REDUCING YOUR INVESTMENT-RELATED MAIL

Due to its informationally intensive and highly regulated nature, the investment industry does its part to keep the U.S. Postal Service, the paper-shredding industry, and more than likely, you, busy with the copious amount of mail it generates. Whether that mail consists of account or tax statements, trade confirmations, performance reports, prospectuses, or proxy notices, the resulting amount of investment-related mail can be burdensome. To the extent you're receiving more investment-related mail than you'd like, please read further to see what more might be done.

BELIEVE IT OR NOT, YOUR MAIL SITUATION COULD BE WORSE

Your paper-mail situation is not as bad as it could be simply because our clients have, so far, opted to sign an "Objecting 14B-1" form for every account we oversee. Unless an accountholder formally objects, Securities Exchange Commission Rule 14B-1 requires account custodians such as Shareholders Service Group (SSG) to disclose an accountholder's name, address, and the number of shares he or she holds of each security in his or her account to the issuer of each such security. Once a custodian discloses that information, securities issuers can then correspond with the underlying accountholder directly, and as often as it wishes.

Not only are all the accounts we oversee already covered by Objecting 14B-1 forms, they have been covered from the time they have been opened in an effort to prevent any such disclosures from ever having occurred in the first place.

WHAT ELSE COULD BE DONE TO TRIM YOUR INVESTMENT-RELATED MAIL?

To the extent you'd like to further reduce the unwanted paper you receive in your traditional mailbox, industry regulations allow you to convert some or all of the investment-related mail you would otherwise receive in paper form into an electronic form that's available to you over the web. Although many of our clients have already opted to receive some forms of their investment-related mail electronically, many have not. Among those who have already opted to receive some forms of mail electronically, I suspect many folks would opt to receive more of their mail electronically if they had a better understanding of the electronic notice delivery process and online document access. On the chance you might like to further reduce the amount of paper mail you receive in your regular mailbox, I'll try to improve your understanding a bit.

We've enclosed a couple "USER ID AND ELECTRONIC DELIVERY REQUEST" forms along with a return envelope. In cases where a household maintains more than five accounts with SSG, you may need to use that second form.

ESTABLISHING ONLINE ACCESS OR MODIFYING YOUR MAIL PREFERENCES

If you have already opted to access certain types of investment-related mail electronically, you can modify most of your mail preferences by logging into www.netxinvestor.com (and ignoring the enclosed forms). If you've misplaced or forgotten your login credentials, let us know and we'll request new ones for you.

In cases where you have not yet tried to convert any paper you receive from SSG into electronic notices of online availability, or in cases where you'd like to be able to see account information for an account other than your own, such as a spouse's IRA, you may still need to use the enclosed form. In that case, you'll receive login instructions shorty after we receive a completed form from you. Before I go any further, I would like to let you know that <u>if you have any questions about mail delivery options, online access, or how to complete this form, we'll guide you</u>.

TO ESTABLISH ELECTRONIC DELIVERY, YOU MUST HAVE A VALID EMAIL ADDRESS

Industry regulations require you to have access to a variety of investment-related information. To opt out of the delivery of any paper mail, therefore, SSG must be able to notify you via email when new documents exist for your review. You need not actually read or even open any of those emailed notifications, but in the event the email address you provide to SSG on the enclosed form results in messages being returned as undeliverable, SSG must then revert to delivering regular, paper-based mail to your traditional mailbox. So, if you wish to convert some or all of your investment-related mail to emails notifying you of their online availability, be sure to provide a working email address.

EMAILED NOTIFICATIONS WILL REVEAL THE DOCUMENT BEING OFFERED

When you begin receiving notifications of available documents, not only will you receive an email alerting you to the fact that some new document exists, the subject line of that email will generally describe the type of document being offered to you. Accordingly, you should be able to differentiate between notifications of documents that are of interest to you and those that are not. Either way, that document will be available to you at www.netxinvestor.com between three and twenty years.

COMPARE SECTION III OF THE ENCLOSED FORM TO THE TYPES OF MAIL YOU NOW RECEIVE

Section III depicts the various categories of investment-related mail for which you may receive emailed notifications. Whereas certain categories, such as “Account Statements” and “Trade Confirmations,” are specific and clear, the category labeled “Notifications” is not. Even in cases where a category of mail is clear, you may wish to know how long a given type of document will remain available to you online before you agree to forego the paper version.

STATUTE OF LIMITATIONS ON IRS TAX AUDITS USUALLY 3 YEARS, RARELY 6 YEARS

People are often reluctant to forego paper copies of investment-related documents for fear they won’t have what they need when tax time rolls around, or in the event they face IRS scrutiny. In my opinion, both of those fears are unfounded.

With respect to IRS audits, the general rule is that the IRS is bound by a three-year statute of limitations with respect to initiating a tax audit. That means that the IRS generally has three years from the time a return is due or is actually filed, whichever is *later*, to initiate an audit of that tax return. In cases where the IRS has determined that a tax return contains substantial errors, such as underreporting gross income by at least 25%, the IRS maintains that it has six years to initiate that audit.

Only in cases where the IRS determines a tax return is false or fraudulent is there no statute of limitations.

Short of fraud, therefore, an adequate retention period with respect to producing documents that could be of use during an IRS audit would seemingly need to be no longer than six years plus the time it takes to actually file the tax return. Assuming tax returns are filed sometime during the following year, I would assume that a document retention period of seven years would be more than adequate in the great majority of instances. Here's how the retention periods of the various types of documents stored on www.netxinvestor.com compare to that seven-year standard:

<u>Account Statements</u>: 10-year retention period

The only account statement your tax preparer is ever likely to need is the one that covers the month of December because it, and only it, contains a schedule of realized gains and losses for the entire calendar year.

Over the past decade or so, Congress began requiring custodians to automatically report more and more realized gains and losses directly to the IRS. Prior to the implementation of these automatic reporting rules, custodians did not automatically report any realized gains or losses to the IRS. To ensure our clients always have supporting tax data, we contracted with SSG to report <u>all</u> realized gains and losses on a separate year-end schedule in 2003. As the industry has automatically reported more gain and loss transactions to the IRS over the years, the need for this schedule has declined. Nonetheless, if your tax preparer is looking for gain/loss information that does not appear on your year-end tax statements, this is the place to look.

<u>Trade Confirmations</u>: 6- year retention period

Although a six-year retention period does not quite meet the seven-year standard I proposed earlier, this is likely to be irrelevant. Whereas it might be convenient to produce a confirmation statement to support the purchase or sale of some security, purchase and sales information also appears in the “Transactions” area of your regular account statement. Therefore, the 10-year retention period that applies to account statements causes the six-year retention period that applies to trade confirmations less relevant.

Quarterly Performance Reports: 10- year retention period

These reports are issued only to accounts that are worth $500,000, or more. If you happen to receive such reports, it’s unlikely you’d ever need to refer to one to survive an audit because it’s unlikely that it would contain any necessary information that would not also appear on a corresponding account statement.

Prospectuses: Retention period is not applicable

The purchase of certain kinds of securities trigger the automatic delivery of a prospectus. Since prospectuses are offered by the issuer of the security, custodians aren’t required to archive them at all.

Proxy Notices: Retention period is not applicable

For a host of reasons I’ll not share here, I believe time spent by individual investors voting proxies could be better spent doing most anything else, even if it’s just changing the air in your tires. Since proxy statements are generally time sensitive, there’s no reason to archive them for any length of time in the first place.

Tax Documents: 7-year retention period

For reasons that are not apparent to me, the election to receive emailed notifications regarding the availability of certain tax documents must be made online. That is, you may not use the enclosed form to make that election so if you don’t already have online access, you must use the enclosed form to obtain that access, then after you do, alter the delivery of your tax statements, online.

Notifications: Retention periods range from 3 years to 20 years

This category of investment-related mail covers about 85 different types of notices that could show up in your mailbox. Here's a sampling of some of the more common notifications and their respective retention periods:

♦ Account Transfer Notices	10 years
♦ Annuity Notices	10 years
♦ Bank Send/Receive Instructions	10 years
♦ Bond Redemption Notices	3 years
♦ Check Issuance Notices	7 years
♦ Change-of-Address Confirmations	10 years
♦ Custody of Assets Notices	3 years
♦ Letters of Explanation	10 years
♦ Retirement Tax Withholding Instructions	10 years
♦ Returned Mail Notices	20 years
♦ Special 1099 Mailings	10 years
♦ Tax Lot Notices	10 years
♦ Uncashed Check Notices	10 years
♦ Wire Transfer Notices	7 years
♦ 529 Plan Notices	10 years

I hope that provides enough information to help you better determine what types of investment-related mail you might be able to do without.

SECTION II — ACCOUNT OWNER INFORMATION

This section of the "USER ID AND ELECTRONIC DELIVERY REQUEST" form pertains to the *primary* account owner. In cases where no jointly-registered accounts exist, the primary accountholder is simply the accountholder. In cases where an account is registered in the names of more than one person (i.e., various types of joint accounts), the primary accountholder is the one whose Social Security number is being reported to the IRS.

The easiest way to determine whose Social Security number is in play is to refer to a previous tax statement for that account. The early pages of a given tax statement will depict a portion of a tax ID number. That number belongs to the primary accountholder.

SECTION V — WHEN A JOINT ACCOUNT EXISTS

Once you've established who the primary accountholder is on a jointly-registered account, enter the primary accountholder's name on the *top* line of section V in the "Primary Account Number" field. Then, on the next line, enter that *same* joint account number along with the name of the secondary account holder. Repeat this process of using two lines for each subsequent joint account that exists.

If other, individually registered accounts exist *and* if you'd like all of those other accounts to be accessible via the *same* online access credentials that pertain to the account you've listed at the top of this section, list them on this same form, as well. Otherwise, use a separate form. If you have more accounts than can be addressed on one form, use an additional form. If you need more forms than we have enclosed, make copies, as needed, or let us know and we'll mail more of them to you.

In cases where no joint account exists, the primary account holder is simply the accountholder. As was the case immediately above, enter the primary accountholder's name at the very top of Section V.

SECTION III

If a joint account is involved, list him or her in the "Primary Account Number" area of this section. Otherwise, the order in which you list accounts makes no difference.

Now that you have a sense of the retention periods that apply to various types of documents, look at the columns in this section to determine which types of documents you'd no longer like to receive in paper form, then check the boxes accordingly.

If you'd like to receive emailed notifications about the availability of documents for accounts in addition to the primary account (the one listed on the top line of section III) using the same login credentials, check the boxes in the "Link to Primary Account" column, as applicable. If you later change your mind, it's a simple matter of going online or filling out another one of the enclosed forms to revise your elections.

EXPECT NO K-1S FOR 2017

Although I think partnerships can have investment merit, their unique structure requires a Form K-1 to be issued to each partner after each tax year closes. Since K-1s are complex, issuers are allotted extra time to prepare and issue them to the underlying partners. Often, people would be unaware they were partners in a given partnership or that they ought to be expecting a K-1 in the first place so they would sometimes file their income tax returns before they even received them.

The good news is that we eliminated all partnership holdings prior to the onset of 2017, so if you experience any K-1 pain with respect to the preparation of your 2017 income tax returns, it won't be a result of anything we have done.

ESTIMATED 2017 TAX STATEMENT MAILINGS / ONLINE AVAILABILITY

With respect to accounts that hold only bonds and certain kinds of equities, the associated tax statements may be available by the end of January. For accounts holding mutual funds, real estate investment trusts and certain other types of securities, the resulting tax statements may not be available until mid-February and even if they are, the statement you receive or see online at that time might still be in need of certain pieces of information from various securities issuers. As such, it will be labeled, "draft."

By the end of February, certain tax statements that were previously available in draft form may then be finalized. By mid-March, tax statements are likely to be available for all accounts whether the underlying securities issuers still owe missing information, or not. To the extent SSG receives revised information after mid-March, you'll receive amended tax statements, as necessary. I know it's complicated. — Glenn Wessel