

COST BASIS ELECTION FORM

Use this form to change the cost basis elections to your Brokerage Account. If you have any questions concerning this form, please call a BNY Brokerage Account Representative at 1-800-843-5466.

1. CUSTOMER INFORMATION

Account Number

Registered Owner

Joint Owner

2. TAX LOT DISPOSITION METHOD TERMS

First In, First Out (FIFO) (the tax lot(s) with the earliest trade date(s) will be disposed, sold, transferred or exchanged first based on the order of their acquisition).

Last In, First Out (LIFO) (the tax lot(s) with the latest trade date(s) will be disposed, sold, transferred or exchanged first based on the order of their acquisition).

Average Cost Using FIFO (this option is available ONLY for mutual fund shares and covered stocks in dividend reinvestment plans administered by Pershing LLC ("Pershing") the clearing broker for your account, and it reflects the average cost per share, considering all tax lots of a security, even those no longer held by the investor. Upon disposition of mutual fund shares, the average cost per share is used to calculate gain or loss and although the calculation of gain or loss is based on an average cost, the tax lots are disposed of on a FIFO basis).

High Cost (the tax lot(s) with the highest unit cost are disposed of first, whether the tax lot(s) are short-term or long-term for capital gain tax purposes).

High Cost Long-Term (the tax lot(s) that have the highest unit cost, and produce a long-term capital gain or loss, are disposed of first – If no long-term shares are identified, or if an inadequate number of long-term shares are identified, then the short-term shares with the highest unit cost will be disposed of).

High Cost Short-Term (the tax lot(s) that have the highest unit cost, and produce a short-term capital gain or loss, are disposed of first – If no short-term shares are identified, or if an inadequate number of short-term shares are identified, then the long-term shares with the highest unit cost will be disposed of).

Low Cost (the tax lots with the lowest unit cost are disposed of first, whether the tax lots are short-term or long-term for capital gain tax purposes).

Low Cost Long-Term (the tax lots with the lowest unit cost, and produce a long-term gain or loss, are disposed of first – If no long-term shares are identified, or if an inadequate number of long-term shares are identified, then the short-term shares with the lowest unit cost will be disposed of).

Low Cost Short-Term (the tax lot(s) with the lowest unit cost, and produce a short-term capital gain or loss, are disposed of first – If no short-term shares are identified, or if an inadequate number of short-term shares are identified, then the long-term shares with the lowest unit cost will be disposed of).

Minimize Short Term Gains (take losses first and gains last. The tax lots are disposed in the following order: Short term lots sold at a loss, from highest cost to lowest cost; long term lots sold at a loss, from highest cost to lowest cost; short term lots sold at no gain or loss; long term lots sold at no gain or loss; long term loss sold at a gain, from highest to lowest cost; short term lots sold at a gain, from highest cost to lowest cost).

Tax Lot Disposition Methods for Mutual Funds and other Securities

A) TAX LOT DISPOSITION METHODS FOR MUTUAL FUNDS	B) TAX LOT DISPOSITION METHODS FOR ALL OTHER SECURITIES - (EXCLUDING MUTUAL FUNDS)	C) DISPOSITION METHODS FOR STOCKS IN PERSHING'S DIVIDEND REINVESTMENT PLAN
☐ First In, First Out (FIFO)	☐ First In, First Out (FIFO)	☐ First In, First Out (FIFO)
☐ Last In, First Out (LIFO)	☐ Last In, First Out (LIFO)	☐ Last In, First Out (LIFO)
☐ FIFO (using Average Cost)	☐ High Cost	☐ High Cost
☐ High Cost	☐ High Cost Long-Term	☐ High Cost Long-Term
☐ High Cost Long-Term	☐ High Cost Short-Term	☐ High Cost Short-Term
☐ High Cost Short-Term	☐ Low Cost	☐ Low Cost
☐ Low Cost	☐ Low Cost Long-Term	☐ Low Cost Long-Term
☐ Low Cost Long-Term	☐ Low Cost Short-Term	☐ Low Cost Short-Term
☐ Low Cost Short-Term	☐ Minimize Short-Term Gains	☐ Minimize Short-Term Gains
☐ Minimize Short-Term Gains		

3. BOND ELECTION COST BASIS

Bonds contain provisions that allow investors to amortize the premium or accrete the discount by using different disposition methods when calculating cost basis for federal income tax purposes. Contact your tax advisor for help making these elections.

Debt Instrument Election and Accrual Methods

Election 1 – Bond Premium Amortization(Internal Revenue Code [IRC] section 171)

In the past, Pershing had assumed the client made this election and amortized the bond premium by adjusting cost basis downward towards the par value of the bond. However, Pershing did not adjust the interest payment for this amortization. Under the new rules, Pershing will supply the IRS with the amount of amortized bond premium on purchases after January 1, 2014 unless the client elects not to amortize the bond premium.

Default rule: The IRS requires Pershing to assume that you HAVE made this election and will amortize the bond premiums on taxable debt instruments

Alternative Election: Pershing will not amortize the bond premium on taxable debt instruments.

Election 2 – Market Discount Accrual Method (IRC section 1276[b][2])

There are two different methods you can use to calculate accruals on market discount:

Ratable (Straight line): This method simply calculates accruals by dividing the discount by the number of years until the bond matures. As an example, a bond purchased at \$95.00 with a remaining maturity of five years would simply accrue \$1.00 of market discount per year.

Constant Yield is a more complex calculation which takes into consideration the value of money over time. For the same bond purchased at \$95.00 accruals would vary, weighted slightly heavier at the end of the life of the bond. Based on the yield, it may accrue \$.95 in year 1 and \$1.05 in the final year.

In the past, Pershing has assumed the client has made the constant yield election. For bonds purchased in 2015, the default will be the constant yield method.

Default rule: The IRS requires Pershing to assume that the client has made the election and will calculate accruals using a constant yield method as provided in IRC section 1276(b)(2).

Alternative Election: Pershing will compute accruals of market discount using a ratable method rather than a constant yield method as provided in IRC section 1276(b)(1).

Election 3 – Include Market Discount as Income (IRC section 1278[b])

The client has a choice of paying the accrued income annually or at the final disposal of the bond. In the past, Pershing adjusted the cost of the bond upwards towards par, assuming the accrued income was being paid annually. Beginning with new purchases in 2014, Pershing is no longer permitted to assume this election has been made and will no longer adjust the cost basis on discounted bonds covered under this election.

If this election is made, cost basis will show as adjusted and the accrued income will be reported to the IRS on an annual basis.

Default rule: The IRS requires Pershing to assume that the election has not been made to include market discount as income as it accrues and will not report the yearly accruals to the IRS as additional ordinary income.

Alternative Election: Pershing will be required to report accruals of market discount as additional ordinary income to the IRS on Forms 1099 each year the election is in effect.

IF YOU DO NOT CHOOSE BOND ELECTIONS BELOW, THE NOTED IRS DEFAULTS WILL BE SELECTED.

Election 1 – Bond Premium Amortization (Tax Free Bonds Must Be Amortized)

Amortize Taxable Premium Bonds. (IRS Default is Yes.) ☐ Yes ☐ No

Election 2 – Market Discount Accrual Method

☐ Ratable/Alternative

☐ Constant Yield (IRS Default)

Election 3 – Include Market Discount as Income

☐ No (IRS Default): Don't include market discount as income.

☐ Yes/Alternative: Include market discount in income.

4. SIGNATURES

Due to the complexity of cost basis methods you are encouraged to consult your tax professional to determine what methods best meet your tax situation. By signing this form you are notifying your broker of the elections you have either made in the past or elections and/or revocations you will be making for all applicable covered securities and mutual funds. Election notifications will be applied during the calendar year the notification becomes effective and will be applied to all applicable covered securities and /or mutual funds acquired in the account in future years.

<i>Registered Owner Signature</i>	<i>Date</i>
<i>Joint Owner Signature</i>	<i>Date</i>