

Investment types most likely to reclassify each year

Certain investment types are most likely to experience income reclassification and other adjustments made by issuers each year after original tax statements are generated for your nonqualified accounts. Income reclassification means that some or all of the income that was distributed to investors during the year has changed tax character or tax treatment. The investments most likely to reclassify are Unit Investment Trusts (UITs), Real Estate Investment Trusts (REITs), mutual funds, commodity trusts, and individual stock. Direct or indirect investments in certain assets, such as real estate and commodities, are much more likely to require reclassification.

See [Updated tax statements and income reclassification](#) for more information about tax reporting associated with reclassifications.

The table below lists investments in the order most likely to experience income reclassification and includes the reasons the reclassification may occur and the tax statements that may be updated.

Investment type	Reason(s) for reclassification/updates	Potentially updated tax statements
<p>Unit Investment Trusts (UITs)</p> <ul style="list-style-type: none"> • Regulated investment companies (RICs) • Grantor trusts 	<p>Note: For UITs taxed as RICs, see “Mutual Fund” information below. The following applies to UITs taxed as Grantor Trusts.</p> <p>After original tax statements are generated, Ameriprise receives additional information from the trust regarding:</p> <ul style="list-style-type: none"> • Fees and expenses paid by the trust and passed to unit holders • Year-over-year dividend adjustments • Income and/or principal received by the trust and distributed to unit holders may be reclassified as qualified dividend income, return of capital, long-term capital gain or short-term capital gain, original issue discount, and interest 	<ul style="list-style-type: none"> • Form 1099-B^{1,2} • Form 1099-DIV¹ • Form 1099-INT¹ • Form 1099-OID¹
<p>Non-Traded Real Estate Investment Trusts (REITs)³</p>	<p>Reclassification occurs due to adjustments for the following reasons:</p> <ul style="list-style-type: none"> • Depreciation • Gain or loss on sale of property <p>Depreciation is a tax deduction available to a taxpayer who owns real estate property, like a building. It is an annual allowance for the wear and tear, deterioration, or obsolescence of the property which allows a</p>	<ul style="list-style-type: none"> • Forms 1099-B² • Form 1099-DIV

	<p>taxpayer to recover the cost or other basis of certain property affecting the gain or loss on the sale of the property. Depreciation (or other deductions) may reduce the REIT's earnings and profits that would have been available to cover the distributions, so that the amount paid out to investors during the year would be reclassified as return of capital.</p>	
Mutual Funds	<p>Note: Mutual funds invested in tax-exempt municipal bonds or REITs are the most likely to receive updated tax reporting.</p> <ul style="list-style-type: none"> • A mutual fund pays out most or all of its income each year and determines after the end of the taxable year that it did not have current or accumulated earnings available to support some or all of the dividend payments resulting in a return of capital • Holdings within a mutual fund make adjustments affecting the nature of the income paid: <ul style="list-style-type: none"> – Mutual funds invested in REITs (e.g., Columbia Real Estate Equity Fund) may be affected because the REITs it holds make adjustments (see "REITs" above) – Tax-exempt municipal bond funds may update information due to the accounting/tax treatment of market discount (income reclassified from tax-exempt to taxable) – Individual securities may provide updated income reclassification information (See "Individual Stock" below) 	<ul style="list-style-type: none"> • Form 1099-B² • Form 1099-DIV
Commodity Trusts	<p>After original tax statements are generated, Ameriprise receives additional information from issuers regarding taxable activity and fees within the investments that are passed through to the investors.</p> <p>Note: Commodities trusts (which are grantor trusts) investing in precious metals may generate capital gains taxed at a special "collectibles" rate (currently a maximum rate of 28%), and may reclassify income to (or from) collectibles gain.</p> <p>Common issuers with Ameriprise client holdings include:</p> <ul style="list-style-type: none"> • SPDR Gold Trust Gold ETF (GLD/78463V107) 	<ul style="list-style-type: none"> • Form 1099-B² • Form 1099-DIV

	<ul style="list-style-type: none"> • iShares Silver Trust ETF (SLV/46428Q109) • iShares Gold Trust ETF (IAU/464285105) • ETFS Physical PREC Metals Basket ETF (GLTR/26922W109) • ETFS Physical Swiss Gold Shares (SGOL/26922Y105) • ETFS Physical Silver Shares (SIVR/26922X107) 	
Individual Stock	<p>Companies that issue stock may make distributions to shareholders during the year</p> <ul style="list-style-type: none"> • Distributions are treated as dividends to the extent of the corporation's earnings and profits, and are treated as a return of capital to the extent that the distribution exceeds earnings and profits (generally nontaxable) • Dividends: <ul style="list-style-type: none"> – Reported on Form 1099-DIV – Most are qualified (taxed at long-term capital gains rates), but some are nonqualified (taxed at ordinary income rates depending on the issuing corporation and the holding period of the stock) – May be paid from current or accumulated earnings and profits • Other corporate actions, like mergers or spin-offs, may result in a change to tax reporting 	<ul style="list-style-type: none"> • Form 1099-B² • Form 1099-DIV

¹Form 1099-B, Proceeds From Broker and Barter Exchange Transactions
Form 1099-DIV, Dividends and Distributions
Form 1099-INT, Interest Income
Form 1099-OID, Original Issue Discount

² Provided only if the asset was sold during the tax year. Reclassification can affect cost basis data.

³Some of the non-traded REITs are broker-controlled, meaning that American Enterprise Investment Services Inc. is responsible for tax reporting for these investments. We do not have advance knowledge about possible updated tax information we may receive from the issuers after the year-end statements have been mailed.

Ameriprise Financial, Inc. and its affiliates do not offer tax or legal advice. Clients should consult with their tax advisor or attorney regarding their specific situation.