



## Website Bonus Values

The Calculation Engine and Software Platform that allows Efficient Tax.com to accomplish the complex after-tax portfolio optimization calculations necessary for an **Efficient Tax Portfolio Optimizer(ETPO)** Analysis, can also be very helpful to investors in deciding when to put risk on, and when to take risk off in two other very important ways in addition to the primary purpose of [www.efficienttax.com](http://www.efficienttax.com). That of capturing long-term after-tax wealth accumulation through a rigorous fundamental scientific methodology approach to the realization of gains and losses.

The first would be to assist investors in not only knowing when to sell taxable securities, but also what to buy and when. For both taxable and non-taxable portfolios. The key to investing is knowing when and at what price, approximately, to buy, and when to sell. Since a large piece of an **(ETPO)** Analysis rests on forecasts of future stock and ETF price performance over time, these values can be used in providing valuable decision making information in deciding when to buy a stock or ETF, whether taxable or not, and when to sell a stock that is non-taxable as well.

Because Internal Rates of Return(IRR) forecasts are made for each compatible investment in an **(ETPO)** Analysis, (Stocks or ETF's) considerate of current market prices relative to future prices, dividends and investment costs, that same information can identify whether there is sufficient return forecasted, including dividends, at a potential investment's current price, in order to reward an investor for stock and market risk (Remember we provide for the inclusion of Risk Premium Adjustments), suitable for a purchase.

That same information can also be used to assist in deciding when to sell a non-taxable security as well. Again, using Risk Premium Adjustments as an important system input, the **Efficient Tax Portfolio Optimizer** can rank stocks for attractiveness for purchase for both taxable and non-taxable portfolios, and for sale also for non-taxable portfolios, in addition to taxable ones, on a risk adjusted basis.

So how does a subscriber make use of these other very powerful tools embedded within [www.efficienttax.com](http://www.efficienttax.com)? In terms of deciding when to sell all or part of a stock position in a non-taxable account, either because a stock no longer has sufficient forecasted return to justify ownership, or there is a desire to raise cash, first, a portfolio will need to be created and populated with the appropriate securities. (For non-taxable accounts, an entire position made up of more than one purchase can be aggregated into one tax-lot with a purchase date being more than one year, in order to simplify the creation of a non-taxable portfolio, if so desired.) Secondly, the investor should take the time to do a serious review of the price

targets and other individual company inputs necessary for an **Efficient Tax Portfolio Optimizer** Analysis. Remember, all the performance results forecasts are a function of inputs the investor believes are reasonable. Thirdly, eliminate the impact of taxes on an analysis by making sure the state and federal tax rates, an investor's realized gain and loss values, as well as the Other Income Offset values are set to zero prior to an **(ETPO)** Analysis being processed. Then finally, when the processing is complete, an investor will have an optimized ranking of what stocks to sell that would first generate the greatest extra return by doing so, then recommending to sell those stocks that have the least return potential remaining, resulting in the retaining of those stocks with the greatest return potential. However, as a caution, because of the way a normal **(ETPO)** Analysis process is done, Risk Premium Adjustments only impact the ranking in the "Sell Now" portion of the ranking process. Not in calculating the Existing Tax-lot IRR values that drive the ranking of tax-lots not recommended to be sold now. So in order for investors to determine a fully optimized ranking to sell in a non-taxable portfolio that includes full Risk Premium Adjustment considerations, they can increase the Before Tax Reinvestment Rate to a high enough number to generate a "Sell Now" for all stocks. Just know that projected reinvestment returns and Alpha numbers won't be accurate, but the ranking will be optimized on a risk adjusted basis.

In order to assist an investor in determining what to buy, they would first have to create a Buy List tracking portfolio made up of all the stocks on a potential buy list. Dynamic Capital Management does that with over six hundred stocks. That takes a lot of work. We suggest investors can identify higher valued investment opportunities with tracking portfolios of between 10 and 100 stocks. Again, careful review of stock and ETF return potentials through price targeting and dividend assumptions, is essential for a quality ranking and results set. For taxable portfolios, the tax rate information should be still be inputted, but the realized gain and loss values, along with the Other Income Offset, should be set to zero. For non-taxable accounts of course the tax rates should also be set to zero.

Again, in order to generate a risk adjusted ranking, forcing a sale recommendation in the optimization process for all positions by raising the Before Tax Reinvestment Rate input to 25% or more would likely be necessary in order to generate a "Sell Now" result for all tracked stocks, and a desired risk adjusted ranking. However making the absolute Alpha numbers not real. But the ranking would be optimized on a risk adjusted basis in terms of purchase candidates. Starting at the bottom of the ranking for those with the greatest return potential. Otherwise, the New Purchase After-tax IRR value (Which equals a before tax value if tax rates are set to zero) in the Results set is a non risk-adjusted return number that when calculated to be high enough to justify a purchase based upon reasonable price forecasts inputted, is an excellent source for purchase candidates.

So not only will [www.efficienttax.com](http://www.efficienttax.com) help investors greatly in the management of the selling decisions of taxable portfolios, it can also add great value in the sell decisions for non-taxable portfolios and in the purchase decisions for any portfolio, on a fundamental basis. Due to the highly rigorous and rational decision software platform at the center of **Efficient Tax Portfolio Optimizer**.