

# Your Giftrust® Has Matured

## Tax filing and cost basis information



### What are your tax filing requirements?

Now that your Giftrust has matured and the assets transferred to a taxable account, you are responsible for filing tax returns. Any transaction activity on your account, such as a distribution, exchange or redemption, means taxes may be owed.

To help you complete your tax filing the year after your Giftrust matures, we will provide you with the following documents.

- **Schedule K-1: Action needed** – You will need this form to correctly complete your personal tax return for the prior calendar year (the year your Giftrust matured). Keep it for your records, as you will not receive another Schedule K-1.

It reports the beneficiary's share of the trust's income or loss, deductions or credits for the year the Giftrust matures. You will only receive it in March of the year after the maturity year. We file it with the IRS and any applicable states.

- **1099 Forms** – The beneficiary will receive a 1099-DIV to report dividends or capital gains, or a 1099-B for exchanges or redemptions. This form will only be generated if one of these activities occurred.

### What if my Giftrust matured, but I did not redeem shares that same year?

You will receive Schedule K-1 in March; however, you will not receive Form 1099-B. The transfer of your shares from the trust to your individual account was not a taxable event.

### When you do redeem – know your cost basis options

**Action needed** – When your shares were held in the trust, we filed tax returns on your behalf using the First In, First Out (FIFO) cost basis method, which assumes the first shares purchased are the first ones sold. **You must notify us** if you wish to continue using the FIFO method. The account automatically defaults to the Average Cost method after maturity. Or, you may use one of the other IRS-approved methods for your account. Search **cost basis methods** at [americancentury.com](http://americancentury.com) for definitions about the different methods.

### Giftrust matured in 2011 and after

If you redeem shares, cost basis is tracked and calculated for you. You can find this information by logging in to your My Account, or registering for online account access. It will also be on tax-form 1099-B.

### Giftrusts matured prior to 2011

If you redeem shares, you should use the First-In, First-Out method to calculate your cost basis for shares that were held in the Giftrust. Use the chart on the next page to assist with that calculation. You can find this information by logging in to your My Account, or registering for online account access. Select **Documents**, and it will be listed on your Form 1099-B tax form. Search **cost basis methods** at [americancentury.com](http://americancentury.com) for details about First-In, First-Out.

### If you have questions:

Please call an Investment Consultant at 1-800-345-2021.

*Please note that our representatives are not licensed tax advisors and cannot answer tax questions.*

## Calculating cost basis

For shares purchased before January 1, 2012, you will need to calculate the cost basis using the FIFO method. Generally, you will subtract the cost of the shares sold from the cost of all shares purchased to determine the cost basis. If you redeemed all the shares the year your Giftrust matured, you will put this amount and the Gross proceeds amount from your Form 1099-B on IRS Form 8949.

### First In, First Out (FIFO) Hypothetical Example

Date of Transaction	Transaction	Amount	Price Per Share	# of Shares	Total Shares
1/15/2010	Purchase by check	\$5,500.00	\$11.00	500	500
12/15/2011	Reinvest dividend	\$240.00	\$12.00	20	520
1/15/2012	Purchase by check	\$7,000.00	\$14.00	500	1,020
	<b>Total amount invested</b>	\$12,740.00			1,020
5/01/2013	Sell	\$290.00	\$14.50	20	1,000

**First In, First Out (FIFO)** – Using the first-in, first-out method, it's assumed that the first shares purchased are the first ones sold. If 20 shares are sold, they would be the first 20 shares purchased on January 15, 2010.

#### **To determine the cost basis:**

Multiply the purchase price of the shares x the number of the shares sold  
 $\$11.00 \times 20 = \$220$  (Cost Basis)

## Future tax returns

This basis (FIFO) carries forward to your individual taxable account and becomes the starting point for determining the gain or loss on any redemption of shares you make in that account. You may use the FIFO method to determine the cost basis for your shares now that the trust has been terminated. Or, you may use any other method you choose.

Calculating cost basis can be complex, so you may want to contact a tax advisor. Search **IRS Publication 550** at [irs.gov](http://irs.gov) for additional information.

**You should consider a fund's investment objectives, risks, and charges and expenses carefully before you invest. Each fund's prospectus, which can be obtained at [americancentury.com](http://americancentury.com), contains this and other information about the fund, and should be read carefully before investing.**

## When you purchased your shares matters

### Covered Shares

- Shares purchased after 1/1/2012
- We will calculate cost basis for you

### Non-covered shares

- Shares purchased before 1/1/2012
- Use this flyer to determine your cost basis

*This information is for educational purposes only and is not intended as tax advice. Please consult your tax advisor for more detailed information or for advice regarding your individual situation.*

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