

Transition Service For Taxable Accounts

Unlocking Taxable Client Accounts

Whether it's the addition of new client assets or changes to existing strategies or managers, migrating taxable client portfolios is a part of your business today. Effectively minimizing the tax liability while managing the portfolio risk is an important element of the value you provide clients.

Bull markets can add embedded gains to taxable accounts. Harvesting available losses and netting them against positions with gains is a common tax management first step. However, after the initial netting process, these transitional accounts often still hold sizable embedded gains. Completing the transition could create extensive tax liability for your client.

There's a better way forward... an engineered process we call the Adhesion's Taxable Account Transition Service.

Adhesion's Taxable Account Transition Service is a **tax-efficient transition** into the target portfolio, while at the same time **preserving the target risk profile**.

Adhesion's Taxable Account Transition Service

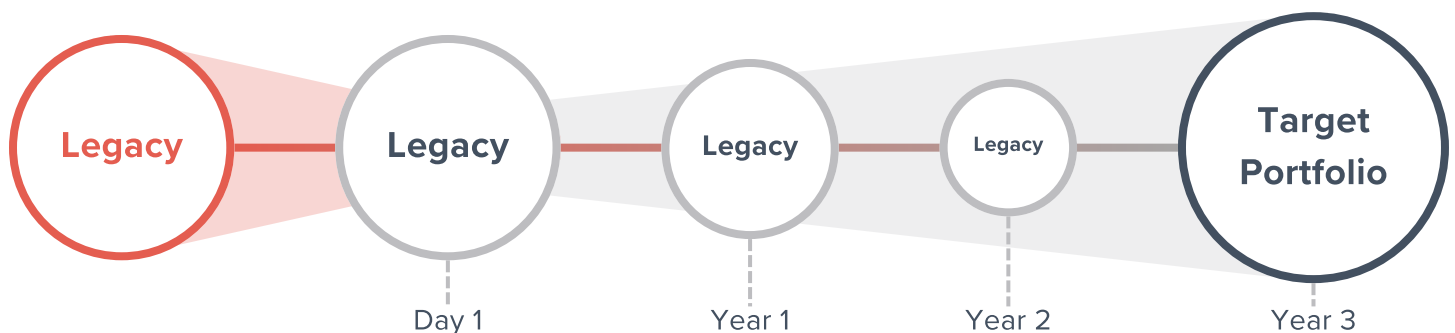
This service can be an effective mechanism for unlocking assets and client relationships jeopardized due to tax liabilities from a straight transition. Our engineered process constructs a custom transition program for each client's account — implementing a phased, tax-budgeted transition around a direct-invested index customized to achieve the target risk profile for each account.

This service gives clients a clearly communicated process that demonstrates the Advisor's added value through planning, tax budgeting, risk profiling, and progress reporting.

Spread The Tax, Manage The Risk

An Adhesion Taxable Account Transition is a phased transition that spreads the capital gains tax liabilities in amounts and over a time period that are based on the client's gains tax budget. A loss harvesting program is executed within a Customized Tax Transition to work out the legacy positions while maintaining a specified risk profile. At the end of this period, most, if not all, legacy positions have been transitioned into the target portfolio.

Customized Tax Transition Incorporates Legacy Holdings During a Phased Transition



Customized Tax Transition

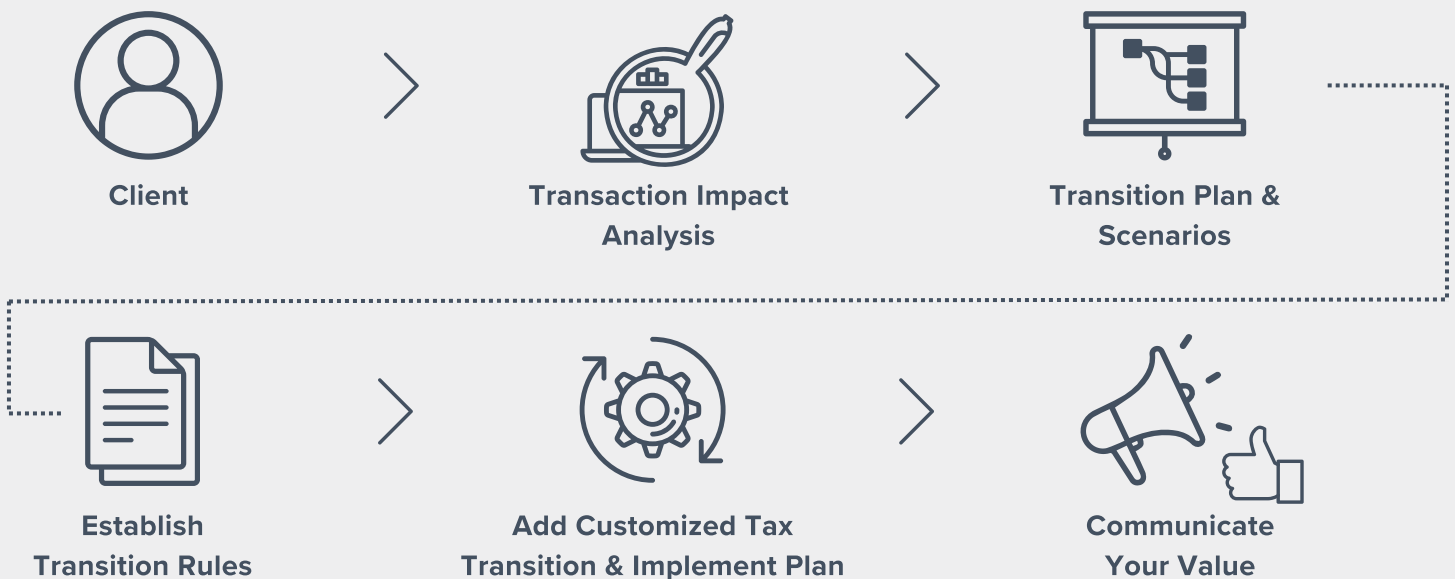
A **customized tax transition** is a direct invested index optimized to track a major market index (e.g., S&P 500® or Russell 3000®) while incorporating the legacy positions for transition. By tracking to this market index, advisors can model the client's total portfolio around this component of known size and risk.

Within the customized tax transition, clients own individual equity holdings in a separate account structure. This allows losses to be harvested opportunistically and passed through to offset gains.

As legacy positions are liquidated, the remaining customized holdings are re-optimized to maintain acceptable tracking to the index.

Customized tax transition is optimized for each client to deliver a portfolio component of defined risk and return while effecting the liquidation of legacy positions.

A Customized, Client-Centric Process



Learn More

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Investing involves risk, including the possible loss of principal. Past performance does not guarantee future results. UMAs are not suitable for all investors and should be evaluated for suitability by financial professionals prior to investing.

For more complete information about the various investment solutions available, including the investment objectives, risks, and fees, please refer to the Disclosure Brochure. Please read it carefully before investing. For a copy, please contact Adhesion.

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