

2020 TAX GUIDE



The following information may be useful when reviewing your tax forms and statements. This discussion is specific to mutual fund shares held directly with Columbia Management Investment Services Corp. (CMIS). If you hold your shares in a brokerage account, you will receive your tax forms and statements from your broker, and you should contact your broker for tax reporting information. For additional information about these tax forms, talk to your tax advisor. Additional information is available at [irs.gov](https://www.irs.gov), where you can find applicable tax forms, instructions and relevant IRS publications.

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Tax withholding

There are generally four different types of tax withholding that could apply to a mutual fund account. U.S. citizens and resident aliens may be subject to federal backup withholding and, in limited cases, state backup withholding (typically related to taxpayer identification numbers), if they hold their mutual fund shares in a taxable account. They may be subject to other federal and state tax withholding if they hold their mutual fund shares in an IRA or other retirement account. Nonresident aliens may be subject to nonresident alien (NRA) withholding, and foreign entities may be subject to Foreign Account Tax Compliance Act (FATCA) withholding.

If you are subject to backup withholding, federal tax law requires that CMIS withhold 24% of certain payments, including dividends and other distributions and, in most cases, redemption payments. If federal income tax was withheld from your distributions or redemption payments, the withholding amounts appear under box 4, Federal Income Tax Withheld, on Forms 1099-DIV, Dividends and Distributions and 1099-B, Proceeds From Broker and Barter Exchange Transactions, as appropriate. Once backup withholding has been initiated, it will continue until the IRS instructs CMIS to discontinue withholding or, in some cases, until we receive a properly certified Form W-9, Request for Taxpayer Identification Number and Certification from the taxpayer. Payments made to you are subject to backup withholding under the following circumstances:

- You have not provided a properly certified Social Security number (SSN) or other Taxpayer Identification Number (TIN) by completing and submitting Form W-9 to CMIS (usually part of your account application).
- The IRS notifies CMIS that you furnished an incorrect name and TIN combination, and you have not replied based on IRS requirements.
- The IRS instructs CMIS to initiate backup withholding because you have underreported reportable interest or dividends on your tax return. (The IRS will do this only after it has mailed you four notices over a period of at least 120 days.)
- Backup withholding may apply in limited cases under state law.
- Certain payees and payments are exempt from backup withholding.

Different types of withholding apply for retirement accounts. If federal taxes were withheld from your retirement account distributions, the amount of the withholding will appear in box 4 of Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. If a dollar amount appears in box 4 on Form 1099-R, you may attach Copy B to your federal tax return. If you had state withholding on these types of payments, Copy 2 can be attached to your state income tax return.

For more information, please consult your tax advisor.

If at any point during the year you have been a nonresident alien (NRA) shareholder, you may have been subject to NRA or FATCA withholding if you submitted a properly certified Form W-8. In this case, any payments and withholding amounts will be reported on Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, to be mailed in March 2021. If FATCA withholding applies, it will also be reported on Form 1042-S.

Form 1099-R: Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.

Purpose: This form reports to you and the IRS any reportable distributions paid from your retirement account during 2020

I rolled over my IRA to another institution, so why did I receive Form 1099-R?

Although a rollover is considered a nontaxable event, it is still a reportable transaction and must be shown on your income tax return. In addition, you should receive a Form 5498 from the other institution reflecting the rollover into that account.

Please note that certain transfers, including a trustee-to-trustee transfer from one IRA to another IRA, are not reported when they involve no payment or distribution of funds to the participants.

Do I receive a Form 1099-R for each of my accounts?

Form 1099-R is issued for each account from which you took a distribution. If you took more than one type of distribution, you will receive a separate Form 1099-R for each distribution type. Every distribution type has a unique number or letter code that will appear in box 7 on your Form 1099-R. The codes are explained on the back of the form.

Can I have state income taxes withheld from my distributions in addition to federal income taxes?

Certain states require state income tax withholding from retirement distributions. If you are a resident of Arkansas, California, Iowa, Kansas, Maine, Massachusetts, Nebraska, North Carolina, Oklahoma, Oregon, or Vermont and request that state taxes be withheld from your distribution, CMIS will also withhold state taxes based on the specific rate for your state.

Why didn't I get Form 1099-R when I took a distribution from my Coverdell Education Savings Account?

Distributions from Coverdell Education Savings Accounts are reported on Form 1099-Q, Payments From Qualified Education Programs (Under Sections 529 and 530). If you did not receive Form 1099-Q for your distribution, please contact a shareholder services representative.

Certain states may tax a rollover or transfer of funds from an IRA or Coverdell Education Savings Account to another state's 529 plan. Please contact your tax advisor or state tax authority regarding the state tax treatment of such transfer

Form 1099-Q: Payments from Qualified Education Programs (Under Sections 529 and 530)

Purpose: This form reports to you and the IRS payments made from a Coverdell Education Savings Account (formerly known as the Education IRA). Distributions made to you, as well as payments made directly to another qualified education program, will be reflected on Form 1099-Q.

- The fair market value of your account (as of December 31, 2020) is reflected on Form 1099-Q, unless you took a full distribution.
- CMIS is not required to report the earnings and basis of your distributions for 2020.
- Only earnings distributed as a result of an excess contribution will be reported in box 2.

I transferred my Coverdell Education Savings Account to another institution, and it is not taxable income, so why did I receive Form 1099-Q?

Although not taxable, the transfer from one Coverdell Education Savings Account to another Coverdell or other tuition savings program (for example, 529 plans) is considered a reportable transaction. Certain states may tax the rollover of funds from one Coverdell Education Savings Account into another or into another state's 529 plan. Please contact your tax advisor or state tax authority regarding the state tax treatment of such transfers.

Form 1099-DIV: Dividends and Distributions

Purpose: This form reports to you and the IRS any dividends or other distributions in 2020, such as capital gains distributions.¹

Form 1099-DIV also reports any taxes withheld from your dividends. You will receive Form 1099-DIV even if you reinvested all fund distributions.

- You may not receive Form 1099-DIV if your taxable distributions equal less than \$10 and your account was not subject to backup withholding during the year. The total dividends paid to your account can be found on your year-end statement.¹
- Per IRS regulations, Form 1099-DIV is not issued for shares held in retirement plans such as IRAs, pension plans, profit sharing plans or for accounts owned by certain shareholders, including corporations, tax-exempt organizations, Archer MSA, health savings account (HSA), U.S. agency, state, the District of Columbia, U.S. possession or registered securities or commodities dealer.

Do I need to meet any requirements in order to be eligible for the lower long-term capital gains rate on qualified dividends reported in box 1(b) on Form 1099-DIV?

Under the law, dividends received on certain domestic and foreign corporate stock may be eligible for the 20%, 15% or zero long-term capital gains rates, provided certain requirements have been met. One such requirement, which is applicable to both the fund and the fund's shareholders, pertains to the length of time the shares paying the dividend were held. Generally, in order to be eligible for the lower long-term capital gains rates on the qualified dividends reported in box 1(b) on Form 1099-DIV, you must have held the shares of your fund paying the dividend for more than 60 days in the 121-day period starting 60 days before the ex-dividend date. Please consult your tax advisor to determine your eligibility for special tax treatment for any qualified dividends reported to you.

Do I need to report dividends and capital gains distributions on my 2020 federal income tax return if I reinvested the distributions?

Yes. All dividend and capital gains distributions must be reported on your federal income tax return regardless of whether you received the dividend in cash or as additional shares of the fund.

Information for shareholders in mutual funds investing in U.S. government obligations

Potential state tax savings: Generally, states, in accordance with federal law, do not tax the portion of your fund's ordinary distributions that comes from interest on U.S. Treasury securities and certain other U.S. government obligations. The percentage of the distributions from funds that derived interest income on these U.S. government obligations can be found on the Tax Center page of our website, columbiathreadneedleus.com/investor.

If your fund is not listed on the website, your fund does not qualify for this state income tax exclusion. Please note that our service representatives cannot provide tax advice.

How to calculate your state tax benefit

STEP 1 Multiply the amount in box 1(a), Total Ordinary Dividends, on your Form 1099-DIV by the applicable percentage from the website that may be exempt from your state and local taxes because of the fund's investment in U.S. government obligations.

STEP 2 Your total will be the amount of income that may be exempt from state and local taxes, subject to any applicable restrictions.

STEP 3 To determine how much of your distribution is taxable, subtract your exempt income (Step 2) from the total amount shown in box 1(a) of your Form 1099-DIV.

Information for shareholders invested in tax-exempt mutual funds

Note to California, Connecticut, Minnesota and New York residents

Some states, including California, Connecticut, Minnesota and New York, require that CMIS report tax-exempt income earned by residents of those states to the appropriate state agency. We recommend consulting your state tax advisor with any questions regarding this matter.

Nondividend distributions

The amount, if any, shown under box 3 of your Form 1099-DIV, Nondividend Distributions, is generally not taxed because it is a return of capital. This distribution effectively lowers the tax cost basis of your shares, which is a key factor in determining whether you have a gain or loss when you sell your shares. For example, assume the original cost of your shares was \$1,000, and there was a \$50 return of capital. Your adjusted cost basis would be \$950 — your original cost of \$1,000, less the \$50 return of capital. You would use this basis when you sell your shares. Nondividend distributions you receive in excess of your cost (or other basis) are treated as capital gains. (For more information, see IRS Pub. 550, Investment Income and Expenses.) For covered shares (see definition below), CMIS will automatically adjust basis for nondividend distributions. For noncovered shares (see definition below), you may need to manually adjust basis for nondividend distributions. See the Issuer's Statement/Form 8937 on the Tax Center page of our website, columbiathreadneedleus.com/investor.

Form 1099-B: Proceeds from Broker and Barter Exchange Transactions

Purpose: This form reports to you and the IRS the proceeds from any redemption/sale of fund shares or a taxable exchange of shares from one fund to another and certain other applicable tax information.

- You will not receive a Form 1099-B for redemptions of money market mutual fund shares.
- Per IRS regulations, Form 1099-B is not issued for certain shareholders, including IRAs, pension plans, profit sharing plans corporations and tax-exempt organizations, Archer MSA, health savings account (HSA), U.S. agency, state, the District of Columbia, U.S. possession or registered securities or commodities dealer. Please note: If the shares are owned by an S corporation, sales of shares acquired after December 31, 2011, are usually reported to the IRS on Form 1099-B.

Why did I receive a Form 1099-B if I exchanged but did not redeem shares?

The IRS generally considers an exchange of shares to be the redemption of shares in one fund and the purchase of shares in a different fund. As a result, many exchanges are taxable events and must be reported on Form 1099-B.

Cost basis: FAQs

What is cost basis?

Cost basis (or adjusted basis) is used to determine your gain or loss from sales or redemptions of your fund shares. Your cost basis is generally the amount of money you have invested in your shares, adjusted for other items, such as nondividend distributions (return of capital) and wash sales. The original cost basis is usually the purchase price of the shares, adjusted for any sales charges.

How do I determine cost basis?

CMIS is required to calculate and provide you and the IRS with your cost basis and holding period information for sales of shares acquired on or after January 1, 2012 (covered shares). For shares acquired prior to January 1, 2012 (noncovered mutual fund shares), CMIS may provide cost basis information as a convenience, but CMIS is not required to calculate your cost basis and provide it to the IRS, and you will need to calculate your cost basis. To determine your original basis in noncovered shares, consult your confirmation statements to obtain the total price paid when you purchased your shares. Your basis may have changed since you acquired your shares, so you may need to review additional statements with your tax advisor to determine your current basis. There are different methods that can be used to determine the cost basis of the shares sold, particularly if you acquired shares of the same fund on different dates, and you have not sold all shares in the account. These methods include First In, First Out (FIFO), Specific Lot Identification and Average Cost. If you sell shares using the FIFO method, the specific shares sold are identified in the order that they were acquired (oldest shares sold first), and the cost basis of those shares is used to determine the gain or loss from the sale. The Specific Lot Identification method allows you to select the specific shares that are sold, and the cost basis of those shares is used to determine the gain or loss

resulting from the sale. The Average Cost method takes the total cost basis for the shares and divides it by the number of shares held to determine an average cost basis per share. Average Cost is calculated separately for noncovered, covered and/or gifted shares (if any). Noncovered shares are generally sold first unless you tell us otherwise. Other methods are available. You should discuss these methods and your personal tax circumstances with a qualified tax or investment professional.

What is the CMIS default method for tracking cost basis on mutual fund shares purchased on or after January 1, 2012?

CMIS uses Average Cost as the default method on all our directly owned (non-brokerage) fund shares. See *How do I determine cost basis?* above for a description of the Average Cost method. The default method for fund shares owned through brokers is chosen by the brokers. You can contact them to make any changes.

I had requested a cost basis method other than Average Cost to be used on my account. Why isn't that method being used?

Any election you gave to us applies only to shares acquired on or after January 1, 2012. We will continue to use Average Cost to calculate, when available, cost basis on shares acquired prior to January 1, 2012. For these shares acquired prior to January 1, 2012, the average cost calculation is provided only as a service for those shareholders who wish to use it and is not provided to the IRS.

Why didn't CMIS generate average cost basis information for certain shares?

CMIS may be unable to generate average cost basis information for some of your shares if:

- Your account was established prior to January 1, 1989.
- There has been a transfer between accounts with unlike Social Security numbers or Taxpayer Identification Numbers. (The Average Cost method may be inappropriate for this situation.)
- Your account is a money market account.
- You did not have a tax reportable redemption or exchange in 2020 (Form 1099-B).

Why is cost basis important?

Because it's included in the calculation of taxable capital gain or loss, cost basis can be an important factor in your tax picture, especially when it comes to selling, gifting, donating or inheriting investments. Understanding how cost basis plays into investment decisions can help you avoid paying more taxes than you need to. Please consult your tax advisor for further information.

What are tax lots?

Cost basis is generally tracked by tax lot, which is a group of shares purchased in the same fund on the same day for the same price. Reinvested dividends are treated as purchases and create new tax lots. Special rules apply to mutual funds using the Average Cost method of accounting. Cost basis is important for tax purposes because it is part of the calculation used to determine the amount of taxable capital gain or loss when you sell the shares.

Why are there multiple sections on my 1099-B, and which information is reported to the IRS?

Your Form 1099-B may have up to five sections:

Covered securities (shares acquired on or after January 1, 2012)	
Information	Reported to the IRS
Short-term: Cost basis, date acquired and adjustment codes	Yes
Long-term: Cost basis, date acquired and adjustment codes	Yes
Noncovered securities (shares acquired prior to January 1, 2012)	
Short-term:* Cost basis and date acquired	No
Long-term: Cost basis and date acquired	No
Securities with undetermined term	
Unknown cost basis and holding period	Transactions for which the basis is not reported to the IRS and for which the short- or long-term determination is unknown. Review your investment records for the date of acquisition to determine if the transactions in this section are short- or long-term transactions.

* The short-term noncovered section generally is not shown because shares acquired prior to January 1, 2012 are generally held long-term.

Each section identifies the securities sold, quantity, date of sale and proceeds for both covered and noncovered shares. For noncovered shares, date of acquisition, cost or other basis and gain or loss information, if known, is shown for your information only. (It is not reported to the IRS.) We will continue to provide cost basis on noncovered shares to clients as supplemental information on their year-end tax statement, as available.

In 2012, we began to record and track the cost basis and holding period for covered shares for the purposes of reporting that information to the IRS. When covered shares are sold, we report the cost basis and the holding period of the shares to you and to the IRS. This cost basis information is reported on Form 1099-B, Proceeds from Broker and Barter Exchange Transactions for the tax year in which the covered shares were sold. Gain/loss information for covered shares is calculated for your convenience and is not reported to the IRS.

What types of transactions are reported in the undetermined section of Form 1099-B, Proceeds From Broker and Barter Exchange Transactions?

The undetermined section will include transactions for which cost basis and holding periods can't be determined based on our records. These will typically include tax lots for which we do not have cost basis information. For transactions in the undetermined section, you will need to use your personal records to complete your tax returns.

Can a single-sale transaction show up in multiple places on my Form 1099-B? What should I report to the IRS?

You may have purchased or acquired shares of the same fund on different dates. If these separate tax lots are sold as part of a single transaction, the tax reporting for the sale may be split and shown in different sections of Form 1099-B, depending on whether the shares were held long-term or short-term and whether the shares sold were covered or noncovered under IRS reporting requirements. Since the transaction reporting may be split and shown in different sections of Form 1099-B, you need to report information from each of these sections to the IRS on your tax return. Consult a tax professional or review the IRS instructions for Schedule D (Form 1040) Capital Gains and Losses and Form 8949, Sales and Other Dispositions of Capital Assets, on how to report these tax lots.

Why did I receive a corrected Form 1099-DIV or Form 1099-B?

One reason you might receive a corrected tax statement is income reclassification. Income reclassification is a change in the tax character of a fund's income or distributions. For example, an income reclassification could occur when the issuer of a security owned by the fund reclassifies a dividend paid to the fund as a return of capital. When this occurs after initial tax statements have been issued, we may be required to send corrected tax statements (Form 1099-DIV, Dividends and Distributions) to you. If you own multiple funds subject to reclassification, or if the same fund was subject to multiple reclassifications, you may receive multiple corrected statements.

Beginning with 2012 tax reporting, any reclassifications that change cost basis information, specifically when there has been a return of capital, may also result in a corrected Form 1099-B, Proceeds From Broker and Barter Exchange Transactions. This can occur if, in the same year, a shareholder sells shares of a fund after the fund paid a dividend that was later reclassified in a way that changed the shareholder's basis in the fund shares. Generally, a return of capital reduces the cost basis in the fund, so when shares of the fund are sold, there is more gain or less loss than originally reported. An adjustment due to a wash sale can also result in a corrected Form 1099-B for covered shares.

Reclassifications can also change the character of a long-term capital gain distribution, a qualified dividend, an exempt-interest dividend or an ordinary dividend. Such changes would result in a corrected Form 1099-DIV and potentially a corrected Form 1099-B.

For noncovered securities, cost basis information is not reported to the IRS but is issued to you as supplemental information when available. As a result, a reclassification that changes the cost basis of a noncovered security would not result in a corrected Form 1099-B. These cost basis reporting rules first applied to mutual fund shares purchased in 2012. Consult your tax advisor to determine how such changes would affect your basis.

How can I change my cost basis method?

You can change the method on your account(s) from the fund default of Average Cost by completing the online Cost-Basis Method Election form that is currently available on columbiathreadneedleus.com/investor and mailing it to the address provided on the bottom of the form. For help in determining which cost basis accounting method is appropriate for you, please work with your tax advisor.

If you are a registered user on our website and would like to change your cost basis method online, sign in to your account using the Account Access tab on the home page, and select “Update Mandatory Cost Basis” from the account summary drop-down menu.

Under what circumstance might I need to apply the cost basis rules for a wash sale myself?

If you sell noncovered shares at a loss any time on or after December 31, 2011 and have a purchase of identical shares within 30 calendar days before or after the sale, you have a wash sale. The disallowed loss will not appear on your year-end tax statement, and you will need to factor the amount of disallowed loss associated with the wash sale into the cost basis of the covered shares acquired. Also, if you own shares of the same fund in multiple accounts, you will need to keep track of wash sales that may occur across your accounts.

You should review your financial records to make these adjustments for the disallowed loss and to accurately calculate the cost basis of the shares acquired.

When I did a redemption earlier this year, I used Specific Lot ID to redeem old shares, so why did I incur a wash sale?

Any redemption that results in a loss, regardless of the holding period associated with the shares redeemed, could be subject to a wash sale if there is a purchase within a 61-day window of shares being sold. The sale date is the middle day and the other 60 days are divided into the 30 days prior and the 30 days after the sale. When a wash sale occurs and the shares sold have realized a loss, the loss is disallowed. Only a portion of the total loss is disallowed if fewer shares are repurchased than were sold.

What about cost basis reporting for S corporations?

We are required to report sales of covered securities acquired by an S corporation after December 31, 2011. We will report the gross proceeds on the sale, the associated cost basis and the holding period to the S corporation and to the IRS. We have contacted our corporate clients asking them to verify their corporate status. According to the regulations, if an organization fails to certify their corporate status as a C corporation, we will be required to report on these transactions as if the organization is an S corporation. Any documentation (Form W-9) changing the status of an S corporation to a C corporation will be effective on a go-forward basis.

What should I know about cost basis on mutual fund gifts and inheritances?

For gifted or inherited covered shares, we may update our cost basis records in accordance with rules provided by the IRS. While our processes generally apply the IRS rules related to the basis of gifted or inherited securities, they do not take into account all possible situations that may affect the basis of your gifted or inherited securities. Therefore, it is important that you work closely with your tax advisor when transferring and selling assets acquired by gift or inheritance in order to have the most accurate basis information and communicate that information to us so that our reporting is accurate.

Where can I find more information about cost basis?

If you have any questions about cost basis and the impact on your investments, please contact your tax advisor.

Form 5498: IRA Contribution Information

Purpose: This form reports to you and the IRS any regular or rollover IRA contributions or Roth contributions, as well as the fair market value of your retirement account(s) as of December 31, 2020. Form 5498 will be mailed by May 31, 2021, to shareholders who have made contributions for tax year 2020. Please note: The fair market value of your retirement account(s) as of December 31, 2020 is listed on your year-end statement. Only those accounts with a reportable contribution will receive Form 5498. You do not need Form 5498 to file your tax return.

Additional information

In addition to the information contained in this guide, valuable information regarding your tax forms can be found on the back of the tax forms themselves. If you would like to access 2020 tax forms online, visit us at columbiathreadneedleus.com/investor and click the link titled: 2020 online tax forms are now available. Please note that if you receive Forms 1099-DIV, 1099-B, 1099-R, 5498 or 1099-Q, the information on your form, except as otherwise indicated, is being reported to the IRS.

How to obtain duplicate 2020 tax forms and year-end statements

Duplicate 2020 tax forms and year-end statements can be obtained using the following methods:

- Access your 2020 tax forms and enclosures online: Visit our website at columbiathreadneedleus.com/investor to download forms and view your account history. Select the Log In link at the top of the home page.

- For general tax information that is not specific to your accounts, select Tax Center under the FORMS & LITERATURE tab on the home page.
- Contact a shareholder services representative: Please refer to the contact information on the back of your tax forms or call a shareholder services representative at 800.345.6611 if you have questions or need duplicate statements. Representatives are available Monday through Friday, 8 a.m. to 7 p.m. Eastern time. Please note that there may be a fee for each duplicate statement requested.

Although we cannot provide tax advice, our representatives are available to answer questions on how we prepared the tax forms for your account. Please consult your tax advisor if you have any questions about how to report 2020 tax information.

Additional information about IRS tax forms

You can obtain IRS tax forms and free publications by calling the IRS at 800.829.3676 (800.TAXFORM) or by downloading the information from [irs.gov](https://www.irs.gov).

To find out more, call **800.426.3750**
or visit columbiathreadneedle.com



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