

## Important 2022 Tax Year Information

### Schedule for Receiving Tax Preparation Forms

All the forms in the following chart are official tax documents that contain information that Schwab is required to report to you and to the Internal Revenue Service (IRS). You'll only receive the forms that apply to your particular financial situation, and we suggest that you consult with a tax advisor about using the forms to prepare your tax return.

Schwab sends Form 1099 information to the IRS. There is no need for you to send a copy to the IRS.

### Tax Preparation Forms

Form	Description	Expected Delivery
<b>1099 Composite for Brokerage Accounts</b>	This form may include IRS Forms 1099-DIV, 1099-INT, 1099-MISC, 1099-B, and 1099-OID, depending on your situation.	Mailing 1: Early February  Mailing 2: Mid- to late February
<b>1099 Composite for Schwab Global Accounts</b>	If you have a brokerage account(s) and a Schwab Global Account™, you will receive a separate Form 1099 Composite for each account.	Late January
<b>1099-B for Futures &amp; Futures Options</b>	This form reports trades on Futures & Futures Options. Commodity Futures (and options on Commodity Futures) are considered section 1256 contracts, and gains and losses from trading these products are typically reported on this 1099-B.	Mid- to late February

## Tax Preparation Forms (Continued)

Form	Description	Expected Delivery
1099-INT	This form reports interest of \$10 or more paid to your Schwab Bank accounts.	Late January
1099-MISC	Please note that you may still receive a separate Form 1099-MISC reporting other income. Included in this mailing are Corporate accounts that received payments in lieu of dividends and interest.	Mid-to late January
1099-NEC	This form reports compensation that is paid to a nonemployee.	Late January
1099-OID (REMICs and CMOs)	This form reports income from real estate mortgage investment conduits (REMICs) and collateralized mortgage obligations (CMOs).	Mid-March
1099-R	This form reports distributions from IRA, SEP-IRA, SIMPLE IRA, Roth IRA, and QRP accounts.	Mid-January
1099-Q	This form reports distributions from a Coverdell Education Savings Account (ESA).	Mid-to late January
1042-S	This form reports certain income earned from U.S. sources by a nonresident alien or foreign entity (except gross proceeds from sales), whether or not that income is subject to tax and any tax is withheld. The information on this form is furnished to the IRS and, for Canadian residents, may also be furnished to the Canadian government.	Mid-March
5498-ESA	This form reports your 2022 Coverdell ESA contributions.	Late April

## Tax Preparation Forms (Continued)

Form	Description	Expected Delivery
5498	This form reports your IRA contributions.	Mid- to late May
2439	This form reports net undistributed long-term capital gains.	Late March
Schedule K-1 (Form 1065)	This form is generated by limited partnerships (LPs) and some exchange-traded funds (ETFs) and is delivered directly to clients by the partnership.	Varies by partnership; majority of forms delivered in March
990-T	Reports Unrelated Business Taxable Income (UBTI) in IRA/Keogh retirement accounts for securities generating Schedule K-1 forms.	Mid-July
Schedule K-1 (Form 1041)	Where Charles Schwab Trust Company is serving as corporate trustee, this form is used to report a beneficiary's share of the trust's income, credits, deductions, etc.	Late February to early March

### Important information regarding IRS Form W-4R:

Effective January 1, 2023, the new IRS Form W-4R will be used to elect federal income tax withholding for nonperiodic and eligible rollover contributions from an employer retirement plan, annuity (including a commercial annuity), or individual retirement arrangement. For nonperiodic payments, the default withholding rate is 10%. For eligible rollover distributions, the default withholding rate is 20%. Clients can choose to have a different withholding rate by entering a rate between 0% and 100% either digitally or on the appropriate Schwab form. Generally, clients can't choose less than 10% for payments to be delivered outside the United States and its possessions. This link, [www.irs.gov/pub/irs-pdf/fw4r.pdf](https://www.irs.gov/pub/irs-pdf/fw4r.pdf), will take you to the IRS Form W-4R instructions and current Marginal Rate Tables for additional information.

## **Other Important 2022 Tax Information**

### **Tax-Exempt Dividends and Interest Earned**

Some states, including California, Connecticut, Massachusetts, Minnesota, Montana, and New York, require Schwab to report to the state any tax-exempt dividends and interest earned by their residents. To determine your state of residence, Schwab uses the primary mailing address on the account(s) as of December 31 of each year.

### **Form 1099 Composite Mailing Dates and Online Availability**

In order to provide your Form 1099 Composite as early as possible, and to reduce the number of corrected forms, we'll have two mailing dates for the 2022 tax year. The date your Form 1099 Composite is mailed/available online depends on the types of investments you hold.

#### **Form 1099 Composite for brokerage accounts that include only equity positions will be mailed/available online in early February 2023.**

If your brokerage account contains positions for which we have all the necessary tax information, your original Form 1099 Composite will likely be included in the first mailing, as the issuers of the securities you hold will most likely have provided all the necessary tax information by then.

#### **Form 1099 Composite for brokerage accounts that include certain non-equity security types will be mailed/available online in mid- to late February.**

If your brokerage account contains at least one investment for which the issuer won't be able to provide tax information in time for us to mail your Form 1099 in the first mailing, we'll send your original Form 1099 Composite in the second mailing to minimize the number of corrected Forms 1099 that you may receive. These types of investments would most likely include:

- Mutual funds
- Fixed Income securities
- Certain foreign and domestic equities (e.g., equities that have been reclassified in the past)
- Real estate investment trusts (REITs)

- Unit investment trusts (UITs)
- Original issue discounts (OIDs)
- Widely held fixed income trusts (WHFITs)

If you make sales in December, or buy to cover short positions in December, your Form 1099 will also be included in the second February mailing.

### **Corrected Form 1099 Composite (to be mailed as required)**

You may receive a corrected Form 1099 if one or more of the issuers of the securities you hold is unable to provide tax information by the time we mail your original form, or if certain income (e.g., dividends or capital gains) on securities you hold needs to be reallocated by the issuer after we've mailed your original Form 1099. The IRS requires us to issue a corrected Form 1099 after an issuer provides us with updated information. Revisions will be clearly highlighted for your convenience.

Please be aware that the issuers of your securities may reclassify the income from your securities any time after we've mailed your original Form 1099.

### **Schwab Charitable™ Account**

You can visit Contribution History and Cost Basis Details areas in the Schwab Charitable Client Center for details that may be necessary for tax filing.

### **Information for Retirement and Education Savings Accounts (ESAs)**

The deadline to contribute to your Individual Retirement Account (IRA) and Coverdell ESA for the 2022 tax year is April 18, 2023. Coverdell ESA contributions are reported on IRS Form 5498-ESA, which will be mailed in late April. IRS Form 5498 will be mailed to you in mid- to late May. If applicable, it will include employer contributions and salary deferrals made by December 31, 2022, to a SEP-IRA or SIMPLE IRA.

The IRS requires SEP-IRA and SIMPLE IRA retirement plan custodians to report contributions in the calendar year of receipt, not the designated tax year. As a result, employer contributions or salary deferrals made between January 1, 2022, and December 31, 2022, will be reported on Form 5498 as being made in 2022. Since the IRS doesn't require contribution reporting for Qualified Retirement Plans or Individual

401(k)s on Form 5498, you should refer to your monthly statements for a record of contributions received by Schwab.

If you didn't make any reportable contributions to your IRA or ESA for 2022:

- You won't receive an IRS Form 5498 or 5498-ESA from Schwab.
- You should use your December 2022 statement to determine the fair market value of your account(s).
- We are required to report the fair market value of your account(s) to the IRS.

### **Unrelated Business Income (UBI) Earned in a Retirement Account**

Unrelated business income ("UBI") is income regularly generated by a tax-exempt entity by means of taxable activities. The tax-exempt purpose of an IRA is to provide income for retirement. Investment income earned in an IRA is considered tax exempt. If the IRA invests in an MLP, LP, or LLC, they are partners in an active business. If the partnership passes on profits from its business or investment income secured by debt, it may be subject to tax, depending on the amounts earned.

Important: Investing in limited partnerships using retirement accounts is risky and can create tax liabilities that exceed your overall investment (you can owe more than you paid for the partnership). Tax liabilities assessed from a limited partnership holding will be satisfied using funds from the retirement account in which the partnership was held. You will be liable for any additional taxes due if the liability exceeds your retirement account assets.

### **Schedule K-1**

If you have a security that is a partnership, limited liability company, or income trust, it may issue a Schedule K-1 to you. If a limited partnership security distributed income to you during the year, the income will be listed under "Partnership Distributions" in the supplemental section of the Form 1099 Composite. It is possible for you to receive a Schedule K-1 for a security not listed in this section.

It is important to note that the deadline for partnerships to mail Schedules K-1 may be different depending on their tax year. In cases where the entity generating the Schedule K-1 files for a tax extension beyond the April tax deadline, investors may receive their Schedule K-1 after the due date for their income tax return. Individual taxpayers who do not request a filing extension may need to file an amended federal and/or state tax return if they receive their Schedule K-1 after filing their original return.

**Keep your information current.**

We want to ensure that you receive your tax forms on time. Please take a moment to confirm your address by logging in to your account profile at [schwab.com/myprofile](https://schwab.com/myprofile). You can also call us at the appropriate number below to update your information.

**Thank you for the opportunity to serve you.**

If you have any questions or need additional information, please call 1-800-435-4000. If you are a client of an independent investment advisor, please call your advisor directly, or call Schwab Alliance at 1-800-515-2157.

International clients, please call +1-415-667-8400.

This general information is not intended to be a substitute for specific individualized tax, legal, or investment planning advice, and is not intended to be construed as tax advice.

This information cannot be used for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code or applicable state or local tax law provisions. Where specific advice is necessary or appropriate, Schwab recommends consulting with a qualified tax professional, CPA, financial planner, or investment manager.

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