

[Your Name/Firm Name]

[Your Address]

[City, State, Zip Code]

[Phone Number]

[Email Address]

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

Re: Proposal for Tax-Advantaged Asset Apportionment

Dear [Client Name],

Following our recent review of your financial portfolio, I am submitting this proposal to optimize your asset apportionment. The objective of this strategy is to increase your after-tax net worth by strategically locating specific asset classes within tax-advantaged accounts.

Current Portfolio Overview:

Based on our analysis, a significant portion of your tax-inefficient assets is currently held in taxable brokerage accounts. This results in unnecessary annual tax liabilities on interest, non-qualified dividends, and short-term capital gains.

Proposed Apportionment Strategy:

- **Tax-Deferred Accounts (401k/IRA):** We propose shifting high-yield bonds, REITs, and actively managed funds into these accounts to defer taxes on ordinary income distributions.
- **Tax-Exempt Accounts (Roth IRA/401k):** We recommend allocating assets with the highest growth potential here to ensure future appreciation and withdrawals are entirely tax-free.
- **Taxable Brokerage Accounts:** We suggest limiting these accounts to tax-efficient vehicles such as Index ETFs, municipal bonds, and long-term buy-and-hold equities to benefit from lower capital gains rates.

Anticipated Benefits:

By implementing this "Tax-Aware Location" strategy, we aim to reduce your current "tax drag," thereby increasing the compounding effect of your investments over time without changing your overall risk profile.

Next Steps:

I have attached a detailed breakdown of the specific trades and transfers required to achieve this alignment. Please review the attached schedule, and let me know if you have any questions before we proceed with the rebalancing.

Sincerely,

[Your Signature]

[Your Printed Name]

[Your Title/Designation]