remi
by Allspring

Why Systematic Tax-Loss Harvesting?

KEY TAKEAWAYS

+ Systematic tax-loss harvesting brings a structured consistency to portfolio tax management with multiple potential benefits.
+ Systematic tax management may enhance investor outcomes by delivering continual optimized tax alpha, helping them repeatedly keep more of what they earn in all market environments.
+ Systematic tax management may effectively help advisors free up time while also helping their clients avoid potentially less effective, inconsistent, and cumbersome "ad hoc" tax-loss harvesting practices.

What is systematic tax-loss harvesting?

Systematic tax-loss harvesting is a structured, consistent, and rules-based approach to portfolio tax management. On a periodic basis, each security contained within an investment portfolio is evaluated with the intent of capturing and optimizing losses to offset gains. The approach delivers a consistent and standardized process for minimizing portfolio taxes and maximizing tax alpha. Because the process is done at the individual security level on a proactive and continual basis, portfolios may retain their intended exposures and risk profile while avoiding potential wash sales.

What are the benefits of systematic tax-loss harvesting?

Structural advantages

There is a consistent discipline inherent in the structure of systematic tax-loss harvesting. When combined with effective technology, the year-round, full-life-cycle process allows for losses to be harvested in a proactive, orderly, and continual manner, all the while keeping the portfolio fully invested. This gives financial intermediaries and their clients a relative advantage when seeking to maintain intended exposures while simultaneously minimizing tax impact and maximizing tax alpha.

Alternatively, taking a subjective "ad hoc" approach to tax management tends to be inconsistent with greater focus on year-end harvesting.

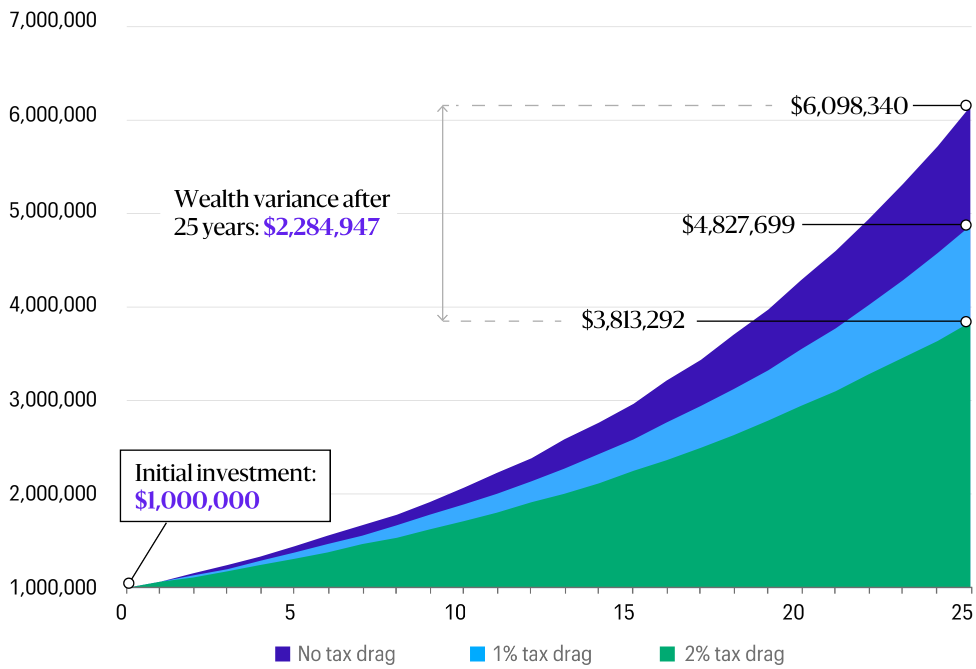
Investor experience

Separately managed accounts (SMAs) that use systematic tax-loss harvesting can offer multiple options to personalize portfolios while also delivering a more robust tax management experience when compared with other investment offerings. This is due in part to the investor having direct ownership of the underlying securities in their portfolio—where capturing losses is taking place continually at the individual security level. Because of this, broad market performance becomes less relevant than it would with an exchange-traded fund or mutual fund where the fund itself would need to have negative performance in order to capture a loss. In other words, SMAs that can systematically tax-loss harvest have the advantage of continually capturing losses in any market environment, even in up markets.

Efficiencies and scale

The demands on financial intermediaries and advisors are many. They are typically involved with all or some combination of client retirement, estate, inheritance, and health/long-term-care planning in addition to investment and tax planning. When done on an inconsistent and disorderly basis, tax management, and particularly tax-loss harvesting, tends to be an arduous, cumbersome, and time-consuming exercise for both the advisor and their clients. Systematic tax-loss harvesting may provide an ideal solution for advisors seeking to optimize their tax management capabilities while also freeing up time to build deeper client relationships and grow and scale their business.

HYPOTHETICAL GROWTH OF A $1M 60/40 PORTFOLIO OVER 25 YEARS AT 7.5% PER YEAR



The hypothetical data is not maintained as an actual portfolio. Hypothetical data does not represent actual performance and should not be interpreted as an indication of such. This data is based on knowledge that was available after the fact and thus with the benefit of hindsight. Index returns reflect general market results; do not reflect actual portfolio returns or the experience of any investor; and do not reflect the impact of any fees, expenses, or taxes applicable to an actual investment. Any unauthorized review, use, disclosure, or distribution is prohibited. You cannot invest directly in an index. Hypothetical and past performance is no guarantee of future results.

Source: Allspring.

Interested in putting systematic tax management to work for you and your clients? Meet Remi.

Remi is Allspring's intelligent solution for personalizing SMA portfolios, powered by technology, research, human insights, and systematic tax management. Remi combines Allspring's proven investment expertise with powerful and proprietary technology to deliver truly tailor-made, tax-optimized, and cost-effective multi-asset portfolio solutions.

Investors may choose from multiple investment options with Remi, including direct index portfolios. If you are seeking to build a systematic tax-efficient investment portfolio, Remi delivers.

For further information

We want to help clients build for successful outcomes, defend portfolios against uncertainty, and create long-term financial well-being. To learn more, investment professionals can contact us:

www.allspringglobal.com/remi

Unlocking smart outcomes

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