

TEdec Topics

- a monthly news flash for August 2010

How to set up a Brokerage Firm Account and Assign transactions to the appropriate brokerage account

As you may know, the IRS wants income (dividends, interest and other income) reported on the Fiduciary Income Tax Return by payer and if the securities in your trust/estate are in a brokerage firm account, then the broker becomes the payer, not the individual companies — listing the dividends, interest and other income by company name is not appropriate and may result in additional IRS notices concerning apparent under reporting of income or even a tax audit. That is why TEdec allows you to assign a security to a specific brokerage firm account — so that the income may be reported by the broker and not the individual company.

To assign a security to a specific brokerage firm account:

A. At Journal Entry (JE) – When adding a security (either through the Inventory or Purchase functions), you will find prompts (under Broker Information) to assign the security to a specific brokerage firm account. Click on the magnifying glass, select the appropriate brokerage account (or add a new brokerage firm account, fill in the information and select the new account).

B. At Completrac Maintenance (CM) – If a brokerage firm account is not assigned when you inventory or purchase a security, you can assign a brokerage firm account to a specific security by going to CM -> General Info folder, where you will find the Broker Information in the middle of the screen. Click on the magnifying glass and select (or add and then select) the appropriate brokerage firm account.

C. Assign securities to a new brokerage firm account - If you already have a security assigned to a specific brokerage firm account (e.g. the account in which the Decedent held his/her securities), **and you wish to assign or transfer the security to a new brokerage firm account, i.e. the estate brokerage firm account**, simply go to CM, select a specific security and go to the **General Info folder**, click on the magnifying glass, highlight the Decedent's brokerage firm account and select the option to Duplicate. TEdec will populate a new Brokerage File for a new account with most of the information carried over from the Decedent's account – this feature is used when the estate brokerage firm account is at the same brokerage house as the decedent's brokerage firm account, which is often the case. Complete the information for the estate brokerage firm account, click on OK and then select the new account. Select OK/Save and TEdec will prompt you to identify the appropriate dates for the activity in new brokerage firm account. Enter the dates and record – the last broker assigned will be used at JE for future transactions.

The benefits of assigning securities to brokerage firm accounts are:

(1) You can get a Taxable Income Report by Broker to match up to your IRS Fm1099's; and

(2) When you bridge (export) the data to Lacerte, TEdec will automatically report the income by broker – just like the IRS wants it!

TEdec University Password for August 2010. The TEdec Web page now includes under Support an option for TEdec University. This is where you will find (1) recordings of “How to” by topic and by reference to the TEdec Tutorial, and (2) recordings of the TEdec User Webinars. TEdec users (with a current SMA) will need to sign in. The User Name is always TEdec and the Password (which changes monthly) for this month is **Garrett26** Please take a look at TEdec University — you will be glad you did!

Free User Webinar → TEdec has scheduled a **Free User Webinar** for **Tuesday, August 31, 2010** at **9:00 a.m. and 4:00 p.m.** EST, each lasting approximately 30 minutes in length. We will highlight the subject of this month's *TEdec Topics*. Call TEdec support for your Webinar reservation. Space is limited, so call today! You'll be glad you did! We look forward to having you join our next user Webinar!

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