

Below are answers to some frequently asked questions about capital gains distributions as it pertains to a non-qualified account.

What is a capital gain?

A capital gain occurs when the fund manager sells a security within a mutual fund for a profit. Capital gains are broken down into short-term and long-term gains for purposes of income taxation.

Why do capital gains distributions occur?

By law, a mutual fund is required to distribute 98% of its dividend income and capital gains to its shareholders each year. This is because a mutual fund is the mechanism that allows income and capital gains to flow through to shareholders.

What is a short-term capital gain?

A short-term capital gain occurs when the fund manager sells a security that has been owned by a mutual fund for less than one year for a profit. Currently, the tax rate is subject to the individual's ordinary income taxes; higher income taxpayers may have an additional 3.8% tax required.

What is a long-term capital gain?

A long-term capital gain occurs when the fund manager sells a security that has been owned by a mutual fund for one year or longer for a profit. The tax rate can be up to 20%; higher income taxpayers may have an additional 3.8% tax required.

If I receive a long-term capital gains distribution, but I owned my shares for less than a year, how is it taxed?

Capital gains are distributed among all shareholders regardless of how long they have owned the fund. The capital gain is taxed based on the length of time the fund held the security, in this case, as a long-term capital gain.

What is the record date?

The record date is the cut-off date established by the mutual fund company to determine which shareholders are eligible to receive a dividend and/or a capital gains distribution. Investors that purchase shares of the fund after this date are not eligible to receive the dividends or capital gains distributions.

What is the ex-date?

The ex-date is the first day that a mutual fund trades without the dividend and/or capital gains distribution. Investors who purchase shares of the fund on or after this date are not eligible to receive the previously declared distribution.

What is the payable date?

The payable date is the date on which a capital gains distribution will be paid to those shareholders who receive cash distributions.

Can I reinvest my distributions? Are they still subject to income taxation?

Yes, distributions can be reinvested. It does not matter if dividends or distributions are received in cash or reinvested. They are still taxable in a non-qualified account.

Who can I call if I have questions about the models or any of the Meeder Funds?

For questions regarding models or Meeder Funds, contact your financial advisor or Meeder Client Services. Meeder Client Services is available at 1.866.633.3371, Monday through Friday, 8:30am to 5:00pm ET.