



# Cost Basis Election Form

All changes must be accompanied by a signature. If there are joint registrants, the signature of at least one account owner must be present. Upon completion of any requested change, you will receive a confirmation letter. If you have any questions or concerns regarding this form, please call us at **800-728-8762**.

Mail or fax completed forms to: **Saturna Capital  
P.O. Box N  
Bellingham, WA 98227-0596  
F: 360-734-0755**

## Customer Information

Account Owner / Custodian / Trustee:

Social Security Number (Tax ID Number):

Joint Owner / Minor / Name of Trust:

Social Security Number (Tax ID Number):

Daytime Phone:

Work/Cellular Phone:

Evening Phone:

Email Address:

## Cost Basis Accounting Method (Please select only one method)

- First In, First Out (FIFO)
  Average Cost
  High Cost, First Out (HIFO)
- Last In, First Out (LIFO)
  Specific Lot Identification
  Low Cost, First Out (LOFO)
- (Written request required for each redemption)**

For more information about each method, please see the reverse of this form.

## Account Selection (Please select only one option)

- Blanket Election**  
 Please apply this cost basis accounting method to ALL current and future account numbers associated with the social security (or Tax ID) number(s) above, including joint and partnership accounts. *(This option is not available to custodial accounts.)*
- Specific Account Election**  
 Please apply this cost basis accounting method to ONLY the following accounts:

Saturna Account Number(s):

<input type="text"/>
<input type="text"/>
<input type="text"/>
<input type="text"/>

<input type="text"/>
<input type="text"/>
<input type="text"/>
<input type="text"/>

- New Account(s)**  
 This is a new account; account numbers are not available. *(Please attach this form to your account application.)*

Please note: any form we receive will supersede all forms before it. This is especially important to note for account owners who have multiple joint accounts with more than one person.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Joint Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## Cost Basis Reporting

As part of the Emergency Economic Stabilization Act of 2008, the Internal Revenue Service (“IRS”) issued regulations regarding how mutual fund companies report the cost basis of mutual fund shares you own.

Saturna and other mutual fund companies are now required to report cost basis information to both shareowners and the Internal Revenue Service (“IRS”) on the sale or exchange of fund shares acquired on or after January 1, 2012, known as “covered shares.” Previously, we reported only gross proceeds, and not cost basis, on Form 1099-B.

The cost basis regulations only apply to taxable accounts. As a result, cost basis is not required for tax-deferred accounts, including HSA, ESA and retirement accounts.

For taxable accounts, we use the First In, First Out (“FIFO”) method as a default. If you would like to continue to use FIFO, you do not need to do anything. Your account(s) will default to FIFO unless you elect to use another method.

## What is “cost basis”?

Cost basis of mutual fund shares is typically the purchase price. Cost basis is affected by the accounting method used to calculate cost basis and reinvested dividends, which increase the aggregated cost basis.

When you sell or exchange shares, your capital gain or loss is the difference between the proceeds from the sale/exchange and the cost basis of the shares.

Even though we will report any cost basis for the sale or exchange of covered shares to you and the IRS, you’ll be responsible for reporting any capital gain or loss information for both covered and non-covered shares to the IRS.

## Cost basis accounting methods

We provide several IRS-approved methods for determining your cost basis on covered shares – each with different tax implications. Please consult your tax professional to determine which method should be considered for your individual tax situation.

Default method	Description
First In, First Out (FIFO)	Shares acquired first are sold first.  This is the method we have traditionally used to calculate cost basis on non-covered shares and reported on your account statements. Although we will not report cost basis for non-covered shares to the IRS, we will generally continue to report it to you.  If you would like to use FIFO for your covered shares, you do not need to do anything.
Other methods	Description
Average Cost	Determined by dividing the total cost of the shares owned at the time of the sale/exchange by the total number of shares owned to produce an average cost per share. Shares acquired first are sold first to determine your holding period.  You should be aware that shares using Average Cost at the time of redemption will use “average cost per share” for as long as the position is held.  If you select Average Cost, Saturna may not be able to provide specific lot information for your shares. Therefore, if you currently do not maintain records adequate to determine basis information for all of your shares, please consider this limitation before selecting Average Cost.  Note: Average cost will be calculated separately for your covered and non-covered shares.
Last In, First Out (LIFO)	Shares acquired last are sold first.
High Cost, First Out (HIFO)	Shares with the highest purchase price are sold first.
Low Cost, First Out (LOFO)	Shares with the lowest purchase price are sold first.
Specific Lot Identification	You identify the specific shares you want to sell, or exchange, at the time of each sale, or exchange, via written instructions or by using Saturna's Specific Lot Identification Redemption Form. The original purchase dates and prices of the shares you choose will determine your cost basis and holding period.  Specific Lot Identification is not available for tax-deferred accounts (IRAs, HSAs, ESAs, etc.).  Note: If you do not provide timely Specific Lot ID instructions, Saturna will use FIFO as a default.

## Covered versus non-covered shares

The new regulations make the distinction between covered and non-covered shares in a taxable account:

- Covered shares are any shares acquired on or after January 1, 2012. We are required to report the cost basis for any sales or exchanges of covered shares to you and the IRS.
- Non-covered shares are any shares acquired before January 1, 2012, and any shares for which cost basis is unknown. Because they are not covered by the new rules, we are not required to report cost basis for these shares to the IRS.

## Holding period

Whether you purchased your shares directly or through reinvestment, your holding period – the length of time you owned the shares – determines whether your gain or loss is considered long or short-term:

- Long-term: shares held for more than one year
- Short-term: shares held for one year or less

## Selecting a cost basis method

If you would like to use First In, First Out (FIFO) for your covered shares, you do not need to do anything.

If you would like to select a method other than FIFO for your covered shares, please fill out the the form on the reverse and return it to us.