



KORBITZ FINANCIAL PLANNING

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March 2024 Special Tax Newsletter

Clients with Vanguard and/or TDAmeritrade/Schwab Accounts

This alert is to let you know about a potential tax complication for 2023 income tax returns.

As many of you know, Vanguard in 2023 forced many account holders FROM mutual fund accounts TO brokerage accounts. This has resulted in TWO sets of tax documents, one for the mutual fund account and one for the new brokerage account, for 2023. This can apply to Form 1099-INT for interest, 1099-DIV for dividends, 1099-B for capital gains and 1099-R for retirement plan distributions.

Vanguard account holders should be very careful that they have obtained all their 1099s before filing 2023 taxes. Even if you converted a mutual fund account to brokerage in January 2023, you MAY have two 1099s out there. I worked on just such a case this week. The client had provided the brokerage 1099 (which spanned January 2023 through December 2023) but had failed to provide us with the short-period January 2023 mutual fund statement. Fortunately we discovered this fact and obtained the mutual fund 1099.

Vanguard account holders can look for a clue when they log onto their Vanguard account and go to the “Tax Forms” section. If you see the following note beneath your accounts on Vanguard.com:

“Note: Because you transitioned to our new investment platform last year, you may receive more than one tax form required to file your taxes. Each tax form received will report activity that occurred before or after the transition.”

then you need to look very carefully to see if you have two 1099s available.

Former TDAmeritrade account holders have a similar situation, since Charles Schwab took over TDAmeritrade during 2023. Anyone who had a TDAmeritrade account needs to be sure they have the tax documents from BOTH TDAmeritrade and Schwab.

IF you omit income from one of your accounts it is likely that you will get an IRS matching notice in 6-18 months.

I urge you to double check your 1099s, even if you have already filed your tax returns for 2023. If you find that you are missing a 1099, you can still amend your return by April 15th and you will not be subject to interest or penalties, so long as any tax due is paid by that time.

I hope you find this information helpful!

Eric

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