



Tax Cost
Review

Are you...
 Yes No

...ed an application or been employed...
 Yes No

...are you available to start work?
 Yes No

...to school/references/work...
No

...ne(s)?
 Full time
...can you work?

... (please list)

Foreign languages



We reviewed the 30 largest active large-cap growth and large-cap value funds to determine how much clients were actually paying in expenses and taxes.

Each year an investor in a taxable mutual fund pays an expense ratio and a tax cost. The tax cost is a result of dividends and capital gains fund distributions. Many investors fail to realize the size and impact of the tax cost. The tax cost is often 3 to 4 times greater than the expense ratio. Over the past 5 years, the annual tax cost has averaged over 1.60%, as depicted in the chart below.

30 LARGEST LARGE CAP FUNDS AVERAGE 5-YEAR COSTS



Furthermore, the following chart illustrates the significant impact of tax cost on a portfolio's value. \$1 million invested in the S&P 500 for the past 5 years would have been worth \$1,503,268. And does a 1.60% tax cost really matter?

Alternatively, if those in taxable accounts invested in the 30 largest actively managed large-cap growth and large-cap value funds over the same 5-year period, the investor's after-tax portfolio value would have been \$1,379,353. This is the effect of a 1.60% tax cost each year. On an after-tax basis, the investor underperformed the S&P 500 by an average of \$123,915.

DOES TAX COST MATTER?



For investors, there are better options. Mutual funds are tax inefficient, and it is best to use individual stocks. By utilizing individual stocks, the tax cost can be substantially reduced or eliminated. In addition, the client now has control to manage his or her risk.

Meeder's team of investment professionals craft custom-tailored portfolios that include individual stocks. We utilize tax loss harvesting techniques to significantly reduce a client's tax cost and improve after-tax returns.

Please contact us at **1.866.633.3371** or **wealthmanagement@meederinvestment.com** to schedule an appointment. We look forward to helping you get the most out of your portfolio while optimizing your fixed income allocation.



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