



# Smart money management for today's investor



Modern technology  
that works around  
the clock for you.

That's Betterment.



# Leveraging financial technology to work for you.

We know that you appreciate the value of working with a trusted advisor. At Betterment, we partner with advisors to help you invest according to your financial goals. That's why we're excited your advisor has chosen to work with us at Betterment, a financial technology firm working to enhance your investing experience.

We offer several distinct features:



**Modern, intuitive technology to enhance your investment experience**

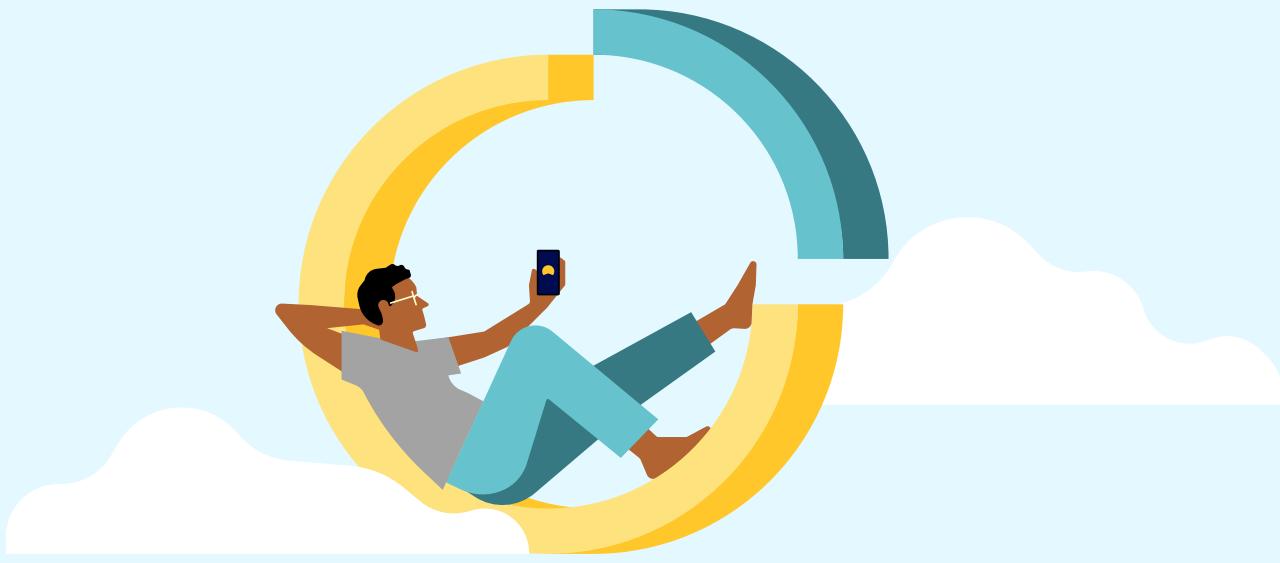


**A goals-based platform that allows you to see all your financial goals in one place**



**Robust use of automated techniques designed to help boost your investment returns**

Betterment's approach uses algorithmic rebalancing and a variety of tax-reduction techniques like lot sorting, tax loss harvesting, and asset location with the goal of increasing your after-tax returns. It's technology like this that gives your advisor more time to focus on you—not back-office busywork.



## Your needs

Betterment helps your advisor put you, the investor, front and center. It starts by helping to make it easy for you to stay on track for each goal you identify. Whether you're saving for a safety net, a dream vacation, college tuition, or retirement, Betterment's intuitive interface allows you to aggregate accounts no matter where they're held so that you can see everything in one place. With our flexible mobile experience, you can keep on top of your finances no matter where you are.

## A team, working for you

Technology is at the center of everything we do. Betterment has a large team of highly-skilled engineers who thrive on solving difficult challenges. This means we welcome your feedback to continually enhance your investment experience. Our goal is for you to benefit from added features and functionality that we introduce based on advisor feedback.

Our information security program employs information security practices such as strong encryption techniques, multi-factor authentication and robust fraud protection mechanisms, to protect your sensitive personal and financial information. We value your privacy and will never share your information with any third party without your permission.

Good afternoon, Melissa

Transfer or rollover Deposit

**Investments** [See performance](#)

Account Type	Value	Status
Emergency Fund Individual Taxable	\$52,086.00	Goal achieved
College Fund Individual Taxable	\$79,941.00	On track
Retirement Multiple Accounts	\$389,151.00	On track
Land Rover Individual Taxable	\$64,822.00	Off track
General Investing Individual Taxable	\$34,014.00	

**Net worth**

Total net worth	\$1,043,601.00
Managed balance	\$423,662.00

[See breakdown](#)

**Investment performance**

Total earned	\$13,622.96
Dividends earned	\$1,198.27
Tax losses harvested	<a href="#">Turn on</a>

[See performance detail](#)

**Scheduled deposits** [See detail](#)

Automate your savings by setting up an recurring deposit

[Set up recurring deposit](#)

This image is for illustrative purposes to demonstrate Betterment's interface, and actual client accounts and experiences will vary. There are no guarantees that projected performance can or will be achieved.



## Automated investing

Grounded in disciplined investment techniques, Betterment seeks to maximize take-home returns for each level of risk. To accomplish this, our core portfolio strategy invests in low-cost exchange-traded funds (ETFs), and our globally-diversified portfolios consist of up to 17 asset classes, employing optimizations that tilt toward value and smaller capitalization stocks.

Cutting-edge technology is incorporated into every aspect of the investment process. Technology enables us to screen and select investments in a rigorous and efficient manner, systematically crunching millions of data points to identify the most appropriate investments for our strategy.

It's technology, too, that allows us to manage portfolios efficiently, using cashflows intelligently to eliminate unnecessary transactions while keeping investments balanced appropriately. And to ensure your money remains as fully invested as possible, dividends are automatically reinvested, eliminating the cash drag that can reduce returns.

With access to additional funds and portfolio strategies, the composition of your portfolio will be based on your advisor's careful consideration of your goals, time horizon, and tolerance for risk.

# Tax management

Taxes can take a significant bite out of investment returns. Betterment helps to reduce tax impact through various techniques, including tax loss harvesting and asset location.

## Tax Loss Harvesting+

Tax loss harvesting is the practice of selling a security that has experienced a loss to offset taxes on both gains and income. By replacing the sold security with a similar one, the portfolio asset allocation and expected returns remain intact.

This theoretically simple concept is challenging to execute correctly, but Betterment's automated tax loss harvesting program scans portfolios regularly to harvest any losses quickly and efficiently, regardless of the number of asset classes, securities, or accounts.

## TaxMin

When you or your advisor changes your investment strategy or initiates a withdrawal, Betterment's TaxMin lot-sorting algorithm will identify the most tax efficient way to complete the transaction. Tax Impact Preview shows the estimated gains and losses the sale is expected to realize, as well as an estimate of the taxes that may result before the transaction is carried out—all in real-time. With that information, Betterment helps you and your advisor make informed decisions about your investments.

Per IRS rules, realized losses on investments can offset gains and reduce ordinary taxable income by as much as \$3,000 per year.<sup>1</sup>

### Estimated Tax Impact

**\$277**

For this transaction, **our algorithm** selected the lowest-tax shares, which gained **\$738**. This may result in up to **\$277** in estimated taxes.

Net long-term gain	Net short-term gain
<b>\$720</b>	<b>\$18</b>
<ul style="list-style-type: none"><li>Long-term gain <b>\$727</b></li><li>Long-term loss <b>\$10</b></li><li>Washed loss <b>\$3</b></li></ul>	<ul style="list-style-type: none"><li>Long-term gain <b>\$21</b></li><li>Long-term loss <b>\$7</b></li><li>Washed loss <b>\$3</b></li><li>Permanently washed loss <b>&lt;\$1</b></li></ul>

2

<sup>1</sup> IRS Topic 409. Retrieved from [irs.gov/taxtopics/tc409](http://irs.gov/taxtopics/tc409)

<sup>2</sup> This image is for illustrative purposes only to demonstrate Betterment's Tax Impact Preview feature. The image reflects a hypothetical withdrawal from a Betterment account and the hypothetical resulting estimated Tax impact Preview. Actual client accounts and estimate Tax Impact Preview results will vary.

## Tax-coordinated portfolios

Having multiple accounts for a single investment goal has traditionally complicated investment management. But Betterment recognizes this as an opportunity to manage your investments more efficiently from a tax perspective. By managing your accounts for a single goal as a single portfolio, we optimize which assets are held in each account to minimize taxes. Betterment's algorithms are built to use each dividend and deposit to optimize the location of the assets and rebalance your account efficiently—without triggering taxes.

Asset allocation strategies are designed to place high-tax assets in tax-advantaged accounts and low-tax assets in non-tax-advantaged accounts, all while maintaining an optimized overall asset allocation. This approach helps your money incur fewer taxes than it would otherwise, which means you could have more money in retirement.

### Without tax coordination



### With tax coordination

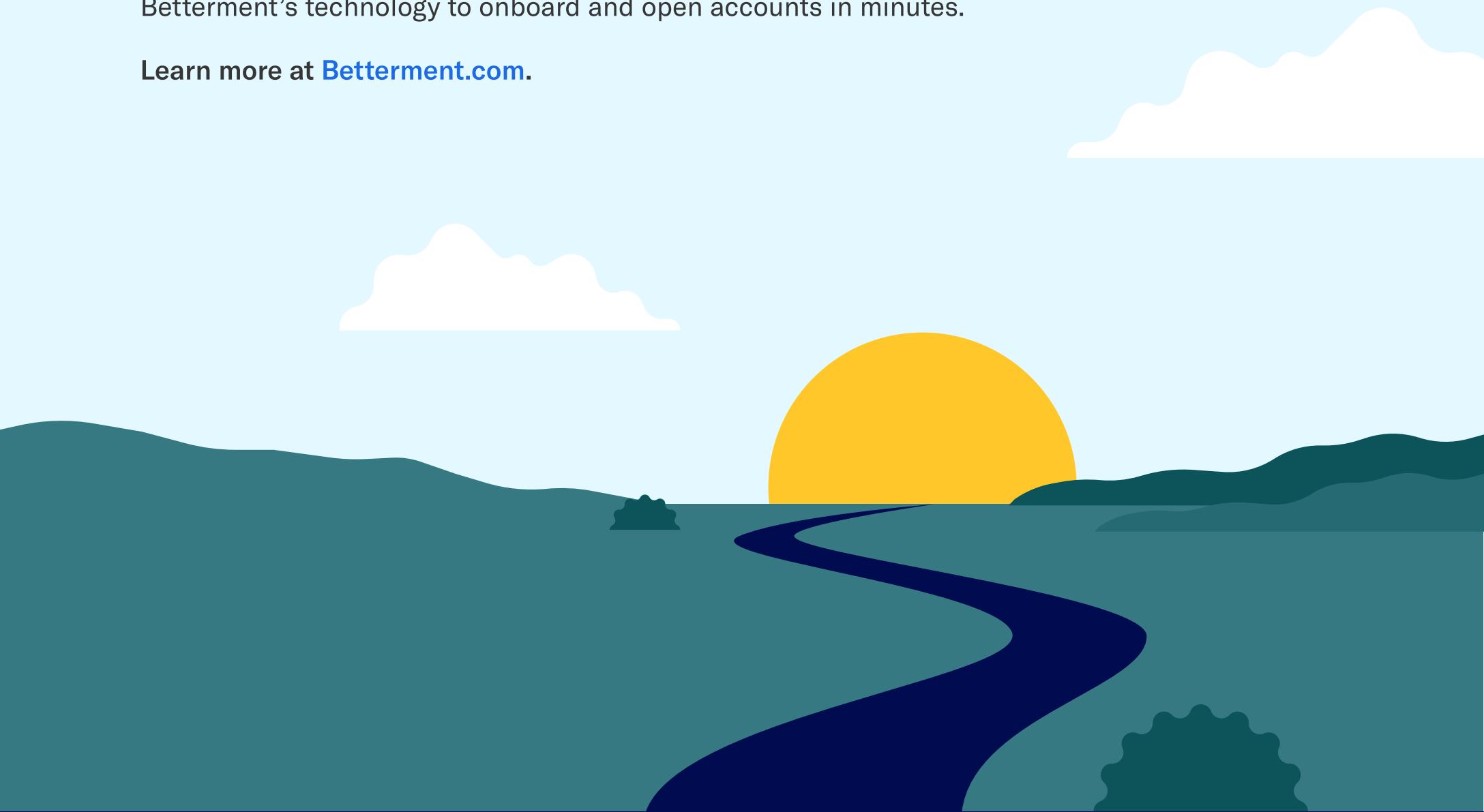


<sup>3</sup> This image is for illustrative purposes only to demonstrate how asset classes can be organized in various accounts using Tax-Coordinated Portfolios. Actual client accounts and Tax Coordination results will vary.

# Ready to join?

Our paperless process makes sign up easy. Whether you are a new or existing advisory client, we will work closely with your advisor so that you can leverage Betterment's technology to onboard and open accounts in minutes.

Learn more at [Betterment.com](https://betterment.com).



Financial results and up-to-date information about Betterment's financial condition can be found at:  
[betterment.com/legal/brokerage-financial-statement](https://betterment.com/legal/brokerage-financial-statement)

Betterment LLC | 8 W. 24th Street 6th Floor, New York, NY 10010 | (888) 646 - 2581 | [support@bettermentforadvisors.com](mailto:support@bettermentforadvisors.com)

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