

Rules for Reporting Mutual Fund Cost Basis

IRS regulations require mutual fund companies, including Green Century, to track and report the cost basis of mutual fund shares purchased after January 1, 2012. Prior to January 1, Green Century has not been required to provide cost basis information to either the IRS or to our shareholders when shares are sold in taxable accounts. As of January 1, 2012, Green Century reports the cost basis of sales of mutual fund shares purchased after January 1, 2012 and subsequently sold to both our shareholders of taxable accounts and to the IRS on Form 1099-B.

The reporting requirements of the law do not apply to tax-deferred or tax-exempt accounts such as IRAs and other retirement accounts.

You may select the cost basis method that will be used to calculate cost basis when you sell shares purchased after January 1, 2012. When you are ready to make or change your cost basis calculation election for your Green Century account(s), please complete and return the Green Century Cost Basis Election Form, [which can be downloaded here](#).

For assistance in filling out this form, please contact Shareholder Services at 1-800-221-5519 from 8:00 am to 6:00 pm Eastern Time, Monday through Friday. Shareholder service representatives are not licensed legal or tax advisors and are not able to provide legal or tax advice. You may wish to consult a tax advisor to help you select the best method for your situation.

Below is additional information on how the new rules for reporting mutual fund cost basis may affect you.

What is Cost Basis?

Generally, cost basis is the purchase price of a security or mutual fund share. Cost basis is used to determine the amount of your capital gain or capital loss at the time you sell shares. Capital gains and losses must be reported to the IRS.

When you sell or exchange shares, the transaction price is usually different than the price at which you bought the shares. If the selling price is greater than the purchase price, you have a capital gain. If the selling price is less than the purchase price, you have a capital loss.

It is Important When You Purchased the Shares

The mandatory tracking of cost basis only applies to shares purchased after January 1, 2012. This includes shares acquired through dividend reinvestments and transfers. For shares purchased after January 1, 2012 (covered shares), Green Century provides cost basis information to shareholders of taxable accounts and to the IRS. Mutual fund companies are not required to track and report the cost basis of shares purchased before January 1, 2012 (non-covered shares).

If you sell or exchange shares after January 1, 2012, non-covered shares will be redeemed from your account before covered shares in calculating cost basis for any of the cost basis calculation methods listed below except Specific Share ID.

Your Cost Basis Options

Select the primary cost basis calculation method from the options below that will work best for your Green Century Funds account(s). You may select a different method for each account you own or one method that covers all of your Green Century accounts.

Cost Basis Methods:

Average Cost – Calculates the average cost per share for each share you own.

Specific Lot Identification (also called Specific Lot ID) – You select the specific shares to sell. The shares you select determine the cost basis and holding period.

First In, First Out (FIFO) – The first shares you acquired are the first ones sold.

Last In, First Out – The last shares you acquired are the first ones sold.

High Cost, First Out – The shares with the highest cost are the first ones sold.

High Cost, First Out, Short-Term – The shares with the highest cost and a short-term holding period are the first ones sold.

High Cost, First Out, Long-Term – The shares with the highest cost and a long-term holding period are the first ones sold.

Low Cost, First Out – The shares with the lowest cost are the first ones sold.

Low Cost, First Out, Short-Term – The shares with the lowest cost and a short-term holding period are the first ones sold.

Low Cost, First Out, Long-Term – The shares with the lowest cost and a long-term holding period are the first ones sold.

Note: Shares held for one year or less are considered short-term, while shares held for more than a year are considered long-term.

If No Method is Selected or You Change Your Method

If you do not return the Cost Basis Election Form, your account(s) will be assigned the Green Century Funds' default cost basis calculation method, Average Cost. In addition, any accounts opened in the future will be assigned the Green Century Funds' default method unless another method is designated. Please note that the default method is not a recommendation and may not be the best choice for your situation.

If you elect Average Cost or are assigned Average Cost by default, you may change your cost basis method, to apply retroactively to all covered shares in your account, by sending us the Cost Basis Election Form before your first sale of covered shares. However, if you change your cost basis method from Average Cost to another method after a sale or exchange of covered shares, the new cost basis method will apply only to shares purchased after the date that the change request is processed. For all

cost basis methods other than Average Cost, you may change your cost basis method on existing covered shares at any time.

[Download the Cost Basis Election Form](#)

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This material has been prepared for educational purposes only. It is not intended to provide, and should not be relied upon for, investment, accounting, legal or tax advice.