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After-Tax Alpha:

Six ways doctors can keep more of what they earn

A practical guide to integrating tax strategy into your investments, career decisions, practice ownership, and major liquidity events.

Introduction: What you Earn vs. What you Keep

For many high-income doctors, taxes are often the largest controllable expense of an entire career. In high-tax states, combined top rates can exceed 50%[5] – for a doctor earning $600,000 a year, the tax bill often exceeds mortgage payments, student-loan payments, and practice overhead combined.

Yet for most people, tax decisions happen at only two moments: when returns are filed, and – maybe – at year-end portfolio reviews. The rest of the year, taxes simply happen.

Earned After-Tax Alpha measures the potential value created when tax considerations are built into financial decisions all year long – across your investments, your accounts, your career moves, and your biggest transactions. Independent research from Vanguard and Envestnet estimates that well-executed financial advice may add approximately 3.0% in annual value; Earned applies those principles to the specific tax complexity doctors face.[1,2]

OUR KEY FINDING:

+3.7%

Our clients keep more of what they earn – **3.7% more in taxes saved** or deferred so far in 2026.[3]

SIX-DRIVER OVERVIEW:

1. Harvest tax opportunities year-round – not just in December.
2. Put each investment in the right type of account.
3. Plan before a practice sale or other major gain.
4. Coordinate decisions before they're made.
5. Let tax savings compound.
6. Structure 1099 and practice income intentionally.

WHAT A DECADE OF TAX DISCIPLINE CAN LOOK LIKE:

Two portfolios each start with $1 million and earn the same 8% annual return. One realizes gains every year; the other defers them. After 10 years: approximately $2.16 million versus $1.52 million – a difference of roughly $640,000 created by tax discipline, not different market performance.[6] Illustrative only.

Earned After-Tax Alpha is built around six quantifiable drivers:

Drivers	Tax-loss harvesting & gain-deferral alpha	Asset location & account-coordination alpha	Practice sales & liquidity-event planning alpha	Behavioral & integrated-planning alpha	Long-term after-tax compounding alpha	Strategic tax planning for practice owners & 1099 doctors
Annual value-add*	**~370 bps** (Earned YTD, net of fees)	**50–70 bps**	Highly variable; case studies show **$420k–$520k+** per event	**~150 bps**	Multiplicative effect of the above	Highly variable; case studies show **$40k–$57k** per year from entity optimization

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After-Tax Alpha

Integrated, continuous, doctor-centered tax management

*See note 4. These are not isolated strategies. They are the compounding result of building tax management into every major financial decision — not after them.

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Sources, methodology, and important disclosures appear on page 10.

For educational purposes — not investment, tax, legal, or accounting advice.

Use market movement to create potential tax opportunities

WHY IT MATTERS

Markets move every day — and so do the tax opportunities inside a portfolio. Many firms look for tax losses once a year, in December. Earned monitors managed taxable accounts continuously, so opportunities can be captured when they appear, and portfolio changes are reviewed for tax impact before trades happen.

HOW IT WORKS

- **Harvest losses year-round.** When a holding declines, it may be sold and replaced with a similar investment — keeping you invested while creating losses that can offset current or future gains.

- **Own stocks at the individual level.** Through custom indexing, clients can own individual stocks directly rather than only pooled funds.7 Even when the market rises, some individual stocks decline — creating harvestable losses a fund-only approach can't reach.

- **Defer gains where appropriate.** When gains must be realized, the most tax-efficient lots are selected, keeping more of your money invested and working.

3.7% Estimated average taxes saved or deferred by Earned clients in managed taxable accounts, net of asset-management fees, as of April 30, 2026.[3] Individual results ranged from −0.2% to +23.6% and will vary.

PREPARING FOR A LARGE GAIN?

For certain eligible investors approaching a significant gain — such as a practice sale or a concentrated stock position — Earned offers access to "accelerated" long/short harvesting strategies designed to keep generating potential losses even in rising markets. These strategies have grown from roughly $1 billion in assets in 2021 to more than $150 billion today.[8]

Illustrative analysis suggests average annual net tax benefits on the order of approximately 3.4% of market value for a moderate structure (130/30) and approximately 8% for a more aggressive structure (200/100), each averaged over a 10-year horizon, with the largest losses typically generated in the early years.[9] In one illustration, a $10 million account compounding at 6% could see the after-tax wealth gap widen by several million dollars over 20 years versus standard harvesting — before the eventual, planned unwind of the strategy is accounted for.[9]

These figures are illustrative, hypothetical, and/or backtested. Long/short strategies use margin and leverage and add financing, short-selling, and liquidity risks not present in traditional portfolios; the eventual unwind may generate taxable gains. They are not suitable for every investor.

WHAT THIS COULD MEAN FOR YOU

A portfolio that is managed for taxes every day — not just at year-end.

Your accounts should work together — not against one another

WHY IT MATTERS

Over a career, doctors often accumulate a long list of accounts: taxable brokerage accounts, 401(k)s, 403(b)s, 457 plans, Roth IRAs, HSAs, trusts, practice retirement plans, equity-compensation accounts, and real-estate entities. When each one is managed separately — different advisors, different custodians, no coordination — unnecessary tax exposure can build and opportunities can be missed.

HOW IT WORKS

- **Different investments are taxed differently.** Some produce ordinary income each year; others produce tax-exempt income or qualify for lower capital-gains rates.

- **Placement matters.** Putting each investment in the type of account where it may be taxed most efficiently — taxable, tax-deferred, or tax-free — can improve how much of its return you actually keep.

- **One coordinated system.** Earned looks across your enrolled household accounts together, rather than treating each statement as its own separate world.

> **0.5%–0.7% Potential annual value from thoughtful account placement, based on Envestnet and Vanguard research.[10] These estimates reflect general investor populations; results vary by individual circumstance.**

WHAT THIS COULD MEAN FOR YOU

The same investments, arranged more tax-efficiently — without changing your overall strategy.

The best time to plan for a major gain is often years before it happens

WHY IT MATTERS

For many doctors, the biggest financial event of a career isn't a good year in the market – it's a liquidity event: a practice sale, a concentrated stock position, a large equity vesting, or the sale of investment real estate. Practice sales alone often range from $500,000 to $10 million or more, and the most valuable planning options are usually available only in the years before the transaction – the ideal window can open three to five years ahead. When a significant event is anticipated within 36 months, Earned begins planning immediately.

CASE STUDY 1

Illustrative case study · identifying details modified · results not guaranteed

A San Francisco orthodontist anticipating a $1.6 million practice-sale gain. Twenty-four months before the sale, $1.7 million was invested in a taxable account managed with accelerated tax-loss harvesting, which generated $1.4 million in realized losses. At sale, those losses offset most of the gain – reducing the taxable event from $1.6 million to roughly $200,000.

Estimated taxes saved: $420,000

CASE STUDY 2

Illustrative case study · identifying details modified · results not guaranteed

A New York radiologist with $1.8 million in a single stock. A three-part plan: $400,000 of appreciated shares contributed to a Donor-Advised Fund (a charitable account funded with appreciated assets, removing capital gains on the contributed portion and creating a charitable deduction); a $1.5 million long/short separately managed account through Quantinno that generated $600,000 in realized losses over three years; and a $500,000 rollover into a Qualified Opportunity Zone fund, a program that allows certain gains to be deferred when reinvested in designated areas.

Estimated taxes saved and deferred: $520,000+

RANGE CALLOUT

In certain practice-sale illustrations, **$200,000–$500,000+** in estimated tax savings has been shown with 24–36 months of proactive preparation. This is an illustrative range – the opportunity depends heavily on the size, timing, and structure of your specific situation.

WHAT THIS COULD MEAN FOR YOU

If a sale or other major gain may be in your future, the planning window may already be open.

Expensive mistakes happen when advisors don't work together

WHY IT MATTERS

Many doctors work with an investment advisor, a CPA, an insurance professional, an estate attorney, and a retirement-plan provider — none of whom talk to one another. Decisions made in isolation can duplicate strategies, conflict with each other, or miss tax opportunities entirely. The costliest version is a major move — a practice sale, an equity event, a real-estate transaction — reviewed for taxes only after it's done.

HOW IT WORKS

- **Steady guidance when it's hardest.** Helping you stay with your plan during volatile markets and stressful decisions. Vanguard research attributes approximately 1.5% of potential annual value to this kind of behavioral guidance — noting that its timing is irregular and its value depends on circumstances.[11]

- **Timing income intentionally.** Identifying lower-income years — a sabbatical, a transition between positions, a partial wind-down — when Roth conversions may be completed at lower rates, and sequencing retirement-account withdrawals to help manage lifetime taxes.

- **Giving — and selling — tax-aware.** Charitable giving with appreciated securities, Donor-Advised Funds, Qualified Charitable Distributions, and Charitable Remainder Trusts each carry distinct advantages; practice sales, equity events, and real-estate transactions are reviewed before execution, not reconstructed afterward.

> **~1.5% Potential annual value attributed to behavioral guidance in Vanguard's research.[11] The timing of this value is irregular — it tends to arrive in the moments it's hardest to provide — and depends on individual circumstances.**

WHAT THIS COULD MEAN FOR YOU

One team looking at the whole picture before you sign, sell, convert, or give.

A tax dollar kept today may continue working for decades

WHY IT MATTERS

Tax savings don't affect just one year. Money that stays invested rather than going to taxes has the opportunity to earn returns — and those returns may compound year after year. That's why two doctors can receive the same investment return and still end up with meaningfully different after-tax outcomes.

ILLUSTRATION 1

In Envestnet's research, a portfolio managed with sophisticated tax harvesting grew to $3.48 million versus $3.15 million for a portfolio without tax management — an 11% difference generated by tax management alone, compounding over time.[2]

ILLUSTRATION 2

In the $1 million illustration from page 2, deferring gains rather than realizing them each year produced approximately $2.16 million versus $1.52 million after 10 years at the same 8% return — a difference of roughly $640,000.[6] Illustrative only.

> **A note on the 3.7% figure: it is an estimate of taxes saved or deferred — it should not simply be added to your portfolio returns each year, and it is not a guaranteed annual investment return. The goal isn't beating the market; it's improving your lifetime after-tax outcome.[3,4]**

WHAT THIS COULD MEAN FOR YOU

Every unnecessary tax dollar paid today is a dollar that never compounds again.

How you earn income can matter as much as how you invest it

WHY IT MATTERS

Tax preparation records what already happened. Strategic tax planning shapes what happens next – the business entity you use, how your retirement plan is designed, which deductions you can document, how you and your family are paid, and how insurance and legal details are handled before a transition. For practice owners and 1099 doctors, this is often the single largest planning opportunity – and it works best when it starts before a contract is signed or employment ends.

THE SAME INCOME, A DIFFERENT AFTER-TAX PICTURE

Consider a $500,000 physician weighing an offer to leave W-2 employment for contract (locum tenens) work through an S-corporation. As a W-2 employee, retirement savings are capped at roughly $23,000 per year in the employee 401(k) in this example. With a Solo 401(k) plus a cash-balance plan, illustrative contributions reach $150,000–$275,000+ per year – with illustrative annual tax savings of $40,000–$57,000+ versus the W-2 baseline.[12]

	W-2	Sole Prop – no planning	Sole Prop w/ planning	S-Corp – no planning	S-Corp w/ planning
Total taxes	$177,563	$154,472	$126,740	$188,317	$119,790

Illustrative comparison for a $500,000 California physician; figures vary by state and circumstance. A fully planned S-Corp lowers total tax from $177,563 to $119,790 – more than $57,000 in annual savings versus W-2. Full federal, state, corporate, pass-through-entity, and payroll-tax detail appears in note 12 on page 10. Source: Earned strategic tax-planning analysis. Not tax advice.

THREE LEVERS FOR A 1099 CLINICIAN

- **Retirement plan.** A $200,000 contract clinician may contribute up to roughly $72,000 per year through a Solo 401(k) or SEP-IRA – and layering a cash-balance plan can produce $3.4 million or more in additional retirement accumulation over a decade at a 7% return, under the original assumptions.[12]

- **Business deductions.** Home office, malpractice premiums, continuing education, licensing, equipment, and travel – properly documented – are available to 1099 earners but not W-2 employees; ownership can extend the list further, including family payroll.

- **Entity structure.** At $200,000 of income, an S-corporation election may reduce self-employment tax by roughly $8,000–$10,000 per year; at higher incomes, the combined effect can be far larger. Entity choice should be revisited as income grows.[12]

FIVE TEAMS, ONE CONVERSATION

Tax · Retirement Plans · Wealth Management · Insurance · Legal

When a contract renewal or transition is coming, all five Earned disciplines review the decision together, ideally with at least 90 days' lead time — including confirming own-occupation disability coverage is in place before group coverage ends on your last day of employment.

WHAT THIS COULD MEAN FOR YOU

A career decision reviewed once, by everyone who needs to see it — before anything is signed.

The most important number is what you keep.

Tax management works best when it's built into financial decisions – not added after the fact. The six drivers in this guide work together, and the opportunity they represent is different for every doctor. The only way to know which strategies may apply to you is a personal analysis of your income, accounts, investments, and what's ahead.

A final note to our clients

As a doctor, you've spent your career mastering complexity. The tax complexity surrounding your income, your practice, and your investments deserves the same disciplined attention. We built the After-Tax Alpha framework on a simple principle: tax management shouldn't be a separate, year-end service – it should be part of every meaningful financial decision. Every doctor's circumstances are different, but the principle holds: a dollar of unnecessary tax paid today is a dollar that never compounds for tomorrow. Wherever you are in your career, I hope this guide helps you think differently about the role tax strategy can play in your financial life.

Bill Martin, CFA®
Chief Wealth & Investment Officer
Earned

See how After-Tax Alpha applies to your unique situation.

Meet with an Earned advisor to review your investments, income, accounts, career decisions, and upcoming financial events – and identify where coordinated planning may create opportunities.

Sources and Notes

1. The Vanguard Group, “Putting a Value on Your Value: Quantifying Vanguard Advisor's Alpha,” 2020. Vanguard estimates its best-practice framework can add “about 3%” in net returns, noting the benefit is irregular rather than annual and varies by client circumstance.
2. Envestnet | PMC, “Capital Sigma: The Sources of Advisor-Created Value,” 2019. Envestnet estimates approximately 100 bps of annual value from tax management and roughly 3% in total across the advisor value chain (financial planning, asset allocation, investment selection, systematic rebalancing, and tax management).
3. Earned data as of April 30, 2026, across 580 active taxable client accounts with equity and fund balances above $1,000 enrolled in tax-smart investing via Earned’s outsourced trading agent, Smartleaf Asset Management. The figure represents estimated taxes saved or deferred, net of asset management fees; individual results ranged from -0.2% to +23.6% and will vary. See Important Disclosures.
4. Driver value ranges synthesize Earned data (Smartleaf-managed taxable accounts), Envestnet | PMC (2019), and Vanguard (2020). Figures are illustrative and educational, do not sum (the drivers interact), and are not guarantees of any result. The actual amount of value added may vary significantly depending on client circumstances and time horizon.
5. Top combined marginal rates regularly exceed 50–53% in high-tax states such as California, New York, and New Jersey, reflecting the top federal ordinary bracket (37%), the 3.8% net investment income tax, and state income tax. Rates and thresholds are current as of the 2026 tax year and subject to change.
6. Compound Interest Calculator, Investor.gov. The chart is for illustrative purposes only to demonstrate the power of compounding returns.
7. Smartleaf Asset Management serves as Earned’s outsourced trading agent, automating tax-smart trading, loss harvesting, asset location, and custom indexing across enrolled accounts.
8. Wall Street Journal, “Stock Gains Without All the Taxes?”, May 16, 2026. Reporting documents the rapid growth of long/short tax-aware strategies among high-net-worth investors, from roughly $1 billion in assets in 2021 to more than $150 billion.
9. Quantinno Capital Management LP, “DEALS Managed Account Platform,” 2026 (private/confidential). Figures are illustrative, hypothetical, and/or backtested and do not represent guaranteed or actual investor outcomes; backtested performance is not an indicator of future results.
10. Envestnet | PMC (2019) attributes more than 50 bps of annual value to asset-location advice; Vanguard (2020) puts the figure at up to 70 bps. Both are based on general investor populations.
11. Vanguard (2020) attributes up to roughly 150 bps of annual value to behavioral coaching — the most consistently documented single source of advisor value — noting its timing is irregular, with the highest value delivered when it is hardest to provide.

Sources and Notes

12. Entity-comparison detail for the $500,000 California physician illustration on page 8 (all figures illustrative; source: Earned strategic tax-planning analysis; not tax advice): Total federal tax – W-2 $115,706; Sole Prop no planning $119,478; Sole Prop with planning $90,454; S-Corp no planning $115,886; S-Corp with planning $54,561. State income tax – $41,019; $34,994; $28,024; $41,701; $7,737. Corporate tax – S-Corp no planning $3,500; S-Corp with planning $3,000. Pass-through entity tax – S-Corp with planning $19,000. Payroll taxes (owner) – W-2 $20,868; S-Corp structures $27,230. Payroll taxes (family) – Sole Prop with planning $8,262; S-Corp with planning $8,262. Total taxes – $177,563; $154,472; $126,740; $188,317; $119,790. Every state drives different results, though results may be similar in other high-tax states. Planned S-Corp deductions in the illustration include items such as the Augusta Rule, home office, vehicle, continuing education, and equipment; W-2 disability coverage in the comparison is an employer group plan that ends on the first day after exit, versus own-occupation coverage that must be placed before transition.

Important Disclosures

Investment advice is provided by Earned Wealth Advisors, LLC ("EWA"), a registered investment adviser. Registration does not imply a certain level of skill or training. This material is provided for general educational and informational purposes and does not constitute investment, tax, legal, or accounting advice, nor a recommendation or solicitation to buy or sell any security or to adopt any strategy. It does not take into account the objectives, financial situation, or needs of any individual.

The +3.7% average tax-savings figure represents estimated taxes saved or deferred, net of asset-management fees, calculated by dividing total year-to-date tax savings by the market value of taxable client accounts enrolled in tax-smart investing strategies. The average was calculated based on tax-managed positions in all 580 active taxable client accounts with equity and fund balances above $1,000 that utilized Earned's outsourced trading agent, Smartleaf Asset Management, for the period ending April 30, 2026. Estimated tax savings are an approximation only. The range for individual client tax savings was -0.2% to +23.6% over this period. Individual client results will vary.

The case studies and the W-2/1099 and entity-comparison examples are illustrative. Identifying details have been modified or generalized; figures assume a high-tax-state (e.g., California) resident and will vary by state, income, and circumstance. They do not factor in all transaction costs or wealth-management fees, and results cannot be guaranteed. Not all Earned clients choose or are eligible for tax-smart investing strategies. Tax rates, thresholds, contribution limits, and deduction rules are stated as of the 2026 tax year and are subject to change; clients should consult their own licensed CPA and legal counsel regarding their individual situations.

Figures associated with accelerated long/short strategies (including those of Quantinno Capital Management LP) are illustrative, hypothetical, and/or backtested; backtested performance is not an indicator of future actual results and does not represent returns any investor actually attained. Long/short strategies involve leverage and additional risk, and an eventual unwind of the extension may generate taxable gains. Past performance is not indicative of future results, and all investing involves risk, including possible loss of principal.

Third-party research citations: Envestnet | PMC, Capital Sigma (2019); Vanguard, Advisor's Alpha (2020); Wall Street Journal, "Stock Gains Without All the Taxes?" (May 16, 2026). External research is cited for informational context and does not imply endorsement of Earned by these organizations.