

October 16



Liberty Tax Lot Relief User Guide

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Tax Lot Relief Methods

The cost basis for each security trade is tracked by tax lot. When trading for tax lot optimization, certain lots are selected to fulfill the shares in a trade based on the goal that is trying to be achieved. For example, if an investor is trying to offset capital losses, they could maximize their capital gains by choosing to sell lots with the largest amount of gains before those with smaller gains or losses.

TCA is offering an easy way to select tax lots relief methods and have them automatically applied to an account during the trade order creation process.

Account Registration

Tax lot relief methods are available on taxable account types.

When creating a new account, or editing an existing account, the Models section of Account Registration will show the current relief methods being applied to the account. This will reflect the default methods set up at the RIA level. Methods can be applied for equities and mutual funds.

Tax Lot Relief selections will be applied to trades on a go-forward basis.

The screenshot displays the Liberty web application interface. At the top, the Liberty logo is prominent on the left, and navigation links for Home, Bulletins (4), Forms, Agreement, Suggestions, and Diagnostics are on the right. A search bar and account management options are also visible. The main navigation menu includes Analytics, Trading, Client Management (highlighted), Prospecting Tools, Documents, and My Profile. Below this, a secondary menu lists various account types like Representative, Statement Families, Households, Users, Fee Families, and Cash Demands. A notification banner states 'Account model allocations have been successfully saved.' The main content area shows the 'Registration Steps' sidebar with 'Model Allocations' selected. The central panel displays account details for 'Sample Client's Individual account (800695)', including 'Minimum Cash Percentage' (5.00%) and 'Minimum Cash Deviation' (1.00%). Under 'TAX LOT RELIEF', there are dropdown menus for 'Equity Relief*' (set to 'First-In First-Out') and 'Mutual Funds Relief*' (set to 'Minimum Tax Impact'). Below these are radio buttons for 'VIEW MODEL ALLOCATIONS' (selected) and 'VIEW MODEL INSTRUCTIONS'. An 'Export data' link is present. A table lists the model allocations:

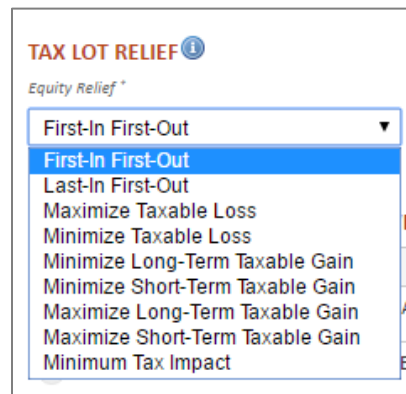
Type	Model	Allocation	Deviation	Contribution	Distribution	Market Value
Standard	39-CRP-BALANCED GROWTH AND INCOME	80.00%	0.00%	80.00%	80.00%	\$0.00
Standard	5-G5-INTERNATIONAL GROWTH FUND	20.00%	0.00%	20.00%	20.00%	\$0.00
Other Assets	0-OTH-Other Assets	0.00%	0.00%	0.00%	0.00%	\$0.00
		100.00%		100.00%	100.00%	\$0.00

At the bottom of the table, there is a legend: 'Icon represents models that are terminating.' and 'Click on the icon to view comments on a model.' An 'Edit' button is located at the bottom right of the table area.

Equity Relief

The following tax lot relief methods are available as an Equity selection.

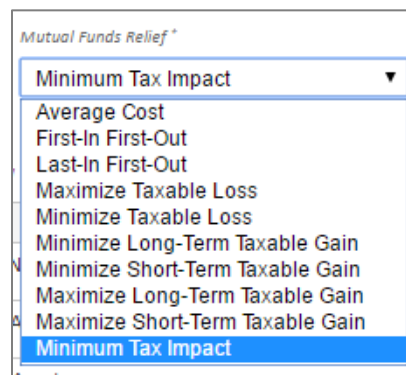
- First In - First Out
- Last In - First Out
- Maximize Taxable Loss
- Minimize Taxable Loss
- Minimize Long-Term Taxable Gain
- Minimize Short-Term Taxable Gain
- Maximize Long-Term Taxable Gain
- Maximize Short-Term Taxable Gain
- Minimum Tax Impact



Mutual Fund Relief

The following tax lot relief methods are available as a Mutual Fund selection

- Average Cost
- First In - First Out
- Last In - First Out
- Maximize Taxable Loss
- Minimize Taxable Loss
- Minimize Long-Term Taxable Gain
- Minimize Short-Term Taxable Gain
- Maximize Long-Term Taxable Gain
- Maximize Short-Term Taxable Gain
- Minimum Tax Impact



Tax Lot Relief Definitions

First In – First Out: Tax lots purchased first will be sold first. Gains and losses, as well as holding period (long- and short-term), are not considered when using this tax-lot preference.

Last In – First Out: Tax lots purchased most recently (or last) will be sold first. Gains and losses, as well as holding period (long- and short-term), are not considered when using this tax-lot preference.

Average Cost: The average cost method is only available for mutual fund shares. The average cost is figured by taking the total price paid for all shares and dividing it by the total number of shares owned.

Maximize Taxable Loss: Individual tax lots are ranked in descending order based solely on cost. Tax lots with the largest losses are sold before those with smaller losses. If no tax lots for a particular security have losses, those with the smallest gains will be sold first.

Minimize Taxable Loss: Individual tax lots are ranked in ascending order based solely on cost. Tax lots with the largest gains are sold before those with smaller gains. If no tax lots for a particular security have gains, those with the smallest losses will be sold first.

Minimize Long-Term Taxable Gain: Individual tax lots are separated into long term and short term. Long-term tax lots are sold in order from largest losses (or smallest gain if there are no tax lots with losses) to largest gains. After all long-term tax lots are sold, short-term tax lots are ranked and sold in descending order of cost.

Minimize Short-Term Taxable Gain: Individual tax lots are separated into long term and short term. Short-term tax lots are sold in order from largest losses (or smallest gain if there are no tax lots with losses) to largest gains. After all short-term tax lots are sold, long-term tax lots are ranked and sold in descending order of cost.

Maximize Long-Term Taxable Gain: Individual tax lots are separated into long term and short term. Long-term tax lots are sold in order from largest gains to largest losses. After all long-term tax lots are sold, short-term tax lots are ranked and sold in ascending order of cost.

Maximize Short-Term Taxable Gain: Individual tax lots are separated into long-term and short-term. Short-term tax lots are sold in order from largest gains to largest losses. After all short-term lots are sold, long-term tax lots are ranked and sold in ascending order of cost.

Minimize Tax Impact: Tax lots will be sold to minimize the trade's tax impact. Lots with a loss, or the smallest gains, are the first to be sold, regardless of the holding period.