

# 2021 year-end reminders



## Tax information statements preview

Because E\*TRADE Advisor Services became Axos Advisor Services effective August 2, 2021, any investors who had accounts with tax reportable activity before and after that date will receive a single mailing with two 1099 forms, one from each company.

### **For Taxable Accounts:**

- For 2021 only, investors whose accounts crossed that date will need to file their taxes under both firms as if they were two separate accounts.
  - Investors whose accounts were not active after August 2, 2021, will only need to do 2021 filing for E\*TRADE Advisor Services.
  - Investors whose accounts were not active prior to August 2, 2021, will only need to do 2021 filing for Axos Advisor Services.
- Investors whose accounts were active before and after August 2, 2021, will receive two tax forms, one for each firm in their 2021 tax information mailing.
  - The 2021 tax information mailing will be branded Axos Advisor Services, but the firm to be filed under will be indicated in the top right-hand corner of each form.
  - The cover page of the tax information mailing will be branded Axos Advisor Services and will include a summary of all the included forms in the mailing.
  - Combined tax forms will be posted to Liberty as one PDF.

### **For Non-Taxable Accounts:**

- Two Form 1099-Rs and 5498s may also be issued per the above conditions and will be delivered in the same tax information mailing.
- One RMD notice will be sent by Axos Advisor Services in January for applicable accounts, as we normally do.

## **This communication also includes the following notices:**

- Distributions for 2021 must be processed by noon MT, December 31
- Roth conversions must be processed by noon MT, December 31
- Instructions for Q4 statement messages and inserts
- Qualified plans and 401(k) establishment deadlines
- Cost basis reports
- RMD reports
- January 2022 RMD systematic distributions
- Holiday closure

### **Investment Products: Not FDIC Insured - No Bank Guarantee - May Lose Value.**

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## 2021 year-end reminders



### **Distributions for 2021 must be processed by noon MT, December 31**

Distribution requests, including those where federal and/or state withholding is requested, must be processed by Axos Advisor Services as early as possible in December but no later than noon MT, December 31, to allow time to deposit withholding for tax year 2021.

To meet this deadline, please ensure that the applicable distribution forms are accurately completed, funds are available with pending liquidations having been settled, and all requests are submitted to **Axos Advisor Services prior to noon MT, December 31. Requests received after this time will be processed and reported as tax year 2022 transactions.**

To avoid the last-minute rush, we encourage you to sign up for the online distribution feature.

For any questions about online distributions, please contact your Client Service Advocate.

### **Roth conversions must be processed by noon MT, December 31**

Roth conversions must be completed by noon MT, December 31, to be coded as a 2021 taxable event. In addition to Roth conversion documentation being in good order, cash and/or assets and applicable withholding must also be available prior to December 31.

### **Instructions for December 2021 statement messages and inserts**

All IRA owners will have the following statement message on their December statements:

#### **Message from Axos Advisor Services**

*Your account balance as of December 31 will be reported to the Internal Revenue Service as the fair market value for your IRA.*

**Advisor personalized statement commentary.** If you would like to provide a message to your clients on your December statements, send your message to your Client Service Advocate before December 23. Statement messages received after this date will delay the creation and mailing of your statements.

*Note: If you already have a recurring statement message, that message will continue unless we receive new instructions from you.*

**Statement inserts.** If you have a statement insert, please notify your Client Service Advocate by December 31. Please provide a PDF version of the insert to be included with electronic statements.

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If you wish Axos Advisor Services to print your insert, send the PDF version of the insert to your Client Service Advocate by December 15, so that a quote can be prepared, and ample time is provided for the printing process.

### Qualified plans including 401(k) plan establishment deadlines

Qualified plans, including SOLO(k)s, must be established by December 31, for the plan to be considered in effect for calendar year 2021. If both the employer and the plan trustee have signed and dated the Qualified Plan Adoption Agreement, and documents are complete, accurate, and received by December 31, Axos Advisor Services considers the account open and in effect for calendar year 2021. Employer contributions to the plan may be made in 2021 up until the company's tax filing deadline. If a contribution is an employee pretax or a Roth deferral, then the contribution must be made on the earliest date that the contribution can be paid by the employer to the plan, in accordance with IRS guidelines.

### Cost basis reports

**"Cost Basis Not Received—Transfers In":** To help you identify any positions transferred to Axos Advisor Services for which we have not received cost basis data, you can run the "Cost Basis Not Received—Transfers In" report. This report identifies all taxable accounts that have assets with a cost basis of zero.

Please ensure that cost basis information is provided to Axos Advisor Services by December 31.

### RMD reports to determine status of RMD and LEP requirements

The RMD report is available as a standard report on Liberty, enabling you to monitor the status of your clients' RMD and LEP requirements. The RMD report is also available at the representative level. The report lists all IRAs where the account owner reached the age of 72 on or after January 1, 2021, or is a Beneficiary IRA, which is eligible for LEP payments. The report provides the following information:

- The account's previous year-end value
- The divisor (how the RMD or LEP should be calculated)
- Required RMD or LEP amount
- RMD or LEP taken
- Scheduled distribution amount remaining
- Total RMD or LEP amount taken and scheduled distributions remaining
- Current shortfall
- Expected shortfall
- Adjusted systematic distribution RMD (if RMD or LEP is set to recalculate each year)

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*Please note:*

If an account transferred to Axos Advisor Services on or after January 1, 2021, the prior year end market value will need to be provided to Axos Advisor Services in order for the 2021 RMD or LEP to be calculated.

For those IRA owners that have completed a Roth Conversion from their IRA account and still need to satisfy their RMD requirement for the year, please use the column that displays the total required RMD amount for reference, rather than just viewing the total taken column of the report, as that column contains all distributions taken from the account including Roth Conversions.

### **January 2022 RMD systematic distributions**

The December 31 fair market value (FMV) will not be finalized for 2022 RMD calculations until the second/third week in January 2022.

Monthly, quarterly, or semi-annual systematic distributions: Any monthly, quarterly, or semi-annual systematic distributions scheduled for January 1–24 will not be based on the 2021 FMV. These payments will be the same amount as the 2021 systematic RMD payments. Then, prior to the February systematic payment, your Client Service Advocate will calculate and modify the remaining systematic amounts to meet the required minimum distribution.

### **Holiday closures**

In observance of the holidays, Axos Advisor Services will be closed on:

- December 24, 2021

If you have any questions regarding this notice, please contact your Client Service Advocate.

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