It's Not What You Make, but What You Keep, That Matters

MetaParadigm Wealth Management

tax management technology powered by

55ip

If left unmanaged, taxes can eat into your investment returns and leave you with less for your long-term goals. And with some experts predicting US Large Cap equities to return a mere 4.1% annualized over the next 10-15 years,[1] investors seeking to pursue successful outcomes should consider alternative sources of seeking improved investment returns.

There is a lot of talk about "Alpha" when it comes to investment returns, but have you considered "Tax Alpha"? This is the outperformance that an investor can achieve by taking advantage of all available tax-saving strategies.

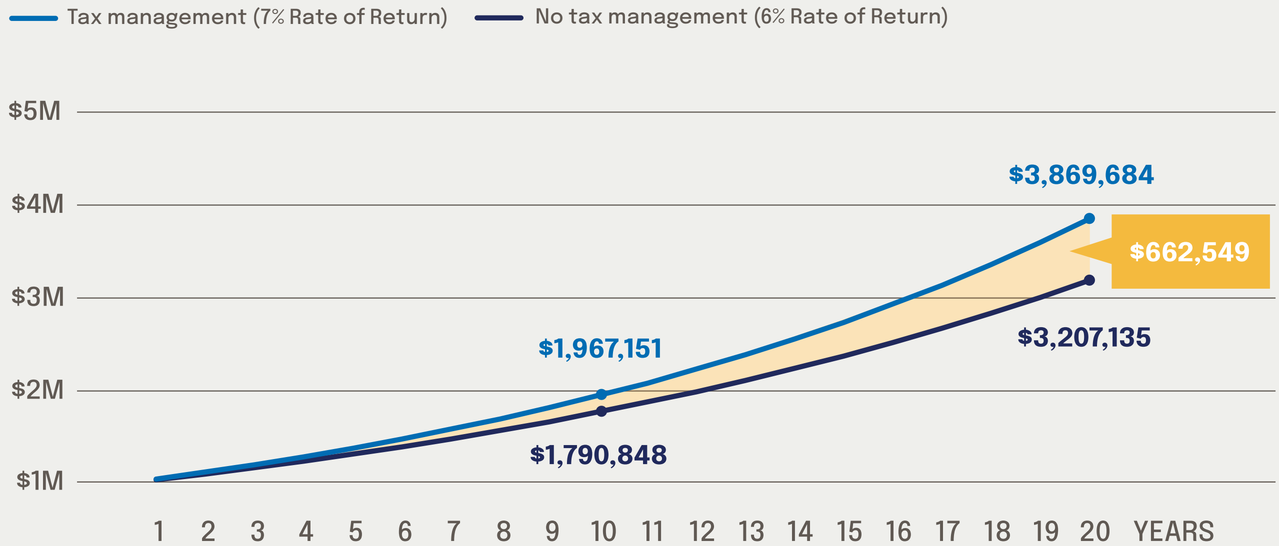
What is Tax Alpha?
The outperformance that an investor can achieve by taking advantage of all available tax-saving strategies

Tax-Smart Investing

Tax loss harvesting is one such strategy used to minimize capital gains. This is accomplished by selling an investment position that is down to offset capital gains elsewhere in the portfolio — potentially lowering your tax obligation for that year.

Studies have shown that utilizing this technique can deliver an average of 1.08% Tax Alpha per year.[2]

Empirical Evaluation of Tax-Loss Harvesting Alpha
Example — Original Investment = $1,000,000



Source: An Empirical Evaluation of Tax-Loss Harvesting Alpha - Shomesh E. Chaudhuri, Terence C. Burnham, Andrew W. Lo: January 26, 2020. Past Performance is no guarantee of future results. Returns are shown for illustrative purposes only.

MetaParadigm+ 55ip = Tax-Smart Investing

Once the sole domain of ultra-high net worth investors, advances in technology have made these techniques more broadly available. MetaParadigm has partnered with 55ip, a fintech firm, to deliver tax smart solutions for their clients.

55ip is particularly powerful for clients with taxable accounts. During periods of volatility, tax-smart investing enables advisors to do more for their clients than simply help them "stay the course." With 55ip's ActiveTax℠ Technology, we'll be able to make moving to an updated investment strategy more tax-efficient, if appropriate, as well as enhance after-tax returns through a systematic approach to tax-loss harvesting.

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MetaParadigm: Powered by 55ip

Three ways using MetaParadigm's solutions powered by 55ip’s tax smart technology, can ease your tax burden:

Tax-Smart Transitions	Tax-Smart Ongoing Management	Tax-Smart Withdrawals
Minimize taxes when moving existing holdings to a model portfolio through the use of Tax Loss Harvesting – Realize losses, when it makes sense, to offset some or all of the taxable gains from other parts of your portfolio.	Create tax savings to increase after-tax return potential through automated, systematic tax-loss harvesting.	When it’s time to draw on your investments for income, determine how to meet your income and tax needs in a tax-efficient way.

Consider this approach if you:

- Are interested in finding alternative ways to drive better investment returns
- Fall in a high tax bracket or concerned about rising taxes
- Own assets that have gone up significantly in value and are concerned about capital gains
- Think your current portfolio is no longer a good fit
- Own taxable investment accounts
- Have cash that you want invested in a tax-efficient manner

Disclosures

55ip

55ip is the marketing name used by 55 Institutional Partners, LLC, an investment technology developer, and for investment advisory services provided by 55I, LLC, an SEC-registered investment adviser. 55ip is part of J.P. Morgan Asset Management.

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Past performance does not guarantee or indicate future results and there can be no assurance that any return objectives will be met. No representation is made that any investor will, or is likely to, achieve results comparable to those shown. All investments involve risk, including loss of principal.

The impact of a tax-loss harvesting strategy depends upon a variety of conditions, including the actual gains and losses incurred on holdings and future tax rates. The results shown in these materials are hypothetical and do not represent actual investment decisions. The tax-loss harvesting service is available for an additional advisory fee and the results shown represent the net effect of the advisory fees but may not consider the impact of fees charged by others, including transaction costs or other brokerage fees. The information contained herein is subject to change without notice, is not complete and does not contain certain material information about the investment strategy, including additional important disclosures and risk factors associated with such investment and information about fees, trading costs and taxes. Neither the U.S. Securities and Exchange Commission nor any state securities administrator has approved or disapproved, passed on, or endorsed, the merits of this document. **More information at www.55-ip.com.**

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Footnotes

1 J.P. Morgan's 2021 Long-Term Capital Market Assumptions, 2021

2 An Empirical Evaluation of Tax-Loss Harvesting Alpha - Shomesh E. Chaudhuri, Terence C. Burnham, Andrew W. Lo: January 26, 2020. Evaluating the magnitude of this "tax alpha" using historical data from the Center for Research in Securities Prices monthly database for the 500 securities with the largest market capitalization from 1926 to 2018. Given long- and short-term capital gains tax rates of 15% and 35%, respectively we find that a tax-loss harvesting strategy yields a tax alpha of 1.10% per year from 1926 to 2018. When constrained by the wash sale rule, the tax alpha decreases from 1.10% per year to 0.85% per year.