

INVESTOR INSIGHTS

Make the Most of Money in Motion

Tax-smart portfolio transitions make your portfolio work harder

Investors have benefited—sometimes greatly—from more than 20 years of generally rising stock prices. However, the silver lining of portfolio gains often came with significant challenges, including hefty tax bills, transferring assets to a new advisor, or repositioning portfolios to adapt to evolving investment opportunities.

Today, things are different. Tax-smart investing was once only practical for the largest portfolios—but not anymore. Our tax-smart technology and investment strategies put investors like you firmly in charge. Together, they can reduce the tax impact of capital gains on portfolio transitions and add considerable ongoing value—often when it's needed most.



Enhancing Opportunity When Money’s in Motion

Tax-smart transitions in practice

Overtime, an investor’s financial goals and risk tolerance can change. What may have been an appropriate investment strategy 10 years ago, may not make sense today. When it’s time to reposition your portfolio, it pays to think about the tax impact. While past performance is never a guarantee, saving on taxes at this important point puts more money to work for you, which can compound over time.

Wealth Plan Group's tax-smart transition capabilities use advanced, intelligent technology to manage the balance between portfolio composition and taxes, continually assessing gains against losses across all tax lots and holdings. With this analysis, investors and their advisors can decide how much of a portfolio to transition, and when to do it. You’re in control.

The road to tax-smart transitions: How it works

Let’s say an investor has a \$500,000 stock portfolio and \$100,000 in unrealized gains, and they want to move to a new portfolio more aligned with today’s opportunities and risks. There are three paths our investor and their advisor can take.

PATH 1

“All at once, pay the bill.”

Our investor moves all of their assets into the new portfolio in one step, and without regard to the tax consequences. The legacy portfolio is liquidated completely and all at once, and the new portfolio is fully aligned with its target.

The results: Completeness comes with a cost. Because all of the portfolio’s unrealized gains are now realized, the result is a capital gains tax bill of \$29,470.

Account Size	Unrealized Gains	Tax Bill*	% of Portfolio Transitioned	Tracking error
\$500,000	\$100,000	\$29,470	<div><div></div>100%</div>	+/- 0%

For investors justifiably wanting to reduce the impact of capital gains, tax-smart transitions can often help significantly.

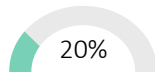
* These charts are for illustrative purposes only and is not representative of actual performance. Based on a hypothetical assumption that one-third of the now realized gains are short-term and taxed at 40.8%, while two-thirds are long-term and taxed at 23.8%.

PATH 2

“Pay nothing, move a portion of your portfolio.”

Let’s say our investor wants to move as much of their portfolio as they can without paying any capital gains taxes at all. Our tax-smart methodology analyzes the details of their current portfolio and accurately balances with gains against those with losses.

The results: The transfer is more comprehensive and the new portfolio is closer to its target than it would have been without our tax-smart methodology. Legacy holdings are continually monitored, ensuring opportunities to transition more without incurring gains are identified. Market movements and annual exclusions are leveraged over time to help lower tax costs and improve outcomes.

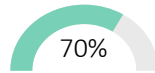
Account Size	Unrealized Gains	Tax Bill*	% of Portfolio Transitioned	Tracking error
\$500,000	\$100,000	\$0	 20%	+/- 3%

PATH 3

“Make a budget, optimize it.”

Often, it’s the middle road that’s the preferred path. Assume our investor is eager to reposition as much of their portfolio as possible, but is also concerned about the tax consequences. With a tax-smart transition, they’re able to set a percentage of the portfolio they’d like to transfer, or they can define a ceiling for their tax cost. Let’s say it’s \$10,000. As with the second path, our approach and technology enable an advisor to dynamically analyze gains against losses while adhering to the investor’s tax budget.

The results: The tax-smart transfer to a new portfolio is optimized for that budget and has saved \$19,470. Again, our technology continually assesses the portfolio to take advantage of market movements and annual exclusions.

Account Size	Unrealized Gains	Tax Bill*	% of Portfolio Transitioned	Tracking error
\$500,000	\$100,000	\$10,000	 70%	+/- 0.6%

With a tax-smart transition, you can minimize taxes and conform to a tax budget when moving to a new portfolio.

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Money in Motion Beyond Tax-Smart Transitions

Holistic tax solutions for every life stage

The same technology that can reduce the cost of portfolio transitions can also reduce the impact of taxes on portfolio management, as well as the costs of withdrawals from your nest egg.



Tax-smart portfolio management – Keep more of what your portfolio earns by reducing the ongoing impact of capital gains taxes.

Tax-smart withdrawals – Make your withdrawals tax-smart when it's time to draw on your investments to fund retirement income or other purchases.

Tax-smart investing is a proven way to enhance investment outcomes across all market cycles, rate environments, and investor life stages. Consider tax-smart investing if you:

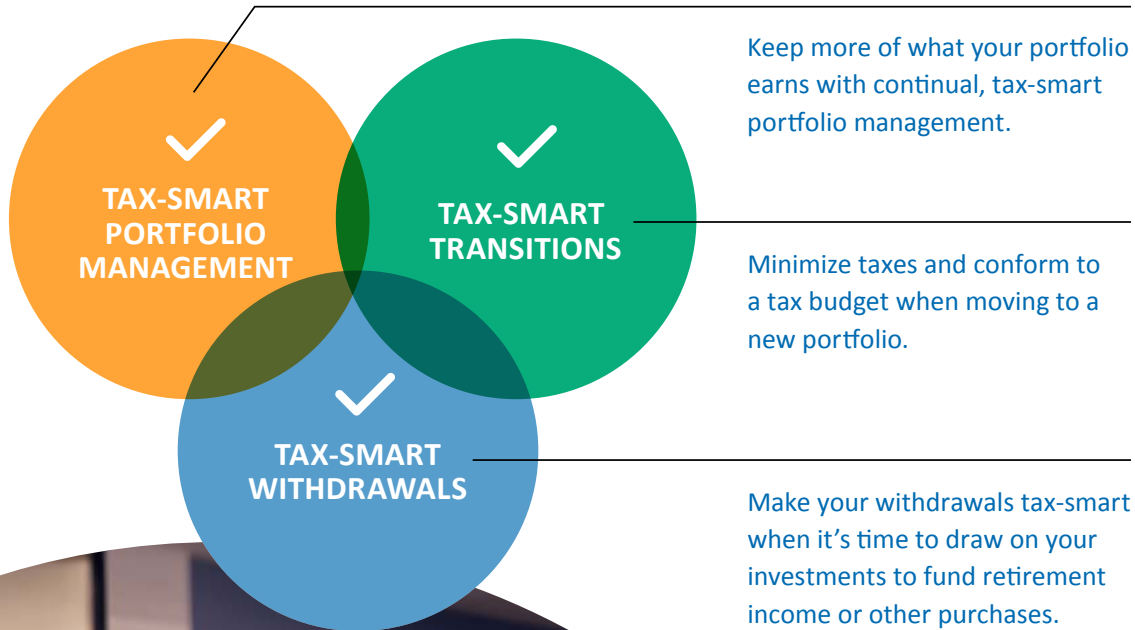
- Invest in taxable accounts greater than \$50,000
- Own investments that have gone up in value
- Are in a high tax bracket or want to reduce the impact of investment taxes
- Will need to eventually make withdrawals from your portfolio



Our Technology Powers Money in Motion at Every Phase Beyond Tax-Smart Transitions

A holistic approach to tax-smart wealth

Tax-smart technology is provided by 55ip, an industry-leading provider of sophisticated, user-friendly investment technology.



Talk to your WealthPlan Group financial advisor on how a holistic, tax-smart strategy can help you earn more on what you invest—and keep more of what you earn.





Disclosures

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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 the intended results. 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 for illustrative purposes only 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.

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
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Breaking Down Barriers
to Financial Progress