



Understanding Your 2011 Forms 1099 & Details

Need more help?

Visit our Online Tax Center at etrade.com/tax
or call 1-800-ETRADE-1 (1-800-387-2331).



An important notice to our customers holding certain investments, including, but not limited to: mutual funds, real estate investment trusts, widely held fixed investment trusts, or regulated investment companies:

- Some companies may reclassify one or more income payments in 2012. For example, the original income may have been paid as an ordinary dividend, but it may be reclassified to a capital gain or a non-taxable return of capital distribution.
- If you hold one of these types of investments, you may receive one or more amended 1099s. This may affect the date you will want to file your tax return.
- Amended tax forms will be mailed or posted online weekly, beginning March 2012. Sign up for electronic document delivery to receive email notifications in the event an amended tax form is generated for your account (www.etrade.com/edocs). Other than the email notification received once an amended form is available, typically, you will receive no advanced notice of an amended tax form.



Want quick, convenient online access to your tax records? Visit our online Tax Center at www.etrade.com/tax. There you'll find:

- Electronic copies of all your tax documents, statements, and trade confirmations.
- Frequently asked questions and answers for tax forms, tax reporting, and cost basis.
- Tax calculators, tax planning articles, and IRS forms.

FREQUENTLY ASKED QUESTIONS

For more Frequently Asked Questions go to etrade.com/tax

Q1: Why aren't my gains or losses reported?

A1: New cost basis reporting rules require E*TRADE to report to you and the IRS information about the cost of the securities you sell. However, the regulations specify a 3 year phase-in period during which time different security classes will become "covered" securities and subject to the new reporting. If you don't see gains or losses on your 1099-B, it is most likely because the security is not yet covered. See additional information on the new cost basis rules at etrade.com/tax.

Q2: What is the difference between a covered security and a non-covered security on my 1099-B?

A2: Your 1099-B is broken out into two categories, covered and non-covered. Covered securities will display cost basis information beginning January 1, 2011, and this information will be reported to the IRS. Non-covered securities (those purchased prior to January 1, 2011 or not yet a security type that is considered covered) will not display cost basis information and you are responsible for determining cost basis when filing your tax return.

Q3: Where can I find my security's original purchase information (cost basis)?

A3: To determine the original purchase price of your securities, refer to the New 2011 Year-End Snapshot located under the Gains & Losses tab or your monthly statements, trade confirmations and previous tax documents. These documents are available for a rolling seven years.

Q4: I bought or sold one or more options contracts during the year. Why don't any of them appear on the tax form you sent me?

A4: The purchase or sale of option contracts are not reportable by financial institutions to the IRS until the new cost basis reporting rules for options takes effect in 2013. However, we do report the underlying sale of any position associated with an options assignment or exercise.

Q5: I believe the information on my 1099 is wrong. What can I do?

A5: Send us a Secure Message by logging into your account and clicking on **Customer Service** at the top of the page. Or call us at **1-800-ETRADE-1** (1-800-387-2331).

SAMPLE IMAGE OF YOUR E*TRADE SECURITIES 1099-B

E*TRADE CLEARING	Account No:	xxx-xxxx
P.O. BOX 484	Account Name:	John Doe
JERSEY CITY, NJ 07303-0484	Taxpayer Identification Number:	ON FILE
Account Executive No:		ET1

RECIPIENTS Name, Street Address, City, State, and Zip Code		Payer's Federal Identification Number: 32-0012683
JOHN DOE		Payer's Name, Street, City, State, Zip Code:
123 ANYSTREET DR		E*TRADE CLEARING
ANYTOWN, ST 12345-1234		P.O. BOX 484
Copy B for recipient ☐ 2nd TIN Notice		JERSEY CITY, NJ 07303-0484
		Telephone Number (800) 387-2331

2011 GROSS PROCEEDS

2011 FORM 1099-B: PROCEEDS FROM BROKER & BARTER EXCHANGE TRANSACTIONS (OMB NO. 1545-0715)

Box 6: (Noncovered or Covered) Indicates if the transactions below are considered Noncovered or Covered under the new IRS rules for 2011.

Box 8: Type of Gain or Loss Indicates whether the gain or loss is either short-term or long-term. Note: Your 1099-B will only display short-term or long term if the securities are categorized as Covered.

(D) (Box 1a)	(C) (Box 1b)	(A) (Box 9)	(A)	(A)	(E) (Box 2)	(F) (Box 3)	(Box 5)	(Box 4)
Date of Sale or Exchange	Date of Acquisition	Description	CUSIP	QUANTITY	Sales Price less commissions & option premiums	Cost or Other Basis	Wash Sale Loss Disallowed	Federal Income Tax Withheld
02/12/11		COVENTRY CORP MERGER	999999999	100 Price: \$12.35	\$1,235.00			
03/12/11		**EURO PACIFIC GROWTH FUND-SBI SHORT	999999999	100 Price: \$5.00	\$490.01			
10/24/11		SUBMICRON SYSTEMS CORP TENDER	999999999	100 Price: \$7.25	\$725.00			
11/04/11		BNRON CAPITAL TRUST 11-8 125% PFD LIQUIDATION	999999999	100 Price: \$11.50	\$1,140.01			
12/12/11		IOMEGA CORPORATION CONTRA CUSIP	999999999	100 Price: \$17.10	\$1,710.00			
		5 ITEMS TOTAL		500	\$5,300.02			

Form 8949

Sales and Other Dispositions of Capital Assets

OMB No. 1545-0074

2011

Attachment Sequence No. 12A

Department of the Treasury Internal Revenue Service (99)

► See Instructions for Schedule D (Form 1040).

► For more information about Form 8949, see www.irs.gov/form8949

► Attach to Schedule D to list your transactions for lines 1, 2, 3, 8, 9, and 10.

Name(s) shown on return

Your social security number

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

Note: You must check one of the boxes below. Complete a separate Form 8949, page 1, for each box that is checked.

*Caution. Do not complete column (b) or (g) until you have read the instructions for those columns (see the Instructions for Schedule D (Form 1040)). Columns (b) and (g) do not apply for most transactions and should generally be left blank.

☐ (A) Short-term transactions reported on Form 1099-B with basis reported to the IRS

☐ (B) Short-term transactions reported on Form 1099-B but basis not reported to the IRS

☐ (C) Short-term transactions for which you cannot check box A or B

(a)	(b)	(c)	(d)	(e)	(f)	(g)	
1	Description of property (Example: 100 sh. XYZ Co.)	Code, if any, for column (g)*	Date acquired (Mo., day, yr.)	Date sold (Mo., day, yr.)	Sales price (see instructions)	Cost or other basis (see instructions)	Adjustments to gain or loss, if any*
	(A)	(B)	(C)	(D)	(E)	(F)	(G)

Illustration provided on this page is to assist you in understanding the layout of your 1099-B tax statement compared to the NEW required IRS Form 8949. You may be required to use Form 8949 to report sale or exchange of capital assets.

Form 1099-B

Includes the proceeds from the disposition of securities, including sales, redemptions, exchanges, called bonds, returns of principal, and other dispositions of cash.

A Number of shares you sold & security name

Includes the security name, CUSIP, and number of shares sold for stocks, ETFs, and bonds. Redemptions, exchanges, called bonds, returns of principal, and dispositions of cash will also be listed here. Options contracts are not reportable on Form 1099-B until 2013, but must still be reported by you on your Schedule D & Form 8949.

B Code if any for column g - NEW for 2011!

In order to explain any adjustments to gain or loss in column (g) from the Form 8949, you must enter the appropriate code in column (b). Please see How To Complete Form 8949 on the IRS site (www.irs.gov) for further instructions and view of the code table.

C Date you acquired the shares - NEW for 2011!

Non-covered securities will not show an acquisition date on Form 1099-B but must still be reported by you on your Schedule D & Form 8949. Covered securities will display the date of acquisition.

D Date you sold the shares

The date of the closing transaction will appear here for both non-covered and covered securities.

E Proceeds of the shares sold or redeemed

The amount of proceeds resulting from closing transactions. Commission charges have already been subtracted from these amounts.

F Cost Basis - NEW for 2011!

Non-covered securities will not show the cost or other basis on Form 1099-B but must still be reported by you on your Schedule D & Form 8949. Covered Securities will display information under Box 3 on Form 1099-B.

This is the amount you paid for any opening transactions of covered securities only. This amount was adjusted to reflect any corporate actions, including stock splits, name changes, reorganizations, or redemptions and commissions and fees.

G Adjustments to gain or loss

Include in the column any expense of sale, such as broker's fees, commissions, local and state taxes, unless you reported the net sales price in column (e).

❖ NEW for 2011! Please note that as of December 17, 2011 the IRS requires investors to use the new Form 8949, which in previous years would have been reported on Schedule D-1.

SAMPLE IMAGE OF YOUR E*TRADE SECURITIES 1099-DIV

2011 Form 1099-DIV: DIVIDENDS AND DISTRIBUTIONS (OMB NO. 1545-0110)

A	1a	Total Ordinary Dividends	\$7,225.28
	1b	Qualified Dividends	7,225.28
B	2a	Total Capital Gain Distributions	\$1,500.00
B	2b	Unrecap Sec. 1250 gain	-
B	2c	Section 1202 gain	-
B	2d	Collectibles (28%) gain	-
C	3	Non-Dividend Distributions	-
	4	Federal income tax withheld	-
D	5	Investment Expenses	-
E	6	Foreign Tax Paid	-
	7	Foreign Country or US Possession	-
F	8	Cash Liquidation Distributions	-
F	9	Noncash Liquidation Distributions	-

SAMPLE IMAGE OF IRS FORM 1040

A	9a	Ordinary dividends. Attach Schedule B if required	9a	\$7,225.28
	b	Qualified dividends	9b	
B	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ☐	13	\$1,500.00

SAMPLE IMAGE OF IRS FORM 1040, SCHEDULE B

Part II

A

Ordinary Dividends

(See instructions on back and the instructions for Form 1040A, or Form 1040, line 9a.)

5

List name of payer

5

SAMPLE IMAGE OF IRS FORM 1040, SCHEDULE D

B	13	Capital gain distributions. See page D-2 of the instructions	13	
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Below is additional information on Form 1099-DIV that may be included in your 2011 Form 1099 & Details. For further information, please see the detailed reporting instructions listed on the Instructions page of the form.

Form 1099-DIV

Includes all taxable dividends and capital gain distributions from stock and mutual funds. All payouts are reportable on your federal income tax return, even if they were reinvested.

A Ordinary & Qualified Dividends

Line 1a reports total ordinary dividends. This line includes the total amount of both ordinary and qualified dividends received from all investments. Use the amount of ordinary dividends (line 1a) less the amount of qualified dividends (line 1b) and less the amount of investment expenses (line 5), to determine the actual amount of ordinary dividends that should be reported on IRS Form 1040, line 9a. You may also be required to report this amount on Form 1040 Schedule B (see the General Instructions for Schedule B to determine if you are required to file this form). Short-term capital gain distributions from pooled investments, including mutual funds, REITs, WHFITs, or other regulated investment companies, are treated as ordinary dividends in line 1a.

Line 1b reports qualified dividends. Qualified dividends are subject to a tax rate of 15% (or 5% for taxpayers in the 10% or 0% income brackets). Before claiming the amount of dividends reported in box 1b as qualified, you must ensure that you have satisfied the applicable holding period for the underlying security. Qualified dividends are reported on IRS Form 1040, line 9b. For full details, please see “Dividends and Other Distributions” in IRS Publication 550.

B Capital Gain Distributions

Box 2a includes the amount of long-term capital gain distributions (held for more than one year) from mutual funds, REITs, WHFITs, or other regulated investment companies. Long-term capital gains are subject to a lower tax rate of 15% (or 0% for taxpayers in the two lowest income brackets). Depending upon your situation you may have to report amounts on IRS Form 1040, line 13, and/or IRS Form 1040 Schedule D, line 13. Amounts for payouts listed under boxes 2b through 2d are also totaled under box 2a. However, boxes 2b through 2d are less common. For more information on amounts reported in these boxes, please refer to IRS Publication 550, Investment Income and Expenses.

C Non-Dividend Distributions (return of capital)

A portion of a distribution that is nontaxable because it is a return of cost or other basis already paid. See the section Dividends and Other Distributions of IRS Publication 550, Investment Income and Expenses, for instructions on adjusting your cost basis.

D Investment Expenses

Does not include trading commissions and only applies to non-publicly traded mutual funds, real estate Investment trusts, or other non-publicly traded investment companies. Please see the section, Investment Expenses, of IRS Publication 550.

E Foreign Tax Paid

Shows the foreign tax that you may be able to claim as a deduction or a credit. Please refer to IRS Publication 514, Foreign Tax Credit for Individuals.

F Liquidation Distributions

Liquidation distributions are distributions you receive during a partial or complete liquidation of a corporation. If it was a partial liquidation, you do not need to report it on your tax return. You adjust the cost basis of your security by the amount of the partial liquidation. If it was a complete liquidation, then you would report the liquidation just like you would a sale found on Form 1099-B.

The forms and statements shown are for illustrative purposes only.

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