

## **Title: Maximizing Your Investments: Asset Allocation vs. Asset Location**

Understanding the difference between asset allocation versus asset Location could potentially impact your financial success. Let's dive right in.

Asset allocation is the strategy of spreading your investments across different asset classes. These typically include stocks, bonds and cash or cash equivalents.

The goal is to balance risk and return to meet your financial objectives. By diversifying your portfolio of investments, you can help mitigate risk. When one asset class underperforms, the others may compensate the specific allocation should align with your financial goals, risk tolerance and time horizon.

On the other hand, asset location is about optimizing tax efficiency of your investments. Some types of accounts are more tax efficient than others, which is where asset location comes into play. This strategy involves placing assets in the right type of accounts to help minimize tax liability. We all want to save as much as we can on those taxes, right?

You'll need to decide where to hold each type of asset. For example, tax efficient investments like index funds could be placed in taxable accounts while tax inefficient ones like bonds may be better suited for tax deferred or tax-free accounts. You want to optimize your investments for tax efficiency while also diversifying your portfolio.

By strategically placing your investments in tax efficient accounts and diversifying across different asset classes, you can pave the way for financial success. It is also important to periodically review and rebalance your portfolio as the market shift and your life circumstances change. Your asset allocation and location strategies should adapt too.

In summary, asset allocation and asset location are both integral to your financial success. One guides where you invest while the other focuses on where you place your investments for tax efficiency. As always, be sure to contact a financial advisor or myself to assist you with carefully combining these strategies so you can maximize your investments and work toward a more financially secure future.

Asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns.

Asset Allocation and diversification are investment methods used to help manage risk. They do not guarantee investment returns or eliminate risk of loss including in a declining market.

PM- 01132027-8177594.1.1