Eaton Vance PARAMETRIC™

Eaton Vance Parametric Concentrated Stock Position Calculator

TAX FORWARD 365®

Your investment decisions. Your tax consequences.

Making smart investment decisions requires understanding the resulting tax consequences, which vary based on your income level, where in the U.S. you live and the type of investment return.

How should I deal with concentrated stock positions?

Many successful investors hold portfolios that are too heavily concentrated in a single stock. Sometimes the stock that dominates a portfolio is that of a current or former employer. In other cases, the oversized holding was acquired through a merger or acquisition. Or the stock may have achieved its dominant position simply by outperforming other holdings over time.

Whatever the background, investors with concentrated stock positions face the risk that a change in the fortunes of a single company could jeopardize their financial well-being. Lehman Brothers, Enron and other prominent failures of recent decades remind investors that no company, no matter how strong or well-positioned it may seem, is immune from risk. Most financial advisors therefore recommend that clients restrict single-stock positions to prudent limits, typically not more than 10% of portfolio value.

For taxpaying investors, the biggest impediment to diversifying low-cost stock is often capital gains taxes. Selling low-cost stock from a taxable account involves a tradeoff between the known upfront tax and transaction costs and the uncertain future benefits of risk reduction. For many investors, capital gains taxes (including state and local taxes) of up to 37% of the value of their investment may seem too high a price to pay for diversification.

There are ways other than a taxable sale of stock by which you can address the risk of concentrated stock positions. In evaluating your options, you may want to consider the information below.

Concentrated Stock Position Calculator

First, let's calculate the total amount of capital gains taxes you would pay if you sold your stock position today.

YOUR ANNUAL TAXABLE INCOME[A]

$0

☐ OR Maximum tax rates for where you live

YOUR TAX FILING STATUS[B]

Married Filing Jointly

YOUR RESIDENCE

--Select--

PRICE PER SHARE

$0.00

Max: $200,000.00

NUMBER OF SHARES

0

Max: 2,000,000

COST BASIS PER SHARE

$0.00

Max: $1,000.00

The current market value of your stock position is **0.0**.

Based on your income level and where you live, your combined federal, state and local long-term capital gains tax rate[1] is .

IF YOU LIQUIDATED[2] YOUR STOCK POSITION TODAY, YOU WOULD PAY

0.0

IN CAPITAL GAINS TAXES.

TO RECOVER THE AMOUNT OF TAXES PAID, YOU WOULD NEED TO REALIZE A RETURN OF

0.0

TO GET BACK TO WHERE YOU STARTED.

DO YOU PLAN TO HOLD THE REPLACEMENT INVESTMENTS UNTIL YOU DIE?

YES NO

YEARS YOU EXPECT TO HOLD BEFORE SELLING

Years

Max: 55

ESTIMATED ANNUAL RETURNS OF YOUR PORTFOLIO

0 %

Max: 20%

If you liquidate your concentrated stock position today, pay capital gains taxes and reinvest your net proceeds into a replacement portfolio:[3]

IF YOU ACHIEVE YOUR ESTIMATED RATE OF ANNUAL RETURN FOR 0 YEARS, YOUR PORTFOLIO VALUE AT THE END OF YOUR HOLDING PERIOD WOULD BE

0.0

IF YOU THEN LIQUIDATE[2, 3] AND PAY CAPITAL GAINS TAXES AT THE RATES THAT NOW APPLY TO YOU, YOUR NET PROCEEDS WOULD BE

0.0

OR

If you could diversify your concentrated stock position today without incurring capital gains taxes:[4]

IF YOU ACHIEVE YOUR ESTIMATED RATE OF ANNUAL RETURN FOR 0 YEARS, YOUR PORTFOLIO VALUE AT THE END OF YOUR HOLDING PERIOD WOULD BE

0.0

IF YOU THEN LIQUIDATE[2, 4] AND PAY CAPITAL GAINS TAXES AT THE RATES THAT NOW APPLY TO YOU, YOUR NET PROCEEDS WOULD BE

0.0

That’s a difference of $1,296,796.

Diversifying your concentrated stock position on a tax-deferred basis would enable you to increase the net liquidation proceeds at the end of your holding period by XX.XX%.

Parametric and Eaton Vance are positioned to help advisors address the most significant issues facing their leading clients. Learn more about our wealth strategies for concentrated stock.

Learn More About How Taxes Affect Your Investment Returns

What do I pay in taxes on my investments?

See the tax rates that apply to your investment returns.

CALCULATE YOUR TOTAL TAX RATE

Compare yields on different types of bonds

See how the yields of in-state municipal bonds compare with out-of-state municipals and taxable bonds on a tax-equivalent basis.

CALCULATE YOUR AFTER-TAX YIELD POTENTIAL

How may changes in interest rates affect me?

See how laddered bond portfolios may perform in different interest rate environments.

CALCULATE YOUR RETURN AND TAX ALPHA POTENTIAL

Assess the tax benefits of charitable giving

See the potential savings in income taxes you could realize by donating cash or appreciated securities.

CALCULATE POTENTIAL CHARITABLE TAX TAX BENEFITS

The output of this calculator is for educational purposes only and should not be considered investment, legal or tax advice. It is intended for use by U.S. individual taxpayers resident in the 50 states or the District of Columbia, and is not applicable to trusts, estates, corporations or persons subject to special rules under federal, state or local income tax laws. The indicated capital gains tax treatment applies to positions in securities held outside qualified retirement plans and other tax-deferred or tax-exempt investment vehicles. The output is general in nature and is not intended to serve as the primary or sole basis for investment or tax-planning decisions.

For more individualized information, you should consult your tax advisor or investment professional. You bear sole responsibility for any decisions you make based on the output of this calculator. The calculator makes certain assumptions that may not apply to you. The calculator has many inherent limitations, and individual results may vary.

Indicated tax rates are those in effect as updated September 14, 2023. Indicated rates are the combined net federal, state and local income tax and net investment income (NII) tax rates that apply to an incremental dollar of your long-term capital gains (LTCGs), which may vary from your average tax rate for LTCG. The displayed LTCG tax rates have been rounded to the nearest hundredth of a percent.

Diversification does not assure a profit or prevent against loss.

[A] Taxable income is your annual gross income for federal tax purposes, less adjustments and the federal deductions you claim (standard or itemized).

[B] The "Married Filing Separately" and "Qualifying Widow(er)" filing status are not given as options on this calculator, but may apply to you. Tax rates for qualifying widow(er)s are the same as indicated for “Married Filing Jointly.”

[1] Long-term capital gains (LTCGs) are gains recognized on the taxable disposition of a capital asset held for more than one year. LTCGs are generally subject to federal income tax at rates up to 20% (plus the NII tax that applies – see below); higher LTCG rates apply to collectibles, section 1202 qualified small business stock and section 1250 real property, the effect of which is not shown here. This analysis does not consider the federal alternative minimum tax (AMT) or take into account the deduction for state and local taxes paid (limited to $10,000 annually) that is available if you itemize deductions.

The calculation of your total LTCG tax rate assumes that your taxable income for state tax purposes equals your federal taxable income. Material variations could cause your total LTCG tax rate to be overstated or understated. This analysis ignores the AMT imposed by certain states (CA, CO, CT, IA and MN), the limited deduction for federal income taxes paid that is available in certain states (MO, MT and OR) and the limited itemized deduction for state and local income taxes paid that is available in certain states (AZ, GA, HI, MO and ND). Indicated total LTCG tax rates for AL and IA are net of the deduction for federal taxes paid that are available in those states.

In most states, LTCGs are taxed at the same rates as ordinary investment income. Certain states exclude a portion of LTCG from taxable income: AR (50%); AZ (25%, only for assets acquired after 12/31/11); ND (40%); NM (40%); SC (44%); and WI (30%), the benefits of which are shown. HI applies a maximum rate of 7.25% on LTCGs, the effect of which is shown. WA imposes a tax of 7% on the sale or exchange of LTCG assets if the profits exceed $250,000, the effect of which is not shown. MT provides a non-refundable tax credit of 2% for net capital gains, the benefit of which is shown. For KS residents, LTCGs are not subject to local income tax where applicable, the benefit of which is shown. Net LTCGs in excess of $10 million are excluded from AR taxable income, net LTCGs of up to $5,000 annually are excluded from VT taxable income and net capital gains of up to $1,000 annually are excluded from NM taxable income, the benefits of which are not shown. LA and OK exclude from taxable income all or a portion of LTCGs realized on sales of stock of in-state companies held for multiple years and certain other states provide favorable treatment of limited categories of LTCGs, the benefits of which are not shown.

The indicated total LTCG tax rate includes local income taxes imposed by certain cities, counties and other local jurisdictions in IN, IA, KS, MD, MI, NY, OH and OR on investment income and gains, in IA calculated net of the IA deduction for federal taxes paid. For OR residents living in Clackamas, Multnomah or Washington County, indicated local income tax rates include the 1.0% Metro Supportive Housing (SHS) personal income tax on taxable income of more than $125,000 for single filers and more than $200,000 for married filing jointly and head of household filers that applies to residents living in the Portland Metro District. County residents who live outside the Portland Metro District are not subject to the SHS personal income tax. Local income taxes that do not apply to LTCGs are not included.

The indicated total LTCG tax rate includes the 3.8% Net Investment Income (NII) federal tax that applies to individuals, estates and trusts with modified adjusted gross income (MAGI) above applicable threshold amounts ($200,000 for single and head of household; $250,000 for married filing jointly). NII generally includes gross income from taxable interest, dividends, annuities, royalties and rents (unless derived from a trade or business that isn't a passive activity or trading business) and net gains on assets generating NII, net of allowable expenses. For the purposes of this calculator, your MAGI is assumed to equal your taxable income.

[2] Liquidation values shown in this analysis do not reflect the impact of commissions and other selling costs you may incur, which would lower the net sale proceeds and amounts available for reinvestment.

[3] If you sell your concentrated stock position, pay capital gains taxes on the amount of realized gain and then reinvest the after-tax proceeds in a replacement portfolio, your newly acquired positions will have a cost basis equal to the reinvestment amount, which cost basis is used in calculating the net liquidation proceeds to you of selling your portfolio investments at the end of your expected holding period. To simplify the analysis, returns of the replacement portfolio are assumed to consist exclusively of long-term capital gains realized upon liquidation. Taxes paid on current income and gains realized over the holding period of the replacement portfolio would lower your net returns at liquidation.

[4] In the analysis of diversifying your concentrated stock position without recognition of gain, the cost basis of your concentrated stock position is assumed to carry over to the replacement portfolio, which cost basis is used in calculating the net liquidation proceeds to you of selling the replacement portfolio at the end of your expected holding period. To simplify the analysis, returns of the replacement portfolio are assumed to consist exclusively of long-term capital gains realized upon liquidation. Taxes paid on current income and gains realized over the holding period of the replacement portfolio would lower your net returns at liquidation.

[5] Your actuarial life expectancy is assumed to equal the midpoint of the male and female life expectancies as of 2013 (rounded to the nearest whole number of years) for someone your age, based on information available on the Social Security Administration web site.

[6] Upon your death, the tax basis of assets included in your estate will increase or decrease to their fair market value as of the date of death or six months thereafter, eliminating potential income tax liability for previously accrued capital gains. Assets included in your estate not designated for charitable purposes or other permitted exclusions will be subject to federal estate tax at a current rate of 40% to the extent the value of your taxable estate plus the cumulative amount of your non-excluded lifetime gifts exceeds the federal gift and estate tax exemption amount, which is $12.92 million for individuals and $25.84 million for married couples in 2023. Certain states also impose estate taxes. This analysis does not consider federal or state estate taxes.

The information provided above is not intended to reflect the results of any specific Eaton Vance investment offering or investment program. Investors should consult with their investment professional and tax advisor before investing. Past performance is not a guarantee of future results.