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Eaton Vance Tax Education Center

WATCH | Why Taxes Matter

2 minutes

Investors with taxable portfolios face unique challenges. Accountants and estate planning attorneys provide essential support, but clients rely on you to help them manage how taxes affect their portfolios. Over time, tax drag erodes portfolio returns, diminishes disposable income and impacts wealth longevity.

Tax drag refers to the taxes paid on capital gains, interest, and dividends on taxable accounts. You may be surprised to learn that investment taxes can have a larger effect on investment returns than fees or trading costs. Just take a look at the impact tax drag can have over a 20-year period in this hypothetical portfolio: even a tax drag of 1% can reduce the investors after tax return and impact their wealth plans.

Proactive year-round tax management can help improve your client's overall investment outcomes and elevate your practice.

Take a few minutes to explore the Eaton Vance Tax Education Center at EatonVance.com/TaxEdCenter for useful resources to help you meet a variety of tax forward investing needs.

Disclosure



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

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