Some of the dividends you receive and all net long term capital gains you recognize may qualify for a federal income tax rate lower than your federal ordinary marginal rate.

**Qualified Dividends**

Qualified dividends received by you may qualify for a 20%, 15% or 0% tax rate depending on your adjusted gross income (or AGI) and filing status. For single filing status, the qualified dividend tax rate is 0% if AGI is $39,375 or less, 15% if AGI is more than $39,375 and equal to or less than $434,550, and 20% if AGI is more than $434,550. For married filing jointly status, the qualified dividend tax rate is 0% if AGI is $78,750 or less, 15% if AGI is more than $78,750 and equal to or less than $157,500, and 20% if AGI is more than $157,500. For married filing separately status, the qualified dividend tax rate is 0% if AGI is $39,375 or less, 15% if AGI is more than $39,375 and equal to or less than $46,170, and 20% if AGI is more than $46,170. For head of household filing status, the qualified dividend tax rate is 0% if AGI is $52,750 or less, 15% if AGI is more than $52,750 and equal to or less than $82,800, and 20% if AGI is more than $82,800.

When a mutual fund receives qualified dividends from its investments and then pays you dividends out of this qualified dividend income, the mutual fund dividends will be qualified dividend income to you if you hold the fund shares for at least 61 days in the 121-day period that begins 60 days before the mutual fund’s ex-dividend date.

"Box 1b" of your Form 1099-DIV will indicate whether any of the dividends you received from one of our mutual funds may qualify as qualified dividends. But remember, just because your Form 1099-DIV states that you received qualified dividends does not automatically mean these dividends will be taxed at a lower rate. You must independently determine whether you meet the minimum holding period with respect to your mutual fund shares.

As noted above, for purposes of determining qualified dividend income, the concept of ex-dividend date is crucial. The ex-dividend date of a fund is the first date on which a person buying a fund share will not receive any dividends previously declared by the fund. A list of fund ex-dividend dates for each State Farm Mutual Funds® dividend paid with respect to 2019, and the corresponding percentage of each dividend that may qualify as qualified dividend income, is provided below for your reference.

**Example:**
You bought 10,000 shares of ABC Mutual Fund common stock on June 7, 2019. ABC Mutual Fund paid a dividend of 10 cents per share. The ex-dividend date was June 28, 2019. The ABC Mutual Fund advises you that the portion of the dividend eligible to be treated as qualified dividends equals 2 cents per share. Your Form 1099-DIV from ABC Mutual Fund shows total ordinary dividends of $1,000 and qualified dividends (which are included in the ordinary dividends total) of $200. However, you sold the 10,000 shares on July 5, 2019. You have no qualified dividends from ABC Mutual Fund because you held the ABC Mutual Fund for less than 61 days in the 121-day period that began 60 days before the ABC Mutual Fund; ex-dividend date of June 28, 2019.

Because a mutual fund dividend can only be a qualified dividend if the mutual fund receives qualified dividends on its own investments, mutual funds that purchase only interest-bearing investments, such as bond funds and money market funds, will pay no qualified dividends.

**Questions about the tax implications of dividend income should be discussed with a qualified tax advisor.** Representatives of State Farm VP Management Corp. are not qualified to answer questions regarding how shareowners should treat dividend income.

**Capital Gains Distributions**

Capital gain distributions (reported in box “2a” of form 1099-DIV) received from a mutual fund, are taxed at lower rates than ordinary income – specifically 20%, 15% or 0% (see discussion above) under “Qualified Dividends”.

---

**2019 Qualified Dividend Information**

State Farm Associates’ Funds Trust through December 31, 2019

<table>
<thead>
<tr>
<th>State Farm Associates’ Fund Trust</th>
<th>Payable Date</th>
<th>Ex-Dividend Date</th>
<th>Qualified Dividend Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Farm Growth Fund</td>
<td>06/27/2019</td>
<td>06/27/2019</td>
<td>100.00%</td>
</tr>
<tr>
<td>State Farm Growth Fund</td>
<td>12/23/2019</td>
<td>12/23/2019</td>
<td>100.00%</td>
</tr>
<tr>
<td>State Farm Balanced Fund</td>
<td>06/27/2019</td>
<td>06/27/2019</td>
<td>69.00%</td>
</tr>
<tr>
<td>State Farm Balanced Fund</td>
<td>12/23/2019</td>
<td>12/23/2019</td>
<td>69.00%</td>
</tr>
<tr>
<td>State Farm Interim Fund</td>
<td>Various</td>
<td>Various</td>
<td>0.00%</td>
</tr>
<tr>
<td>State Farm Municipal Bond Fund</td>
<td>Various</td>
<td>Various</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

**Note:** Beginning in 2013, some investors may also be subject to a 3.8% Net Investment Income Tax. For questions regarding the applicability of the 3.8% Net Investment Income Tax please consult your tax advisor.
This information should assist an individual who is a citizen or resident of the United States with filing his/her 2019 federal and state income tax returns, but it is not intended to serve as legal or tax advice. For any specific tax questions, you should contact the Internal Revenue Service (IRS) at 1-800-829-1040, or consult your tax advisor.

At State Farm Mutual Funds, representatives in our Mutual Funds Response Center (800-447-0740) are ready to assist you. However, due to the tax season, we anticipate heavy call volumes during the majority of our regular business hours: 8:00 a.m. to 6:00 p.m. CT Monday through Friday. Your call is important to us, and we look forward to providing you with the best service possible.

Neither State Farm nor its agents provide tax or legal advice.

In order to comply with Treasury Department regulations, we advise you that this document was prepared to promote and support the marketing of State Farm Mutual Funds. It is not intended to constitute tax advice, was not written or intended to be used by any taxpayer for the purpose of avoiding tax penalties that may be imposed on the taxpayer, and cannot be used by any taxpayer for that purpose. Advice regarding the tax treatment of State Farm Mutual Funds should be sought from an independent tax advisor in light of your particular circumstances.