

I have been reinvesting dividends, income or capital gains. What is the cost basis for reinvestment?

Cost basis includes **each and every reinvestment** of dividends, income, and/or capital gains.

How do I calculate the cost basis of my reinvestment?

- If you have saved all your year-end statements since you opened the mutual fund or stock reinvestment account, add up each reinvestment to arrive at the cost. (**HINT:** If you are using year-end statements and all the dividends have been reinvested, add the total dividends for each year and reduce by the cost basis of shares sold.)
- If you have not saved your statements, call the fund's 800 number (usually shown on the statement) and request an account history. There may be certain constraints if the account is very old. (**NOTE:** The fund may charge a fee for this service.) You may also be able to get this information for a stock dividend reinvestment account by contacting the company. Ask for "Shareholder Services".

Cost basis information is very important and will play a significant role as you establish your trust. This **Quick Guide to Cost Basis Research** may be helpful to you in completing the Cost Basis Worksheet form which accompanies it.

If you have any questions during the process of gathering cost basis information, please feel free to contact your Financial Services Representative. Or you may write or call our office directly and speak with your trust administrator.

Telephone.....847-583-3200

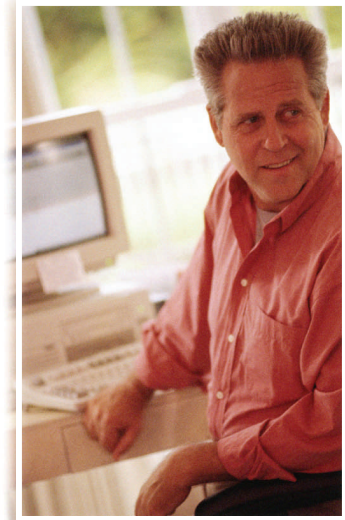
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Quick Guide to Cost Basis Research for Securities



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What is Cost Basis?

Your cost basis is:

- The amount you paid for a security when it was purchased
- The value of the security on the date of death of the person from whom it was inherited
- The same as the cost basis of the person from whom you received the securities as a gift

NOTE: Your original cost basis is reduced by the cost basis of any shares **sold**.

Why do I need to know the cost basis?

Cost basis determines the amount of **gain** or **loss** on an asset when it is sold. This gain or loss is reported on your income tax return. If there is no cost basis on an asset, the **entire proceeds** may be taxed as a capital gain.

NOTE: In this brochure, the term *security* is used to refer to stocks, bonds, or mutual fund shares.

Where can I look for cost basis information if I bought the securities myself?

- Look for **original broker confirmations**, i.e. purchase or sale receipts from your broker
- Review your **brokerage statements** for purchase(s) and sale(s)
- Review your **financial records** for purchase and sale amounts and dates
- If you made the purchase(s) through a broker and cannot find your statements, you may **contact the broker** for the cost basis
- Look for **cancelled checks** for the purchase(s)
- If you cannot find any written record of the purchase(s), try to remember the **date you made the purchase(s)**
- Refer to **old tax returns** to determine cost amounts claimed for shares previously sold

I received this security as a gift. What is the cost basis of gifts?

The person who gave you the security should also have given you cost basis information. Normally, your cost basis for securities is the same as that of the person who gave it to you.

What if I inherited the security?

Look for an **estate valuation** of the person from whom you inherited the security. It should list the security's value at date of death. If you cannot find an estate valuation, provide the **date of death** and Covenant Trust Company will research the price.

I received this stock from the company I worked for. How do I find cost basis?

- The company should have issued statements as you purchased the stock. If you have all these statements, cost basis may be calculated from them.
- If you do not have the statements, your former employer will have the information. The Human Resources Department should be able to tell you where to get the information.

Since I bought my stock, it has had splits and/or dividends. How does this affect cost?

Stock splits and stock dividends increase the number of shares, but do not affect the total cost basis. If you paid \$1,000 for 100 shares but now have 400 shares due to splits, the cost basis for all 400 shares is still \$1,000.

I have stock in a company which has gone through a merger or acquisition and has a new name. How do I find cost?

If you can determine the cost basis for the original purchase, give us those figures. We have resources in our office to make the appropriate adjustments.

