

FINDING OUT ABOUT UPCOMING DISTRIBUTIONS IN MUTUAL FUNDS

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WHY DO I CARE: I CAN GET HIT BY EXPECTED TAXES & FEES

- Medicare has IRMAA surcharges for various income levels
- Net Investment Income Tax kicks in at a relatively high income level
- I try to make sure that I'm managing my tax liabilities
 - my "Normal" income sources
 - plus realized capital gains from rebalancing (if any)
 - plus Roth Conversions (if any)
 - plus capital gain distributions from funds

UNPREDICTABLE MUTUAL FUND DISTRIBUTIONS ARE A PROBLEM FOR TAXABLE ACCOUNTS

- Funds must distribute capital gains from trading within the fund
 - In years with big drops in stock prices, funds often need to sell assets to meet redemptions
 - If those assets have capital gains they are passed on to you
- Planning for these distributions is hard because:
 - Investors don't have visibility into the fund's internal capital gains and losses
 - Many of the funds wait until December 31 to pay out the capital gains
- And you cannot say “never mind” if they push you over a limit

MEDICARE IRMAA SURCHARGES

If your yearly income in 2018 (for what you pay in 2020) was			You pay each month (in 2020)
File individual tax return	File joint tax return	File married & separate tax return	
\$87,000 or less	\$174,000 or less	\$87,000 or less	\$144.60
above \$87,000 up to \$109,000	above \$174,000 up to \$218,000	Not applicable	\$202.40
above \$109,000 up to \$136,000	above \$218,000 up to \$272,000	Not applicable	\$289.20
above \$136,000 up to \$163,000	above \$272,000 up to \$326,000	Not applicable	\$376.00
above \$163,000 and less than \$500,000	above \$326,000 and less than \$750,000	above \$87,000 and less than \$413,000	\$462.70
\$500,000 or above	\$750,000 and above	\$413,000 and above	\$491.60

Table at left is from:
<https://www.medicare.gov/your-medicare-costs/part-b-costs>

Standard Part B Costs – per person per month

Go over \$174K MAGI and a married couple would pay an **extra \$1,387 a year**

Go Over \$218K MAGI and **add \$2,083 on top of that**

And it's another **\$2,083 on top of that for the next levels**

I want to avoid crossing these limits accidentally

WARNING: I am not a tax advisor. See a professional or do your own research & analysis

OTHER IMPACTS: NIIT

- Net Investment Income Tax (NIIT) also cares about MAGI
- Married couples need to be conscious of a \$250K MAGI limit that causes the NIIT to kick in
- See <https://www.irs.gov/individuals/net-investment-income-tax> for details

RESOURCES: MORNINGSTAR DOESN'T HELP A LOT THEY TELL YOU WHAT HAPPENED NOT WHAT WILL HAPPEN

Fidelity® International Discovery FIGRX ★★★ Morningstar Analyst Rating

Analyst rating as of Jul 7, 2020

Quote Fund Analysis Performance Risk Price Portfolio People Parent

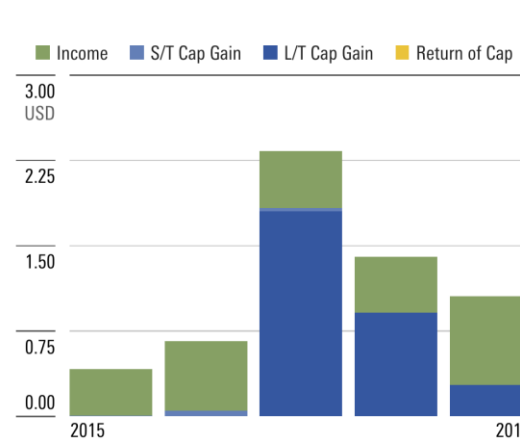
Performance Returns **Distributions**

Latest Distribution History

Distribution Date	Distribution NAV	Income	Short-Term Cap Gain	Long-Term Cap Gain	Return of Cap	Total
Dec 06, 2019	43.81	0.7790	0.0000	0.2780	0.0000	1.0570
Dec 07, 2018	37.50	0.4910	0.0000	0.9130	0.0000	1.4040
Dec 08, 2017	44.67	0.5020	0.0300	1.8020	0.0000	2.3340
Dec 09, 2016	36.48	0.6120	0.0490	0.0000	0.0000	0.6610
Dec 04, 2015	39.85	0.4090	0.0050	0.0000	0.0000	0.4140
Dec 05, 2014	39.13	0.2570	0.0000	0.0000	0.0000	0.2570
Dec 06, 2013	38.85	0.4730	0.3110	0.0000	0.0000	0.7840
Dec 07, 2012	32.31	0.5490	0.0320	0.0000	0.0000	0.5810
Dec 02, 2011	28.19	0.4060	0.0000	0.0000	0.0000	0.4060
Dec 30, 2010	32.93	0.0600	0.0000	0.0000	0.0000	0.0600

USD

Annual Distribution Chart Table



Fund as of Dec 06, 2019

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Price

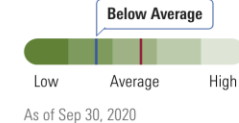
Maximum Sales Fees

Front Load
Redemption Load

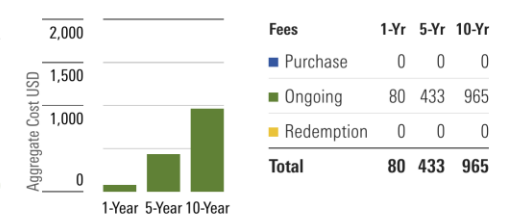
Deferred Load
Min. Initial Investment

Ongoing Fee Level

Net Expense Ratio
Fund: 0.780
Foreign Large Cap: No Load
0.980

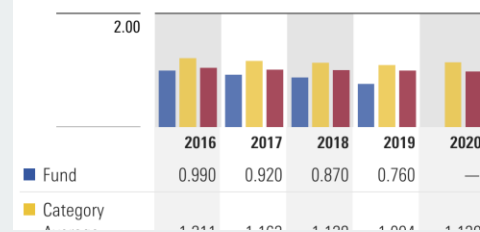


Cost Illustration (10k; 5% Return; USD)



Ongoing fees as of Dec 30, 2019. The fees illustrated above do not reflect any additional account-related fees and charges.

Historical Expense Ratio %



Other Fees

Management Actual: 0.58%
Management Maximum: 0.42%
12b-1 Maximum: —
Administrative Maximum: —
Expense Waivers: —

Taxes

3-Year Tax Cost Ratio
Fund: 0.87
Category: 0.85
Potential Capital Gains Exposure: 15%

As of Sep 30, 2020

Note : Historically, FIGRX distributes in early December

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Morningstar's calculation. Not the fund's

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RESOURCES: IT'S UP TO THE FUND FAMILY

- Large fund families post their distribution schedules on their sites
- Unfortunately, that means going from site to site to find the information
 - There used to be sites that collect and redistribute this for funds
- Your broker may or may not give you access to other companies' distribution schedules
 - They may or may not give you the information over the phone
- Even if you do get the distribution schedule, remember it's an estimate

RESOURCES: YOUR FUND'S FAMILY

(EG, [HTTPS://WWW.FIDELITY.COM/MUTUAL-FUNDS/INFORMATION/DISTRIBUTIONS#/?TABLE=ESTIMATED](https://www.fidelity.com/mutual-funds/information/distributions#/?table=estimated))

Fund Name	Short-Term Capital Gain	Long-Term Capital Gain	Total Per Share	Ex.Date	Pay Date	NAV (\$)	% of NAV	As of Date *
Fidelity Advisor® International Discovery Fund - Class I	0.166	2.014	2.179	12/04/2020	<u>12/07/2020</u>	47.54	<u>4.5800</u>	09/30/2020
Fidelity Advisor SM Capital Development Fund - Class O	0.00	0.505	0.505	12/18/2020	<u>12/21/2020</u>	14.71	3.4300	09/30/2020
Fidelity Advisor SM Diversified Stock Fund - Class O	0.00	1.215	1.215	12/18/2020	12/21/2020	30.57	3.9700	09/30/2020
Fidelity Asset Manager® 20%	0.017	0.00	0.017	12/30/2020	<u>12/31/2020</u>	14.02	<u>0.1200</u>	09/30/2020

Note:

- Differing pay dates
- Differing % of NAV
- As of Date
 - Says when this estimate was made
 - Lots could happen between now and December
- Not all funds have estimates now
- I start to plan now, and recheck as we get closer to December

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