



New Tax Overlay System Takes Advantage of Market Volatility

By Stacy Schultz

August 13, 2009

PMC, the investment management arm of Envestnet, announced the launch of a new tax overlay service Thursday that will allow advisors to minimize tax liabilities on their clients' portfolios.

The PMC Tax Management Service, designed to help advisors unlock frozen assets, prospect new business and attract held away assets, takes advantage of today's market volatility in two ways: It seizes upon the volatility to either chip away at investors' capital gains tax bills or to stock pile tax losses that can be used to offset future gains.

"An often overlooked value of stock losses is that they carry forward forever," says John Phoenix, president of Metamorphosis Money Management, which supports the service. "That means losses taken today can be applied to gains in 2010, 2011 or even 2020. The ability to stockpile losses is particularly useful in the current market environment since most investors have losses to harvest, but few quality investment opportunities. The PMC Tax Management Service is designed to help you decide what to hold, and what to harvest, in order to put your client's portfolio in the best situation to profit in the future."

The service is best suited for affluent clients with separate accounts looking for constant tax management, as well as clients who are transitioning their investments between platforms or managers and are want to avoid realizing significant gains.

This is the first of two tax service overlays Envestnet plans to launch in 2009. The other, a new tax sensitive overlay service that will harvest tax losses year round and will be built to integrate onto the Envestnet platform, will be launched later this year.