



2023 November Year-End Tax Preparation and Process Update

Introduction

This update focuses on some of the most common requests that SEI Private Trust Company (SPTC) receives during the last few months of the year, and supplements the *2023 Year-End Tax Calendar*. Our goal is to provide you with information to assist your clients in meeting their 2023 year-end requirements and to inform you of the SPTC processing deadlines for transactions to be included in the 2023 tax year.

Highlights and Deadlines

- › Tax projections will be available on www.SEIAdvisorCenter.com users in October, November and December. Tax projections for the entire 2023 calendar year will be available in early January 2024 for taxable accounts. Tax projections do not include Reclassification of Capital (ROCR) and Income Re-Allocation (IR) and should not be used to file.
- › Mark your calendars with the important dates and deadlines for December 2023 through May 2024. Any changes to these dates will be shown on www.SEIAdvisorCenter.com Year-End tax information so be sure to check periodically.
- › Investors are able to opt into electronic-only tax form delivery. If an investor opts in to e-delivery on Investor.SEI-Connect.com, the tax form(s) will no longer be physically mailed to them. Instead, the investor will be notified via email to log in and retrieve their tax form(s).
- › SEI Private Trust Company offers the ability to download all your investors' tax forms in bulk. Each batch of files will be available several days after the tax forms are posted online. Depending on the timing of your client's 1099 tax form availability, there may be multiple files that need to be downloaded. An email will be sent to you when each download file is available.
- › Contact your SPTC service team at (800) 734-1003 for additional guidance or assistance with any year-end and/or tax-reporting-related topics. If you have bulk processing requests, you should provide advance notice to your SPTC Service Team.

Tax Projections

Tax projections will be available to Advisor firms on the www.SEIAdvisorCenter.com. There will be three tax projections runs in 2023 and one tax projection run in 2024 for all available year-to-date data. For specific dates of availability, please reference the *Quick-Reference Schedule*. To access the projections, select "Browse" from the "Library" dropdown menu on the client homepage. Under "Tax Documents," select "US Tax Packages" in the "Display Documents Created" dropdown menu, then choose 2023.

Please note that tax projections are only to be used for planning purposes, as they do not contain all year-to-date account activity, and return-of-capital and income reallocation factors are not yet available and thus have not been applied. Additionally, projections do not project upcoming income, sales, or capital gain distribution activity. Tax projections should not be used in place of the actual tax forms.

2023 Tax Reporting Process

SPTC will provide you with a detailed communications specific to the 2023 tax reporting process. The content of the 2023 Tax Reporting Process Communication is designed to provide you with the information that you may need to assist your clients once they have received the 2023 SPTC Tax Packages.

In February 2024, the following tax-related information will be available and will cover topics such as:

- › Frequently Asked Questions on the 1099 forms
- › Information on the Return of Capital Reclassification (ROCR) done on SEI Mutual Funds
- › Dividend Income breakdown by state for certain SEI Mutual Funds
- › SPTC Personal Trust Services Tax Reporting (For accounts in SPTC's Personal Trust Program)

The SPTC 2023 Tax Packages that will be mailed to your clients will include:

- › IRS Form(s) 1099 (as applicable)
- › IRS Form 5498 for IRA account owners, along with a Fair Market Value (FMV) statement and a notification of RMD for applicable accounts.
- › An attached tax information statement providing detailed information on sales, dividends, interest, and other important taxable account transactions.

If there are other topics that you would like to suggest be included in this communication, please submit those suggestions through your SPTC service team at (800) 734-1003.

Dates for 1099 Series Tax Forms

All 1099-R forms and 5498s will be available online at the end of January.

The 1099 Composite 'DIOB' forms will be available throughout February and March and can include the following:

- › 1099-B, Proceeds from Broker and Barter Exchange Transactions
- › 1099-DIV, Dividends and Distributions
- › 1099-INT, Interest Income
- › 1099-OID, Original Issue Discount
- › 1099-MISC, Royalty Income

SEI Private Trust Company will mail all tax forms per the *2023 Year-End Tax Calendar*. Please note if the account has less than \$10 of taxable transactions, it will not generate a 1099 Form per IRS regulations.

SEI Private Trust Company will produce and postmark four waves of 1099DIOB forms for 2023. SPTC will produce a 1099 'DIOB' for an account once we have received the final (ROCR) factors and IR factors for the entirety of the holdings within the account. If an asset issuer provides the factors later in February, the clients 1099DIOB will be held until the final information is provided to SPTC. Generally, 1099DIOB's will be mailed by February 29 unless IR or ROCR factors have not been finalized.

For accounts that hold WHFITS (Widely Held Fixed Investment Trusts), as with prior years, accounts holding these investments could have their tax forms postmarked up to March 15, 2024, due to the reporting requirement for an additional written statement added in 2009. Please expect these online 1099-Composite copies to be available per the dates provided in the *2023 Year-End Tax Calendar*.

The Energy Improvement and Extension Act of 2008 extended the information reporting deadline from January 31 to February 15 for the Tax Information Statement. The IRS provides firms with an option to extend the mailing date of 1099 tax forms for an additional 30 days past the February 15 deadline, and SEI Private Trust Company is acting in accordance with this provision. This extension will allow SPTC to postmark the 1099-Composite forms up to March 15, 2024.

If an account is setup for a 'tax information only' statement and no 1099 reporting, they will follow the 'DIOB' timeline. SPTC will not report their transactions to the IRS unless the account has Foreign Tax Paid, Federal or State withholding, Substitute payments, or tax credit interest. Those specific transactions will be reported.

Electronic Tax Form Delivery

Investors are able to opt into electronic-only tax form delivery. This service is available for 1099R, 5498, and 1099 'DIOB' tax forms. Investors can log into www.accessmyportfolio.com or Investor.SEI-Connect.com and select Profile to update their tax form delivery preferences. If an investor opts in to e-delivery, the tax form(s) will no longer be physically mailed and instead they will be notified via e-mail to log into www.accessmyportfolio.com or Investor.SEI-Connect.com and retrieve their tax form(s). Note that investors with website access are still able to download their tax forms regardless of whether they have opted in to electronic-only tax delivery.

IRS Form 1065 Schedule K-1 Reporting (Partner's Share of Income/Expense)

Certain holdings generate an IRS form 1065, commonly called a K-1. Form 1065, K-1 reports income and other distributions, deductions, credits, etc. and are generally issued by Partnerships or S Corporations. Form 1065, Schedule K-1 is issued by the asset issuer directly and is not provided by SPTC to the taxpayer. As a result, SPTC will not be able to provide a timeline on when a taxpayer can expect to receive the form.

Form 1065 Schedule K-1 are generally mailed in March and April, so clients who hold K-1 generating assets should consider filing a tax extension to ensure they have received all tax forms prior to filing.

For IRA accounts that hold K-1 generating assets, SPTC will receive the K-1 form. SPTC will review the K-1 for Unrelated Business Taxable Income (UBTI) and determine if the taxpayer has made over \$1,000 in UBTI in 2023. If so, SPTC is required to file IRS Form 990T on behalf of the taxpayer, and the taxpayer will have an additional tax liability that must be paid outside of their annual 1040 filing. SPTC will pay this tax from the client's IRA directly; this tax payment is not considered a taxable or reportable distribution. If an account is closed or doesn't have sufficient funds to pay the tax liability from the IRA, the IRA owner will receive a letter from SPTC informing them of the liability and to make payment arrangements.

Individual Retirement Accounts (IRAs)

Distributions for tax year 2023

IRA distributions are reportable and taxable in the year they are distributed. All requests for distributions must be submitted by the deadlines listed in the *2023 Year-End Tax Calendar*. **Note:** When filling out an IRA distribution request, please make a withholding election. If no election is made, SPTC will withhold 10% for federal taxes. The advisor's signature can be accepted if the request meets the SPTC first-party distribution signature requirements, otherwise the IRA owner must sign the distribution request.

2023 Required Minimum Distributions (RMDs)

Traditional, SEP, and SIMPLE IRA owners who have attained the age of 73 or older are required to take minimum distributions from their accounts. The IRS deadline for taking the annual required distribution is December 31 of the year for which the distribution is due. Please note distribution cutoffs may vary, please refer to the *2023 Year-End Tax Calendar*. A special deadline extension exists for persons who are in their first RMD calendar year. For persons who attain the age of 73 in the calendar year, the deadline for taking their first RMD is April 1 of the following year. The RMD for clients are calculated using the appropriate IRS Lifetime table, and advisors will receive RMD updates automatically via the RMD dashboard on www.SEIAdvisorCenter.com.

Inherited Traditional and Roth IRA beneficiaries generally were required to take RMDs prior to SECURE Act of 2019. The SECURE Act changed election rules for non-spouse beneficiaries for any IRAs where the original owner died on or after January 1, 2020. For those non-spouse beneficiaries, generally they must deplete the Inherited IRA within 10 years, except if they fall into an allowable exception outlined in the SECURE Act. Additionally if an original IRA beneficiary inherited an IRA, but died on or after January 1, 2020, the 'successor' beneficiary will need to deplete the account within 10 years. In addition, if the original owner died after their 'Required Beginning Date', the beneficiary must take RMD's in years 1-9. If the original owner died on or before December 31, 2019, the beneficiary would have the pre-SECURE Act elections and are likely subject to an RMD. Note for 2021, 2022 and 2023, the IRS has waived the RMD excise tax for SECURE Act 'Designed Beneficiaries' who were required to take an RMD in 2021 and/or 2022 and who must deplete the inherited traditional IRA within 10 years.

2023/2024 Traditional, Roth, SEP and SIMPLE IRA Contribution Limits

Traditional IRA and SEP IRA ‘Employee’ Contribution Limits

	2023	2024
Regular contribution:	\$6,500	\$7,000
Catch-up contribution:	\$1,000	\$1,000

Traditional IRA and SEP IRA ‘Employee’ Deductibility phase out range

	AGI - 2023	AGI - 2024
Single participant (Covered by retirement plan)	\$73,000 - \$83,000	\$77,000 - \$87,000
Married filing jointly (Covered by retirement plan)	\$116,000 - \$139,000	\$123,000 - \$143,000
Married filing separately (Covered by retirement plan)	\$0 - \$10,000	\$0 - \$10,000
Married filing jointly (Spouse covered by retirement plan)	\$218,000 - \$228,000	\$230,000 - \$240,000
Married filing separately (Spouse covered by retirement plan)	\$0 - \$10,000	\$0 - \$10,000
Not covered by retirement plan: Fully deductible		

Roth IRA Contribution Limits

	2023	2024
Regular contribution:	\$6,500	\$7,000
Catch-up contribution	\$1,000	\$1,000

Roth IRA Contribution Phase Out Range

	AGI 2023	AGI 2024	
Single participant	<\$138,000	<\$138,000	Full Contributions
	\$138,000 - \$153,000	\$146,000 - \$161,000	Partial Contribution
	>\$153,000	>\$161,000	No Contribution
Married filing jointly	<\$218,000	<\$230,000	Full Contributions
	\$218,000 - \$228,000	\$230,000 - \$240,000	Partial Contribution
	>\$228,000	>\$240,000	No Contribution
Married filing separately	\$0 - \$10,000	\$0 - \$10,000	Partial Contribution
	>\$10,000	>\$10,000	No Contribution

SEP IRA Employer Contribution

Employer contribution limits for 2023

25% of eligible employee’s compensation or \$65,000

Compensation Limit: \$330,000

Employer contribution limits for 2024

25% of compensation or \$69,000

Compensation Limit: \$345,000

SIMPLE IRA Salary Deferral Contribution

	2023	2024
Salary Deferral Limit:	\$15,500	\$16,000
Catch Up Deferral Limit:	\$3,500	\$3,500

Cost Basis Reporting and Cost Adjustments

The original cost basis of an investment is typically the purchase price, including any sales charges that were paid when originally purchased, and may be adjusted during the time period that the investment is held. Generally, cost basis is provided in the Agent/Custodian Tax Form for sales that occurred in the tax year covered by the Letter. If the cost-basis information is missing, a “Detail of Sales with Unknown Cost Basis” will be provided on the Tax information statement that follows the 1099.

Reinvested Dividends and Capital Gains

For tax purposes, these reinvestments are considered additional purchases made at the net-asset-value share price on the day the transaction occurred. It is a prudent business practice for your clients, and you as the advisor, to keep any statements that include the date, share price and number of shares that are bought through reinvestment.

Amortization of Bond Premiums, Market Discounts and Original-Issue Discounts on Certain Fixed-Income Securities

For certain fixed-income securities purchased at either a premium or discount (with the appropriate taxpayer elections as required by the IRS) and for original-issue-discount securities, the cost basis should be adjusted as appropriate to be equal to par value at the time of maturity. These adjustments (amortization/accretion) will either increase or decrease the cost basis depending on whether the security was purchased at a premium or discount.

Return of Capital

Several types of “collective” instruments, including Mutual Funds, REITs and Unit Investment Trusts, pay periodic income to holders throughout the year, based upon estimated earnings of underlying holdings. Should the fund find after the end of the year that income paid exceeds income earned; the excess is reclassified as return of capital. A return of capital is a non-taxable distribution and is a return of the investor’s cost. A return-of-capital distribution reduces the cost basis in the investment.

Income Reallocation

In early February, some assets will also perform Income Reallocation (IR) of income paid in 2023. This is to separate the income’s tax character to be specific between taxable and tax-exempt income. If the asset issuer has not provided SPTC with final IR factors, your clients 1099 will remain on hold until they are received.

Sometimes assets make corrections to the original IR information provided to SEI Private Trust Company. If a correction is made, SPTC will issue a corrected 1099 to the client with the updated IR information.

Covered and Non-Covered Securities

A security is considered covered if 1) the security is purchased or acquired after its corresponding applicable date outline in the **Emergency Economic Stabilization Act of 2008** or 2) the asset is transferred to that account from an account in which that asset was a covered security (but this only applies if the custodian receiving the asset receives a statement from the transferring custodian).

The 1099-B (form reports the total net proceeds from the sale of stocks, bonds, futures contracts, or mutual funds during the prior calendar year) will have separate sections for covered and non-covered securities. The two sections are needed to comply with the guidelines established by the Emergency Economic Stabilization Act of 2008. For covered securities, both the gain/loss information and the cost basis information will be included on the 1099-B and transmitted to the IRS. For non-covered securities, only the gain/loss information will be transmitted to the IRS. Assets are considered covered if they were purchased on or after the following dates:

- Stocks (other than stocks held in a regulated investment company [RIC] or dividend reinvestment plan [DRP]) - January 1, 2011
- Mutual funds, DRPs, and RICs - January 1, 2012
- All other specified securities, including fixed-income securities and options - January 1, 2014.

2023 SEI Fund Capital Gain Distribution Estimates

SEI has provided **estimates** of the 2023 capital gain distributions, which are paid by SEI Mutual Funds in December. Estimates provided are for planning purposes only. The actual amount of capital gain distribution could be significantly higher or lower than the estimates provided due to certain book/tax differences, which cannot be determined until 30 days after the measurement period for the capital gain has been closed.

The 2023 Capital Gain Distribution Estimates will be posted on SEI's Knowledge Center website, accessed from www.SEIAdvisorCenter.com > Knowledge Center > Advisor Services > Advisor Tax Resources.

Market-Value Fluctuation Due to Capital Gain Distributions

We have received calls in the past questioning the fluctuation in the market value of an account at the time that the SEI Mutual Fund capital gain distributions are paid. Although this situation is typical, the example below helps to illustrate why there may be a noticeable fluctuation in the market value on the Payable Date.

Example:

Record date = Tuesday, 12/14

Ex-date = Wednesday 12/15

Payable date = Thursday 12/16

The NAV on 12/15 (Ex-date) for the Funds will be reduced by the amount of the capital gain distribution (per share plus or minus market fluctuation for that day). However, the receipt of the actual capital gain (and subsequent reinvestment which buys shares of that Fund) is not booked until 12/16 (Payable date). Therefore, an advisor or investor who is looking at an account balance on Wednesday 12/15, priced as of Tuesday 12/14, may see a lower market value than expected. The account balance will “normalize” on Thursday 12/16, when the account is valued based on the 12/14 price that includes the actual capital gain distribution booked on 12/16.

If a sell is made of the asset paying a capital gain distribution on the record date, the sold quantity will not be included in the capital gain distribution payout from the asset. Similarly, if a buy is placed on the record date, the account will receive a capital gain distribution from the asset for the quantity purchased; plus any prior holdings.

Realized and Unrealized Gain/Loss Information

You can review your client's realized and unrealized gains and losses by using the *Client U.S. Lot Details - Summary*. You can run it for one or more clients and it will show a summary of the gain and loss information by account. The user can select on any amount to view more details. To get to this report from the SEI Advisor Desktop, from the external links icon in the blue header bar, select Wealth Platform and then Reports, Subjects and then Holdings.

Once you determine the clients or accounts that have large gains and then they can use the Tax-Loss Harvesting wizard to determine which assets and lots to trade. From www.SEIAdvisorCenter.com, you can get to the Tax-Loss Harvesting wizard by selecting the client and then selecting the Actions icon and then Tax Harvesting.

Missing or Unknown Cost Basis

If SPTC does not have the cost basis for a client's taxable account, either for all assets or specific assets, please make every effort to provide that information. If the assets were transferred in-kind to SPTC, the delivering company has a 60 day 'expectation' to provide the cost basis. If the cost basis hasn't been provided after that time, you can contact the delivering custodian to request they send it to SPTC.

Otherwise, please provide the cost-basis information to SPTC by the deadlines stated in the *2023 Year-End Tax Calendar* so that any cost information contained on the 2023 tax forms is accurate for the tax year. The cost basis can be provided to SPTC on the **Cost Basis Update Form**. You can still provide cost basis for sold securities.

Name and Address Changes to be Included on Investor Statements and 2023 Tax Forms

It is important that you review any changes to your client's names and or addresses and submit any changes to SPTC by the deadlines stated in the *2023 Year-End Tax Calendar* so that any 2023 tax forms are issued using the correct name and address.

For those clients who have notified you of name changes, please verify that the name change that you submit to SPTC is consistent with the name that the client has on file with the Social Security Administration. Inconsistencies between names on record with the Social Security Administration and those reported to the Internal Revenue Service on the IRS 1099 series tax forms may result in your client(s) receiving an IRS 'B' Notice that, if not cleared, will subject your client to backup withholding.

IRS Backup Withholding 'B' Notices

In October, the IRS will send SEI Private Trust Company a list of taxpayers where their client's name and Tax Identification Number (TIN) at SPTC does not match the name record and TIN at the IRS. SPTC will forward these 'B' Notices to the taxpayer to alert them of the TIN mismatch and notify them of the steps that should be taken to remedy the 'B' Notice. If it is the first 'B' Notice, generally a W-9 sent to SPTC certifying the correct TIN will suffice. If it is the second 'B' Notice, the client will need to follow the instructions on the form and either contact the Social Security Administration or the IRS to obtain proper documentation of their TIN.

If the taxpayer does not correct the 'B' Notice in a timely fashion, generally by mid-December, SPTC is required to place backup withholding of 24% on any income or sales in the account. If the 'B' Notice is fixed at a point after backup withholding has been applied, SPTC can turn off the backup withholding going forward. Any backup withholding already taken prior to that point cannot be reversed. This backup withholding is counted toward taxes due when the client files their annual tax return, or will be returned as a refund if the amount withheld exceeds the taxes due.

Bulk Processing Requests

Contact your service team in advance if you are going to be submitting any bulk processing requests, especially during the months of November, December and January. We consider any request of 25 or more accounts, trades, or tax lots a bulk request. If SPTC receives your request via fax and spreadsheet in good order by 2:30 p.m. Eastern Time, it will be processed within two business days from the date of receipt by SPTC. Please refer to deadlines stated in the *2023 Year-End Tax Calendar*.

If you have any questions about the SEI tax reporting process or any of the materials in this announcement, please contact your SEI representative by calling 800-734-1003.

Information provided by SEI Private Trust Company (SPTC), a federally chartered limited purpose savings association, for general guidance only.

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