

2015

Tax Guide

FORM 1099-B



WI Services Company

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IMPORTANT NOTE REGARDING TAX IDENTIFICATION NUMBER (TIN) MASKING AND ADDRESS INFORMATION PRINTED ON TAX FORMS

In order to provide additional security against identity theft, we are masking the first five digits of the TIN on tax forms for all of our shareholders. This change will not affect how we report information to the IRS, nor will it affect how you prepare your tax return. This measure is being done to help keep your identity secure.

Information is combined at a TIN level for each form type. This means if you have multiple account types with the same TIN and the accounts qualify to receive the applicable tax form, you will receive a combined tax form that will list all the information for the accounts. Each fund and account will be listed separately so you can identify the applicable taxable information.

The name and address printed on the tax form will be that of the lowest fund/account number of those accounts included on the form.

IRS resources

The information in this guide should not be considered tax or legal advice. Please contact your legal or tax advisor for information regarding your individual situation. Neither WI Services Company, its affiliates nor representatives provide tax advice.

IRS RESOURCES

General Information: (800) 829-1040
(Spanish-speaking assistance available)

TTY/TDD Telephone Service:
(800) 829-4059

Note: This number is answered by TTY/TDD equipment only.

Web Site: www.irs.gov

KEY IRS PUBLICATIONS

Forms and publications shown below are available on the IRS website at www.irs.gov.

This information is also available at your local IRS office, post office, library, or by calling (800) TAX-FORM.

- 17: Your Federal Income Tax for Individuals
- 505: Tax Withholding and Estimated Tax
- 509: Tax Calendars for 2016
- 514: Foreign Tax Credit for Individuals
- 525: Taxable and Nontaxable Income
- 550: Investment Income and Expenses
- 560: Retirement Plans for Small Business
- 571: Tax-Sheltered Annuity Plans (403(b) Plans)
- 575: Pension and Annuity Income
- 590: Individual Retirement Arrangements
- 910: Guide to Free Tax Services
- 929: Tax Rules for Children and Dependents
- 970: Tax Benefits for Education

IRS TELE-TAX TOPICS

IRS tax topics have recorded information on about 150 topics that answer many federal tax questions. A complete list can be found in your IRS Form 1040 Instructions or by calling (800) 829-4477.

Form 1099-B: Proceeds from Broker and Barter Exchange Transactions

FORM 1099-B

WASHINGTON INVESTMENT SERVICES COMPANY
 WASHINGTON INVESTMENT SERVICES COMPANY
 PO BOX 2437
 SHAWNEE MISSION KS 66201-8117
 1-888-325-1355

COPY B For Recipient
 Recipient's name: Investor, Barbara C. Cook

TAX YEAR 2015
 Recipient's identification number: XXX-XX-4875

(Keep for your records)

OMB No. 1545-0045
 FORM 1099-B • PROCEEDS FROM BROKER & BARTER EXCHANGE TRANSACTIONS • 2015

Long-term transactions for which basis is NOT reported to the IRS, report on Form 8849, Part 1 with Box B checked.

Description of Property	Share Price**	Quantity Sold**	No. of Shares Acquired	Date Acquired	Date Sold or Disposed	Net Proceeds	Federal Income Tax Withheld	Non-covered Security	Cost Basis Method**	Gain/Loss**
Fund: IVY CUNDILL GLOBAL VALUE A										
PHONE EXCH TO FUND 750	15.000	2.000		12/18/15	30.00	25.77			ACST	4.23
FUND TOTAL:					30.00	25.77				4.23

Form 1099-B ** This information is reported to the IRS.
 * See instructions for more information on reporting.

1	(1a) Description of Property		2	3	4	5
Transaction	Share Price**	Quantity Sold**	(1b) Date Acquired	(1c) Date sold or disposed	(1d) Net proceeds	(1e) Cost or other basis
Fund: IVY CUNDILL GLOBAL VALUE A						PAYER'S Fed. ID
PHONE EXCH TO FUND 750	15.000	2.000	12/18/15	30.00	25.77	
FUND TOTAL:				30.00	25.77	

6	7	8	9	10
(1f)(g) Wash sale adjustments	(4) Federal income tax withheld	(5) Non-covered security	Cost basis method**	Gain/Loss**
0.00	0.00	YES	ACST	4.23

ID no.: 52-2185473 CUSIP no.: 465898880

Reporting Rules for Form 1099-B

IRS Form 1099-B required substantial changes beginning in tax year 2012 due to new IRS regulations for cost basis reporting via the Energy Improvement and Extension Act of 2008.

Due to the changes, mutual funds are now required to report cost basis information to the IRS for **covered shares** on Form 1099-B. Cost basis information will not be reported to the IRS for **noncovered shares** on Form 1099-B. However, we will continue to provide average cost basis information (when available) on Form 1099-B for noncovered shares.

All fund shares have been divided into two categories for cost basis purposes. Shares acquired after the January 1, 2012 effective date are referred to as **covered shares**. Shares acquired prior to January 1, 2012 are referred to as **noncovered shares**. The cost of your covered shares is maintained and calculated separately from your noncovered shares when applicable.

Five Sections for Form 1099-B

There are five sections for reporting transactions on Form 1099-B. Only sections applicable to your transactions will be displayed. The IRS Form 1099-B has been designed to coincide with each applicable section of your IRS Form 8949 and Schedule D.

Redemption and/or exchange transactions of **covered shares** may be displayed in at least one of the following two sections of Form 1099-B if they apply to your transaction:

- **Short-Term** transactions for which basis is **reported to the IRS**. Subtotals will be provided for each Fund (CUSIP) within this section.
- **Long-term** transactions for which basis is **reported to the IRS**. Subtotals will be provided for each Fund (CUSIP) within this section.

Redemption and/or exchange transactions of **noncovered shares** may be displayed in at least one of the following three sections of Form 1099-B if they apply to your transaction:

- **Short-term** transactions for which basis is **NOT reported to the IRS**. Subtotals will be provided for each Fund (CUSIP) within this section.
- **Long-term** transactions for which basis is **NOT reported to the IRS**. Subtotals will be provided for each Fund (CUSIP) within this section.
- Transactions for which basis is **NOT reported to the IRS** and for which short-term or long-term determination is **unknown**. You will need to determine both the holding period and cost basis in order to report on your IRS Form 8949.

PLEASE NOTE:

- An individual redemption and/or exchange transaction may be displayed in more than one section of the Form 1099-B. For example, if an individual redemption is comprised of both short-term holdings (held for one year or less) and long-term holdings (held for greater than one year) and/or both covered and noncovered shares, each component of the redemption will be reported as a separate line item within the appropriate section on Form 1099-B.
- Noncovered shares will always be redeemed before covered shares for any cost basis calculation method except Specific Lot Identification. Once all the noncovered shares have been redeemed, your covered shares will be redeemed with either your elected cost basis method or with the fund default method of Average Cost.

Understanding Form 1099-B

1 DESCRIPTION OF PROPERTY

Box 1a shows a brief description of the item or service for which the proceeds or bartering income is being reported, share price and quantity sold (amount of shares sold for the transaction).

2 DATE ACQUIRED

Box 1b will be blank if box 5 shows YES or if the securities sold were acquired on a variety of dates.

3 DATE SOLD OR DISPOSED

Box 1c reports the trade date of the sale or exchange.

4 NET PROCEEDS

Box 1d reports the amount of proceeds from the sale of shares by either redemption or exchange.

5 COST OR OTHER BASIS

Box 1e reports the cost or other basis of the securities sold.

6 WASH SALE ADJUSTMENTS

Box 1f/1g reports the amount of non-deductible loss in a wash sale transaction. For more information on wash sales, please see Frequently Asked Questions.

7 FEDERAL INCOME TAX WITHHELD

Box 4 reports the amount withheld from your redemptions.

8 NONCOVERED SECURITY

Box 5 will show YES for noncovered securities and blank for covered securities.

9 COST BASIS METHOD

Provides the method used to calculate the cost basis on covered and noncovered securities.

10 GAIN/(LOSS)

Provides the computed gain or loss associated with each transaction.

Symbols included on your Form 1099-B

()** **Not Reported to the IRS:** Share Price, Quantity Sold, Cost Basis Method and Gain/(Loss) amount will not be reported to the IRS, even for covered securities for which the cost basis information in boxes 1b, 1e, and 1f/1g will be reported to the IRS.

(†) **Sales load basis deferral:** An adjustment is made to the cost basis of an exchange redemption when you exchange from one front-end load fund to another at net asset value within 90 days of the original purchase. The amount of the original sales load paid on the shares must be subtracted from the cost basis of the exchange redemption shares and added to the cost basis of the exchange purchase shares.

Frequently asked questions

Q. WHAT ARE THE METHODS FOR CALCULATING COST BASIS?

A. We offer seven different methods for calculating cost basis and they are as follows:

- 1. FIFO – First In, First Out:** shares are sold in the order in which they were purchased.
- 2. HIFO – High Cost, First Out:** shares with the highest cost are sold first.
- 3. LIFO – Last In, First Out:** shares that were acquired last will be sold first.
- 4. LOFO – Low Cost, First Out:** shares with the lowest cost are sold first.
- 5. LGUT – Loss/Gain Utilization:** these shares will be sold according to two different requirements:
 - a. First, losses and gains per share will be evaluated and shares with losses will be sold first.
 - b. Second, the holding period will be evaluated and shares will be sold as follows: for shares with losses, short-term will be sold before long-term and for shares with gains, long-term will be sold before short-term.
- 6. SLID – Specific Lot Identification:** the shareholder specifies which securities are sold first. **Cost basis information is not available for noncovered shares using this method.**
- 7. ACST – Average Cost:** uses the average cost of the shares as the basis for calculating your cost when the shares are sold. The Average Cost method redeems the oldest shares first, and the holding period will be based on the acquisition date of the shares sold.

Please Note: If you have elected any method other than SLID, your noncovered shares will be reported on Form 1099-B using the Average Cost method (when available) but will not be reported to the IRS. Your covered share transactions will be reported on Form 1099-B using your elected method and will also be reported to the IRS.

Q. WHAT IF AN INDIVIDUAL REDEMPTION TRANSACTION CONSISTS OF SHARES ACQUIRED BEFORE JANUARY 1, 2012 AND AFTER JANUARY 1, 2012?

A. In that case, the redemption transaction would be broken out into separate reporting lines on the Form 1099-B. Each line will display whether the cost basis is being reported to the IRS.

Q. WHAT IF THE INDIVIDUAL REDEMPTION TRANSACTION NOTED ABOVE CONSISTS OF LONG-TERM AND SHORT-TERM SHARES?

A. In this instance, and for purposes of the Form 1099-B, the shares redeemed are categorized as long-term or short-term and then further divided into sales of covered (for which basis is reported to the IRS) or noncovered (for which basis is not reported to the IRS).

Q. HOW IS COST BASIS CALCULATED FOR MY NONCOVERED SHARES USING THE AVERAGE COST METHOD (ACST)?

A. Under this method, the cost of all the fund noncovered share purchases is added and then divided by the total number of noncovered shares owned to determine the average cost per share. When noncovered shares are redeemed, the noncovered share total is multiplied by the average cost per share to get to the determined average cost basis of the noncovered shares. Gain or loss from the sale of these shares is then computed as the difference between the redemption amount and the determined average cost basis.

1. Add the total dollars of all noncovered shares currently owned.
2. To calculate the average basis per share, divide the results of the first step by the number of noncovered shares currently owned.
3. To calculate the basis of the noncovered shares being sold, multiply the results of the second step by the number of noncovered shares.

Please Note: The same methodology can be used to calculate the average cost basis of your covered shares.

Q. HOW IS THE HOLDING PERIOD DETERMINED USING THE AVERAGE COST METHOD?

A. The Average Cost method depletes the oldest shares first using a first-in, first-out order.

Q. WHAT ARE THE TAX RATES FOR CAPITAL GAINS AND HOW DOES SHORT AND LONG-TERM DETERMINATION OF THE SHARES SOLD IMPACT MY TAXES?

A. Short and long-term is used to determine the rate at which the redemption or exchange will be taxed.

1. **Short-term:** shares held for one year or less. The tax rate for the short-term capital gains are subject to tax at ordinary income rates.*
2. **Long-term:** shares held for over one year. The tax rate for long-term capital gains is determined by an individual's ordinary income tax bracket:
 - For individuals whose tax brackets are 10% or 15%, there are no taxes on long-term capital gains.
 - For individuals whose tax brackets are 25%-35%, the rate is 15%.*
 - For individuals in the 39.6% tax bracket, the rate is 20%.*

* This rate does not include the 3.8% Medicare surtax that may be applicable to net investment income for higher income taxpayers.

Q. WHAT IS A SALES LOAD BASIS DEFERRAL?

A. Sales loads are normally added to the basis amount of the shares purchased. This may not be the case if shares are redeemed or exchanged within 90 days after the date of purchase and additional shares are acquired in the same fund or exchanged into a different fund at net asset value. The sales load may need to be reduced from the cost basis of the redemption and added to the cost basis of the subsequently acquired shares. Please consult your tax advisor regarding the effect of this transaction.

Q. WHAT IS A WASH SALE LOSS?

A. A wash sale occurs when you sell mutual fund shares at a loss and within 30 days before or after the sale either buy, or acquire in a taxable exchange, substantially identical shares. Tax regulations defer deduction of a loss on the sale to prevent realization of a loss solely to offset capital gains. The disallowed portion is added back to the cost basis of the remaining shares resulting in a smaller gain or larger loss for future sales. The disallowed portion has also been deducted from the amount shown in the Gain/(Loss) column for each transaction qualifying as a wash sale. Reinvested dividends and capital gains are considered purchases by the IRS, and are capable of creating a wash sale.

Q. WILL A CONTINGENT DEFERRED SALES CHARGE (CDSC) AFFECT MY COST BASIS?

A. If the redemption proceeds provided on your Form 1099-B are being used, the redemption proceeds have already been reduced by your CDSC and you will not be required to adjust your cost basis.

Q. WHERE CAN I FIND MORE INFORMATION REGARDING THE FORM 1099-B AND COST BASIS?

A. You can find more information regarding the Form 1099-B and cost basis on the back of the form.

Resources and additional assistance

TURBOTAX® AND TURBOTAX FOR THE WEBSM

Fund shareholders who are registered for online account access now have the ability to download and import tax information directly into TurboTax.

The software includes the Instant Data Entry feature, which enables automated import of 1099 investment information directly for your retirement and non-retirement accounts. Once imported, you can download this information directly into your TurboTax return.

H&R BLOCK TAX SOFTWARETM

Fund shareholders who are registered for online account access now have the ability to download and import tax information directly into H&R Block Tax Software.

The software includes a Smart Import feature, which enables automated import of 1099 investment information directly for your retirement and non-retirement accounts. Once imported, you can download this information directly into your H&R Block Tax Software return.

DUPLICATE TAX FORMS ONLINE

Fund shareholders who are registered for online accounts can view and print any tax form that has been generated for your account for the previous tax year.

If you have questions about any of the forms you have received please call one of our Client Service Representatives toll free at (888) 923-3355, Monday through Friday, 7:30 a.m. – 7:00 p.m. Central time.

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NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY