

# Important Information about The Foreign Account Tax Compliance Act

## What is FATCA?

The Foreign Account Tax Compliance Act (FATCA) was enacted by Congress in 2010 to combat offshore non-compliance with U.S. tax laws and to provide the Internal Revenue Service (IRS) with an increased ability to detect concealed assets held in foreign accounts or via offshore entities.

## What do Baird's Private Wealth Management Clients Need to Know about FATCA?

While FATCA's impact in the capital markets is both deep and far-reaching, most Baird clients will feel no impact at all as a result of its adoption. However, for the reasons described below, it is important for those Baird clients with legal entities accounts (trust accounts are the most common example) at Baird to provide Baird with valid/updated tax documentation (e.g, Form W-9, Form W-8 Series) prior to December 31, 2014 (for existing relationships) or prior to establishing an account (for new relationships).

### FATCA Imposes Mandatory Withholding Obligations on Baird

For all accounts that are entities, effective July 1, 2014 (for new relationships) and January 1, 2015 (for existing Baird clients), FATCA requires financial intermediaries such as Baird to withhold 30% on certain payments (including dividend and interest payments) made to clients for whom Baird is unable to collect current tax documentation. Moreover, in 2017, it is expected that this 30% withholding will apply to gross proceeds of sale transactions in securities as well.

### Avoiding Mandatory Withholding

To avoid the withholding described above, Baird is taking two courses of action: (i) Baird will be asking any current clients without tax documentation on file to provide such documentation by December 31, 2014, and (ii) beginning July 1, 2014, Baird will require tax documentation prior to establishing a new account for any legal entity (not to include revocable trusts).

## More Information

For more information on FATCA's impact to you, please contact your Baird Financial Advisor or for more information on the legislation and its impact on financial institutions, business, foreign governments and U.S. taxpayers, visit <http://www.irs.gov/Businesses/Corporations/Foreign-Account-Tax-Compliance-Act-FATCA>.