holdings, be sure to discuss them with your financial or tax advisor.

Corrected Forms: What do I need to know if I receive a corrected tax form in the mail?

Further delayed reporting and reclassification from security issuers can sometimes occur with our staggered mailing system, which will result in you receiving corrected 1099 forms after the referenced mailing dates. The IRS requires that a corrected form must be sent for any adjustments received from the security issuers after the original tax form is produced.

Security types most likely to reclassify are:

- Regulated investment companies (mutual funds)
- Unit investment trusts (UITs)
- Real estate investment trusts (REITs)
- Widely held fixed investment trusts (WHFITs)

There is not an IRS cutoff or deadline for providing corrected 1099 forms. If you need to file an amended tax return, it's recommended that you discuss the situation with your tax advisor prior to refiling so they can determine the best course of action based on your individual circumstances.

For more help answering tax season questions and finding additional saving opportunities, contact your financial advisor.

When can I download my documents on TurboTax®?

You will need to have an active AccountView profile to upload your tax data into TurboTax®. Forms will be available for download once all of the forms for your account(s) are available. We recommend you wait to download your tax forms until you have received your tax statements in the mail to compare the data and ensure the TurboTax® download is complete and accurate.

For technical questions, please contact Intuit TurboTax® or visit <http://turbotax.intuit.com/support/>.

Important Tax Season Mailing Dates

Becoming familiar with the mailing schedule is one of the most important ways to stay organized for tax season. During the 2020 tax season, to meet all IRS deadlines, reduce errors, and reduce the need to mail corrected versions, LPL will be mailing the 1099 Consolidated Statements in four phases.

Mail Dates	IRS Tax Form	Recipient Accounts	Purpose
<p>January 22 & 29 (Accounts not subject to reclassification)</p> <p>February 5, 12, 19 & 26 (Accounts subject to reclassification)</p> <p>February 19 (Preliminary 1099 Consolidated Tax Statement – Draft Copy. Includes accounts that will not receive a final 1099 Consolidated Tax Statement until February 26 through March 12.)</p> <p>March 5 & 12 (Accounts subject to reclassification, OID/REMICs, & WHFITs) (Revised 1099s issued April through October 2021)</p>	<p>1099 Consolidated</p> <ul style="list-style-type: none"> • 1099-DIV • 1099-INT • 1099-B • 1099-MISC • 1099-OID 	Non-Retirement	<p>Reports payments the client received as taxable dividend income, capital gain distributions from mutual funds, gross income attributable to WHFITs, federally tax-exempt interest, original issue discount (OID) on debt obligations, royalty payments, sale of securities (and their cost basis and holding period), and merger considerations.</p> <p>Notes on reclassification: If the client held a RIC, REIT, UIT, foreign security, or municipal bond funds, these may be subject to income reclassification and will be issued later in February or March and could result in 1099 revisions.</p>
<p>January 29 (Revised 1099-Rs Issued February through July 2021)</p>	1099-R	IRA/QRP	<p>Reports distributions the client received from Individual Retirement Arrangements (IRAs) and Qualified Retirement Plans (QRPs). Includes direct rollovers from a QRP to an IRA and recharacterized IRA contributions.</p>
<p>January 29</p>	1099-Q	COVERDELL ESA	<p>Reports distributions the client received from qualified education programs under sections 529 and 530.</p>

January 29 (Beneficiaries Only)	5498	IRA	The Fair Market Value (FMV) that the client's account was reported to them on their December 2020 monthly statement. Form 5498 is provided to beneficiaries who may not be the recipient of the year-end statement.
March 15	1042-S	Non-Resident Alien/Foreign Accounts	Reports dividend and interest income distributed, and associated withholding to non-resident alien (NRA) or foreign accounts.
March 30	2439	Non-Retirement	Reports the client's portion of undistributed long-term capital gains retained by mutual funds, which the client can claim as a credit on their tax return.
April 15	990-T	IRA	Reports unrelated business taxable income (UBTI) earned in an IRA on an alternative investment such as a limited partnership.
April 30	5498-ESA	Coverdell ESA	Reports contributions made to a Coverdell education savings account (ESA)

May 31	5498 - IRA	IRA	<p>Reports contributions made to a traditional or Roth IRA for the 2020 tax year from January 1, 2020, through April 15, 2021. Includes receipt of direct rollovers and recharacterized contributions. SEP and SIMPLE employer contributions are reported in the calendar year made, not applied. As required by the IRS, accounts with hard-to-value investments will receive a 5498 tax form even if they did not receive a contribution. Hard-to-value assets are identified in box 15a of the 5498 tax form.</p> <p>FOR INFORMATIONAL PURPOSES ONLY. These documents are not required to file the client's tax return.</p>
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Below is a list of expected correction tax form mailing dates:

Correction Tax Form Cycles	Week Of
1st Correction Run	March 5
2nd Correction Run	March 12
3rd Correction Run	March 19
4th Correction Run	March 26
5th Correction Run	April 2
6th Correction Run	April 9
7th Correction Run	July 9
8th Correction Run	October 8

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