

Getting the Most out of Your Portfolio Today and Tomorrow



tax management
technology powered by

55ip

Most taxpayers and investors realize that tax planning is important, and it can be crucial when you have “money in motion” – money going into or coming out of investment strategies. What you may not know is how we can help you limit the impact taxes have on your investment decisions today and to position you to reap the benefits of those decisions in your future.



Money in Motion

Goal

Hiring a Financial Advisor or Changing Investment Strategies

Investors often face a dilemma when they consider enlisting the help of a financial advisor or transferring their taxable assets into a strategy that they think better meets their needs.

The dilemma? Selling their current holdings to make these changes may come with a large tax bill, due to capital gains taxes, that they feel like they can't afford.

Obstacle

Taxes

Unfortunately, inaction can be risky. It is typical for investors to want to avoid taking tax hits, but the cost of your investments being misaligned with your risk tolerance or your long-term objectives may be catastrophic. For example, elevated portfolio risk may result in larger than anticipated losses, and should the need to sell those investments arise, the consequences of capital impairment could surpass the headwind due to taxes!

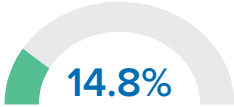
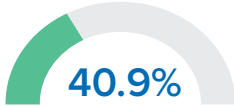
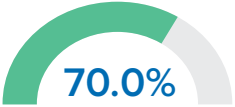

Fortunately, paying for the cost of the transition is not an "either or" decision.

Solution

Tax Smart Portfolio Transition

At MetaParadigm, we incorporate intelligent tax management technology into this decision process to help investors optimize for a portfolio that is customized to their long-term objectives while minimizing the tax impact during transition.

In this example, you can see what percentage of an investor's current portfolio can be transitioned for a defined tax budget of some, all, or none of the full tax cost of transition.

Tax Budget - % of Total Tax Bill ¹	0%	20%	60%	100%
% of Portfolio Transitioned	 14.8%	 40.9%	 70.0%	 100%
Tracking Error ²	+/- 3.0%	+/- 1.6%	+/- 0.6%	+/- 0.0%

This chart is for illustrative purposes only and is not representative of actual model performance.

Money in Motion

Goal
Efficiently Accessing
Savings

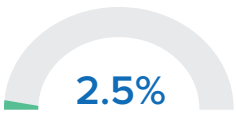
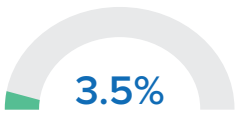
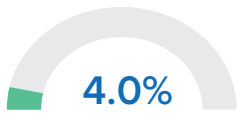
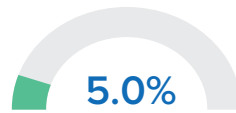
An investor's tax burden may also be impacted by how tax-efficiently they access their savings, either for major life expenses or later in retirement - just like losses diminish the power of the portfolio to grow and generate income, so do taxes.

Obstacle
Taxes

Withdrawing needed savings is a balancing act for the investor. Simply liquidating securities to minimize the current tax hit could leave the portfolio increasingly imbalanced. Pro-rata liquidation could lead to excessive and unnecessary tax bills.

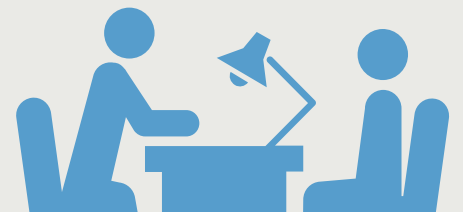
Solution
Tax Smart Withdrawal

At MetaParadigm, we incorporate intelligent tax management technology into this process to illustrate the tradeoffs in balancing the portfolio's long-term investment objectives with the realized capital gains taxes while meeting the investor's withdrawal needs.

Estimated Tax Bill	\$1,000	\$1,400	\$1,600	\$2,000
% of Portfolio Value	 2.5%	 3.5%	 4.0%	 5.0%
Tracking Error	+/- 7.7%	+/- 2.7%	+/- 1.5%	+/- 0.0%

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Discuss with your MetaParadigm financial advisor today to learn how we can employ intelligent tax management technology to help you get the most out of your portfolio today and tomorrow!



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Footnotes

- 1 Assuming tax rates of 23.8% for long-term capital gains and 40.8% for short-term capital gains
- 2 Tracking error is a measurement of how closely a portfolio is tracking its intended target holdings