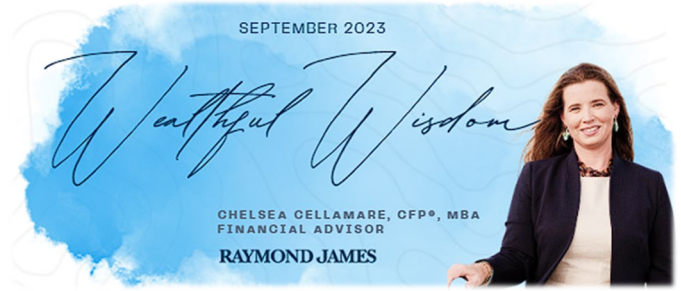


Hi Friends,

You're busy, but **your financial well-being always deserves a moment!** Among other things, I wanted to use this month's *Wealthy Wisdom* as an opportunity to share what we believe to be one of the most important trends in asset management and one of the most impactful strategies we've adopted over the past few years – **direct indexing**.



**In short, direct indexing is a strategy that seeks to provide the market-tracking returns of index investing, while offering potentially significant tax and other advantages.** This is a strategy that many large institutions have used for decades, but only recently have advances in technology and reductions in trading costs made it accessible to the masses. And to be clear, direct indexing will not be a fit for all investors, as it does add additional complexity to a portfolio and the tax benefits may not be as advantageous in all circumstances. **I've outlined a few ways this strategy can benefit investors when we determine it is a suitable fit within their broader financial plan.**

**Index Returns** → Index investing has proven very difficult to beat and exploded in popularity in recent decades, with many portfolios now seeking to match the return of a given index, for example the S&P 500, through a low-cost, tax-efficient index mutual fund or exchange-traded fund (ETF). Direct indexing takes the approach a step further and **rather than owning a single fund to track the index, the investor owns a sampling of the individual stocks within that index**, and that is where the potential benefits come from.

**Tax Alpha** → By owning individual stocks, the managers overseeing the direct indexing strategy are able to go into clients' portfolios and systematically harvest tax losses when stocks decline. By swapping one stock at a loss for another stock occupying a similar space in the market, they are able to generate tax losses on paper while maintaining market exposure and seeking to match index returns – and avoid IRS wash sale rules in the process. These realized tax losses can then be used by investors to help offset capital gains elsewhere in their portfolio, deduct up to \$3,000 against their income each year or carried forward for use in future years. These deductions can help provide real tax savings and potentially provide investors with better after-tax returns. **This benefit is often referred to as "tax alpha".**

**Customization** → An additional benefit of owning individual stocks vs. an index fund is the ability to customize your holdings based on any number of preferences. **Investors may have a concentrated exposure to a specific stock or sector or have a values-driven goal for their investments – these can all be factored into your portfolio by having the manager reduce or exclude certain stocks or sectors based on your instructions.** This can be particularly useful for investors with employee stock from large companies whose stock may comprise a significant portion of an index. By excluding that stock from their direct indexing portfolio, investors have the ability to avoid inadvertently increasing their concentration or they can manage their concentration by funding their direct indexing account with existing shares.


**Legacy Investments** → Finally, direct indexing can be a great option for dealing with legacy holdings. **If you have a portfolio of existing stocks that you are unhappy with for any reason, or just no longer want to manage the same way, but don't want to sell them and realize capital gains, you can use those stocks to build out a direct indexing account.** Our team will provide a personalized recommendation on what to keep, what to sell and what to buy in a way designed for tax efficiency while moving toward an index-investing approach.

**Charitable Giving** → Additionally, if you ever make charitable gifts using highly-appreciated securities, owning individual stocks vs. a fund provides you even more flexibility. **With direct indexing, you are able to pick out the stocks with the largest gains over time and use those to fund donations,** generating additional tax benefits by foregoing those capital gains and receiving a larger charitable deduction.

If you have any questions or would like more information about direct indexing and how it might fit into your portfolio and overall financial plan, please don't hesitate to reach out. I'm always happy to help. Enjoy a few more Wealthful Wisdom topics further below.


**On a personal note**, my family had a wonderful time (despite our lackluster kicking skills) as guests of Johns Hopkins All Children's Hospital at the annual [Kicking for Kids](#) celebration and check distribution event. As a grateful patient family, we care tremendously for the organization and it's great that Raymond James and the Tampa Bay Buccaneers have teamed up more than 20 years to support local children's hospitals through Kicking for Kids. Picture attached/below.

## September is Life Insurance Awareness Month



**You might only think of life insurance as a way to provide financial assistance to loved ones after your passing.**

**A life insurance policy could help protect your estate while ensuring your heirs have the liquidity they need.**



CHELSEA CELLAMARE, CFP®, MBA  
FINANCIAL ADVISOR  
RAYMOND JAMES

Life insurance is often overlooked, despite it being a fundamental component of a sound financial plan. Here's a few great tools and reads about the important role life insurance can take within a financial plan:

[Life Insurance Policy Review Checklist](#)

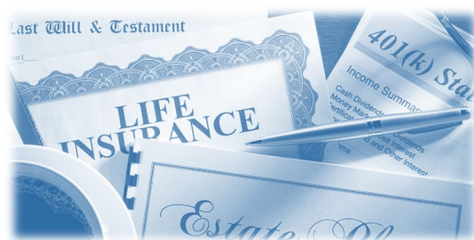
[Comprehensive Life Insurance Analysis](#)

[Bolster Your Business Planning Strategy with Life Insurance](#)

← [Life Insurance, Loans and Liquidity for Your Heirs](#)

## More Just for You

**Wills, Trusts, POAs and Directives, What's the Difference?** [Listen here.](#)



**Why Complex, Significant Wealth Warrants Elevated Support** → [Explore here.](#)

Curated Investment Access  
Coordination With Other Professional Services  
Liquidity And Risk Management  
Philanthropic Consultation  
Broader Lifestyle Support

Best,

*Chelsea*

CHELSEA CELLAMARE, CFP®, MBA  
Financial Advisor  
[Chelsea.Cellamare@RaymondJames.com](mailto:Chelsea.Cellamare@RaymondJames.com)  
T 727.567.3472 // F 866.597.3988  
200 Central Ave Fl24, St. Petersburg, FL 33701  
[www.ChelseaCellamare.com](http://www.ChelseaCellamare.com)

**RAYMOND JAMES**  
Raymond James & Associates, Inc. Member NYSE/ SIPC



Certified Financial Planner Board of Standards Inc. (CFP Board) owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™, CFP® (with plaque design), and CFP® (with flame design) in the U.S., which it authorizes use of by individuals who successfully complete CFP Board's initial and ongoing certification requirements.

*The information contained in this report does not purport to be a complete description of the securities, markets, or developments referred to in this material. The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. Any opinions are those of Chelsea Cellamare and not necessarily those of Raymond James. Expressions of opinion are as of this date and are subject to change without notice. There is no guarantee that these statements, opinions or forecasts provided herein will prove to be correct. Investing involves risk and you may incur a profit or loss regardless of strategy selected, including diversification and asset allocation. Individual investor's results will vary. Past performance does not guarantee future results. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. Keep in mind that individuals cannot invest directly in any index. You should discuss any tax or legal matters with the appropriate professional. Holding stocks for the long-term does not insure a profitable outcome. Investing in stocks always involves risk, including the possibility of losing one's entire investment. Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. Every investor's situation is unique and you should consider your investment goals, risk tolerance and time horizon before making any investment. Prior to making an investment decision, please consult with your financial advisor about your individual situation. Raymond James is not affiliated with the above organizations and/or charitable causes. To opt out of receiving future emails from us, please reply to this email with the word "unsubscribe" in the subject line.*