

## Liberty now has model-level tax harvesting



### *An effective way to help clients reduce taxable income*

Liberty gives you and your clients a high level of control over the tax management of taxable portfolios.

Through a feature in Liberty known as tax harvesting, you can help clients minimize their annual capital gains tax liability by the selective realization of gains and losses in their taxable accounts. You can also help clients realize losses in their accounts to offset gains from other investments, or even other taxable income.

Studies show that tax harvesting can add, on average, 1% of after-tax performance to a portfolio a year.\* While an investor's actual results will depend on a host of factors from market conditions to the investor's tax rates and trading costs, a 1% per year after-tax performance boost is a significant benefit.

### Liberty now enables model-level tax harvesting

We've enhanced the tax harvesting feature to make tax planning easier and more efficient than ever before. Previously, you could employ tax harvesting at the individual investment level within accounts. Now, you can perform tax harvesting at the model level as well.

We have added the ability to employ tax harvesting at the model level for harvesting losses and are currently developing similar capabilities to also harvest gains. Stay tuned for a future announcement on that functionality.

Model-level tax harvesting allows you to view a comprehensive tax harvesting dashboard where you have all you need to make informed tax-sensitive trade decisions for a particular model.

- You can view gain/loss information for taxable accounts assigned to the selected model.
- You can view gain/loss information for the securities held in a selected model.
- You can view tax harvesting data at the account level or the security level.
- You can filter, view, and select taxable accounts within a given model to participate in a tax harvesting event.

Utilizing the tax harvesting feature in Liberty, you can easily run and analyze different scenarios to determine the tax harvesting strategy that works best for a specific model.

Liberty provides multiple tax harvesting methods for creating the desired trades. These include:

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- **Maximize losses.** This method takes all available short-term and long-term losses for the selected taxable accounts.
- **Short-term losses only.** This method takes all available short-term losses for the selected taxable accounts.
- **Long-term losses only.** This method takes all available long-term losses for the selected taxable accounts.

The tax harvesting feature is available in Liberty at no additional cost with no additional paperwork. Don't overlook this effective way to provide your clients with significant value and clearly differentiate yourself from the competition.

To activate the model-level tax harvesting functionality, or if you have any questions about the tax harvesting feature in Liberty, please contact your Client Service Advocate.

*\*Source: An Empirical Evaluation of Tax-Loss Harvesting Alpha by Shomesh Chaudhuri, Terence Burnham and Andrew Lo, January 26, 2020. ([https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3351382](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3351382))*

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