Direct Indexing vs ETFs

Executive Brief

For $2M+ investors, the dominant driver of outcomes is not raw return—it is tax efficiency, structure, and coordination. This brief on direct indexing vs etfs isolates the levers that most materially change after-tax wealth.

Where Value Is Won or Lost

• Tax drag (often 0.75%–2.0% annually) • Concentration risk and timing decisions • Asset location across taxable/IRA/Roth • Coordination between advisor, CPA, and estate counsel

Quantified Impact

Improving after-tax efficiency by 1% on a $2.5M portfolio can add ~$1M+ over 25 years. Small structural improvements compound into large dollar outcomes.

Case Snapshot

A client with $3M, heavily concentrated in low-basis equities, reduced projected tax liability by six figures via staged diversification, loss harvesting, and charitable structuring—while improving risk-adjusted positioning.

Action Framework

1) Diagnose current tax drag and concentration 2) Map asset location by tax treatment 3) Sequence changes to minimize realized gains 4) Integrate estate and gifting where beneficial 5) Establish ongoing, tax-aware rebalancing discipline

Common Mistakes

• Treating tax as an afterthought • One-size-fits-all allocations • Reactive (not planned) rebalancing • Multiple uncoordinated advisors

Why InVestra

InVestra integrates investment management, tax-aware strategy, and long-term planning into a single coordinated system—designed to maximize after-tax outcomes and reduce avoidable risk.

Work With InVestra Financial

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