Make every dollar count: Tax-efficient strategies for investing.

Consider using a tax-advantaged vehicle for high-turnover and frequently rebalanced investments.

Some assets are more tax-efficient than others. For example, municipal bonds are known for their tax efficiency because the interest income is exempt from federal income tax, while actively managed mutual funds may incur both capital gains and ordinary income taxes, making them less tax efficient. Understanding the tax implications of different investments can help investors optimize their portfolios for better after-tax returns.

High-turnover investments and those subject to frequent rebalancing may lead to significant tax consequences. Actively managed and regularly rebalanced funds with high turnover rates may generate frequent short term capital gains which are taxed at higher rates than long-term capital gains. This could increase tax liabilities, in nonqualified accounts (those that do not benefit from tax advantages reserved for retirement savings such as an IRA or a 401k) particularly for investors in higher tax brackets.

The relative tax efficiencies of these assets are generalizations and are not universally accurate. Each investment should be considered individually for the benefit of being held in a taxable or tax-deferred account.

[1] For example, mortgage bond funds, corporate bond funds, floating rate bond funds, emerging markets bond funds.

Potential tax impacts for nonqualified accounts:

TAX DRAG ON RETURNS:

- High turnover or regular rebalancing can trigger capital gains taxes
- Short-term capital gains are taxed at higher rates

OPPORTUNITY COST:

- Paying taxes reduces future growth potential
- Money used for tax payments could have remained invested

SUBOPTIMAL TIMING:

- Fund turnover and rebalancing may not always align with optimal tax strategies.
- Selling at a gain in a high-income year may increase taxes compared to selling in a lower-income year

Assets to consider for tax-advantaged vehicles:

- Mutual funds with high turnover
- Portfolios with regular rebalancing
- Assets which generate interest & dividends

LESS TAX EFFICIENT:
Consider tax-advantaged vehicles

MORE TAX EFFICIENT:
Place anywhere

ASSETS

- HIGH-TURNOVER EQUITY FUNDS
- TAXABLE BOND FUNDS[1]
- HIGH-YIELD BOND FUNDS

- LOW-YIELDING BONDS OR CASH
- BALANCED FUNDS
- MOST ACTIVELY MANAGED EQUITY FUNDS
- REAL ESTATE OR REIT FUNDS

- TAX-EXEMPT (MUNI) BONDS
- TAX-MANAGED EQUITY FUNDS
- MOST EQUITY INDEX FUNDS/ETFS

NEW YORK LIFE

Optimize your overall portfolio with New York Life Market Wealth Plus.

Opportunity for tax-advantaged asset growth. Protection for your loved ones.

Market Wealth Plus, a variable universal life product solution, can help reduce the effect of income taxes on your investment earnings and provide your family with life insurance protection.

Tax-Deferred Earnings

Ability to pursue market growth potential—You can invest your premiums in a wide range of over 90 equity and fixed income options so that your policy aligns with your long-term financial strategy.

Tax-Free Fund Changes

Tax-free fund transfers and rebalancing – Since Market Wealth Plus is a life insurance policy, you can move money back and forth between funds and set up automatic portfolio rebalancing without triggering any tax liability.[2]

Tax-Free Access to Cash Value

You can access the cash value of your policy on a tax-free basis to help with college funding, mortgage payments, business-related expenses, or even extra income during retirement.[3] Plus, there are no contribution limits—if you have made the most of your tax-qualified savings plans, you can use Market Wealth Plus to make some of your nonqualified assets more tax efficient.

TYPICAL PORTFOLIO

- 50% qualified assets – tax-deferred accumulation
- 50% nonqualified assets – taxable

OPTIMIZED PORTFOLIO

- 50% qualified assets – tax-deferred accumulation
- 25% nonqualified assets – taxable
- 25% Market Wealth Plus – tax-deferred accumulation and tax-free income

[2] This policy is not designed as a vehicle for market timing. The right to make transfers under the policy is subject to limitation if we determine, in our sole opinion, that the exercise of that right may disadvantage or potentially hurt the rights or interests of other policy owners. We may charge up to $30 per transfer after 12 transfers in any one policy year.

[3] Accessing the policy's cash value will reduce the amount available upon surrender of the policy and life insurance benefit. Withdrawals may involve a surrender charge and could result in a taxable event.

As with most investments, there are fees, expenses, and risks associated with variable universal life policies. All guarantees are dependent on the claims-paying ability of the issuer, New York Life Insurance and Annuity Corporation (NYLIAC), and do not apply to the investment returns or performance of the investment options, as they are subject to market risk and will fluctuate in value, including gains and losses.

Be sure to consider the investment objectives, risks, and charges of the investment. Both the product and the underlying fund prospectuses contain this and other information and can be obtained from your New York Life financial services professional. Please read the prospectuses carefully before investing.

Neither New York Life Insurance Company nor its agents provide tax, legal, or accounting advice. Please consult your own professionals before making a ny decisions

Market Wealth Plus is issued by New York Life Insurance and Annuity Corporation (NYLIAC) (A Delaware Corporation) and is distributed by NYLIFE Distributors LLC. Securities are offered by properly licensed registered representatives through NYLIFE Securities LLC (Member FINRA/SIPC), a Licensed Insurance Agency. NYLIAC, NYLIFE Distributors LLC, and NYLIFE Securities LLC are wholly owned subsidiaries of New York Life Insurance Company, 51 Madison Avenue, New York, NY 10010.

In most jurisdictions, the form number for New York Life Market Wealth Plus is ICC22-322-32P. State variations may apply.

New York Life Insurance Company

51 Madison Avenue
New York, NY 10010

www.newyorklife.com

AR11933.042024 SMRU6635527 (Exp.05.22.2026)