

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](#)

[Start 2024 Strong by Being an After-Tax Advisor](#)

By: Holly Swan | January 8, 2024

A financial advisor's success in today's highly competitive market is dependent on high-touch, personalized services that make wealthy investors' goals more attainable. The three tenets of The After-Tax Advisor are a guide to deliver the added planning value your clients are looking for to achieve their financial goals.

Tenet 1: Taxes can be a client's easiest "investment fee" to reduce.

Tax rates are far higher than advisory fees. Working with an After-Tax Advisor can therefore lower clients' taxes and help you to demonstrate the value of the fees you charge. January is a great time to quantify the tax fees you helped clients avoid with tax-efficient strategies over the last year and discuss additional tax-forward strategies that could be used in the coming year.

Consider asking: *What do you think detracts more from investment performance: Fees or taxes?*

Tenet 2: Asset location can be as important as asset allocation.

While *what* you invest in will determine your pre-tax return, *where* you hold those investments will determine your after-tax return. Highly-taxed forms of investment income may be better suited where they won't be taxed, as in a Roth or traditional retirement plan. Investment income that is subject to little or no tax may be better suited for a fully taxable brokerage accounts.

Long-term capital gains are a special category. Gains that are distributed annually, as in a 40-Act mutual fund, may be best located in a tax-deferred retirement account. On the other hand, gains that can be timed and offset with realized losses may be better suited for a fully taxable account where they can enjoy the offset.

Consider asking: *Do you make use of both tax-exempt and tax-deferred accounts? How do you invest inside them?*

Tenet 3: Uncle Sam can be a coach, not simply a referee.

Coaches instruct players on how to apply the rules to win the game, while referees enforce the rules and penalize players who don't follow them. Appreciating Uncle Sam as a coach requires recognizing the tax code for what it is: a set of rules designed to encourage some behaviors and discourage others.

Being an After-Tax Advisor requires understanding the tax consequences of investment decisions and thinking in terms of after-tax returns. Consider using tools like systematic tax-loss harvesting* and charitable giving with appreciated securities to help your clients benefit from Uncle Sam's rules.

Consider asking: *Are you charitably inclined? How much to you give to charity each year? In what form?*

Bottom Line: The three tenets of The After-Tax Advisor can help you set yourself apart from the competition with tax-forward strategies that

improve your clients' after-tax returns.

**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

[RESOURCE: The After-Tax Advisor® Webpage](#)



Holly Swan
Executive Director
Advisor Institute

"The three tenets of The After-Tax Advisor are a guide to deliver the added planning value your clients are looking for to achieve their financial goals."



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.