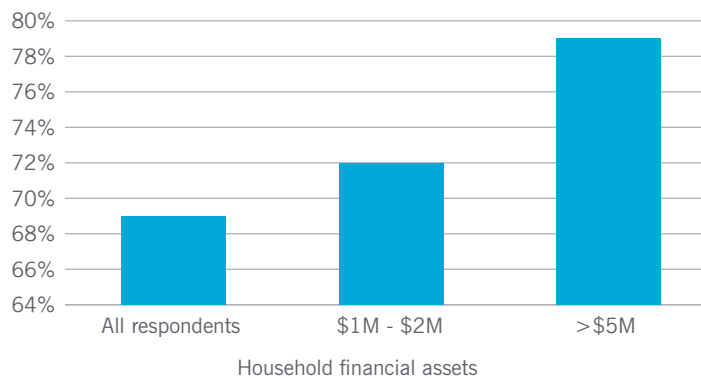


Tax optimization strategies for maximum impact

Most investors want help reducing their taxes. That’s especially true among the wealthiest, according to a recent study.

Figure 1. Desire for tax help increases with wealth

Percentage of surveyed investors who agree with the statement, “Is it important that my provider helps me reduce my tax bill.”



Source: Cerulli, 2025.

Employing tax optimization strategies that increase client outcomes is a critical and measurable demonstration of your value as an advisor.

While many clients think about tax planning on a year-to-year basis, you know that a strategic approach that spans multiple years is a powerful way to amplify the benefits of tax optimization.

By taking a multiyear view, you can not only identify the most tax-efficient strategy to achieve a specific financial objective, but also the best time to implement it – maximizing available tax savings.

Start by segmenting

Sort your clients by parameters that allow you to identify tax planning needs:

- Levels of ordinary income, estate/trust income, philanthropic gifting
- Clients expecting significant unrealized capital gains or losses
- Business owners
- Clients who own investment real estate
- Clients anticipating a change in state domicile
- Clients expecting a change in job or marital status
- Year they will need to start required minimum distributions from retirement accounts

Provide visibility on potential scenarios

Work with clients to estimate their anticipated adjusted gross income (AGI) for the next few years and project their total tax exposures under various market conditions. From there, you can help clients quantify the potential benefits of various possible tax-aware solutions.

• Tax-efficient vehicles

- **Municipal bonds** generate income that is exempt from federal tax and may also be exempt from state tax.
- **REIT** capital gains distributions are generally taxed at the lower long-term capital gains rates, regardless of how long the investor has held REIT shares.
- **Separately managed accounts (SMAs)** allow for a significant amount of control over portfolio gains and losses.
- **Direct indexing strategies** – Customized portfolios that mirror the composition of an index allows for more effective, always-on tax-loss harvesting.
- **Exchange traded funds (ETFs)** historically generate significantly lower taxable distributions than mutual funds.

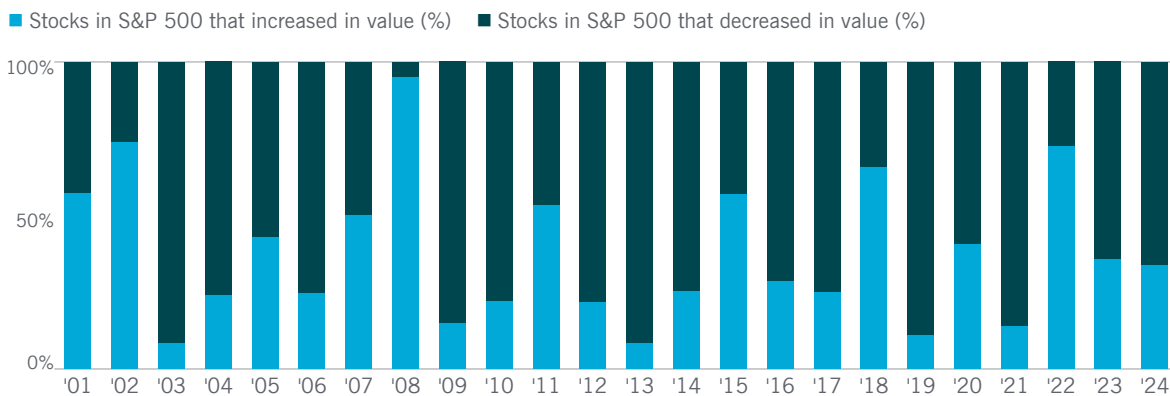
• Tax optimization strategies

- **Tax-loss harvesting** – Use losses to offset realized taxable gains and even ordinary income. While harvesting losses from individual securities can be effective, combining the technique with separately managed accounts and direct indexing strategies may provide increased efficiencies of both time and resources. Losses are available in all market environments. *See figure 2.*
- **Estate planning** – Clients with net worth below the \$15 million lifetime exclusion for estate and gift taxes can leverage the stepped-up cost basis afforded to heirs on assets in an estate.
- **Small business re-structure** – Clients who own S-corporation businesses may want to consider converting to C-corporations to take advantage of the qualified business income (QBI) deduction of up to 20% of business income available to pass-through entities.



Help clients quantify the potential benefits of various possible tax-aware solutions.

Figure 2: Always on harvesting makes the most of losses.



Source: S&P Global, 2001 – 2024. Different benchmarks and economic periods will produce different results. Other methods and market conditions may result in significantly different outcomes. Historical annual return calculated as the % change to the last trading day of each year from the last trading day of the previous year. Investments cannot be made directly in an index.

- **1031 UPREIT programs** – Accredited investors looking to dispose of investment property may be able to defer taxes on gains while maintaining many of the benefits associated with owning real estate. Wealthier households tend to own more eligible property. *See figure 3.*
- **Roth IRA conversion** - Converting a traditional IRA to a Roth IRA may result in a hefty one-time tax bill in the year of conversion, but results in savings that can continue to grow tax-free. Help clients decide when to take the tax hit.
- **Incentive stock options** - Clients who exercise incentive stock options may be at higher risk of triggering the alternative minimum tax (AMT). Help clients determine the optimal time to exercise options in light of their liquidity needs, expectations for the stock price and potential tax implications over the next few years.

Leverage time to their advantage

Offer clients guidance on timing, with an eye to bunching deductions into higher income years and accelerating income and capital gains into lower tax years. In addition, you can look to optimally time and combine other tax-aware strategies to potentially amplify the benefits.

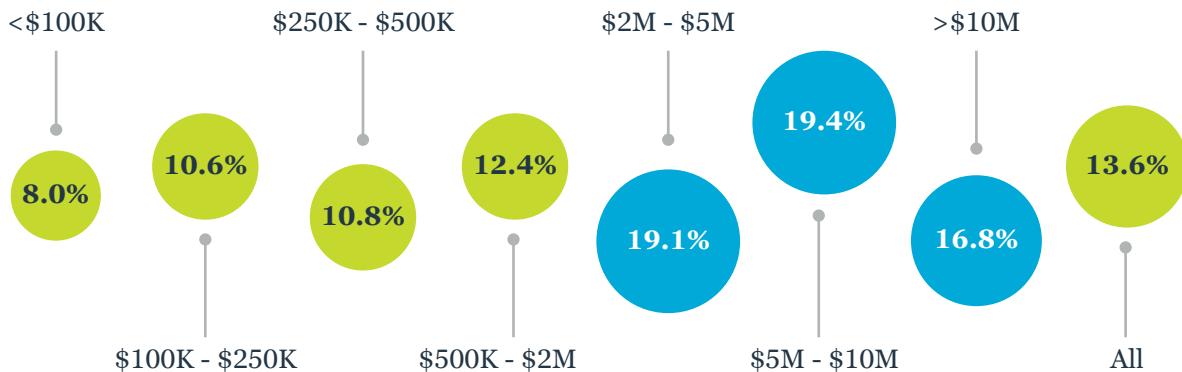
Focus on financial goals

Tax optimization is a key component of an integrated financial plan – which always starts with the big picture of the client’s financial needs and goals.

Seize the opportunity often

Providing clarity and strategy amid a complicated tax landscape offers you an opportunity to reach out to clients and prospects and engage them in planning conversations.

Figure 3: Investment property as a percentage of total household assets



Source: Cerulli Associates, U.S. High-Net-Worth and Ultra-High-Net-Worth Markets 2024. Investment property percentages were calculated using the sum of other (non-primary) residence plus non-residential real estate in Exhibit 2.09, Household non-financial assets by investable asset tier, 2023E

ADDITIONAL RESOURCES

Nuveen offers a range of resources to support your conversations with clients:

- Tax optimization presentation for FPs, available live and on demand
- Tax optimization presentation for investors
- Quick reference guide to tax rates and thresholds
- Guide to tax-loss harvesting
- Tax planning insights

If you have questions or would like more information, please contact your Nuveen Advisor Consultant or call 800.221.9271.

Endnotes

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An investor is not guaranteed a return on the 1031 UPREIT investment and could lose up to 100% of the value of the investment. Each prospective investor should consult with their tax advisor to identify all requirements for successfully completing a qualifying like-kind exchange under IRC Section 1031, and other requirements for participation in a 1031 UPREIT program.

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