

Tax Overlay Service for Managed Account Clients

Helping clients mitigate the impact of taxes when opening or updating managed accounts



A recent study conducted by Envestnet¹ concluded there are a number of areas where working alongside an investment professional has the potential to add value to a portfolio. According to the study, incorporating tax awareness strategies into the investment process could increase the overall value of a portfolio by up to 1%. While there's no one-size-fits-all approach to tax awareness investing, managed account clients at PNC Wealth Management have access to a specialty tax overlay service designed to help plan for and mitigate the overall impact of taxes as you work toward your investment objectives.



Financial
Planning



Asset
Allocation



Investment
Selection



Systematic
Rebalancing



TAX
AWARENESS

Introducing tax overlay: Mitigating the impact of taxes to help meet your investment objectives

Tax efficiency isn't limited merely to an established investment plan. At PNC Wealth Management, clients have access to a specialty tax overlay service — for an additional fee — designed to provide tax efficiency from the moment you open a PNC Wealth Management managed account.

At its core, the tax overlay service is about designing a managed account investment strategy that meets your unique tax awareness objectives. This service allows investors to coordinate taxes across separately managed accounts (SMAs), establish tax budgets and even defer taxable gains for set periods of time.

This means you can open an account, restructure a portfolio or even pursue a highly customized investment strategy with a plan in place to manage your tax impacts. With the tax overlay service, this is managed through careful oversight and targeted trading, allowing investors to more closely align their tax strategy with their overall investment objectives.

Who is it for?

While not every client is going to have a need for a complex tax mitigation strategy, there are a variety of scenarios where it could be used to help provide tangible value to a portfolio. Examples of clients who might benefit from the service include:

- **New managed account clients.** When opening a new managed account, investors may be concerned about incurring capital gains taxes when transferring certain assets. New PNC Wealth Management clients may utilize the tax overlay service to set a tax budget and defer the full impact of taxes upon opening their account.
- **Clients with a concentrated wealth position looking to diversify.** If your portfolio currently contains a large concentration in certain securities — for example, a portfolio heavily weighted in the stock of your employer — you may want to consider diversification as a strategy to help limit your risk exposure.² In such cases, the tax overlay service may be used to spread out the impact of any taxes incurred by buying or selling the securities necessary for diversification.
- **Clients looking to change their investment objectives due to key life events.** Life isn't static, and from time to time it's necessary to update your investment holdings to reflect certain life changes. Events like having a child, starting a new job or simply approaching retirement can all create changes in your appetite for risk or your need for returns. The tax overlay service may be used to help mitigate the tax impacts of updating a portfolio to reflect such changes.

See reverse side for more information →

Important considerations

While the tax overlay has many benefits, it should be noted that it may not apply to all the holdings in the investment portfolio, is not available to all account types and is made available for an additional fee.

PNC Wealth Management and your financial advisor do not provide tax advice. If you are considering the tax overlay service, you should review your tax situation with your independent tax adviser to fully evaluate how you may benefit from it. In certain circumstances, the fee applicable to the tax overlay service may exceed the tax benefits in any given tax year. It's also important to note that although the tax overlay service will actively manage taxes only with respect to the equity positions in your account, the fee applicable to the tax overlay service will apply to your full account balance, including assets held in cash, funds or other non-equity positions.

You should also be aware that no strategy, including the tax overlay service, will prevent the realization of taxable gains from your investments. The tax overlay service seeks to minimize the current impact of taxes on your account but will not eliminate the eventual realization of imbedded gains.

How do I know if the tax overlay service is right for me?

Everything we do at PNC Wealth Management is focused on the framework of our Advice and Planning model. Our financial advisors take the time to understand your short-term needs, long-term goals, risk tolerance, time horizon and more, all to provide you with personalized guidance and insight tailored to your unique situation.

Whether you're meeting with an advisor for the first time or already have an established relationship with PNC Wealth Management, your financial advisor will be available to help you better understand your situation. If tax mitigation strategies are a concern for you, your financial advisor can utilize our suite of planning tools to generate a strategy proposal for you.

How can I get started?

Find out if the tax overlay service is right for you. For more information on mitigating investment-related taxes or to discuss your unique investment needs and goals in more detail, contact a PNC Wealth Management Financial Advisor today. To get started, simply call **855-762-4683**.

Continue the conversation.

For more information on the Tax Overlay Service or to discuss the role it could play in your investment strategy, contact me today.

¹ Envestnet, "Capital Sigma: The Advisor Advantage." This report was based on research conducted by Envestnet in an effort to define and quantify the areas where advisors add value. The research was based on an analysis conducted on the Envestnet platform and reported in the 2019 "Capital Sigma: The Advisor Advantage" report. Please note that the estimated 1% value referenced is in regard to incorporating general tax awareness strategies into an investment portfolio and is not indicative of any specific value added by the tax overlay service outlined.

² Asset allocation does not guarantee profits or protect against loss.

PNC Wealth Management does not guarantee the performance of any investment. Investing results may vary and investments may lose money. Diversification and asset allocation do not prevent loss or guarantee profit.

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