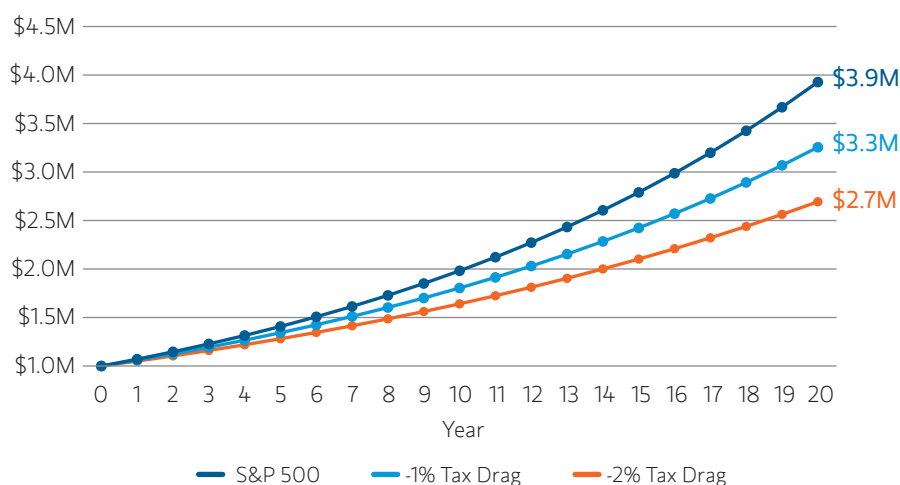


# The Power of Tax Deferral

ADVISOR INSTITUTE | July 2025

Over time, taxes can erode portfolio returns, diminish disposable income and impact wealth longevity. Proactive, ongoing and year-round tax management can help your clients to compound and grow their wealth.

## Example of the Growth of \$1M In Index Returns Over 20 Years



Source: Parametric, Standard & Poor's ("S&P"). Index data is provided for illustrative purposes only, does not reflect the experience of any investor, and should not be relied on for investment decisions.

The above example shows the 7.08% annualized historical return of the S&P 500® Total Return Index for the trailing 20 years ending June 30, 2024. This is compared with reduced annual index returns of 6.08% and 5.08% over the same 20-year period. The reduced index returns are meant to demonstrate the long-term effects of even a small amount of compounded annual return loss due to tax-inefficiency by applying a 1% and 2% illustrative 'tax drag' to the index returns. Actual results may be influenced by more complex factors. It does not reflect the experience of any investor and should not be relied on for investment decisions. All investments are subject to risks, including the risk of loss. It is not possible to invest directly in an index. Indexes are unmanaged and do not reflect the deduction of fees or expenses. See disclosures for additional information.

Withdrawals are taxed as ordinary income. Withdrawals prior to age 59 1/2 are subject to a 10% tax penalty.

## Next Step

Consider which clients in your portfolio might be good candidates for further conversation about a tax-aware investment approach to help defer taxes on their portfolios.

## Key Takeaway

Optimizing taxes in your investment process may help potentially increase portfolio returns, compound tax savings and achieve clients' goals sooner—because it's what clients keep that counts.

The Firm does not provide tax advice. The tax information contained herein is general and is not exhaustive by nature. Tax laws are complex and subject to change. Investors should always consult their own legal or tax professional for information concerning their individual situation.

This material is a general communication, which is not impartial, is for informational and educational purposes only, not a recommendation to purchase or sell specific securities, or to adopt any particular investment strategy. Information does not address financial objectives, situation or specific needs of individual investors.

Eaton Vance is part of Morgan Stanley Investment Management. Morgan Stanley Investment Management is the asset management division of Morgan Stanley.

**NOT FDIC INSURED. OFFER NO BANK GUARANTEE. MAY LOSE VALUE. NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY. NOT A DEPOSIT.**