FRAME
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THE HIGH-NET-WORTH GUIDE TO TAX-EFFICIENT INVESTING

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Wealthy investors face a unique challenge — it's not just what you earn, but what you keep. Taxes can quietly erode returns if investments aren't structured strategically. This guide walks through how high-net-worth investors can potentially grow and preserve wealth with sophisticated investing — after taxes. At Frame Wealth Partners, we specialize in helping affluent families reduce tax drag, manage portfolio efficiency, and integrate investments with long-term planning goals.

1 Focusing Only on Pre-Tax Returns

Why it happens: Investors chase performance headlines without considering what's left after taxes.

Reality: A 10% mutual fund return can shrink to 6% after taxes if it's not in the right account. Over time, that difference compounds dramatically.

Hypothetical Example: An investor holds a high-turnover fund in a taxable account, paying 35% in capital gains taxes annually. Meanwhile, a peer with the same investment inside a tax-deferred IRA doubles long-term returns simply by minimizing annual taxes.

Frame's Insight: We focus on after-tax growth by selecting low-turnover funds, tax-efficient ETFs, and managing asset location to mitigate taxable distributions.

💡 Want to see your portfolio's real return after taxes? Let's analyze it together.

2 Ignoring Asset Location

Why it happens: Many investors know what to invest in but not where to hold it. They treat all accounts as the same.

Reality: Certain investments—like bonds, REITs, or high-yield funds—produce income taxed at higher rates. Holding them in taxable accounts creates unnecessary tax drag.

Hypothetical Example: A high-net-worth investor keeps taxable bond funds in a brokerage account while holding municipal bonds inside an IRA—the reverse of what's optimal—losing thousands per year in avoidable taxes.

Frame's Insight: We place tax-inefficient assets inside IRAs or 401(k)s and keep tax-efficient equities or ETFs in taxable accounts, seeking to maximize compounding and minimize tax impact.

💡 Let's build your tax-efficient asset map.

3 Overtrading and Triggering Capital Gains

Why it happens: Investors think active trading leads to higher returns, often driven by emotion or short-term news.

Reality: Every unnecessary trade can trigger short-term capital gains, taxed at nearly double the rate of long-term gains. The more you trade, the more you pay.

Hypothetical Example: A tech investor who frequently bought and sold stocks realized that while portfolio gains were strong, taxes consumed over 40% of profits annually. The same holdings held long-term would have saved tens of thousands in taxes.

Frame's Insight: We build disciplined, long-term portfolios to avoid tax churn, focusing on sustainable returns and minimizing turnover that eats into profits.

💡 Let's review your trading strategy and reduce tax drag.

4 Neglecting Tax-Loss Harvesting

Why it happens: Investors avoid selling losing positions due to pride or fear of admitting mistakes.

Reality: Strategic loss harvesting turns market downturns into opportunities—realized losses can offset gains elsewhere and even reduce ordinary income taxes.

Hypothetical Example: An investor hesitated to sell a losing position, missing a $20,000 deduction that could have offset capital gains elsewhere. A disciplined harvesting plan could have reduced their tax bill by nearly $7,000.

Frame's Insight: We apply proactive tax-loss harvesting throughout the year, ensuring volatility becomes an advantage rather than a liability.

💡 Let's use market dips to your advantage.

5 Ignoring Tax-Efficient Charitable Giving

Why it happens: Affluent families give generously but often donate cash instead of appreciated assets.

Reality: Donating appreciated stock eliminates capital gains taxes and offers full market-value deductions. Donor-advised funds (DAFs) enhance flexibility and impact.

Hypothetical Example: A family donates $100,000 in cash each year but could have donated highly appreciated stock, avoiding $25,000 in capital gains and receiving the same deduction.

Frame's Insight: We help clients create giving strategies using DAFs, charitable remainder trusts, or direct stock donations—maximizing generosity while seeking to minimize taxes.

💡 Want to amplify your impact and lower taxes? Let's explore tax-smart giving.

6 Overlooking Tax-Deferred and Tax-Free Accounts

Why it happens: Many high earners assume retirement accounts don't apply to them because of income limits or complexity.

Reality: Even for ultra-high-net-worth investors, tools like backdoor Roth IRAs, deferred comp plans, or insurance-based strategies can grow wealth tax-free or tax-deferred.

Hypothetical Example: A physician earning $800,000 ignored retirement accounts for years, thinking they didn't qualify. By implementing a defined benefit plan and backdoor Roth IRA, they saved over $100,000 annually in taxes.

Frame's Insight: We layer tax-deferred, tax-free, and taxable accounts into an integrated system, giving every dollar a job that supports long-term compounding and liquidity.

💡 Let's uncover your hidden tax-efficient growth opportunities.

7 Forgetting About Estate and Legacy Taxes

Why it happens: Wealthy investors focus on growing assets but overlook how taxes impact what their heirs inherit.

Reality: Without proper estate planning, federal estate taxes and capital gains can erode up to 40% of wealth at death.

Hypothetical Example: A couple with $25 million in assets failed to implement gifting or trust strategies, costing their heirs over $5 million in unnecessary estate taxes.

Frame's Insight: We coordinate with estate attorneys to implement gifting, trust, and step-up basis strategies—preserving your legacy for generations to come.

💡 Let's align your investments with your legacy plan.

8 Going It Alone Without a Tax-Focused Advisor

Why it happens: High-net-worth investors often rely solely on their CPA or portfolio manager—assuming tax efficiency is automatically handled.

Reality: CPAs file taxes; they don't design portfolios. Without integration between financial, tax, and estate planning, opportunities slip away every year.

Hypothetical Example: An investor relied only on a tax preparer, missing Roth conversions and loss harvesting opportunities that could have saved six figures over a decade.

Frame's Insight: At Frame, we act as your integrated wealth and tax strategist—bridging the gap between your investment plan and your tax return.

💡 Let's coordinate your investment and tax strategy so nothing falls through the cracks.

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Key Takeaways

- Focus on after-tax returns, not just pre-tax growth.
- Analyze where your assets are held — asset location matters.
- Reduce unnecessary trading and short-term gains.
- Harvest losses strategically to offset taxable gains.
- Give smarter using appreciated assets and donor-advised funds.
- Use every available tax-advantaged account for compounding efficiency.
- Integrate estate planning into your investment strategy.
- Partner with a proactive, tax-smart advisory team.

About Frame Wealth Partners

At Frame Wealth Partners, we help entrepreneurs, business owners, and families:

- Build tax-efficient investment strategies.
- Create retirement income they won't outlive.
- Protect their wealth across generations.

You've worked hard to build your wealth. Let us help you preserve it — and grow it — with confidence.

Book Your Complimentary Consultation Here

A Roth IRA conversion—sometimes called a backdoor Roth strategy—is a way to contribute to a Roth IRA when income exceeds standard limits. The converted amount is treated as taxable income and may affect your tax bracket. Federal, state, and local taxes may apply. If you're required to take a minimum distribution in the year of conversion, it must be completed before converting. To qualify for tax-free withdrawals, you must generally be age 59½ and hold the converted funds in the Roth IRA for at least five years. Each conversion has its own five-year period, and early withdrawals may be subject to a 10% penalty unless an exception applies. Income limits still apply for future direct Roth IRA contributions. This material is for informational purposes only and does not constitute tax, legal, or investment advice. Please consult a qualified tax professional regarding your individual circumstances.

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