GAINSKEEPER
Frequently Asked Questions

What is GainsTracker?

GainsTracker is a new way for investors to track their investment portfolios over the Internet. GainsKeeper's record-keeping service interacts with investors like many of today's online portfolio trackers; however, unlike those tools, we offer a *service* that actively monitors subscriber's holdings, adjusting for market changes and trading activity that affect the tax basis of their holdings. Also, unlike ordinary trackers, we continue to monitor holdings after they have been sold, so that we can provide our subscribers with a summary of their gains and losses, characterized for tax filing purposes.

Who needs GainsTracker?

GainsTracker is designed for both savvy and novice stock investors. Buy and hold investors will benefit from the automatic corporate action adjustments. Active traders will be relieved from tracking wash sales. Novice investors will learn how to minimize the tax implications of their trades. All investors will enjoy relief from the tedium of personal finance accounting.

What's a "corporate action?"

A corporate action is essentially any material change to a security. This can be as simple as a name change, dividend or a split; but also includes reverse splits, mergers, spin-offs, and liquidations. In many cases a corporate action will result in a change to the cost basis of a security. GainsKeeper monitors all corporate actions to U.S. equities, notifies users of affected holdings, and automatically adjusts each position. We relieve users of these headaches so they can better focus on investing.

What's a "wash sale?"

A "wash sale" describes trading activity in which shares of a security are sold at a loss and within 30 days purchased a substantially identical security. The wash sale rule under Section 1091 of the Internal Revenue Code (IRC) is intended to prevent investors from generating and recognizing artificial losses in situations where they do not intend to reduce their holdings in the securities that are sold. Per Sec. 1091, wash sales occur when:

1. An investor realizes a loss on the sale of a security, and
2. The investor acquires a "substantially identical" security within a 61-day "window" that extends from 30 days before the date of sale to 30 days after the date of sale.

In the event of a wash sale, the loss must be deferred on a pro rata basis by adding it to the cost basis of the new purchase. Thankfully GainsKeeper automatically does this for its users.

Current portfolio trackers do a good job. Why is GainsTracker different?

Many investors haven't even thought about the need for a cost basis solution, but once they have GainsTracker there's no going back to yesterday's inferior trackers. Ordinary portfolio trackers are little more than glorified watch lists. Investors must manually adjust for all transactions and corporate actions. In addition, investors must keep track of all gains and losses, taking the time to characterize holding periods and determine any wash sales. Even some recent high profile portfolio "assistants" fall far short of their claims. Only GainsTracker automatically monitors each portfolio for corporate actions, gains and losses, and wash sales.

The world's first "smart" portfolio tracker, it's backed by GainsKeeper's security and taxation experts, whose job is to remove the administrative burden from users' investments.

Doesn't Quicken or MS Money offer this same service?
No. Shrink-wrapped software, such as Quicken and Microsoft Money, require substantial effort on the part of the investor to update and synchronize their portfolios. More importantly, they do not automatically update positions for corporate actions; the customer still has to know the corporate action details to make the adjustment themselves. These products require maintenance and manual input on the part of the user, and they do not calculate and continue to track realized gains and losses in a seamless fashion. Although Intuit has repositioned its software product, Quicken, as an Internet-based portfolio tracker at quicken.com, it still doesn't provide automatic cost basis adjustment accurate enough for tax reporting.

Is GainsTracker "one size fits all?"
Yes! Regardless of trading style all investors benefit from our services. In the near future a professional version, including real-time streaming quotes, will be made available for a minimal monthly charge. We encourage investors who may be interested in the professional version to subscribe to the standard model now. Their entire account history will automatically convert to the professional model once it's available.

What if an investor has already made trades this tax year? Can they still take advantage of GainsKeeper's services?
Yes, when an individual subscribes to GainsTracker they can enter all year-to-date trading activity. GainsKeeper can then rebuild the gain/loss for the entire year. Our technology allows us to recreate accounts at any time of the year; however, to maximize the benefits of our service, it's best to begin using GainsTracker as soon early in the year as possible.

What other services does GainsKeeper offer?
Our flagship service, GainsTracker, offers the only Internet cost basis solution for individual investors. Our Web site features general information on corporate actions, investment education, corporate and general news and much more. Additionally, future plans include the introduction of new portfolio management tools, GainsAnalyzer and GainsAdvisor, as well as partnerships with several online brokerages enabling automated recording of trading activity.

Is privacy at risk for portfolios stored with GainsKeeper?
GainsKeeper has gone to great lengths to assure the privacy of its members. All of the information is password protected in a state-of-the-art relational database system. Every effort has been made in the design of the system to ensure secure financial records. Furthermore, GainsKeeper will not sell or otherwise distribute information about its individual subscribers.