



# Guide To Your USAA Investment Management Company Brokerage Forms 1099 For Tax Year 2014

USAA is committed to providing accuracy in reporting tax information related to your brokerage account(s) and help in understanding how it is used.

In this guide you will find:

- a general overview of tax reporting requirements.
- methods used to determine reported income from your investments with USAA Investment Management Company (IMCO).
- the way the IRS treats income on your investments.
- descriptions and explanations of tax forms related to your investments.

If applicable to your USAA IMCO account, you may have received form(s) 1099-DIV, 1099-INT, 1099-OID, 1099-B and 1099-MISC.

**The information provided here is not legal or tax advice. We recommend that you consult your legal and tax advisors if you need advice regarding your specific situation.**

## Tax Return Assistance on [usaa.com](http://usaa.com)

From the **usaa.com** home page, select the "Documents" tab to sign up to receive your tax forms electronically in the future.

In addition to the information in this guide, on **usaa.com/taxes** you may:

- view and print your USAA form(s) 1099.
- learn how to download Form 1099 information into TurboTax®.
- receive a discount on your Federal filing using TurboTax® online.
- read articles on recent tax law changes.
- access other tools and information to answer general tax questions and help you complete your tax return.
- link to IRS publications and forms.

## Table of Contents

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<b>I.</b>	Information for Preparing your 2014 Tax Return.....	Page 3
<b>II.</b>	General Information About your Tax Information Statement.....	Page 6
<b>III.</b>	1099-B Proceeds from Broker and Barter Exchange Transactions .....	Page 8
	a. IRS Form 8949 .....	Page 13
	b. Reporting a Wash Sale (adjustment) .....	Page 15
<b>IV.</b>	IRS Form 1099-INT Interest Income .....	Page 17
<b>V.</b>	IRS Form 1099-DIV Dividends and Distributions .....	Page 19
	a. Capital Gains Distributions.....	Page 21
<b>VI.</b>	Margin Interest Expense .....	Page 22
<b>VII.</b>	IRS Form 1099-OID Original Issue Discount .....	Page 22
<b>VIII.</b>	Items Required to be Reported to the IRS.....	Page 24
<b>IX.</b>	Items Not Required to be Reported to the IRS.....	Page 25
<b>X.</b>	Tax-Exempt Interest Income - Tax-Exempt Securities with Original Issue Discount .....	Page 26
<b>XI.</b>	Collateral Debt Obligations (CDO's) *Collateral Mortgage Obligations (CMO's) .....	Page 28
	*Real Estate Mortgage Investment Conduits (REMICs)	

## Information for Preparing Your 2014 Income Tax Return

Before preparing your tax return, please take a minute to note the following important information:

This guide has been tailored for use by individual U.S. taxpayers and describes how and where to report certain transactions on your federal tax return. Your tax advisor can provide further counsel as to federal, state, and local tax reporting requirements.

- 1099-DIV** Dividends and Distributions
- 1099-INT** Interest Income
- 1099-B** Proceeds from Broker and Barter Exchange Transactions
- 1099-OID** Original Issue Discount
- 1099-MISC** Miscellaneous Income

The information on these forms is reported to you and to the IRS. The IRS will match the amounts reported on these form to the amounts reported on your tax return. The reported amounts in certain cases may not represent your actual taxable income. In these cases you are entitled to make adjustments to the reported amounts. These adjustments should be made on your tax return as additions or subtractions to the reported amounts. In all cases the reported amounts should appear on your tax return so you do not generate any exceptions in the IRS matching process.

Form 1099-DIV			
Information	Box	Form 1040 Tax Return	Possible Adjustments
Total Ordinary Dividends	1a	Schedule B	
Qualified Dividends	1b	Line 9b of Form 1040	
Total Capital Gains Distributions	2a	Schedule D	N/A
Unrecaptured Section 1250 Gain	2b	Unrecaptured Section 1250 Gain worksheet	N/A
Section 1202 Gain	2c	Schedule D	N/A
Collectibles (28%) Gain	2d	Schedule D 28% Rate Gain Worksheet	N/A
NonDividend Distributions	3	Schedule D	Please refer <a href="http://www.IRS.gov">www.IRS.gov</a> for 1099 Div instructions.
Federal Income Tax Withheld	4	Form 1040	N/A
Investment Expense(s)	5	Schedule A - Other Expenses	N/A
Foreign Tax Paid	6	Form 1040 and possibly Form 1116	N/A
Foreign Country or US Possession	7	Form 1116 if necessary	N/A
Cash Liquidation Distribution(s)	8	Conditional Schedule D	Please refer <a href="http://www.IRS.gov">www.IRS.gov</a> for 1099 Div instructions.
Non-Cash Liquidation Distribution(s)	9	Conditional Schedule D	Please refer <a href="http://www.IRS.gov">www.IRS.gov</a> for 1099 Div instructions.
Exempt interest dividends	10	Line 8b of Form 1040 or Form 1040A	Please refer <a href="http://www.IRS.gov">www.IRS.gov</a> for 1099 Div instructions.
Specified private activity bond interest dividends	11	Form 6251	Please refer <a href="http://www.IRS.gov">www.IRS.gov</a> for instructions to Form 6251.

## Information for Preparing Your 2014 Income Tax Return (con't.)

Form 1099-INT			
Information	Box	Form 1040 Tax Return	Possible Adjustments
Interest Income	1	Schedule B	N/A
Early Withdrawal Penalty	2	Line 30 of Form 1040	
Interest on US Savings Bonds and Treasury Obligations	3	Schedule B	N/A
Federal Income Tax Withheld	4	1040	N/A
Investment Expense(s)	5	Schedule A- Other Expenses	N/A
Foreign Tax Paid	6	Form 1040 and possibly Form 1116	N/A
Market discount	10	Schedule B	
Bond Premium	11	Schedule B	

Form 1099-B			
Information	Box	Form 1040 Tax Return	Possible Adjustments
Description	1a	Form 8949	
Date Acquired	1b	Form 8949	
Date Sold or Disposed	1c	Schedule D Form 8949	
Proceeds	1d	Schedule D Form 8949	
Cost or Other Basis	1e	Schedule D Form 8949	
Code if Any	1f	Schedule D Form 8949	
Adjustments	1g	Schedule D Form 8949	
If Checked, Basis Reported to IRS	3	Form 8949	N/A
Federal Income Tax Withheld	4	Form 1040	N/A
If Checked, Noncovered Security	5	Form 8949	
Reported to IRS Gross Proceeds/ Net Proceeds	6	Form 8949	

1099-OID			
Information	Box	Form 1040 Tax Return	Possible Adjustments
Original Issue Discount for 2014	1	Schedule B	Please refer to IRS Publications 1212 and 550 for additional information on adjusting your OID amount.
Other Periodic Interest	2	Schedule B	Please refer to IRS Publications 1212 and 550 for additional information on adjusting your OID amount.
Early Withdrawal Penalty	3	Form 1040	
Federal Income Tax Withheld	4	Form 1040	N/A
Market Discount	5		
Acquisition Premium	6		
Description	7	Schedule B	N/A
Original Issue Discount on U.S. Treasury Obligations	8	Schedule B	Please refer to IRS Publication 1212 for additional information on adjusting your OID income.
Investment Expenses	9	Schedule A- Other expenses	

## Information for Preparing Your 2014 Income Tax Return (con't.)

1099-MISC			
Information	Box	Form 1040 Tax Return	Possible Adjustments
Royalties	2	Schedule E	
Other Income	3	Form 1040	
Federal Income tax withheld	4	Form 1040	N/A
Substitute Payments in Lieu of Dividends or Interest	8	Form 1040	N/A

## Your Tax Information Statement

Your Tax Information Statement begins with a summary of the information we report to the IRS. Certain categories of transactions in this summary may not pertain to your account, in these cases the **AMOUNT** will show as 0.00.

The details of each transaction reported on your Tax Information Statement are displayed after the summaries and are explained in their respective sections throughout this guide.

### Sample of Summary Information:

\* This is important tax information and is not being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanctions may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

ADJUSTMENTS TO INTEREST AND ORIGINAL ISSUE DISCOUNT		NON REPORTED INCOME, FEES, EXPENSES AND EXPENDITURES	
<i>The amounts in this section are not reported to the IRS. They are presented here for your reference when preparing your tax return(s).</i>		<i>The amounts in this section are not reported to the IRS. They are presented here for your reference when preparing your tax return(s).</i>	
Taxable accrued interest paid	0.00	Other receipts- Partnership distributions	0.00
Taxable accrued Treasury interest paid	0.00	Other receipts- Foreign tax paid on partnership distributions	0.00
Tax-exempt accrued interest paid	0.00	Other receipts- Return of principal distributions	0.00
Tax-exempt accrued interest paid (AMT)	0.00	Other receipts- Deferred income payment	0.00
Taxable accrued nonqualified interest paid	0.00	Expenses- Margin interest	0.00
Tax-exempt accrued nonqualified interest paid	0.00	Expenses- Dividends paid on short position	0.00
Tax-exempt accrued nonqualified interest paid (AMT)	0.00	Expenses- Interest paid on short position	0.00
Nonqualified interest	0.00	Expenses- Non reportable distribution expense	0.00
Tax-exempt nonqualified interest	0.00	Expenses- Other expenses	0.00
Tax-exempt nonqualified interest (AMT)	0.00	Expenses- Severance tax	0.00
Interest shortfall on contingent payment debt	0.00	Opening transactions- Securities & options purchased	0.00
Bond premium- Non Treasury obligations (noncovered lots)	602.00	Opening transactions- Installment payments	0.00
Bond premium- Treasury obligations (noncovered lots)	592.00	Opening transactions- Short sales & options written	0.00
Bond premium- Tax-exempt obligations (noncovered lots)	602.00	Fees and payments received- Deemed premium	0.00
Bond premium- Tax-exempt obligations (AMT, noncovered lots)	452.00	Fees and payments received- Organizational expense	0.00
Acquisition premium- Non Treasury obligations (noncovered lots)	130.00	Fees and payments received- Income accrual- UIT	0.00
Acquisition premium- Treasury obligations (noncovered lots)	130.00	Fees and payments received- Miscellaneous fees	0.00
Acquisition premium- Tax-exempt obligations (all lots)	804.00	Fees and payments received- Basis adjustments	0.00
Acquisition premium- Tax-exempt obligations (AMT, all lots)	804.00	Fees and payments received- Tax-exempt investment expense	0.00
Market discount (noncovered lots)	1,868.00	Fees and payments received- Foreign tax in excess of treaty	0.00
		Income and adjustments- Foreign currency gain/loss	0.00

\*This information is not being furnished to the Internal Revenue Service.

## General Information About Your Tax Information Statement

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### Exempt Accounts

Certain accounts are exempt from IRS Form 1099 reporting and backup withholding requirements. These accounts include: corporations (excluding S corporations), qualified retirement plans, individual retirement accounts (IRAs), charitable organizations, foreign accounts, most federal, state, and local government accounts, etc. A complete list of exemption criteria is provided in the Instructions to IRS Form W-9 (Request for Taxpayer Identification Number and Certification). If your account is exempt and you received a Tax Information Statement, please contact your investment professional or financial organization.

### Taxpayer Identification Number

Please check your name and Taxpayer Identification Number as shown on your Tax Information Statement. If either is missing or incorrect, promptly provide an executed IRS Form W-9 (Request for Taxpayer Identification Number and Certification). If more than one name is shown, please ensure that the Social Security Number on the Tax Information Statement belongs to the individual whose name is listed first. If that is not the case, please correct the Tax Information Statement by providing a revised IRS Form W-9 and a copy of your statement. On the IRS Form W-9, circle the name of the individual whose Social Security Number is being furnished. To avoid backup withholding, it is important to ensure that your name and Taxpayer Identification Number are correct. If the information is not correct or does not match the records of the IRS or Social Security Administration, then upon notice from the IRS, pursuant to their "B-Notice Program," we may be required to commence backup withholding.

### Federal Income Tax Withheld (Backup Withholding)

We are required by law to withhold federal income tax from all reportable dividends, interest, and gross proceeds paid to certain U.S. persons (including trusts, partnerships, etc.) who fail to furnish a valid Taxpayer Identification Number or appropriate certification (IRS Form W-9). This is called backup withholding. If you are exempt from backup withholding because you are an exempt recipient (for instance, a corporation, qualified retirement plan, charity, etc.), please furnish USAA Investment Company with an executed IRS Form W-9, indicating the exemption. If you are exempt from backup withholding because you are a foreign person, please furnish a withholding certificate, such as IRS Form W-8BEN or W-8IMY.

We report federal income tax withheld separately in the 1099-B, 1099-DIV, 1099-INT, and 1099-OID sections of your statement. You should combine these amounts and report them on IRS Form 1040.

When withholding is required, we remit the amount withheld directly to the IRS. We cannot refund this tax withholding to you.

### Nominee Recipients

If your Social Security Number or Employer Identification Number is shown on your Tax Information Statement, and the statement includes amounts belonging to another person, you are considered a nominee recipient. You must file IRS Form 1099 for each of the other owners, showing the income allocable to each. File the applicable IRS Form 1099 along with IRS Form 1096 (Annual Summary and Transmittal of U.S. Information Returns) with the Internal Revenue Service Center in your area. You should be listed as the "payer" on IRS Form 1099 and as the "filer" on IRS Form 1096. The other owner(s) should be listed as the "recipient(s)" on IRS Form 1099. You must furnish an IRS Form 1099 to the other owners. Spouses are not required to file a nominee return to show amounts owned by the other.

### Revised Statements

If we receive corrected or updated information, we will report it to you and to the IRS, if required, in a Revised Tax Information Statement.

### Differences between Your Tax Information Statement and Monthly Statements

Due to IRS requirements, there may be differences between your Tax Information Statement and the monthly statements that you received from us.

- The IRS requires that transactions on IRS Form 1099-B (Proceeds From Broker and Barter Exchange Transactions) be reported on a trade date basis.
- Some distributions (for instance, those paid by mutual funds) that are declared in 2014, but are not paid to your account until January 2015, must be reported as 2014 income.
- Certain securities (such as OID bonds) generate taxable income on an accrual basis, rather than when cash is credited to your account. For these securities, the accrual appears on your Tax Information Statement, whereas the cash activity appears on your monthly brokerage statement.
- A wash sale triggered by a purchase in January 2015 for a position sold at a loss in December 2014, will cause the realized loss information on your annual statement to differ to that reported to the IRS on Form 1099-B.
- Reclassifications occur when issuers of securities, which you have invested in, reallocated year-end earnings into dividends, return of capital, capital gains and foreign taxes paid. Also, dividend qualifications for tax treatments can change. These changes are beyond our control.

### IRS Form 1099-B Proceeds from Brokers and Barter Exchange Transactions

The amounts indicated in this section of your Tax Information Statement reflects proceeds and basis-related information (when available) from security transactions such as sales, redemptions, tender offer, maturities, etc.

#### New Reporting Rules

Starting in 2011, new IRS reporting rules require brokers to report gross proceeds and basis related information for sales of certain securities acquired after 2010 to the taxpayer and to the IRS.

The new reporting rules are staggered based on security-types, as follows:

- Jan. 1, 2011 for individual stocks
- Jan. 1, 2012 for mutual funds
- Jan. 1, 2014 for less complex debt, options and other securities
- Jan. 1, 2016 for complex debt

Securities acquired on or after these effective dates are referred to as “covered” securities because they are covered under the new law mandating basis reporting. Securities acquired before the effective dates are referred to as “noncovered” securities and there is no IRS requirement for brokers to report basis-related information to the IRS for such securities.

For more information regarding simple versus complex debt, see pages 24 and 25 of this document or visit the Frequently Asked Questions found on [usaa.com](http://usaa.com) by keyword search “Cost Basis Frequently Asked Questions.”

#### Trade Date versus Settlement Date

We report sales of publicly-traded securities to the IRS, on a trade date basis, on IRS Form 1099-B. Accordingly, you should report transactions on a trade date basis.

#### Explanation of Information Presented on IRS Form 1099-B

The IRS Form 1099B includes three primary sections including a summary page; income tax withheld and trading activity.

#### Summary of Gains and Losses

These amounts are for informational purposes. Cost basis totals include only amounts that were available to us. Refer to the appropriate detail pages for more information regarding your trading activity. There is also a summary of *non reported income, fees, expenses and expenditures*.

**Income Tax Withheld** from any trading activity will be reflected here.

#### Trading activity

This section is broken up into six categories:

- (1) Category **A** - short-term covered securities where basis is reported to the IRS.
- (2) Category **B** - short-term noncovered securities where basis is NOT reported to the IRS.
- (3) Category **C** - short-term security trades not reported on a IRS Form 1099-B.
- (4) Category **D** - long-term covered securities where basis is reported to the IRS.
- (5) Category **E** - long-term noncovered securities where basis is NOT reported to the IRS.
- (6) Category **F** - long-term security trades not reported on a IRS Form 1099-B.

## 1099-B Proceeds from Broker and Barter Exchange Transactions (con't).

### Category A - Short-term cost basis reported to the IRS

2- SHORT-TERM TRANSACTIONS							
Report on Form 8949, Part I, with Box A checked							
1a- Description of property/CUSIP/Symbol							
1c- Date sold or disposed	Quantity	1d- Proceeds & 6- Reported (Gross INet)	1b- Date acquired	1e- Cost or other basis	1f- Adjustments & 1f- Code(s), if any	7- Gain or loss(-) & Loss not allowed(X)	Additional information
AT&T INC JAN 17, 2015 @ 37 CALL / CUSIP: 00206R8@6 / Symbol:							
4 tax lots for 06/23/14. Total proceeds (and cost when required) reported to the IRS:							
	1.000	107.07	06/20/14	0.00	---	-15.71	Short sale closed- call
	2.000	173.92	06/20/14	0.00	---	-54.88	Option written: 03/20/2014
	2.000	200.91	06/20/14	0.00	---	-24.61	Short sale closed- call
	3.000	326.76	06/20/14	0.00	---	-43.98	Option written: 03/06/2014
06/23/14	8.000	817.46	VARIOUS	0.00	0.00	-139.16	Short sale closed- call
Total of 4 lots							
ABBOTT LABS COM / CUSIP: 002824100 / Symbol: ABT							
4 tax lots for 02/14/14. Total proceeds (and cost when required) reported to the IRS:							
	1.000	38.78	10/15/13	33.85	---	4.93	Sale
	39.000	1,512.33	12/11/13	1,432.44	---	79.89	Sale
	40.000	1,551.11	12/12/13	1,464.76	---	86.35	Sale
	80.000	2,326.66	12/13/13	2,186.95	---	139.71	Sale
02/14/14	140.000	5,428.88	VARIOUS	5,118.00	0.00	310.88	Total of 4 lots

- These are your "covered" security trades, representing securities that were purchased in 2011 or after and subsequently sold.

### Category B - Short-term cost basis not reported to the IRS

These are your "noncovered" security trades, representing securities that were purchased before 2011 and subsequently sold. USAA provides the cost basis information (if available) for noncovered transactions on IRS Form 1099-B for your information only. For noncovered securities, USAA will not report basis information to the IRS.

This category is divided into two sections: one for positions with complete basis information and one for transactions with missing basis information.

#### Complete basis information

SHORT-TERM TRANSACTIONS							
Report on Form 8949, Part I, with Box B checked							
1a- Description of property/CUSIP/Symbol							
1c- Date sold or disposed	Quantity	1d- Proceeds & 6- Reported (Gross INet)	Date acquired	Cost or other basis	Adjustments & Code(s), if any	7- Gain or loss(-) & Loss not allowed(X)	Additional information
ABBOTT LABS FEB 22, 2014 @ 39 CALL / CUSIP: 0028245@ / Symbol:							
01/28/14	2.000	151.47	01/27/14	0.00	---	101.95	Short sale closed- call
Option written: 12/26/2013							
ALTRIA GROUP INC MAR 22, 2014 @ 37 CALL / CUSIP: 02209S6@6 / Symbol:							
4 tax lots for 01/30/14. Total proceeds (and cost when required) reported to the IRS:							
	2.000	227.90	01/29/14	0.00	---	17.70	Short sale closed- call
	2.000	244.09	01/29/14	0.00	---	37.69	Option written: 09/12/2013
	3.000	337.09	01/29/14	0.00	---	21.77	Short sale closed- call
	3.000	338.99	01/29/14	0.00	---	29.29	Option written: 10/10/2013
	10.000	1,148.07	VARIOUS	0.00	0.00	106.55	Short sale closed- call
Option written: 09/12/2013							
Total of 4 lots							

#### Missing basis information

UNDETERMINED-TERM TRANSACTIONS							
Report on Form 8949, Part I, with Box B checked							
1a- Description of property/CUSIP/Symbol							
1c- Date sold or disposed	Quantity	1d- Proceeds & 6- Reported (Gross INet)	Date acquired	Cost or other basis	Adjustments & Code(s), if any	7- Gain or loss(-) & Loss not allowed(X)	Additional information
WAL-MART STORES INC / CUSIP: 931142103 / Symbol: WMT							
2 tax lots for 06/17/14. Total proceeds (and cost when required) reported to the IRS:							
	0.921	69.33	N/A	0.00	---	---	Sale
	112.401	8,437.49	N/A	0.00	---	---	Sale
06/17/14	113.322	8,506.84	VARIOUS	0.00	0.00	0.00	Total of 2 lots

For some mutual fund transactions, where the date of acquisition is "unknown" or "various", you should refer to your historical documents to determine if the transaction's holding period qualifies as long-term or short-term.

## 1099-B Proceeds from Broker and Barter Exchange Transactions (con't).

### Category C - Short-term proceeds NOT reported to the IRS

The IRS does not require USAA to report proceeds or basis information for these types of transactions.

SHORT-TERM TRANSACTIONS <i>NOT reported on Form 1099-B</i>							
Report on Form 8949, Part I, with Box C checked							
Description of property	Date sold or disposed	Quantity	Proceeds Shown (Gross (Net)	Date acquired	Cost or other basis	Adjustments & Code(s), if any	Gain or loss(-) & 7- Loss not allowed(X) Additional information
FACEBOOK INC-A JAN 18,2014 @ 20 CALL / CUSIP: 30303M5M9 / Symbol: 01/21/14		1.000	0.00	03/25/13	666.70	...	0.00 Unverified cost
UNDETERMINED-TERM TRANSACTIONS <i>NOT reported on Form 1099-B</i>							
Consult your investment records for the cost basis and/or the date of acquisition to determine whether the transactions in this section are long-term or short-term. Report on Form 8949. Use either Part I with Box C checked or Part II with Box F checked.							
Description of property	Date sold or disposed	Quantity	Proceeds Shown (Gross (Net)	Date acquired	Cost or other basis	Adjustments & Code(s), if any	Gain or loss(-) & 7- Loss not allowed(X) Additional information
INTEL CORPORATION SEP 20,2014 @ 26 CALL / CUSIP: 4581406X / Symbol: 07/24/14		2.000	0.00	06/09/14	0.00	...	0.00 Unverified cost
ISHARES RUSSELL 2000 INDEX FND SEP 20,2014 @ 115 PUT / CUSIP: 464281XX / Symbol: 08/15/14		1.000	0.00	06/19/14	340.70	...	0.00 Unverified cost
Totals:			0.00		340.70	0.00	0.00

### Category D - Long-term cost basis reported to the IRS

2- LONG-TERM TRANSACTIONS <i>5- COVERED tax lots 3- Basis is reported to the IRS**</i>							
Report on Form 8949, Part II, with Box D checked							
1a- Description of property/CUSIP/Symbol							
1c- Date sold or disposed	Quantity	6- Reported	1d- Proceeds & 6- Reported (Gross (Net)	1b- Date acquired	1e- Cost or other basis	1g- Adjustments & 1f- Code(s), if any	Gain or loss(-) & 7- Loss not allowed(X) Additional information
ALTRIA GROUP INC / CUSIP: 02209S103 / Symbol: MO							
7 tax lots for 06/11/14. Total proceeds (and cost when required) reported to the IRS.							
	120.000		4,514.89	08/22/12	4,083.14	...	431.75 Sale
	100.000		3,762.41	08/27/12	3,437.26	...	325.15 Sale
	80.000		3,072.45	09/12/12	2,686.39	...	386.06 Sale
	120.000		4,608.68	12/11/12	4,047.79	...	560.89 Sale
	120.000		4,514.89	02/26/13	4,142.67	...	372.22 Sale
	60.000		2,257.45	02/28/13	2,027.20	...	230.25 Sale
	100.000		3,762.41	06/06/13	3,549.40	...	213.01 Sale
06/11/14	700.000		26,493.18	VARIOUS	23,973.85	0.00	2,519.33 Total of 7 lots

- These are your "covered" security trades, representing securities that were purchased in 2011 or after and subsequently sold.

## 1099-B Proceeds from Broker and Barter Exchange Transactions (con't).

### Category E - Long-term cost basis not reported to the IRS

These are your “noncovered” security trades, representing securities that were purchased before 2011 and subsequently sold. USAA provides the cost basis information (if available) for noncovered transactions on IRS Form 1099-B for your information only. For noncovered securities, USAA will not report basis information to the IRS.

This category is divided into two sections: one for positions with complete basis information and one for transactions with missing basis information.

#### Complete basis information

LONG-TERM TRANSACTIONS							
Report on Form 8949, Part II, with Box E checked.							
1a- Description of property/CUSIP/Symbol							
1c- Date sold or disposed	Quantity	1d- Proceeds & 6- Reported (Gross (Net)	Date acquired	Cost or other basis	Adjustments & Code(s), if any	Gain or loss(-) & 7- Loss not allowed(X)	Additional information
CONNECTICUT ST SER A 3.125% 4/15/14 GO / CUSIP: 20772GH84 / Symbol: CTGH84 04/15/14	25,000.000	25,000.00	06/24/11	0.00	---	25,000.00	Redemption

#### Missing basis information

UNDETERMINED-TERM TRANSACTIONS							
3- NONCOVERED tax lots 3- Basis NOT reported to the IRS**							
Consult your investment records for the cost basis and/or the date of acquisition to determine whether the transactions in this section are long-term or short-term.							
Report on Form 8949, Use either Part I with Box B checked or Part II with Box E checked.							
1a- Description of property/CUSIP/Symbol							
1c- Date sold or disposed	Quantity	1d- Proceeds & 6- Reported (Gross (Net)	Date acquired	Cost or other basis	Adjustments & Code(s), if any	Gain or loss(-) & 7- Loss not allowed(X)	Additional information
WAL-MART STORES INC / CUSIP: 931142103 / Symbol: WMT							
2 tax lots for 06/17/14. Total proceeds (and cost when required) reported to the IRS:							
	0.921	69.35	N/A	0.00	---	---	Sale
			N/A	0.00	---	---	Sale
06/17/14	113.322	8,526.84	VARIOUS	0.00	0.00	0.00	Total of 2 lots

For some mutual fund transactions, where the date of acquisition is “unknown” or “various”, you should refer to your historical documents to determine if the transaction’s holding period qualifies as long-term or short-term.

### Category F - Long-term proceeds NOT reported to the IRS

The IRS does not require USAA to report proceeds or basis information for these types of transactions.

UNDETERMINED-TERM TRANSACTIONS							
NOT reported on Form 1099-B							
Consult your investment records for the cost basis and/or the date of acquisition to determine whether the transactions in this section are long-term or short-term.							
Report on Form 8949, Use either Part I with Box C checked or Part II with Box F checked.							
Description of property							
Date sold or disposed	Quantity	Proceeds Shown (Gross (Net)	Date acquired	Cost or other basis	Adjustments & Code(s), if any	Gain or loss(-) & 7- Loss not allowed(X)	Additional information
INTEL CORPORATION SEP 20,2014 @ 26 CALL / CUSIP: 4581406X / Symbol:							
07/24/14	2.000	0.00	06/09/14	0.00	---	0.00	Unverified cost
ISHARES RUSSELL 2000 INDEX FND SEP 20,2014 @ 115 PUT / CUSIP: 464281XX / Symbol:							
08/15/14	1.000	0.00	06/19/14	340.70	---	0.00	Unverified cost
Totals:		0.00		340.70	0.00	0.00	

**Each page includes a number of columns displaying details related to each transaction**

**Date of sale:** For all categories, transactions are reported by trade date and each is reported separately to the IRS. Accordingly, you should report each transaction separately on your tax return to avoid a mismatch with the IRS.

**Quantity:** This amount represents the number of shares, units or contracts sold.

**Proceeds of stock, bonds etc:** Gross proceeds are net of transaction costs such as commissions.

**Date of acquisition:** This represents the date you acquired the shares and is used to determine your holding period for the purpose of determining short-term or long-term classification. Investments that were held for more than a 12-month period qualify as long-term.

**Note -** If the shares were involved in a previous wash sale transaction, where basis was adjusted for a deferred loss, then the acquisition date will reflect that of the trade that had the disallowed loss.

**Cost or other basis:** Cost basis is the dollar figure used to calculate your gain or loss when selling an investment. When the sale represents less than your entire position, basis is determined by your tax accounting method. If you have not selected a tax accounting method using our cost basis services on [usaa.com](http://usaa.com), then USAA's default method of First-In, First-Out (FIFO) will be applied for individual stocks.

**Note -** For mutual funds purchased before 2012, the only tax accounting method available with USAA is average cost. Please consult your tax advisor before using this or another permissible method.

**Gain or loss:** This represents the difference between the transactions proceeds and your cost or other basis. An exception to this rule occurs when the transaction was involved in a wash sale causing a loss deferral.

### Reporting your trading activity

Beginning for tax year 2011, trading activity is reported to the IRS using IRS Form 8949, *Sales and Other Dispositions of Capital Assets*. Totals from this form are entered on the newly revised Schedule D, *Capital Gains and Losses*. A separate version of IRS Form 8949 will need to be completed for the different transaction types:

- Category **A**, short-term securities where basis is reported to the IRS.
- Category **B**, short-term securities where basis is NOT reported to the IRS.
- Category **C**, short-term security trades not reported by USAA on a IRS Form 1099-B.
- Category **D**, long-term securities where basis is reported to the IRS.
- Category **E**, long-term securities where basis is NOT reported to the IRS.
- Category **F**, long-term security trades not reported by USAA on a IRS Form 1099-B.

To assist you with your tax preparation our 1099-B design includes a Supplemental Information section that presents a Summary of Gains and Losses summing up the totals of these six categories.

**NOTE:** USAA does not report carryover losses to the IRS.

IRS Form 8949 is used to report your trading activity. Enter your trading information exactly as it appears on your IRS Form 1099-B.

2- LONG-TERM TRANSACTIONS		5- COVERED tax lots 3- Basis is reported to the IRS**					
Report on Form 8949, Part II, with Box D checked							
1a. Description of property/CUSIP/Symbol							
1c. Date sold or disposed	Quantity	6- Reported (Gross) (Net)	1d. Proceeds &	1b. Date acquired	1e. Cost or other basis	1f. Adjustments & 1f. Code(s), if any	7- Gain or loss(-) & 7- Loss not allowed(X) Additional information
ALTRIA GROUP INC / CUSIP: 022093103 / Symbol: MO							
7 tax lots for 06/11/14. Total proceeds (and cost when required) reported to the IRS.							
	120.000	4,514.89		08/22/12	4,083.14	—	431.75 Sale
	100.000	3,762.41		08/27/12	3,437.26	—	325.15 Sale
	80.000	3,072.45		09/12/12	2,686.39	—	386.06 Sale
	120.000	4,608.66		12/11/12	4,047.79	—	560.89 Sale
	120.000	4,514.89		02/26/13	4,142.67	—	372.22 Sale
	60.000	2,257.45		02/28/13	2,027.20	—	230.25 Sale
	100.000	3,762.41		06/06/13	3,549.40	—	213.01 Sale
06/11/14	700.000	26,493.18		VARIOUS	23,973.85	0.00	2,519.33 Total of 7 lots

Form <b>8949</b> Department of the Treasury Internal Revenue Service	<b>Sales and Other Dispositions of Capital Assets</b> ► Information about Form 8949 and its separate instructions is at <a href="http://www.irs.gov/form8949">www.irs.gov/form8949</a> . ► File with your Schedule D to list your transactions for lines 1b, 2, 3, 8b, 9, and 10 of Schedule D.	OMB No. 1545-0074 <div style="font-size: 2em; font-weight: bold; text-align: center;">2014</div> Attachment Sequence No. <b>12A</b>					
Name(s) shown on return _____ Social security number or taxpayer identification number _____							
<b>Part II</b> Long-Term. Transactions involving capital assets you held more than 1 year are long term. For short-term transactions, see page 1. <b>Note.</b> You may aggregate all long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the total directly on Schedule D, line 8a; you are not required to report these transactions on Form 8949 (see instructions).							
<b>You must check Box D, E, or F below. Check only one box.</b> If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.							
<input type="checkbox"/> (D) Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see <b>Note</b> above) <input type="checkbox"/> (E) Long-term transactions reported on Form(s) 1099-B showing basis was <b>not</b> reported to the IRS <input type="checkbox"/> (F) Long-term transactions not reported to you on Form 1099-B							
1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the <b>Note</b> below and see <i>Column (e)</i> in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). <b>See the separate instructions.</b>	(h) <b>Gain or (loss).</b> Subtract column (e) from column (d) and combine the result with column (g)
						(f) Code(s) from instructions	(g) Amount of adjustment

Even though your IRS Form 1099-B has a gain or loss figure, do not enter a gain or loss figure on IRS Form 8949. This will be determined when recapped on Schedule D. The final column on IRS Form 8949 is reserved for any adjustments to your cost basis, such as a disallowed loss due to a wash sale transaction.

Once you have completed IRS Form 8949, the column totals are then entered onto a Schedule D which is where you will find your net gain or loss information.

<b>Form 8949</b> Department of the Treasury Internal Revenue Service	<b>Sales and Other Dispositions of Capital Assets</b> ► Information about Form 8949 and its separate instructions is at <a href="http://www.irs.gov/form8949">www.irs.gov/form8949</a> . ► File with your Schedule D to list your transactions for lines 1b, 2, 3, 8b, 9, and 10 of Schedule D.	OMB No. 1545-0074 <div style="font-size: 2em; font-weight: bold;">2014</div> Attachment Sequence No. <b>12A</b>					
Name(s) shown on return		Social security number or taxpayer identification number					
<p>Before you check Box A, B, or C below, see whether you received any Form(s) 1099-B or substitute statement(s) from your broker. A substitute statement will have the same information as Form 1099-B. Either may show your basis (usually your cost) even if your broker did not report it to the IRS. Brokers must report basis to the IRS for most stock you bought in 2011 or later (and for certain debt instruments you bought in 2014 or later).</p>							
<b>Part I Short-Term.</b> Transactions involving capital assets you held 1 year or less are short term. For long-term transactions, see page 2. <b>Note.</b> You may aggregate all short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the total directly on Schedule D, line 1a; you are not required to report these transactions on Form 8949 (see instructions).							
<b>You must check Box A, B, or C below. Check only one box.</b> If more than one box applies for your short-term transactions, complete a separate Form 8949, page 1, for each applicable box. If you have more short-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.							
<input type="checkbox"/> <b>(A)</b> Short-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see <b>Note</b> above) <input type="checkbox"/> <b>(B)</b> Short-term transactions reported on Form(s) 1099-B showing basis was <b>not</b> reported to the IRS <input type="checkbox"/> <b>(C)</b> Short-term transactions not reported to you on Form 1099-B							
1	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the <b>Note</b> below and see <i>Column (e)</i> in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). <b>See the separate instructions.</b>	(h) <b>Gain or (loss).</b> Subtract column (e) from column (d) and combine the result with column (g)
						(f) Code(s) from instructions	(g) Amount of adjustment
<b>2 Totals.</b> Add the amounts in columns (d), (e), (g), and (h) (subtract negative amounts). Enter each total here and include on your Schedule D, <b>line 1b</b> (if <b>Box A</b> above is checked), <b>line 2</b> (if <b>Box B</b> above is checked), or <b>line 3</b> (if <b>Box C</b> above is checked) ►							
<b>Note.</b> If you checked Box A above but the basis reported to the IRS was incorrect, enter in column (e) the basis as reported to the IRS, and enter an adjustment in column (g) to correct the basis. See <i>Column (g)</i> in the separate instructions for how to figure the amount of the adjustment.							
For Paperwork Reduction Act Notice, see your tax return instructions.						Cat. No. 37768Z	
						Form <b>8949</b> (2014)	

<b>SCHEDULE D</b> <b>(Form 1040)</b> Department of the Treasury Internal Revenue Service (99)	<b>Capital Gains and Losses</b> ► Attach to Form 1040 or Form 1040NR. ► Information about Schedule D and its separate instructions is at <a href="http://www.irs.gov/scheduled">www.irs.gov/scheduled</a> . ► Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.	OMB No. 1545-0074 <div style="font-size: 2em; font-weight: bold;">2014</div> Attachment Sequence No. <b>12</b>			
Name(s) shown on return		Your social security number			
<b>Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less</b>					
See instructions for how to figure the amounts to enter on the lines below.  This form may be easier to complete if you round off cents to whole dollars.		(d) Proceeds (sales price)	(e) Cost (or other basis)	(g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g)	(h) <b>Gain or (loss)</b> Subtract column (e) from column (d) and combine the result with column (g)
<b>1a</b> Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b .					

## Reporting a Wash Sale

A wash sale occurs when you sell an investment at a loss, and repurchase a substantially identical investment within a 61-day period that extends from 30 days before the sale until 30 days after the sale. Losses from wash sales are generally not deductible. Instead, the loss is added to the cost basis of the replacement shares.

When a wash sale occurs, the net amount of your proceeds and cost basis figures will not equal the amount in the gain or loss column in the amount of the disallowed loss. Your IRS Form 1099-B will notate any trade that was subject to a wash sale with a "W" under Box 1f. The IRS refers wash sales as adjustments and are reported under Box 1g.

### Example of Form 1099-B with a wash sale loss disallowed

#### 2- LONG-TERM TRANSACTIONS

Report on Form 8949, Part II, with Box D checked

5- COVERED tax lots 3- Basis is reported to the IRS\*\*

1a. Description of property/CUSIP/Symbol

1c- Date sold or disposed	Quantity	1d- Proceeds & Reported (Gross) INet	1b- Date acquired	1e- Cost or other basis	1g- Adjustments & 1f- Code(s), if any	7- Loss not allowed(X)	Additional information
ALTRIA GROUP INC / CUSIP: 02209S103 / Symbol: MO							
7 tax lots for 06/11/14. Total proceeds (and cost when required) reported to the IRS:							
120,000		4,514.89	08/22/12	4,083.14	—	431.75	Sale
100,000		3,762.41	08/27/12	3,437.26	—	325.15	Sale
80,000		3,072.45	09/12/12	2,686.39	—	386.06	Sale
120,000		4,608.68	12/11/12	4,047.79	—	560.89	Sale
120,000		4,514.89	02/28/13	4,142.67	—	372.22	Sale
60,000		2,257.40	02/28/13	2,027.20	—	230.20	Sale
100,000		3,762.41	06/06/13	3,549.40	—	213.01	Sale
06/11/14	700,000	26,493.18	VARIOUS	23,973.85	0.00	2,519.33	Total of 7 lots

In IRS Form 8949, enter the amount of the disallowed loss in the adjustments to gain or loss column as a positive amount i.e. exactly as it appears on your IRS Form 1099B.

Form <b>8949</b> Department of the Treasury Internal Revenue Service		<b>Sales and Other Dispositions of Capital Assets</b> ► Information about Form 8949 and its separate instructions is at <a href="http://www.irs.gov/form8949">www.irs.gov/form8949</a> . ► File with your Schedule D to list your transactions for lines 1b, 2, 3, 8b, 9, and 10 of Schedule D.		OMB No. 1545-0074 <b>2014</b> Attachment Sequence No. <b>12A</b>			
Name(s) shown on return				Social security number or taxpayer identification number			
<b>Part II Long-Term.</b> Transactions involving capital assets you held more than 1 year are long term. For short-term transactions, see page 1. <b>Note.</b> You may aggregate all long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS and for which no adjustments or codes are required. Enter the total directly on Schedule D, line 8a; you are not required to report these transactions on Form 8949 (see instructions).							
<b>You must check Box D, E, or F below. Check only one box.</b> If more than one box applies for your long-term transactions, complete a separate Form 8949, page 2, for each applicable box. If you have more long-term transactions than will fit on this page for one or more of the boxes, complete as many forms with the same box checked as you need.							
<input type="checkbox"/> <b>(D)</b> Long-term transactions reported on Form(s) 1099-B showing basis was reported to the IRS (see <b>Note</b> above) <input type="checkbox"/> <b>(E)</b> Long-term transactions reported on Form(s) 1099-B showing basis was <b>not</b> reported to the IRS <input type="checkbox"/> <b>(F)</b> Long-term transactions not reported to you on Form 1099-B							
<b>1</b>	(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold or disposed (Mo., day, yr.)	(d) Proceeds (sales price) (see instructions)	(e) Cost or other basis. See the <b>Note</b> below and see Column (e) in the separate instructions	Adjustment, if any, to gain or loss. If you enter an amount in column (g), enter a code in column (f). See the separate instructions. (f) Code(s) from instructions (g) Amount of adjustment	(h) <b>Gain or (loss).</b> Subtract column (e) from column (d) and combine the result with column (g)

Once you have completed IRS Form 8949, the column totals are entered into a Schedule D and when you combine the columns to determine your gain or loss, your allowable loss (if any) will be reflected in column (h).

<b>SCHEDULE D</b> <b>(Form 1040)</b> Department of the Treasury Internal Revenue Service(99)		<b>Capital Gains and Losses</b> ► Attach to Form 1040 or Form 1040NR. ► Information about Schedule D and its separate instructions is at <a href="http://www.irs.gov/scheduled">www.irs.gov/scheduled</a> . ► Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9, and 10.		OMB No. 1545-0074 <b>2014</b> Attachment Sequence No. <b>12</b>	
Name(s) shown on return				Your social security number	
<b>Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year</b>					
See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars.				(d) Proceeds (sales price)	(e) Cost (or other basis)
				(g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g)	(h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g)
<b>8a</b> Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b.					

## Reporting a Wash Sale (con't.)

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### Other transactions reported on IRS Form 1099-B

<b>Treasury Bill Sales</b>	To properly report proceeds from the sale of Treasury bills on your tax return, you should determine which portion is a capital gain or loss, and which portion is ordinary income. The discount on Treasury bill maturities is reported in the IRS Form 1099-INT section of your Tax Information Statement as part of Interest on U.S. Savings Bond and Treasury Obligations (Box 3).
<b>Sales of Notes and Bonds</b>	The principal portion of the proceeds from the sale of notes and bonds is reported in this section. Accrued interest received on federally taxable notes and bonds sold between interest payment dates is not included in this section of your Tax Information Statement, but is reported on a settlement date basis in the IRS Form 1099-INT section of your statement.
<b>Short Sales</b>	Beginning in 2011, we are required to report short sales for the year when the sale is closed and not the year when the sale is executed. Please consult your tax advisor if you have a previously reported short sale that was opened prior to 2011.
<b>Corrected IRS Form 1099-B</b>	USAA is required to reproduce (if necessary) a IRS Form 1099-B up to 18 months from the time of a positions transfer to USAA in the event the sending firm sends or changes cost basis information for a covered security.

## Interest Income

### IRS Form 1099-INT, Schedule B–Interest and Ordinary Dividends

The amounts reported in this section of your Tax Information Statement reflect interest income credited to your account during 2014. The summary section of your Tax Information Statement reflects two totals for interest income: Interest Income Not Included in Box 3, and Interest on Treasury Obligations. We report each of these totals separately to the IRS. Accordingly, you should report each total separately on IRS Form 1040, Schedule B of your tax return. We report details of these totals in the Interest Income section of your Tax Information Statement as follows:

INTEREST INCOME		2014 1099-INT*	OMB No. 1545-0112
1- Interest income (not included in line 3)		12,114.80	
2- Early withdrawal penalty		0.00	
3- Interest on US Savings Bonds & Treasury obligations		299.34	
4- Federal income tax withheld		0.00	
5- Investment expenses		0.00	
7- Foreign country or US possession:	6- Foreign tax paid:	0.00	
8- Tax-exempt interest (includes line 9)		0.00	
9- Specified private activity bond interest (AMT)		0.00	
10- Market discount (covered lots)		0.00	
11- Bond premium (total for covered lots, categorized below)		0.00	
Non Treasury obligations		0.00	
Treasury obligations		0.00	
Tax-exempt obligations		0.00	
Tax-exempt private activity obligations (AMT)		0.00	
12- Tax-exempt bond CUSIP number (see instructions)			

#### A. Interest Income (Box 1)

Interest income reported in this column was paid by corporations (U.S. and foreign) and U.S. government agencies, and also includes interest on your credit balance. Total interest income reported in this column is also reported in the summary section of your Tax Information Statement as Interest Income Not Included in Box 3. You should report this total on IRS Form 1040, Schedule B. The various classifications of the interest income are reported to you in the CUSIP/Security Type column as follows:

**U.S. Corporations:** This includes interest from certain U.S. Corporate bonds, taxable municipal bonds, and certain collateralized debt obligations issued without original issue discount. Also included is the total credit interest earned on cash balances in your account.

**Foreign Corporations:** This includes interest from bonds issued by foreign entities. We furnish this information as a separate category to enable you to calculate your ability to credit foreign taxes. Refer to the Foreign Tax Paid section of this guide for additional information.

**U.S. Government Agencies:** This includes interest from government agencies such as Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA), etc.

#### B. Interest on Treasury Obligations (Box 3)

Interest income reported in this column was paid on U.S. Treasury notes, bonds, and bills. This interest income is not included in Interest Income (Box 1). Total Interest on Treasury Obligations (Box 3) is also reported in the summary section of your Tax Information Statement. You should report total interest on treasury obligations on IRS Form 1040.

#### C. Investment Expenses (Box 5)

The amount reported in this column represents your share of investment expenses of a single-class REMIC. If you file IRS Form 1040, you may deduct these expenses on IRS Form 1040, Schedule A, subject to the two percent limit. This amount is included in Box 1.

## Interest Income (con't.)

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### **D. Foreign Tax Paid (Box 6)**

This amount represents taxes paid to foreign governments on interest from foreign sources. You may choose to claim these taxes as a credit or as an itemized deduction on your federal income tax return. Refer to IRS.gov for additional information.

### **Accrued Interest Received/Paid**

Accrued interest received on notes and bonds sold between interest payment dates is included in the 1099-INT section of your Tax Information Statement, on a settlement date basis, when it is credited to your account. If you received accrued interest, the amount will be indicated in your Tax Information Statement.

Report total Interest Income (Box 1) on IRS Form 1040, Schedule B. Report total Interest on Treasury Obligations (Box 3) separately on IRS Form 1040, Schedule B.

## Dividends and Distributions

### IRS Form 1099-DIV, Schedule B—Interest and Ordinary Dividends

The amounts reported in this section of your Tax Information Statement reflect dividends and other distributions credited to your account during 2014. As reflected on your summary page, we report these amounts in aggregate to the IRS, but include transaction details in this section for your convenience. The following information is reported in this section of your statement:

DIVIDENDS AND DISTRIBUTIONS		2014 1099-DIV*	OMB No. 1545-0110
1a- Total ordinary dividends (includes line 1b)		3,643.80	
1b- Qualified dividends		694.40	
2a- Total capital gain distributions (includes lines 2b, 2c, 2d)		74.41	
2b- Unrecaptured Section 1250 gain		0.00	
2c- Section 1202 gain		0.00	
2d- Collectibles (28%) gain		0.00	
3- Nondividend distributions		0.00	
4- Federal income tax withheld		0.00	
5- Investment expenses		0.00	
7- Foreign country or US possession: Various	6- Foreign tax paid:	2.97	
8- Cash liquidation distributions		0.00	
9- Noncash liquidation distributions		0.00	
10- Exempt-interest dividends (includes line 11)		0.00	
11- Specified private activity bond interest dividends (AMT)		0.00	

#### A. Total Ordinary Dividends (Box 1a)

Ordinary dividends, which include any net short-term capital gains and interest from a mutual fund, are fully taxable. Short-term capital gains paid by mutual funds are classified as ordinary dividends on your Tax Information Statement and are taxed as ordinary dividends. Ordinary dividends paid by mutual funds, and certain unit investment trusts are included here. Subtotals for U.S. and foreign source ordinary dividends are provided to facilitate your ability to calculate your foreign tax credit limitation. Report total ordinary dividends on IRS Form 1040, Schedule B.

#### B. Qualified Dividends (Box 1b)

Qualified dividend income means dividends paid during the tax year from domestic corporations and qualified foreign corporations. Qualified dividends are taxed at 0% to 15% capital gains rates. To qualify for the 0% to 15% capital gains rates, the share of stock to which the dividend relates must be held for more than 60 days of the 120-day period that begins 60 days before the ex-dividend date. Dividends paid by domestic corporations and qualified foreign corporations are classified as qualified dividends on your Tax Information Statement. Dividends for which it is impractical to determine if the holding period requirement has been met are included here. Report qualified dividends on IRS Form 1040.

#### C. Total Capital Gain Distributions (Box 2a)

This amount reflects the total long-term capital gains distributed by mutual funds held in your account. This amount was also reported in the Dividends and Distributions section of your Tax Information Statement. You should report total capital gain distributions on IRS Form 1040, Schedule D, regardless of how long you held your investment. If your capital gain distributions were further characterized by your mutual fund, your Tax Information Statement will include a separate Capital Gain Distributions section.

## Dividends and Distributions (con't.)

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### Attention Mutual Fund Investors

If you held mutual funds in your account during 2014, the following information may pertain to you:

#### ■ Holding Period—Qualified Dividends

If you own a mutual fund that paid out qualified dividends you must satisfy the holding period requirement based on your ownership of the mutual fund to qualify for the lower tax rate treatment.

#### ■ Reclassifications

Mutual funds may reclassify payments made to shareholders after we issue your Tax Information Statement. If this occurs, we will send you a Revised Tax Information Statement to reflect the reclassified information. These revisions are also reported to the IRS when required.

#### ■ Income on Tax Information Statement May Differ From Cash Credited to Your Account

We are required by law to report certain year-end mutual fund distributions in 2014 even though they were paid to you in 2015. These amounts are taxable in 2014 and will not be reported again in 2015.

#### ■ State Tax-Exempt Income

All, or a portion, of your income from certain mutual funds may be exempt from state and local taxes. We do report that information to you in a separate State Tax-exempt report for USAA mutual funds only. You should contact the fund company directly for any non-USAA mutual funds to obtain information about state and local tax-exempt income.

#### ■ IRS Form 2439

If you own shares in a mutual fund that paid tax on undistributed long-term capital gains, we will issue IRS Form 2439 (Notice to Shareholder of Undistributed Long-Term Capital Gains) to you. This information is provided to us after the close of the fund's tax year and will be sent to you in a separate mailing shortly after the information is made available.

### D. Nontaxable Distributions (Box 3)

This amount represents a return of capital. You should reduce your cost (or other basis) by the amount of the nontaxable distribution to calculate gain or loss upon sale of a security. Once you have received nontaxable distributions equal to your cost (or other basis) in your security, further distributions may be taxable to you as capital gains.

### E. Foreign Tax Paid (Box 6)

This amount represents taxes paid to foreign governments on dividends from foreign sources. You may choose to claim these taxes as a tax credit or as an itemized deduction on your federal income tax return. The rate of foreign tax paid varies from country to country and according to applicable income tax treaties.

### F. Cash and Non-cash Liquidation Distributions (Boxes 8 And 9)

This amount represents either the cash distribution (Box 8) or the fair market value of non-cash distributions (Box 9) in connection with the complete or partial liquidation of a corporation.

#### Dividend Reinvestment Plans

Your dividends may have been reinvested pursuant to a dividend reinvestment plan. Reinvested dividends are reported in this section of your Tax Information Statement as if a cash dividend has been credited to your account.

### G. Exempt-Interest Dividends (Box 10)

This amount represents the amount of exempt-interest dividends from a mutual fund or other regulated investment company (RIC).

### H. Specified Private Activity Bond Interest Dividends (Box 11)

This amount shows exempt-interest dividends subject to the Alternative Minimum Tax (AMT). This amount is also included in Box 10. For more information see instructions for IRS Form 6251.

## Capital Gain Distribution

If you received capital gain distributions in 2014, your Tax Information Statement may include a separate Capital Gain Distributions section. If your statement includes this section, your capital gain distributions may consist of a 28 percent rate gain, unrecaptured section 1250 gain, or a section 1202 gain.

The amounts in this section of your Tax Information Statement provide you with the information needed to report capital gain distributions received during 2014. If you owned shares in a mutual fund or a real estate investment trust (REIT) in 2014, and received capital gain distributions from these investments, the classification of long-term capital gains is displayed.

<b>DIVIDENDS AND DISTRIBUTIONS</b>	<b>2014 1099-DIV*</b>	<b>OMB No. 1545-0110</b>
1a- Total ordinary dividends (includes line 1b)		3,643.80
1b- Qualified dividends		694.40
2a- Total capital gain distributions (includes lines 2b, 2c, 2d)		74.41
2b- Unrecaptured Section 1250 gain		0.00
2c- Section 1202 gain		0.00
2d- Collectibles (28%) gain		0.00
3- Nondividend distributions		0.00
<b>4- Federal income tax withheld</b>		<b>0.00</b>
5- Investment expenses		0.00
7- Foreign country or US possession: Various	6- Foreign tax paid:	2.97
8- Cash liquidation distributions		0.00
9- Noncash liquidation distributions		0.00
10- Exempt-interest dividends (includes line 11)		0.00
11- Specified private activity bond interest dividends (AMT)		0.00

### A. Total Capital Gain Distributions (Box 2A)

This amount reflects the total long-term capital gains distributed by mutual funds held in your account.

This amount was also reported in the Dividends and Distributions section of your Tax Information Statement.

You should report total capital gain distributions on IRS Form 1040, Schedule D.

### B. 28 Percent Rate Gain (Box 2D)

This amount reflects the portion of a mutual fund distribution classified as a 28 percent rate gain. This amount is included in total capital gain distributions (Box 2a). You should report the total 28 percent rate gain on IRS Form 1040, Schedule D.

### C. Unrecaptured Section 1250 Gain (Box 2B)

This amount reflects the portion of a mutual fund's long-term capital gain attributable to unrecaptured section 1250 gain from certain depreciable real property. This amount is included in the total capital gain distributions (Box 2a) taxed at a rate up to 25%. See the instructions for IRS Form 1040, Schedule D for information on how to report the unrecaptured section 1250 gain distributions.

### D. Section 1202 Gain (Box 2C)

This amount reflects the portion of a mutual fund's long-term capital gain attributable to gains on the sale of certain qualified small business stocks. This amount is included in total capital gain distributions (Box 2a).

See the instructions for IRS Form 1040, Schedule D for information on how to report section 1202 gain distributions.

### E. Long-Term Capital Gain Distributions

This amount reflects the long-term capital gains distributed by securities. This amount is included in the total capital gain distributions (Box 2a).

## Margin Interest Expense

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Total margin interest expense charged to your account during 2014 is reported in the Summary of Supplemental Information of your Tax Information Statement.

### A. Margin Interest Expense

Margin interest expense may be characterized as investment interest expense, the deduction of which is limited to investment income. This limitation is calculated on IRS Form 4952 (Investment Interest Expense Deduction). Margin interest expense must be paid the year in which it is deducted. If your investment interest expense is deductible, this is reported as an itemized deduction on IRS Form 1040, Schedule A.

## Original Issue Discount (OID)

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### IRS Form 1099-OID, Schedule B-Interest and Ordinary Dividends

The amounts in this section of your Tax Information Statement reflect the original issue discount (OID) reported to the IRS. OID is the difference between the stated redemption price at maturity and the issue price of a debt instrument. A debt instrument, such as a bond or note, generally has OID when the instrument is issued for a price that is less than its stated redemption price at maturity. OID is a form of interest. If you own a debt obligation that was issued with OID, you may be required to include a portion of the OID in your gross income each year you hold the obligation, even if you did not receive any cash payments.

### Tax Return Reporting Instructions

#### Income Reported Individually

As required by federal tax law, we report the income individually for each OID obligation that was held in your account during the year. These amounts are identified on your Tax Information Statement and should be reported separately by you on your tax return. It is important that you report these amounts on your tax return in the same way they appear on your Tax Information Statement. The IRS may attempt to match these items to your tax return and may contact you if they cannot do so.

#### OID Adjustments

The amount of OID reported on your Tax Information Statement may not be the actual amount on which you should pay tax. We calculated the OID based on the information available in our records. However, because we may not know all of the facts concerning your debt obligation, we frequently report OID based on rates found in IRS Publication 1212 (List of Original Issue Discount Instruments). If the applicable rates are not listed in IRS Publication 1212, or if circumstances dictate, we use rates that we obtain from an independent third party. If these rates were used, or if you paid an acquisition or bond premium, you may be required to recalculate and adjust the OID reported on your Tax Information Statement. You should report the adjustment, if any, separately on your tax return.

#### Stripped U.S. Government Debt Obligations

If you held a stripped U.S. government debt obligation (STRIP) during 2013 the OID figure reported to you may not be your taxable OID for the obligation. Under the accrual details section of the 1099-OID there is a column heading "Rate Source", if the source reads Publication 1212 you will need to recalculate your OID and make the necessary adjustments on your 1040.

The OID adjustment will vary for each investor and depends on how much was paid for the OID bond and when it was acquired. You should also refer to IRS Publication 1212 for additional information on calculating OID.

## Information Reported on Form 1099-OID

Original Issue Discount

2014 1099-OID\*

OMB No. 1545-0117

Original issue discount (OID) is reported for each tax lot owned. The lots are identified by the original cost and date of purchase and are grouped under the security description heading. For each tax lot, all the periods of OID accrual for the calendar year are displayed and totaled. Next to the total amount of OID, the number (8) indicates income on US Treasury obligations; the number (1) indicates all other taxable obligations. These amounts may not be the correct figure to report on your income tax return. See the instructions. The letter "N" next to an amount of market discount or acquisition premium indicates that the amount is provided for reference and is not reported to the IRS. For issues presented on this form, bond premium incurred on covered tax lots and qualified stated interest received are reported on Form 1099-INT. Other amounts of interest or bond premium not reported to the IRS are shown in the summary titled "Adjustments to Interest and Original Issue Discount."

7- Description:

Tax lot identifier or Cost and date acquired	Quantity	Begin date	1- Original issue discount (OID) or 8- OID on US Treasury obligations	3- Early withdrawal penalty	5- Market Discount	6- Acquisition premium	9- Investment Expenses	Notes
BANK INDIA NY CD 0.25%13 / CUSIP: 062782R25 / Note: 10	0.00	01/15/14	0.00	0.00	0.00	65.00	0.00	
Tax lot totals:			0.00	0.00	0.00	65.00	N 0.00	
BERKSHIRE HATHAWAY FIN SENIOR NOTE M/W / CUSIP: 084664AT8	0.00	01/14/14	0.00	0.00	65.00	0.00	0.00	
Tax lot totals:			0.00	0.00	65.00	N 0.00	0.00	
CURRENCY SH CAN DOL TR EXCHANGE TRADED FUND / CUSIP: 23129X105	0.00	01/04/14	0.00	0.00	65.00	65.00	0.00	
Tax lot totals:			0.00	0.00	65.00	N 65.00	0.00	

### A. Accrual Begin/Entry Date

Income earned on an OID instrument is calculated separately for each accrual period. Although amounts are reported to the IRS on an annual basis, we report income to you for each accrual period. The date each accrual period begins is displayed in this column. If your account was transferred to us in 2014, the beginning accrual date will be the date we received your securities in connection with the transfer.

### B. Daily OID Rate Per \$1,000

This amount is the daily accrual rate of OID. This rate was obtained from IRS Publication 1212 or from an independent third party. However, if the rate pertains to a stripped U.S. 1990, we calculated and used an actual rate (see Stripped U.S. Government Debt Obligations).

### C. Original Issue Discount (Box 1)

Amounts in this column reflect the OID on each obligation for the part of the year in which it was owned. Report the total for each security separately on IRS Form 1040, Schedule B. OID on U.S. treasury obligations is not included in this column.

### D. Other Periodic Interest (Box 2)

If you held a bond that was issued with OID, and also made cash payments of qualified interest, then we report the cash payments to you in the Other Periodic Interest (Box 2) column of the 1099-OID section of your Tax Information Statement. Also, when a real estate mortgage investment conduit (REMIC) is issued with an OID, we report the accrued interest earned on the REMIC as other periodic interest. As required by the IRS, we report other periodic interest separately for each OID obligation that was held in your account during 2014. Accordingly, you should report the other periodic interest from each OID obligation separately on your tax return.

### E. OID on U.S. Treasury Obligations (Box 8)

Amounts in this column reflect the OID on each U.S. treasury obligation for the part of the year during which it was owned. Report the total for each U.S. treasury obligation separately on IRS Form 1040, Schedule B. This OID is exempt from state and local income taxes, and is not included in Box 1.

### F. Investment Expenses (Box 9)

This represents your share of investment expenses of a single- class REMIC. If you file IRS Form 1040, you may deduct these expenses on IRS Form 1040, Schedule A, subject to the two percent limit. This amount is included in Box 1 and/or Box 2.

## Items Required to be Reported to the IRS

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### Liquidation Distributions

Generally, liquidation distributions are treated as amounts received from the sale or exchange of a capital asset and should be reported on IRS Form 1040, Schedule D as either a short-term or long-term capital gain or loss. Please review liquidation distributions with your tax advisor since the tax consequences may vary based on the nature of the distribution. Please see 1099-B section of this guide for more information.

### Foreign Tax Paid

Your Tax Information Statement may include foreign tax paid (withheld) from dividends and interest from foreign sources credited to your account in 2014. This information allows you to calculate a foreign tax credit or deduction on your tax return. The rate of foreign tax paid varies from country to country and according to applicable income tax treaties. A foreign tax credit can be claimed either on IRS Form 1116 (Foreign Tax Credit) or, in some circumstances, by reporting it directly on IRS Form 1040. A deduction can be claimed on IRS Form 1040, Schedule A (Itemized Deductions). See instructions for both IRS Forms 1116 and 1040 for additional information on foreign tax credits or deductions. Foreign tax paid is reported in the 1099-INT and 1099-DIV sections of your Tax Information Statement. You should combine these amounts to determine your total foreign tax credit or deduction.

### Equity Options Transactions

If you traded or held equity options during 2014 in your brokerage account, we reported certain activities (for instance, sales, purchases, exercises, expirations, and assignments) related to those options in this section. The closing of an equity options transaction is typically reportable as a capital gain or loss on IRS Form 1040, Schedule D (Capital Gains and Losses). The tax rules governing equity options are complex. We suggest you carefully review these rules with your tax advisor.

### Section 1256 Option Contracts

Also known as regulated futures contracts, debt options, non-equity options, broad-based index options, and cash settlement options.

- Government regulation requires brokers to mark-to-market on 12/31/2014 and report on 1099-B; these will be treated as sold even if the contracts are still open in 2015.
- The gain or loss for these securities are to be reported as 40% short-term and 60% long-term.

Sample of trade activity (*all Section 1256 options*)

10/10/14: Buy an index option for \$1,000

12/31/14: Mark-to-market of \$1,200

05/10/15: Sell for \$1,500

Because the regulation requires us to mark-to-market on 12/31/14, this in-turn is reported as a gain or loss on your 1099-B. In this example, in 2014 your 1099-B will report a gain of \$200, but because it is sold in 2015 the additional \$300 gain will be reported on your 2015 1099-B.

### Rights and warrants

Brokers are allowed to presume that a distribution of rights and warrants have a cost basis of \$0.00.

- This means that when these types of instruments are sold, the proceeds will be the same as the capital gain.
- There is no change to the rule for purchasing and selling rights and warrants on the open market. Cost basis will continue to be the total cost of the security.

### Fixed Income (bonds) and Option reporting

Beginning 2014, Debt Instruments and Options purchased on or after Jan. 1, 2014 will become covered, whereby cost basis information will be reported to the IRS on Form 1099-B. However, the more sophisticated securities listed in the final regulations on cost basis for Debt Instruments and Option Reporting are phased-in during the subsequent one to two years. Debt Instruments and Options purchased prior to this date will remain as noncovered.

An example of less complex, simple debt becoming covered in 2014 is one where there is a single fixed payment where yield and maturity can be determined. For example: General Mills Inc 3.15% 12/15/2021 or US Treasury Note 3.125% 01/30/2015.

## Items Not Required to be Reported to the IRS

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### Fixed Income (more complex debt)

An example of more complex debt (reporting begins January 1, 2016) could include the following:

- Debt with more than one stated rate of interest (such as variable rate debt and bonds with stepped rates)
- Convertible debt
- Stripped bonds or stripped coupons
- Non-dollar-denominated debt, tax credit bonds
- PIK (payment in kind)
- Foreign debt issued by a non-U.S. issuer
- Contingent payment debt
- Inflation-indexed debt
- Bonds with terms unavailable for 90 days after customer purchase
- Acceleration of principle payments such as REMICS
- All short-term debt obligations, including Treasury bills, state and local government instruments, private sector commercial paper, certificate of deposit and all debt with fixed maturity dates not more than one year from the date of issue will not be considered covered securities and will be exempt from basis reporting. All short term will now be reported on the 1099-INT.

### Partnership Cash Distributions

We report partnership cash distributions in this section of your Tax Information Statement. We do not report this information to the IRS. The information on the amount of income you are required to include on your tax return for partnerships will be provided on a Schedule K-1. The cash distribution information is provided since it is useful, partnership cash distributions generally reduce the tax basis of your investment in a partnership. A disposition of your interest in a partnership is reflected as proceeds from securities transactions in the 1099-B section of your Tax Information Statement and is reported by us to the IRS. **Accounts that held partnership interests will receive their tax information directly from the partnership on IRS Form 1065, Schedule K-1, (Partner's Share of Income, Credits, Deductions, etc.). Contact the partnership directly if you do not receive or have a discrepancy with this form.**

### Trust Distributions

Trust distributions include payments from publicly-traded trusts. Please contact the trust's accountants directly for IRS Form 1041, Schedule K-1 (Beneficiary's Share of Income, Deductions, Credits, Etc.), which reflects your share of the trust's taxable income or loss.

### Return of Principal Distributions

Generally, the return of principal distributions is not taxable, but will reduce the tax basis of your bond. However, in certain circumstances, a portion of the distributions may be reportable as taxable income. We report a bond's final principal distribution in the 1099-B section of your Tax Information Statement and we also report it to the IRS.

### Net Cost

The net cost displayed includes commissions and fees. If the security purchased is a debt instrument, the net cost does not include accrued interest purchased. Accrued interest purchased is reported separately in this section of your Tax Information Statement. The cost of securities purchased during 2011 should be reported on your tax return in the year the securities are sold, on IRS Form 1040, Schedule D (Capital Gains and Losses).

**Securities:** Various types of securities purchased, such as stocks and debt instruments, are included in this section

**Trade Date:** We report the securities you purchased on a trade date basis.

**Accrued Interest Paid:** Your Tax Information Statement includes details of accrued interest paid for various categories of notes and bonds purchased between interest payment dates. We do not report accrued interest paid to the IRS. Accrued interest paid is generally a reduction of interest income in the year in which the related interest income is reported. This Tax Information Statement includes accrued interest paid with respect to all 2014 note and bond purchases on a settlement date basis.

## Items Not Required to be Reported to the IRS (con't.)

**Accrued Interest Paid: (con't.)** If you purchased a note or bond with accrued interest in 2013, whose initial interest payment was reported by us in 2014, you should adjust your 2014 interest income by the accrued interest paid, as reported on your 2013 brokerage confirmation or 2013 Tax Information Statement. Taxable amounts of accrued interest paid should be reflected on IRS Form 1040, Schedule B (Interest and Ordinary Dividends) as a reduction of interest income. Identify this reduction of interest income as accrued interest. The nontaxable amounts should reduce the appropriate nontaxable income categories.

## Tax-Exempt Interest Income – Tax-Exempt Securities with Original Issue Discount

Although we do report tax-exempt interest income to the IRS, you should report certain tax-exempt interest income and the related original issue discount (OID) on IRS Form 6251 (Alternative Minimum Tax - Individuals). You must also report total tax-exempt interest income on IRS Form 1040, (Tax-Exempt Interest). The sample below illustrates how this information will be reported on your Tax Information Statement. The totals can be easily identified on your statement, and the sample summary and sample tax forms illustrated on the next page explain how you should report this municipal interest income and municipal OID on your tax returns.

### A. Tax-Exempt Interest Income

Amounts reported in this section represent interest income received on municipal bonds.

**To determine if you are subject to the AMT, please consult your tax advisor or see IRS Form 6251 (Alternative Minimum Tax-Individuals) for more information.**

2014		Tax-Exempt Interest			
Security Description	CUSIP	Date	Credit	Debit	Transaction Type
DOUGLAS COUNTY WASH G.O.	259543DR4	01/29/14	0.00	850.00	Accrued Interest Paid
5.10% BK-ENTRY 12/01/2028		06/01/14	2,550.00	0.00	Tax-Exempt Interest
AAA RTD MBIA INSD GEN. OBLIG		12/03/14	2,550.00	0.00	Tax-Exempt Interest
		<b>Sub-total</b>	<b>5,100.00</b>	<b>850.00</b>	

### B. Tax-Exempt Securities with OID

This section displays OID earned on municipal bonds. The AMT indicator allows you to determine if your tax-exempt securities with OID is subject to the AMT.

We report amounts based on the bond's original issue price. Adjustments to the indicated amounts will have to be calculated based on your actual purchase price and date. The recalculated amount will increase the tax basis of your bond, resulting in a smaller gain or larger loss upon the ultimate disposition of the bond.

#### Accrued Interest Received

Accrued interest received on municipal notes and bonds sold between interest payment dates is included in the Tax-exempt Interest Income section, and is reported on a settlement date basis when it was credited to your account. If you receive accrued interest, the transaction will be identified as accrued interest received shown after the amount.

#### Accrued Interest Paid

It may be necessary to reduce tax-exempt interest income, as reflected on your Tax Information Statement, by the amount of accrued interest paid. The amount of accrued interest paid is shown on the confirmation of your bond purchase. For bonds purchased during 2013, the accrued interest purchased is included in the Securities Purchased section of the statement.

## Tax-Exempt Interest Income – Tax-Exempt Securities with Original Issue Discount (con't.)

Original Issue Discount								
2014 1099-OID*		OMB No. 1545-0117						
<p><i>Original issue discount (OID) is reported for each tax lot owned. The lots are identified by the original cost and date of purchase and are grouped under the security description heading. For each tax lot, all the periods of OID accrual for the calendar year are displayed and totaled. Next to the total amount of OID, the number (8) indicates income on US Treasury obligations; the number (1) indicates all other taxable obligations. These amounts may not be the correct figure to report on your income tax return. See the instructions. The letter "N" next to an amount of market discount or acquisition premium indicates that the amount is provided for reference and is not reported to the IRS. For issues presented on this form, bond premium incurred on covered tax lots and qualified stated interest received are reported on Form 1099-INT. Other amounts of interest or bond premium not reported to the IRS are shown in the summary titled "Adjustments to Interest and Original Issue Discount."</i></p>								
<b>7- Description:</b>								
Tax lot identifier or Cost and date acquired	Quantity	Begin date	1- Original issue discount (OID) or 8- OID on US Treasury obligations	3- Early withdrawal penalty	5- Market Discount	6- Acquisition premium	9- Investment Expenses	Notes
BANK INDIA NY CD 0.25%13 / CUSIP: 062782R25 / Note: 10	0.00	01/15/14	0.00	0.00	0.00	65.00	0.00	
<b>Tax lot totals:</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>65.00</b>	<b>0.00</b>	<b>N</b>
BERKSHIRE HATHAWAY FIN SENIOR NOTE M/W / CUSIP: 084664AT8	0.00	01/14/14	0.00	0.00	65.00	0.00	0.00	
<b>Tax lot totals:</b>			<b>0.00</b>	<b>0.00</b>	<b>65.00</b>	<b>0.00</b>	<b>0.00</b>	<b>N</b>
CURRENCY SH CAN DOL TR EXCHANGE TRADED FUND / CUSIP: 23129X105	0.00	01/04/14	0.00	0.00	65.00	65.00	0.00	
<b>Tax lot totals:</b>			<b>0.00</b>	<b>0.00</b>	<b>65.00</b>	<b>65.00</b>	<b>0.00</b>	<b>N</b>

### Attention Residents of California, Connecticut, and New York

A number of state and local jurisdictions require that certain information be reported. This reference guide describes the federal tax reporting requirements. The states of California, Connecticut, and New York require that we report information to them concerning municipal interest income earned from bonds issued by other states. Please check with your tax advisor for your specific state and local tax reporting requirements.

## **Collateralized Debt Obligations (CDOs) \*Collateralized Mortgage Obligations (CMOs) \*Real Estate Mortgage Investment Conduits (REMICs)**

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If you owned a CDO, CMO, or REMIC in your brokerage account during 2014, we are required to report additional information to you. This information is reported on the Additional Written Statement included in your Tax Information Statement. An explanation of this Additional Written Statement is provided below. We are required to report this information to you by March 15, 2015. As a result, your Tax Information Statement may not contain this information; if it is not included, a message similar to the one listed in the Frequently Asked Questions section of this guide will appear on your statement.

Depending on the type of CDO held in your account, the income is reported on IRS Form 1099-INT or IRS Form 1099-OID. You should report this information on IRS Form 1040, Schedule B (Interest and Ordinary Dividends).

### **A. Lot**

If you accumulated your position by purchasing the same security on different dates, each individual purchase creates a separate lot that is identified on the Additional Written Statement. We use the first-in, first-out (FIFO) method to calculate the adjusted issue price and the OID. Information is not reported to the IRS on a separate lot basis. Amounts are reported to the IRS on a CUSIP (or security) basis. However, information is reported to you on a separate lot basis because you may find the separate lot information useful when preparing your tax return.

### **B. Begin Date**

The income earned on a CDO is calculated separately for each accrual period (typically accrual periods are approximately one month). We are required to report income to you for each accrual period. Accordingly, the beginning of each accrual period is indicated. Amounts are totaled and then reported to the IRS on an annual basis.

### **C. Beginning Adjusted Issue Price**

The adjusted issue price of a CDO is its initial issue price plus all previously accrued OID. If your CDO was issued without an OID, the adjusted issue price column will be blank. If your CDO was issued with an OID, you may need this information. Refer to the OID section on of this guide for additional information.

### **D. OID Daily Rate**

This amount is the daily accrual rate of the OID for your CDO. You may be able to reduce the amount of the OID you report by a portion of your acquisition premium. Refer to the OID section of this guide for additional information.

### **E. Accrued Interest Daily Rate**

If your CDO is a REMIC, you are required to report the interest income with respect to the REMIC, as you earn the income, on an accrual basis. Income computed on an accrual basis may differ from the cash payments credited to your account. We report the daily portion of accrued interest income per \$1,000 of original principal.

### **F. OID Accrual Period Amount**

This amount represents the OID that was earned during the period the CDO was held in your account. The calculation assumes that you purchased the CDO at the CDO's adjusted issue price as of the date of the purchase. If your purchase price was greater than the CDO's adjusted issue price, your purchase price includes acquisition premium. The security total of the aggregate amount of OID is reported to the IRS. This amount can be calculated by multiplying the "quantity," "days held," and "daily OID," and then dividing the result by 1,000. Refer to the OID section of this guide for additional information.

### **G. Accrued Interest Period Amount**

As discussed above, if your CDO is a REMIC, you are required to report interest income on an accrual basis. The security total of the aggregate amount of accrued interest income reflects the interest income you earned and is reported to the IRS. This amount can be calculated by multiplying the "quantity," "days held," and "daily accrued interest income," and then dividing the result by 1,000.

## Collateralized Debt Obligations (CDOs) \*Collateralized Mortgage Obligations (CMOs) \*Real Estate Mortgage Investment Conduits (REMICs) con't.

### H. Actual Interest Paid (Cash)

This amount represents the portion of the cash credited to your account that was designated as interest with respect to your CDO. For certain CDOs, a portion of the cash payment is designated as a return of principal. Cash payments that represent a return of principal are reported in the Return of Principal Distributions section of your statement. If your CDO is a REMIC, the amount in this column is shown merely for informational purposes.

### I. Investment Expenses

This represents your share of investment expenses of a single-class REMIC. If you file IRS Form 1040, you may deduct these expenses on IRS Form 1040, Schedule A, subject to the two percent limit.

### J. Market Discount Fraction

This fraction represents the rate at which the market discount accrues. Market discount exists if your purchase price was less than the adjusted issue price of the CDO (if your CDO was issued with an OID) as of the date of the purchase. If the CDO was issued with an OID, market discount also exists if the purchase price was less than the redemption value as of the date of the purchase. In either case, it may be necessary for you to keep track of the amount of the market discount that amortizes during the period the CDO was held in your account. It is not required that you recognize the amortization of the market discount currently (unless you have so elected). However, you may need to know how much market discount amortized during your holding period so that the gain, if any, on the sale or other disposition of your CDO is properly characterized as a capital gain or as ordinary income. This calculation is complex and we recommend that you consult a tax advisor for assistance.

### Frequently Asked Questions: REMICSs

#### Information May Not be Available

**Q.** Why is tax information from my CDO or REMIC missing from my Tax Information Statement?

**A.** Issuers of CDOs and REMICs are not required to provide you with the necessary tax information until **March 15, 2015**. Your Tax Information Statement may contain the following message if we have not received the information by the time your statement was mailed:

#### \*\*\*\*READ THIS MESSAGE CAREFULLY BEFORE FILING YOUR TAX RETURN\*\*\*\*

Our records indicate that you held collateralized debt obligations (CDOs, CMOs, REMICs, OR FASITs) during 2014. This statement does not include information related to those investments. Upon receipt of information from the issuer, we will promptly forward a revised statement to you. Issuers of collateralized debt obligations are not required to provide us with tax information until after this statement is mailed. Accordingly, you should not file your tax returns until you receive a revised statement from us with the applicable tax information. Refer to IRS Publication 1212 for listing of securities.

**If your statement contains this message, you should delay filing your tax return until you receive a Revised Tax Information Statement from us with the complete information that we receive from the issuers.**

#### Additional Written Statement

**Q.** Why does certain information appear to be missing from my Additional Written Statement?

**A.** Your Additional Written Statement provides customized information for each CDO investment you held. Not all description headings on the Additional Written Statement may be pertinent to your investments. For instance, if your CDO was issued without an OID, there will be no information under the OID description headings on your Additional Written Statement.

## Frequently Asked Questions: REMICs (con't.)

### Cash Received Differs From Interest Reported

- Q.** Why is the first interest accrual on my Additional Written Statement different from the interest received in cash for that period? Also, why is the last payment different?
- A.** Interest income earned on a REMIC may differ from the cash received. REMIC interest income is calculated and reported to you on an accrual basis. Under an accrual basis, income is reported when it is earned, and not as cash is paid. Accordingly, there may be differences between what is reported as interest income and the amount of cash you actually received.

### Additional Written Statement

We are required to report additional information to you regarding the aforementioned securities. We provide this on an Additional Written Statement. You need this additional information to complete your tax returns. The Additional Written Statement also provides calculations for the interest income and OID reported to you and to the IRS. The Additional Written Statement, however, is provided only to you, not to the IRS. The tax rules relating to CDOs are complex. We have attempted to present and explain the information so that it is useful to you.

### However, we suggest that you carefully review your CDO information with a tax advisor.

If your CDO was issued with an OID, we report the income to the IRS on IRS Form 1099-OID. IRS Form 1099-OID has two components, OID, and other periodic interest, as illustrated below.

If your CDO was issued without an OID, we report the interest income to the IRS on IRS Form 1099-INT and to you in the Interest Income section of your Tax Information Statement.

The income that we report to you in both the 1099-OID and Interest Income sections of your Tax Information Statement should be reported on your tax return on IRS Form 1040, Schedule B.

For more information regarding your USAA Tax Documents, please visit [usaa.com/taxes](https://usaa.com/taxes) or contact one of our Member Service Representatives at 800-531-6347. Questions regarding your specific tax situation should be directed to your tax and legal advisers. For assistance with Turbo Tax, please visit [turbotax.intuit.com/support/contact](https://turbotax.intuit.com/support/contact).

**USAA means United Services Automobile Association and its insurance, banking, investment and other companies. Banks Member FDIC. Investments provided by USAA Investment Management Company and USAA Financial Advisors Inc., both registered broker dealers.**

**The contents of this document is not intended to be, and is not, legal or tax advice. The applicable tax law is complex, the penalties for non-compliance are severe, and the applicable tax law of your state may differ from federal tax law. Therefore, you should consult your tax and legal advisers regarding your specific situation.**