



UNDERSTANDING YOUR BROKERAGE ACCOUNT STATEMENTS

INTRODUCTION

The best way to track your brokerage account activity and performance is to carefully review your monthly/quarterly statements.

Your brokerage account statements provide a detailed “snapshot” of the value of, and the transactions that have occurred in, your account during the statement period. They are mailed quarterly or monthly, and many firms provide this information online, too.

Once you can interpret the information your statement provides, you will find that checking your statement regularly is a convenient, informative way to track the performance of your investments. And, you will have greater confidence when speaking with your financial professional about whether you are on course to meet your investment goals.

WHAT CAN MY STATEMENT TELL ME?

Your brokerage account statement “keeps score” of your investments and reports all transactions during the statement period. For example, you can confirm how many shares of stock or mutual funds are held in your account. You will also see a summary of the income produced by each security, including dividends, interest, and capital gain distributions. Your account statement will also tell you the market value of securities you own – at the beginning and end of the period covered – so you can decide whether to buy more, sell, or simply hold your position.

Below is a summary of the types of information found in brokerage account statements:

➤ Account Information

Here you will find basic information, such as the names of the account owners, the time period covered, and the account number. This section also provides you with useful contact information so that you can report to your financial professional any changes in account ownership or other updates. Although industry standards require firms to issue account statements quarterly, some provide you with statements more frequently, and post the information online (in a confidential password-protected location).

➤ Statement Account/Summary

This section shows you how your investments are doing as of the statement date by displaying your unrealized and realized (if you have made any sales and kept the proceeds in your account) gains and/or losses. This section summarizes the total value of your stocks, bonds, mutual funds, other investments, and any cash.

➤ Portfolio Detail

This section identifies individual assets in your account so that you can determine whether the holdings listed are accurate. Also, it shows the value of your investments at the end of the statement period, estimated income and yield, and other information, such as bond insurance ratings and stock symbols. In addition, this section’s display of unrealized gains and losses may prove useful for investment planning purposes. This information gives you the opportunity to determine whether you should change your strategy. For example, do you need to further diversify your stock holdings because you are invested too heavily in one business sector?

By reviewing your investments and then talking with your financial professional about your objectives, you can become an active partner in achieving your goals.

➤ Income Summary

This section allows you to see the income and dividends earned by your investments for the statement period and the year-to-date. Income earned and its source (dividends, interest, etc.) are important elements in investment planning and in evaluating investment performance.

➤ Daily Activity

Here you will find detailed information on all account activity during your statement period. You can verify that all securities transactions during the statement period are reflected on your statement. If you have a discretionary account (which means that your financial professional can execute transactions without first notifying you of each trade), be sure that the trades reflected on your statement are consistent with the trade confirmations you have received, and fit your investment objectives. If you see any inaccuracies, report them promptly to your firm.

➤ Disclosures

These legal and administrative explanations may include fee information, penalty warnings, and a description of some symbols used. You may also find important facts about your statement here or in a separate “messages” section. Other times, important materials may be found in documents included with your account statement, such as newsletters or brochures. It is important that you read and understand this information to best protect your interests.

WHAT SHOULD I DO WHEN I RECEIVE MY STATEMENT?

Verify the activity in your account:

- Identify the time period covered by the statement;
- Find your beginning and ending balances;
- Verify withdrawals and additions to your account;
- Identify dividends and interest received in your account and understand the source (i.e., the specific security investment) of that income; and
- Verify all transactions against trade confirmations.

Confirm basic account data and compare it to previous statements:

- Check account numbers;
- Verify that any address changes are reflected accurately; and
- Compare the beginning balance of your current statement with the ending balance of the previous statement.

Look for a summary of your holdings:

- Identify security descriptions, dollar value, the quantity of shares of each investment, and maturity dates, if applicable; and
- Make sure that the calculated portfolio percentages agree with your diversification and asset allocation objectives.

Be sure that you understand performance data:

- Review your portfolio's gains and losses;
- Determine which securities gained or lost value;
- Assess whether the net value reflects an increase or decrease; and
- Review whether portfolio gains and losses represent investment opportunities.

If the account has multiple owners, **make sure that all account owners have the opportunity to review the statement.**

Review the margin activity and interest charges, if applicable.

Call and ask questions if you are confused or if your investment situation has changed as to goals, risk tolerances, or time frame.

Report any discrepancies promptly. It is extremely important to address any discrepancy quickly after you receive your account statement. Call your financial professional. If he or she is not available, ask for the branch manager. Put your report of the discrepancy in writing, send it to the firm, and keep a copy for yourself.

Reviewing your account statements is an integral part of being a good investor. You need to verify that your investment instructions have been carried out properly. Mistakes do not occur very often, but checking your statement is the best way to spot one quickly. When you find something that you don't agree with or don't understand, call your financial professional or the firm's branch office manager immediately.

2. Are my investments insured?

The Securities Investor Protection Corporation (SIPC) is a nonprofit, membership corporation, funded by its member securities brokerage firms. Although it was created by Congress in the Securities Investor Protection Act of 1970, SIPC is neither a government agency nor a regulatory authority. It is not the securities world's equivalent of the Federal Deposit Insurance Corporation (FDIC), which insures bank deposits. SIPC's reserve funds are available to satisfy customer claims up to a maximum of \$500,000, including up to \$100,000 on claims for cash in the event your brokerage firm fails. Some firms will obtain additional coverage for your account through private insurance companies; this additional coverage is designed to protect your securities in excess of the insured limits. Neither SIPC protection nor additional coverage will safeguard you from a decline in the market value of your securities.

FREQUENTLY ASKED QUESTIONS

1. What do I do if I don't agree with something on my account statement?



3. Are the “security prices” or “market prices” that appear on my account statement accurate?

The prices on account statements come from a variety of sources, and are believed to be reliable (although most firms do not guarantee their accuracy). Securities prices that appear on your statement are intended to be representative only. For securities listed on a stock exchange, the price on your account statement will be the closing price on the date of settlement. Prices of fixed-income securities may be based on recent transactions or derived from computerized formulas that calculate prices based on institutional “round lot” quantities. Therefore, the prices for smaller quantities of securities may be different. Some inactively traded stocks may not be priced, and may be reflected as “N/A” on the account statement.

4. What is the difference between “capital gains” and “capital gains distributions”?

A “capital gain” is profit derived between a security’s adjusted cost basis and the price at which it is sold. An example of a “capital gain distribution” is a mutual fund’s distribution to shareholders of the profits derived from the sale of the fund’s underlying securities.

5. Where do I find the commissions that were paid for the purchase or sale of a security on my statement?

This information does not appear on most account statements, but will appear on the separate securities transaction confirmation sent to you after the

purchase or sale of a security. You should retain this information for your file.

