



With year-end upon us, is tax management top of mind? Put a strategy in place that works for your clients all year long to capture the full potential of tax management. (UBS)

Is tax management top of mind?

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The end of the year is upon us. Many Financial Advisors are focused on helping their clients offset the impact of taxes in their investment accounts via tax management.

When we say “tax management” we’re referring to techniques leveraged in taxable investment accounts to help improve after-tax returns, specifically tax-loss harvesting and gain deferral.

There are a couple of ways to implement tax management:

- You can do it yourself: either by submitting a tax-loss harvest request in an advisory SMA or implementing it directly in a PMP or brokerage. There are a number of helpful articles from CIO on best practices for tax-loss harvesting.
- Alternatively, you can outsource the complexity of tax management to a professional manager to tackle tax management for your clients.

Why consider outsourcing the complexity of tax management?

We know that tax management is under-utilized, and most Financial Advisors begin tax-loss harvesting in Q4 as we approach year-end. On the other hand, UBS Asset Management’s dedicated tax management team reported that 84% of their tax-loss harvesting activity occurred in first 6 months of 2023. **This means many clients are likely missing out on tax management opportunities available throughout the year.**

Keep in mind: if tax management is done right, it can potentially help improve your client’s after-tax return. To provide a frame of reference, UBS AM strives to deliver an additional 200-500 basis points of performance on an after-tax basis each year—but it does so by taking a diligent, year-round approach. Consistency is the key to tax management. Don’t leave after-tax performance on the table for your clients.

Additionally, tax management shouldn't just be about tax-loss harvesting. Active capital gain deferral is an important component of a tax management strategy; however, this is more complex and can typically only be delivered by a professional team with a robust risk management tool.

Finding the upside of downside

In periods of volatility, performance can obviously be a challenge. But when it comes to tax management, volatility is your friend as it creates unrealized losses which can then be harvested. The proceeds from harvesting those losses can be redeployed to keep market exposure in a client's account.

So, at least in years where pre-tax performance is challenged, tax management seeks to help balance a client's overall after-tax return by capitalizing on losses to reduce the impact of taxes.

Personalized Tax Management... Did you know?

- 50% of Financial Advisors employ UBS AM's Personalized Tax Management ("PTM") solution (as of 11/30/23).
- UBS AM is the #1 provider of tax management solutions for UBS Wealth Management clients, with over \$20 billion in tax-managed assets (as of 11/30/23).
- UBS AM offers PTM on over 30 different passive AND active strategies.
- PTM is truly 'personalized' to each client—it can take into account client specific tax rates and any external gains and losses they may have.
- UBS AM recently launched the AM SMA hub (you can find by visiting [goto/AMSMAHub](#)), which generates custom prospect reports and client reporting to highlight the benefits of PTM.
- PTM can also assist in delivering optimal tax management around charitable giving.
- Lastly, but importantly, PTM is a powerful tool for transitioning outside assets into the firm. It can help you move a PMP book to advisory, put brokerage assets to work or even transition out of concentrated positions with large embedded gains.

While tax management may be top of mind right now, we recommend employing a strategy that works for you and your clients all year long to capture the full potential of tax management. Consider outsourcing the complexity of tax management to UBS Asset Management.

To put Personalized Tax Management to work for your clients, please reach out to your UBS Asset Management Regional Sales Director or the National Sales Desk at 888-793 8637. [Visit goto/PTM](#) to find related materials.

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