

Coach's Corner

Our latest commentary to help you elevate the success of your practice

Disclosure

The views expressed in these posts are those of the authors and are current only through the date stated. These views are subject to change at any time based upon market or other conditions, and Eaton Vance disclaims any responsibility to update such views. These views may not be relied upon as investment advice and, because investment decisions for Eaton Vance are based on many factors, may not be relied upon as an indication of trading intent on behalf of any Eaton Vance fund. The discussion herein is general in nature and is provided for informational purposes only. There is no guarantee as to its accuracy or completeness. Past performance is no guarantee of future results.

[After-Tax Advisor](#)

[Help Turn Client Losses into Gains](#)

By: Holly Swan | December 7, 2023

No one likes to hear the word "loss" when discussing their investment portfolio. Many advisors have expressed concerns that prospective clients stop listening as soon as they mention the words "tax loss." How can you explain the concept of tax-loss harvesting to prospective clients in a way that will help them see the benefits?*

It helps to keep your explanation simple by using two hypothetical stocks: ABC and XYZ—both are similar in industry, outlook and liquidity. Neither pays a dividend, and because their primary difference is share price, they tend to move similarly over time.

Now, imagine a tax-aware investor who invests \$10,000 at the start of the year to buy 100 shares of ABC stock. They notice at midyear that both ABC and XYZ have experienced comparable price drops. Upon selling the original positions in ABC, the investor captured a \$3,000 tax loss and then immediately reinvested the proceeds in XYZ stock.

At year-end, the investor's shares of XYZ rebounded and are valued at \$12,500—a 25% pretax return. They can now use the \$3,000 tax loss from selling ABC shares to offset gains elsewhere in their portfolio.

The After-Tax Advisor[®] helps provide perspective when it comes to helping clients think of "tax losses" as a discount from the IRS that can offset the impact of capital gains taxes.

Bottom line: Tax-loss harvesting can help turn client losses into wins when framed and used properly.

**Tax-loss harvesting transactions aren't beneficial in a retirement account because the losses generated in a tax-deferred account cannot be deducted.*

The Firm does not provide tax advice. The tax information contained herein is general and is not exhaustive by nature. Tax laws are complex and subject to change. Investors should always consult their own legal or tax professional for information concerning their individual situation.

Related Content

[VIDEO: Year-Round Tax Planning, Simplified](#)



Holly Swan
Executive Director
Advisor Institute

"How can you explain the concept of tax-loss harvesting to prospective clients in a way that will help them to see the benefits?"



To report a website vulnerability, please go to [Responsible Disclosure](#).

Eaton Vance is part of Morgan Stanley Investment Management, the asset management division of Morgan Stanley.

For USA PATRIOT Act Disclosure Notice please click [here](#).

 This image indicates content designed specifically for Financial Advisors / Investment Professionals. This material is not to be used with the public.

Before investing in any Eaton Vance, Calvert or Morgan Stanley Investment Management Inc.-advised fund, prospective investors should consider carefully the investment objective(s), risks, and charges and expenses. Read the prospectus carefully before you invest or send money. For **open-end mutual funds**, the current prospectus contains this and other information. To obtain an **open-end mutual fund** prospectus or summary prospectus and the most recent annual and semiannual shareholder reports, contact your financial advisor or [download a copy here](#). For **closed-end funds**, you should contact your financial advisor. To obtain the most recent annual and semi-annual shareholder report for a closed-end fund contact your financial advisor or [download a copy here](#). To obtain an **exchange-traded fund**, ("ETF") prospectus or summary prospectus, contact your financial advisor or [download a copy here](#).

Before purchasing any **variable product**, consider the objectives, risks, charges, and expenses associated with the underlying investment option(s) and those of the product itself. For a prospectus containing this and other information, contact your investment or insurance professional. Read the prospectus carefully before investing.

NOT FDIC INSURED | OFFER NO BANK GUARANTEE | MAY LOSE VALUE | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY | NOT A DEPOSIT

Eaton Vance does not provide tax or legal advice. Prospective investors should consult with a tax or legal advisor before making any investment decision. The information on this Web page is for U.S. residents only and does not constitute an offer to sell, or a solicitation of an offer to purchase, securities in any jurisdiction to any person to whom it is not lawful to make such an offer.

© Eaton Vance Management. All rights reserved.

Eaton Vance open-end mutual funds are offered through Eaton Vance Distributors, Inc. One Post Office Square, Boston, MA 02110. Member [FINRA](#) / [SIPC](#). Exchange-traded funds are distributed by Foreside Fund Services, LLC.