



## INTRODUCTION

### How am I doing financially?

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

This document provides 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 your investments' performance. 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.

With the help of your financial professional, checking your account statement regularly should become as routine as balancing your checkbook.

### It's easy to read

Although it may seem complicated at first glance, the typical account statement is straightforward. In this guided tour, you will learn step-by-step what information is provided in most statements, and how to make that information a powerful tool in understanding and managing your investment activity.

**4. Is the information on my account statement sold to any other firms?** Under the privacy provisions of the *Gramm-Leach-Bliley Act*, investors' personal financial information is protected. Certain account information may be distributed to third parties, but only if you do not object. No later than July 2001, investment firms notified their customers of the firms' policy on disclosure of personal financial information. By law, it is up to you to respond to this notice and advise the firm if you do not want your information shared with third parties.

**5. 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 SIPC limits. Neither SIPC protection nor additional coverage will safeguard you from a decline in the market value of your securities. In the unlikely event your brokerage firm fails, you will need to prove that cash and/or securities are owed to you. This is easily done with a copy of your most recent statement and transaction records of the items bought or sold after the statement. In case a transaction you did not authorize took place in your account, you will need to provide a copy of your timely written objection to that trade.

**6. 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 "NA" on the account statement.

**7. What is the difference between "capital gains" and "capital gains distributions"?** A "capital gain" is profit derived between a securi-