

Getting Ready for Tax Season

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Welcome & meet today's panelists



Jeff Brown
Vice President
Product Development



Ellen Bocina
Vice President
Product Development



Carlos Cartaya
Vice President
Tax Services

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Today's Agenda

We will cover the following topics:

Year-end tax planning

- Challenges & opportunities to consider

Tax law changes & what they mean to you

- Foreign Account Tax Compliance Act (FACTA)
- Cost Basis Legislation — Phase III for fixed income and options

Tax forms and statements

- What to expect and when

Fidelity resources

- How can we help you?

Year-End Tax Planning Challenges & opportunities to consider for 2013

Current events that may impact you

- **American Taxpayer Relief Act of 2012**
 - Increased tax rates for higher income individuals
- **Patient Protection and Affordable Health Care Act of 2010**
 - 3.8% surtax on capital gains and dividend income for taxpayers with the following modified adjusted gross income (MAGI):
 - Individuals > \$200,000 (MAGI)
 - Joint filers > \$250,000 (MAGI)
- **Impact of October's government closure on IRS processing**
 - Current estimation is a delay of approximately one to two weeks — could impact timing of refund check

2013 vs. 2012 tax rates
Federal tax rates that took effect on January 1, 2013.

		2013 rates	2012 rates
Ordinary income and short-term capital gains			
\$17,850 or less (\$0-\$8,925)	Joint* (Single)*	10%	10%
\$17,851-\$72,500 (8,296-\$36,250)		15%	15%
\$72,501-\$146,400 (\$36,251-\$87,850)		25%	25%
\$146,401-\$223,050 (\$87,851-\$183,250)		28%	28%
\$223,051-\$398,350 (\$183,251-\$398,350)		33%	33%
\$398,351-\$450,000 (\$398,351-\$400,000)		35%	35%
\$450,001 and over (\$400,001 and over)		39.6%	35%
Long-term capital gains			
Income \$72,500 or less (\$36,250 or less)		0%	0%
Income \$72,501-\$450,00 (\$36,251-\$400,000)		15%	15%
Income \$450,001 and over (\$400,001 and over)		20%	15%
Dividends			
Ordinary dividends		Ordinary income tax rates	Ordinary income tax rates
Qualified dividends		Long-term capital gains rates	Long-term capital gains rates
Estates and gifts			
		\$5,250,000 per person, \$10,500,000 per couple, with a 40% top tax rate	\$5,120,000 per person, \$10,240,000 per couple, with a 35% top tax rate
Unearned income (Medicare contribution)			
		3.8% surtax on lesser of net investment income or modified adjusted gross income above \$200,000 (individuals) and \$250,000 (couples)	None
Medicare payroll tax			
		Additional 0.9% on earned income above \$200,000 (individuals) and \$250,000 (couples)	2.9%; individual pays 1.45%; employer contributes 1.45%

* Income ranges shown are inflation adjusted for 2013; 2012 income ranges are not shown.

Tax Law Changes

What do they mean to you?

What is the Foreign Account Tax Compliance Act?

What?

- A new tool for the IRS to use in its efforts to ensure that U.S. taxpayers report all of their income — including income that is paid into an account outside the U.S.
- FATCA is an adjunct to existing reporting requirements — it does not replace existing U.S. tax withholding and reporting requirements

Why?

- To help prevent tax evasion by providing greater transparency to the IRS on income paid to U.S. residents

Who?

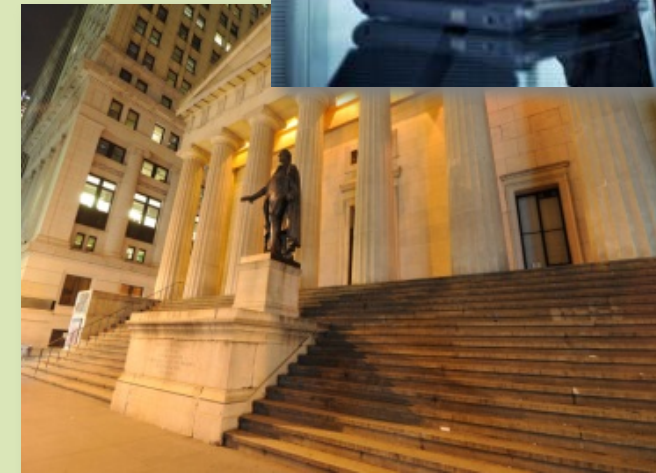
- FATCA is far reaching and can touch any investor or financial institution that has any contact, direct or indirect, with the U.S.

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What does FATCA require?

- **Foreign account holders will be required to:**
 - Submit new W-8 forms when establishing a new foreign account as well as existing accounts
- **New Rules for U.S. and Foreign Financial Institutions (FFI's):**
 - Report information to the IRS on income payments for:
 - Accounts for U.S. investors at foreign firms
 - Accounts for foreign investors at U.S. firms
 - New rules for withholding, reporting and account maintenance
 - Additional due diligence required to validate customer information provided on W-8 forms
 - Non-compliance with U.S. brokers will result in a 30% withholding tax on every payment it receives from a U.S. source income
 - The U.S. Treasury Department is entering into inter-governmental agreements (IGAs) with partner countries to achieve automated information sharing across borders

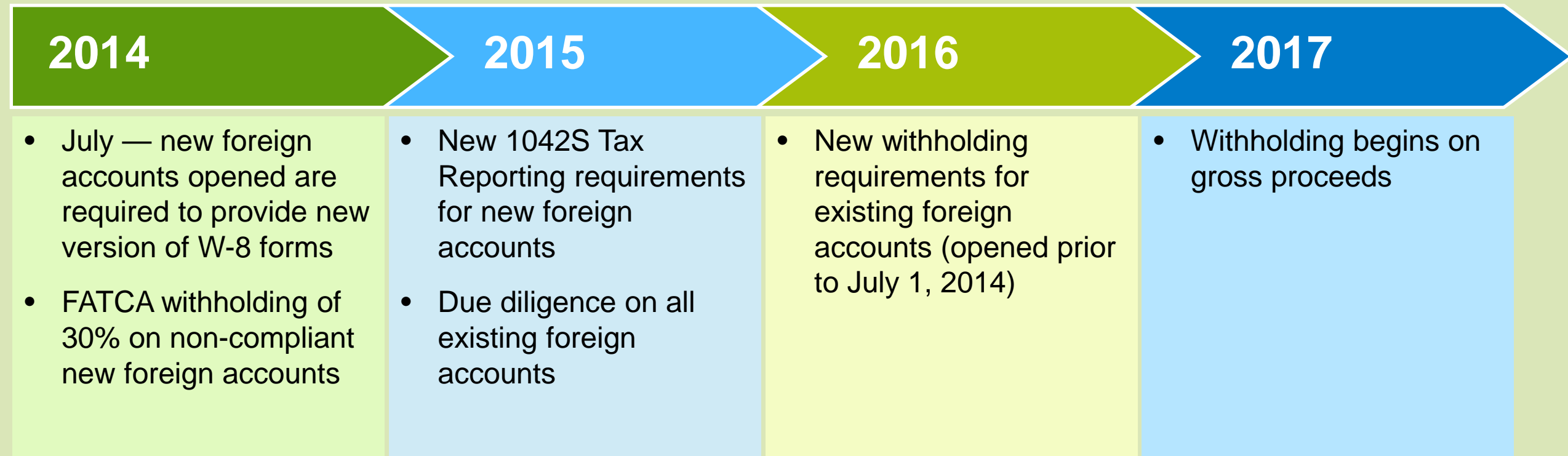


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What does this mean to you?

The timeline below shows some key changes as a result of FATCA and when they are expected:



Cost Basis Legislation — Phase III

Do you own fixed income or options?

A phased approach for remaining fixed income securities

Basis reporting requirements will be introduced in two phases for remaining fixed income securities:

Phase I

Less complex fixed income securities acquired on or after January 1, 2014

What is less complex?

- Taxable and tax-exempt bonds that have a fixed rate, fixed maturity, and fixed payment schedule, even if callable by the issuer.

Phase II

More complex fixed income securities acquired on or after January 1, 2016

What is more complex?

- Any debt instruments that are not covered in 2014 or are non-covered according to the regulation.
- Examples of more complex bonds include*:
 - Variable rate (e.g. Inflation protected)
 - Convertible
 - Stripped
 - Foreign issued
 - Payment-in-kind

*This is not an all inclusive list.

Fixed income excluded from reporting:

Short-term debt (fixed maturity date of less than a year from issuance)
Debt subject to principal acceleration (REMICs)

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Required bond basis adjustments

Required basis adjustments due to amortization/accretion:

- **Market Discount**
 - For debt purchased on the secondary market below par, the market discount is the difference between a debt instrument's stated redemption price and its purchase price.
 - For OID bonds, the discount is the difference between the adjusted issue price and the purchase price.
- **Original Issue Discount (OID) Adjustments**
 - The discount from par value at the time a bond is issued.
It is the difference between the stated redemption price at maturity and the issue price.
- **Premium (taxable & non-taxable debt)**
 - Amount paid above a debt instrument's par value.
- **Acquisition Premium**
 - Amount paid above a debt instrument's adjusted issue price.

Note: Fidelity has been providing this information to you since 2006 on the Supplemental Statement. Going forward it will be reported to the IRS using the 1099-B.

Cost basis reporting for options begins in 2014

Covered in 2014

What is included?

- Single stock, OTC, Section 1256 (index options)

What is excluded?

- Foreign currency options, commodity options, incentive stock options

- **Purchases/sales/expirations — report cost basis and gross proceeds to the IRS**
- **Exercised/assigned contract — adjust basis/proceeds for any premium paid/received on the option contracts**
- **1256 options (index options) — mark to the market at year end, unrealized gain/losses are appropriated 60% LT and 40% ST**

Note: Fidelity has been providing this information to you since 2006 on the Supplemental Statement. Going forward it will be reported to the IRS using the 1099-B.

Tax Forms & Statements

What to expect and when? What's new?

Short term debt reporting requirements

Short term debt reporting will be handled as follows for shares acquired on 12/31/2013 or earlier:

Activity of Short Term Debt Obligation	1099-B Reporting	Realized / Gain or Loss Reporting	1099-INT Reporting
Sell	Report gross proceeds amount on 1099-B (<i>to customer and IRS</i>)	Report gain/loss information on 1099-B (<i>to customer only</i>)	No 1099-INT amount reporting
Maturity	No 1099-B reporting required	No realized gain/loss information reporting required	Report the difference between original purchase price and the maturity amount as interest income on 1099-INT

What's new about the Tax Reporting Statement?

Other Income reported on the 1099-MISC was previously a separate mailing - will now be part of the Tax Reporting Statement

Form 1099-MISC*	2013 Miscellaneous Income	Copy B for Recipient (OMB No. 1545-0115)
2	Royalties	99.00
3	Other Income	300.00
4	Federal Income Tax Withheld	15.00
8	Substitute Payments in Lieu of Dividends or Interest	50.00
16	State Tax Withheld	5.00
17	State/Payer's State No.	80491681
18	State Income	99.00

For illustrative purposes only.

What's new about the Tax Reporting Statement?

Based on customer feedback, sub-total columns have been added to the 1099-B

FORM 1099-B* 2013 Proceeds from Broker and Barter Exchange Transactions

Copy B for Recipient OMB No. 1545-0715

Long-term transactions for which basis is reported to the IRS--report on Form 8949 with Box A checked and/or Schedule D, Part II
(This Label is a Substitute for Boxes 1c & 6)

(IRS Form 1099-B box numbers are shown below in **bold type**)

8 Description, 1d Stock or Other Symbol, CUSIP	1a Date of Sale or Exchange	1b Date of Acquisition	1e Quantity Sold	2a Sales Price of Stocks, Bonds, etc. (a)	3 Cost or Other Basis (b)	Gain/Loss (-)	5 Wash Sale Loss Disallowed	4 Federal Income Tax Withheld	13 State	15 State Tax Withheld
COACH INC, COH, 189754104										
Sale	03/15/2013	03/15/2011	153.259	30,452.25	31,000.00	-547.75	547.75			
Sale	03/15/2013	03/15/2011	22.223	6,258.29	6,250.25	8.04				
Subtotals				36,710.54	34,702.50		547.75			
UNITED STATES TREAS NTS 4.25000% 11/15/2014, 912828DC1										
Sale	03/15/2013	03/15/2011	153.259	30,452.25	28,452.25	2,000.00				
Sale	04/15/2013	03/15/2011	22.223	6,258.29	6,250.25	8.04		60.00	CA	5.00
Subtotals				36,710.54	34,702.50			60.00		
ZHONGPIN INC COM, HOGS, 98952K107										
Sale	05/05/2013	03/15/2011	43.225	147.83	153.44	-5.61	2.23			
TOTALS				73,568.91	69,558.44			60.00		
				Box A Long-Term Realized Gain		1,462.72				
				Box A Long-Term Realized Loss		-5.61				
				Box A Wash Sale Loss Disallowed			549.98			

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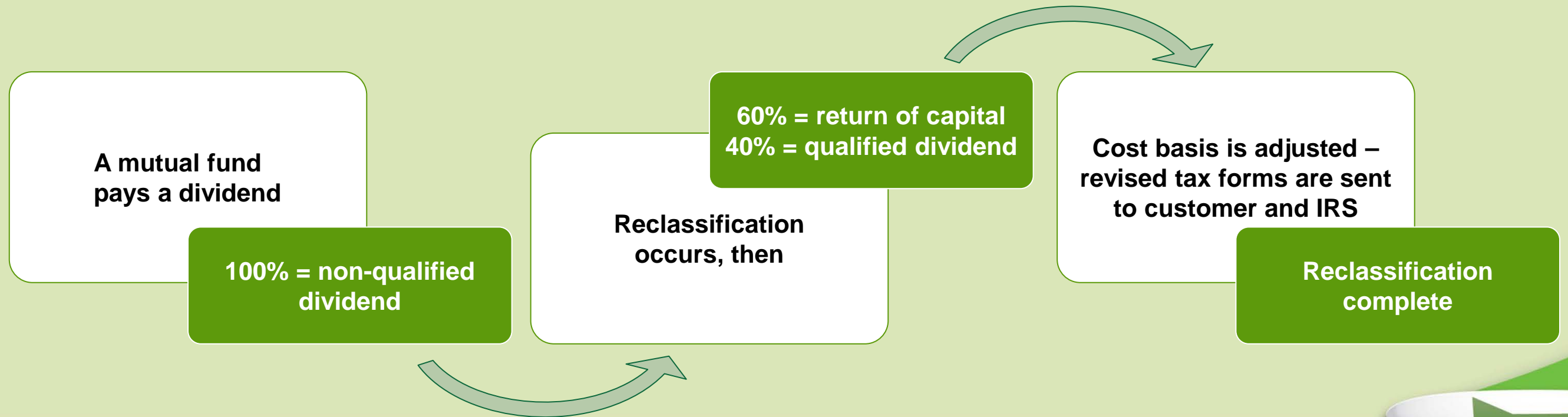


Tax form mailing schedule

Tax Form	Type of Account	Last Mailing Date (subject to change)
5498 and 1099-R	Fidelity Mutual Fund retirement accounts	January 14, 2014
	Brokerage retirement accounts	January 21, 2014
Tax Reporting Statement (May include forms: 1099-DIV, 1099-INT, 1099-OID, 1099-B, 1099-MISC)	1. Fidelity Mutual Fund accounts and Brokerage accounts holding: <ul style="list-style-type: none"> • Mutual Funds, Equities If no adjustments to tax lot data are anticipated.	January 27, 2014
	2. Any remaining Fidelity Mutual Fund accounts or Brokerage accounts holding: <ul style="list-style-type: none"> • Mutual funds, Equities, Fixed income securities, Real estate investment trusts (REITs) If no adjustments to tax lot data are still anticipated.	February 11, 2014
	3. All remaining Brokerage accounts (except as noted in 4 & 5, below) –holdings may include: <ul style="list-style-type: none"> • Non Fidelity mutual funds, Foreign and domestic Equities, Fixed income securities, Real estate investment trusts, Unit investment trusts (UITs), Original issue discounts (OIDs), Widely held fixed investment trusts 	February 18, 2014
	4. Brokerage accounts holding securities incorporating late adjustments	February 28, 2014
	5. Special UIT Tax Statement Mailing — Brokerage accounts holding Unit Investment Trusts	March 14, 2014

What are the most common reasons for reclassification?

Category	Type of Reclassification
Equities	Qualified dividend to return of capital
Foreign Equities	Non-qualified dividend to qualified dividend
Mutual Funds	<ul style="list-style-type: none"> • Non-qualified dividend to qualified dividend • Non-qualified dividend to qualified dividend, different capital gains, or return of capital • Foreign tax paid gross up



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Fidelity Resources

Helping you prepare for the 2014 filing season

Fidelity's Tax Center: It's always tax time

Use Fidelity's Tax Center to:


- Find answers to your top tax questions
- Review educational tools
- Locate resources for filing your taxes, including a TurboTax discount



- Cost basis tracking software — Gainskeeper® & TradeLog®

Taxes

Doing your federal income taxes can be complicated. Whether you prepare your own return, use tax software, or work with a professional tax preparer, this information can help.



About your tax statements & forms

Find out when your Fidelity statements are due to be mailed to you, and get detailed, line-item help in understanding them.

Fidelity Mutual Fund Tax Information

Get tax-exempt and year-end income information about Fidelity funds, as well as other notices you may need when you prepare your tax return.

TurboTax®

Anyone can get up to \$20 off TurboTax®, courtesy of Fidelity. Most of our customers can import account information into the software directly.

Tax planning

- [Estimate Your Tax Bracket](#)
- [Estimate your taxes with TaxCaster](#)
- [Tax-Advantaged Fidelity Solutions](#)
- [Tax Calculators & Tools](#)

Tax topics

- [Capital Gains and Cost Basis](#)
- [Qualified Dividends](#)
- [Interest Income and Taxes](#)

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From our experts

[Keep more gains](#)
[Lessons from financial crisis](#)
[The AMT and you](#)

More information

[Direct deposit your refund](#)
Get instructions for having your tax refund sent directly to your Fidelity account.

GlobeTax
Foreign withholding tax recovery services for owners of international securities

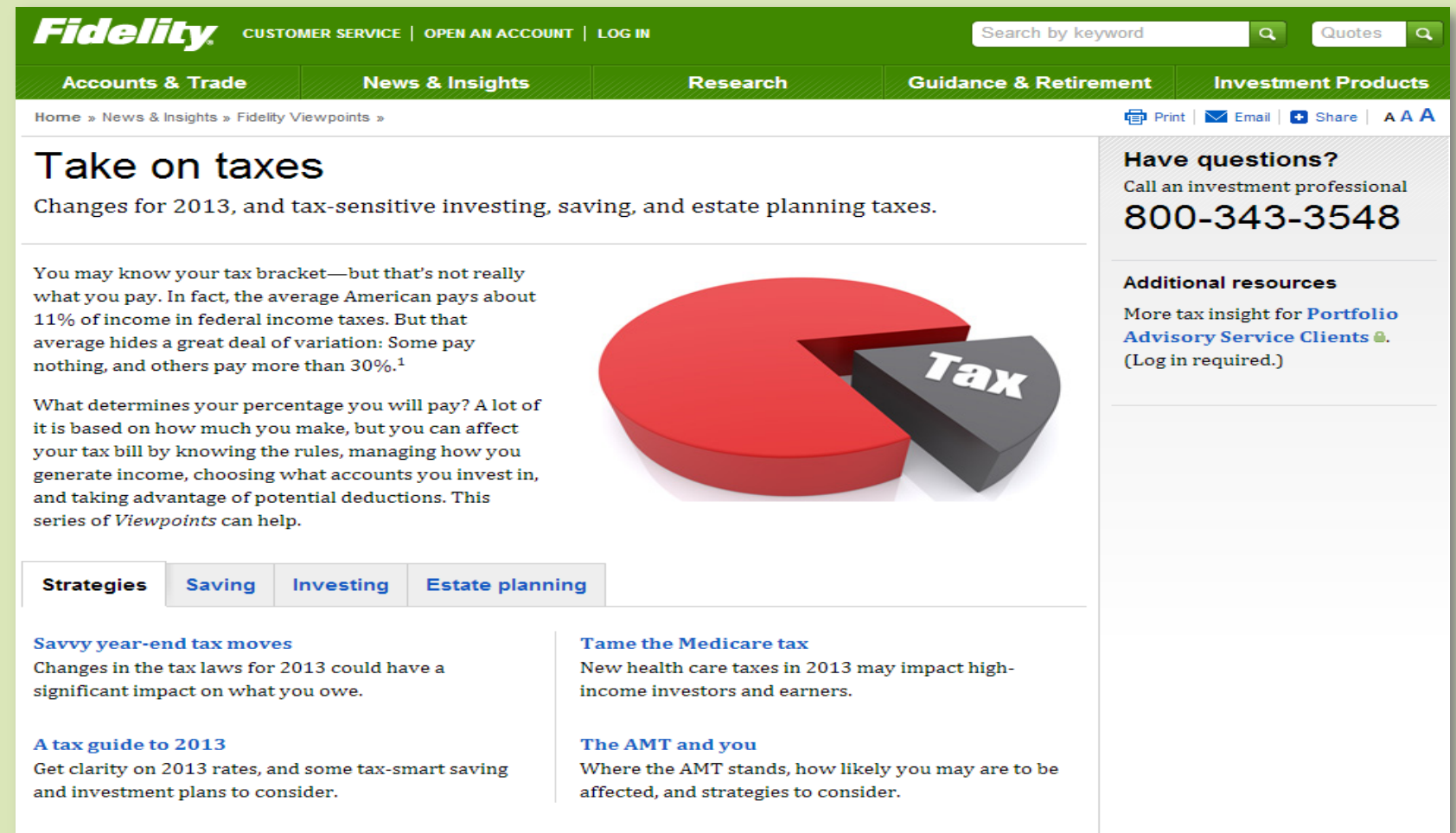
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- Read our Viewpoints special report: [Take on taxes](#)
- Locate thought leadership pieces that can help you identify ways to save and invest — all year long, not just during tax season



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Take on taxes

Changes for 2013, and tax-sensitive investing, saving, and estate planning taxes.

You may know your tax bracket—but that's not really what you pay. In fact, the average American pays about 11% of income in federal income taxes. But that average hides a great deal of variation: Some pay nothing, and others pay more than 30%.¹

What determines your percentage you will pay? A lot of it is based on how much you make, but you can affect your tax bill by knowing the rules, managing how you generate income, choosing what accounts you invest in, and taking advantage of potential deductions. This series of *Viewpoints* can help.



Strategies | Saving | Investing | Estate planning

Savvy year-end tax moves
Changes in the tax laws for 2013 could have a significant impact on what you owe.

A tax guide to 2013
Get clarity on 2013 rates, and some tax-smart saving and investment plans to consider.

Tame the Medicare tax
New health care taxes in 2013 may impact high-income investors and earners.

The AMT and you
Where the AMT stands, how likely you may be to be affected, and strategies to consider.

Have questions?
Call an investment professional
800-343-3548

Additional resources
More tax insight for [Portfolio Advisory Service Clients](#).
(Log in required.)

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Review your year-to-date tax information

- Go to Fidelity.com:
- Select [Accounts & Trade](#), then [Portfolio](#)
- Use Select Action menu and choose [Tax Info \(Year-to-Date\)](#)

NEW Tax Reporting Changes That May Impact You - Federal law now requires brokers to report adjusted cost basis for certain securities to the IRS. [Learn more about Cost Basis Legislation](#)

Tax Year:

2013 Tax Information As of 11/12/2013, 1:04 AM ET

2013 Tax Information		As of 11/12/2013, 1:04 AM ET
Total Taxable Income		\$5,257.45
Ordinary Dividends and Distributions	Details	
- Ordinary Dividends		\$2,635.23
- Capital Gain Distributions		\$0.00
Interest Income	Details	\$2,622.22
Miscellaneous Income	Details	\$0.00
Original Issue Discount	Details	\$0.00
Total Nondividend and Tax-Exempt Income		\$8,556.26
Nondividend Distributions	Details	\$0.00
Tax-Exempt Income	Details	\$8,556.26
Total Income		\$13,813.71
Total Realized Gain/Loss		\$3,740.04
Net Short-Term	Details	\$0.00
Net Long-Term	Details	\$3,740.04
YTD Amortized Premium	Details	\$997.35
Realized Market Discount Income	Details	\$0.00
Ordinary Income or Loss **	Details	\$0.00
Acquisition Premium	Details	\$370.88
Other Information		
Margin Interest Paid		\$0.00
Non-Reportable Option Sales		\$0.00
Return of Principal		\$0.00

Related Links

- [Tax Center](#)
- [Your Fidelity Tax Forms](#)

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What's new on Fidelity.com?

You can now update your default alternative disposal method or make a one-time election online. We offer the following disposal methods:

- *First In, First Out (Fidelity default)*
- *Highest Cost*
- *Highest Cost Long-Term*
- *Highest Cost Short-Term*
- *Intraday First In, First Out*
- *Last In, First Out*
- *Lowest Cost*
- *Lowest Cost Long-Term*
- *Lowest Cost Short-Term*
- *Short-Term Tax Sensitive*
- *Tax Sensitive*

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Cost Basis Information Tracking [Help/Glossary](#)

NEW— Now you can choose the Tax-Sensitive disposal method when you're selling shares.

Fidelity tracks your cost basis information and account-level disposal methods as shown below. These instructions apply to all positions held in Fidelity retail accounts for which cost basis information and disposal methods are tracked. For more information refer to [Learn More about Cost Basis Methods](#).

Accounts	STOCKS/ETFs, OPTIONS, FIXED INCOME		MUTUAL FUNDS	
	Cost Basis	Default Disposal Method	Cost Basis	Default Disposal Method
Multicurrency	Actual Cost	First In, First Out (FIFO) Change	NA	First In, First Out (FIFO)
INDIVIDUAL	Actual Cost	First In, First Out (FIFO) Change	Average Cost	First In, First Out (FIFO)
INDIVIDUAL	Actual Cost	Tax-Sensitive Change	Average Cost Convert	First In, First Out (FIFO)
INDIVIDUAL	Actual Cost	Tax-Sensitive Change	Average Cost	First In, First Out (FIFO)
INDIVIDUAL	Actual Cost	High-Cost Change	Average Cost	First In, First Out (FIFO)
INDIVIDUAL	Actual Cost	High-Cost Change	Average Cost	First In, First Out (FIFO)
INDIVIDUAL	Actual Cost	Low-Cost Change	Average Cost	First In, First Out (FIFO)
INDIVIDUAL	Actual Cost	Low-Cost Change	Average Cost	First In, First Out (FIFO)
Multicurrency	Actual Cost	Tax-Sensitive Change	Actual Cost	Tax-Sensitive
INDIVIDUAL	Actual Cost	Tax-Sensitive Change	Average Cost	First In, First Out (FIFO)
TRADITIONAL IRA	Actual Cost	Last In, First Out (LIFO) Change	Actual Cost	Last In, First Out (LIFO)
TRADITIONAL IRA	Actual Cost	Last In, First Out (LIFO) Change	Actual Cost	Last In, First Out (LIFO)

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Q & A

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