SUNGARD WALL STREET CONCEPTS

Tax information for the financial services industry

INCOME REALLOCATION SERVICE

Increasingly, financial services firms must report tax information to investors in ways that are computationally complex and that incorporate information from outside their standard transaction history. Ever more onerous regulatory hurdles, new and sophisticated investment products, and a desire to add customer-friendly features to the documents further complicate the picture.

SunGard's Wall Street Concepts (WSC) business can help. Its staff specializes in U.S. tax reporting rules and regulations, and staying up to date with the latest changes is core to their business.

WSC's Income Reallocation Service helps ensure that customers accurately report distributions. This can be a challenge, because often the correct tax character is not known until after the calendar year, by which point customers have already filed their 1099s. However, the Income Reallocation Service knows what each characterization is and applies the adjustments to customers' transactions quickly, helping to avoid the need to file corrected 1099s.

Most often these distributions are from Regulated Investment Companies (RICs), which are commonly referred to as open and closed end mutual funds, and Real Estate Investment Trusts (REITs), which are pass through vehicles for tax reporting purposes. Although the events are much less frequent, WSC also screens equity securities to identify situations where dividend payments are likely to be characterized as a return of capital and contacts the company for a determination of the tax character of its distributions.

Using transaction histories provided by the customer, WSC computes the appropriate income for each tax lot. It then returns data files of adjusting entries, allowing the subscriber to reverse and rebook income distributions to the correct tax category and, in turn, produce Forms 1099-DIV for the beneficial owners. As part of this process, WSC incorporates factors for foreign tax withholding and alternative minimum tax (AMT).

The service provides annual identification of securities as well as daily adjustment and supplemental files during tax reporting season. Supplemental information includes a file of liquidations and returns of capital for use in cost basis/gain loss accounting systems, which will be particularly useful when cost basis reporting becomes mandatory for tax year 2011. WSC also provides supplemental coverage of municipal state breakdowns to help investors determine their tax liability on any "out of state" municipal bonds that they hold.

The service also performs special handling of cross-year income deferrals by REITs and Widely Held Fixed Investment Trusts (WHFITs), helping customers keep track when tax reportability is split between tax years.

All information is tested and standardized, and it is viewable on WSC's Website in its original format. In addition, a standardized Web display shows all generic information supplied by issuers, Web-based links provide direct access to all source documentation, and a detailed Web display lists the custom tax lot adjustments processed.

Customers can choose from more than 40 Web-based reports that display process status, specific security segments, and data integrity.

These reports can track:

- Progress status by firm or globally
- Adjusted or revised issues
- Spill over dividends
- Return of capital, liquidations, proceeds, basis adjustments
- Funds with AMT data
- Points of interest
- Interest, miscellaneous, royalty income
- Gross ups for foreign withholding or fees

The Income Reallocation Service's coverage includes:

- Regulated Investment Companies (RICs)
- Real Estate Investment Trusts (REITs)
- Equities having liquidating or return of capital distributions
- Contingent Payment Debt Instruments (additional interest or interest shortfalls)
- Auction Rate Preferred shares
- Investment Units
- Selected Widely Held Fixed Investment Trusts (WHFITs) – Royalty Trusts and HOLDRS Trusts

KEY BENEFITS OF THE INCOME REALLOCATION SERVICE:

- Saves time and money by substantially reducing the number of corrected 1099s required
- Allows customers to concentrate on managing their client relationships instead of tax reporting
- Provides easy access to information via browser-based displays

NEED MORE INFORMATION?

Please contact your sales representative at + 1-800-825-2518 or visit us at http://www.sungard.com/wallstreetconcepts.