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Cetera white paper outlines proactive response to new IRS cost basis reporting criteria

Cetera Financial Group (Cetera), the partner of choice for advisors seeking independence and a supportive broker-dealer relationship, today released a white paper providing guidance to advisors about the new Internal Revenue Service cost basis reporting criteria and how they can educate investors about the impact these new changes will have on their overall financial plan.

“The new reporting criteria have sparked an interest for both investors and their tax professionals to better understand cost basis. It’s a unique opportunity for advisors to educate investors about how cost basis methodology can impact their wealth transfer plans,” said **Stan Smiley**, J.D. Senior Vice President, Advanced Planning Group, Cetera. “This white paper provides a thorough review of the reporting requirements and helps advisors better understand cost basis scenarios.”

The white paper, “Cost Basis – Are Investors Paying Too Much in Taxes?,” is available at any of Cetera’s three broker-dealer websites: [Financial Network Investment Corporation](#), [Multi-Financial Securities Corporation](#) and [PrimeVest Financial Securities](#).

The economic stimulus programs of 2008 fostered a wide range of new enactments but also included a measure to facilitate taxable gain collections. Mandatory cost basis reporting became law in 2008 with implementation regulations issued by the IRS on Oct. 18, 2010.

The white paper examines:

- The two new categories of securities descriptors: “covered” and “non-covered” items
- The two formal basis allocations for equity securities: first in - first out (FIFO) and specific identification
- Best practices, including an in-depth example of choosing the most tax-efficient methodology

“It’s critical that advisors develop a greater understanding of cost basis and the new reporting criteria,” Smiley added. “Not only can such knowledge enable advisors to help investors pay less tax, but an understanding of tax implications for heirs plays an important role in estate planning. Also, the topic of cost basis can provide an avenue for discussion with prospective clients, enabling advisors to not only differentiate themselves by demonstrating their expertise, but to lay the foundation for establishing a trusted relationship.”

About Cetera Financial Group

Cetera Financial Group provides comprehensive broker-dealer services, innovative technology, and competitive advisory programs for approximately 5,000 independent financial professionals and more than 700 financial institutions nationwide. Through its three distinct broker-dealer platforms, Financial Network Investment Corporation, Multi-Financial Securities Corporation and PrimeVest Financial Services Inc., Cetera offers the scale-driven benefit of a large broker-dealer with the relationship focus and customized solutions of a smaller firm.

Based in Los Angeles, Cetera is committed to helping advisors grow their business and strengthen their relationships with clients. For more information, visit www.cetera.com.

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