

Pragmatic Perspectives

Householding – Improving Tax Management and Client Outcomes by Charlie Kolacki, CFA

Enhancing Wealth Management through Unified Managed Householding (UMH)

The Great Wealth Transfer represents an estimated \$125 trillion¹ in assets set to change hands over the next 24 years, with \$105 trillion flowing to heirs and the remainder going to charity. The Generation X and Millennials are expected to inherit \$85 trillion of that amount, mainly from baby boomers. Such wealth transfers will have major implications on household assets, including accounts held by spouses, children, or other dependents. In a quest for streamlined management, lower fees and simplification, the unification of all assets, accounts, and holdings under one privately managed account may become the gold standard in wealth management.

UMH, the new and improved UMA

In today's wealth management landscape, it is increasingly critical for advisors to adopt tools that enhance efficiency, personalization, and value. Unified Managed

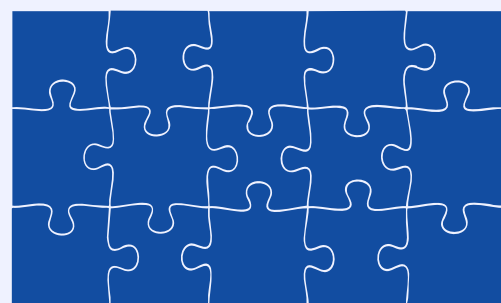
How Does UMH Work?

Rather than managing client accounts as isolated portfolios, UMH aggregates a client's family accounts, potentially including spouses', children's or other dependents' accounts, into a single "household." This broader view is designed to provide wealth managers with a more fulsome picture of their clients' financial lives, enabling better alignment with long-term goals. Technology plays a vital role in the successful implementation of UMH, requiring the integration of data from multiple accounts to enable the automation of many processes. Technological developments in recent years have facilitated UMH growth in terms of implementation and adoption. Adoption of UMH has freed up wealth managers to focus on delivering value. In addition to saving time, UMH enables an overall higher quality of service to clients.

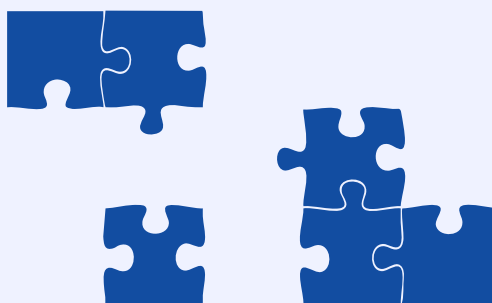
UMH Key Benefits

- **Holistic Wealth Management** – Through consolidating household assets into a single view, advisors gain a clear insight into clients' overall financial positions. This holistic approach is designed to enhance risk assessment, align strategies with life goals, and enable personalized advice, all while reducing the need for manual data aggregation.
- **Enhanced Tax Planning and Efficiency** – Managing all household accounts as a single portfolio is designed to enable advisors to optimize tax loss harvesting across all household accounts. This approach offsets gains with losses, reduces transactions and costs, and minimizes wash sales through improved account coordination.

- **Operational Efficiency for Advisors** – Aggregation and reporting efficiencies reduce manual tasks and improve accuracy. This allows advisors to focus on strategic planning and client engagement, enhancing relationships and boosting competitiveness.



UMH
The Full Picture



UMA
Linking a Few Pieces

Accounts (UMAs), a key innovation in the industry in the 1990s, focus on individual accounts however they often do not encapsulate a client's broader financial picture. Unified Managed Householding (UMH) is designed to integrate all of a client's and their household's accounts — taxable, retirement, trusts, and more — into a single, comprehensive view. As investors demand greater personalization and efficiency, UMH is quickly becoming an essential component of delivering exceptional service in the management of family wealth.

UMH – From “Nice-to-Have” to Critical Tool

UMH is emerging as a key strategy for serving high-net-worth clients who increasingly demand tailored, sophisticated financial solutions. Advances in technology have made UMH more accessible and, while its strong appeal heavily lies in its ability to better optimize tax strategies like tax loss harvesting, UMH has become a growing priority in wealth management.

Notwithstanding potentially intensive onboarding processes and limitations to fully integrating certain accounts and asset types, the benefits of UMH - greater efficiency,

enhanced tax optimization, and strategic alignment — typically far outweigh the initial effort.

With ever-evolving client expectations, UMH is shifting from a “nice-to-have” to a critical component of delivering a modern, comprehensive wealth management experience, helping advisors differentiate themselves in a competitive market.

V-Square’s Offering Looks to Maximize Client Outcomes with Seamless Solutions

At V-Square, we recognize the transformative power of UMH. V-Square Tax Aware solutions and custom direct indexing are designed with the ability to implement a UMH framework as we support advisors with the tools they need to deliver exceptional client outcomes.

V-Square’s Tax Aware Approach focuses on simplicity and efficiency; leveraging technology to streamline processes and reducing administrative burdens. We aim to empower advisors to focus on what matters most: building relationships and driving long-term success for their clients.

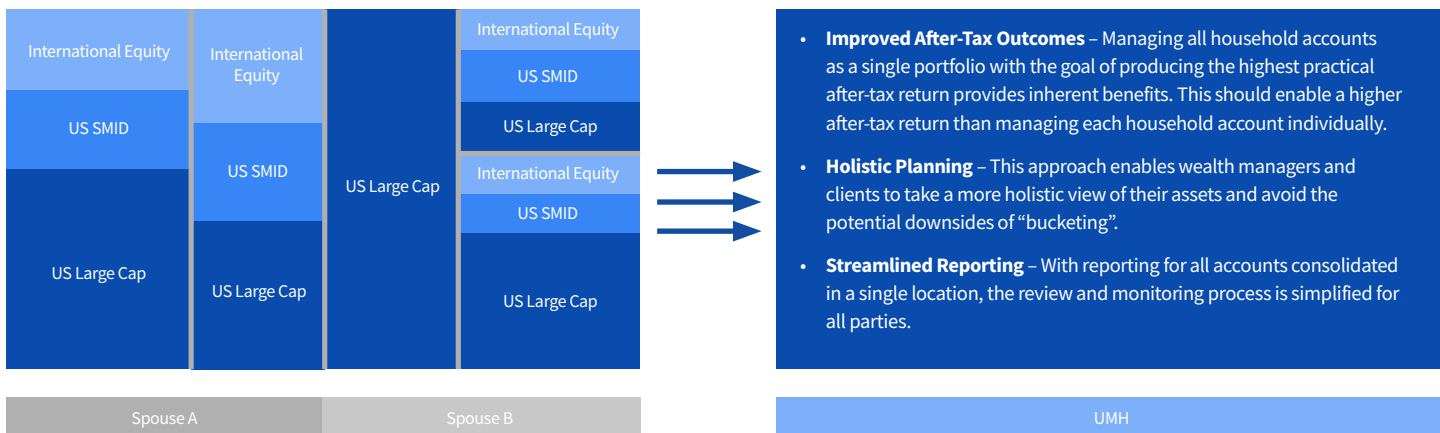


Illustration purposes only. Unified Managed Householding and associated benefits would only be applied across accounts that are declared and fully integrated with advisor tools. Demonstrating exposures across common asset classes, including US Large Cap, US Small and Mid Cap (“SMID”), and International Equity. Individual results will vary based on account size, age and other specific items. Illustration assumes investor has gains to fully offset any losses from tax-aware strategies. Tax rates will vary per investor. Tax benefits will be higher in states with state taxes. To fully benefit from tax-aware strategies, the investor will need to have other gains that can be offset by the harvested losses.

1. Source: Cerulli Associates, “[The Cerulli Report: U.S. High-Net-Worth and Ultra-High-Net-Worth Markets 2021](#)”, “[Cerulli Anticipates \\$124 Trillion in Wealth Will Transfer Through 2048](#)”

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