

INTELLIGENT INVESTING



IS YOUR

PORTFOLIO

ON TRACK?



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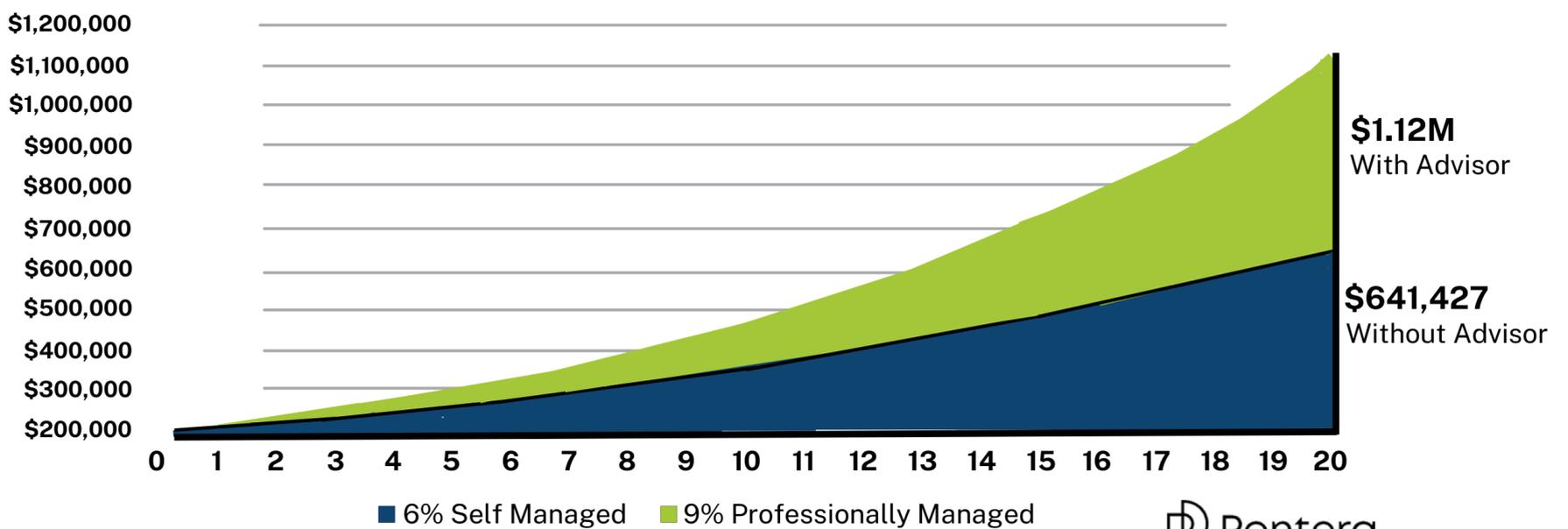
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INTRODUCTION

ARE YOU MAXIMIZING YOUR WEALTH POTENTIAL?

A recent study found that high-net-worth individuals have **over half** their wealth in IRAs and 401ks. If you're like many investors, you may be overlooking a crucial component of your financial portfolio: your 401k or 403b accounts. These accounts, known as **held-away assets**, can play a **significant role** in your overall investment strategy.

Pontera 401K Professional Management Study



Studies have shown that professionally managed accounts could outperform unmanaged accounts by 3% or more, net of fees. For a 45-year-old participant, this could translate to **75% more wealth** at age 65. Studies by Vanguard,¹ Russell,² and Envestnet³ conclude that having professional management on these accounts may generate up to **3% better performance** each year net of fees.



Here's the punch line: Intelligent Investing is able to **monitor, manage, and trade** 401k, 403b, or other retirement assets **while you are still employed**. We can do this using our *Intelligrations*[®] and it helps minimize your financial stress so you can maximize your life.

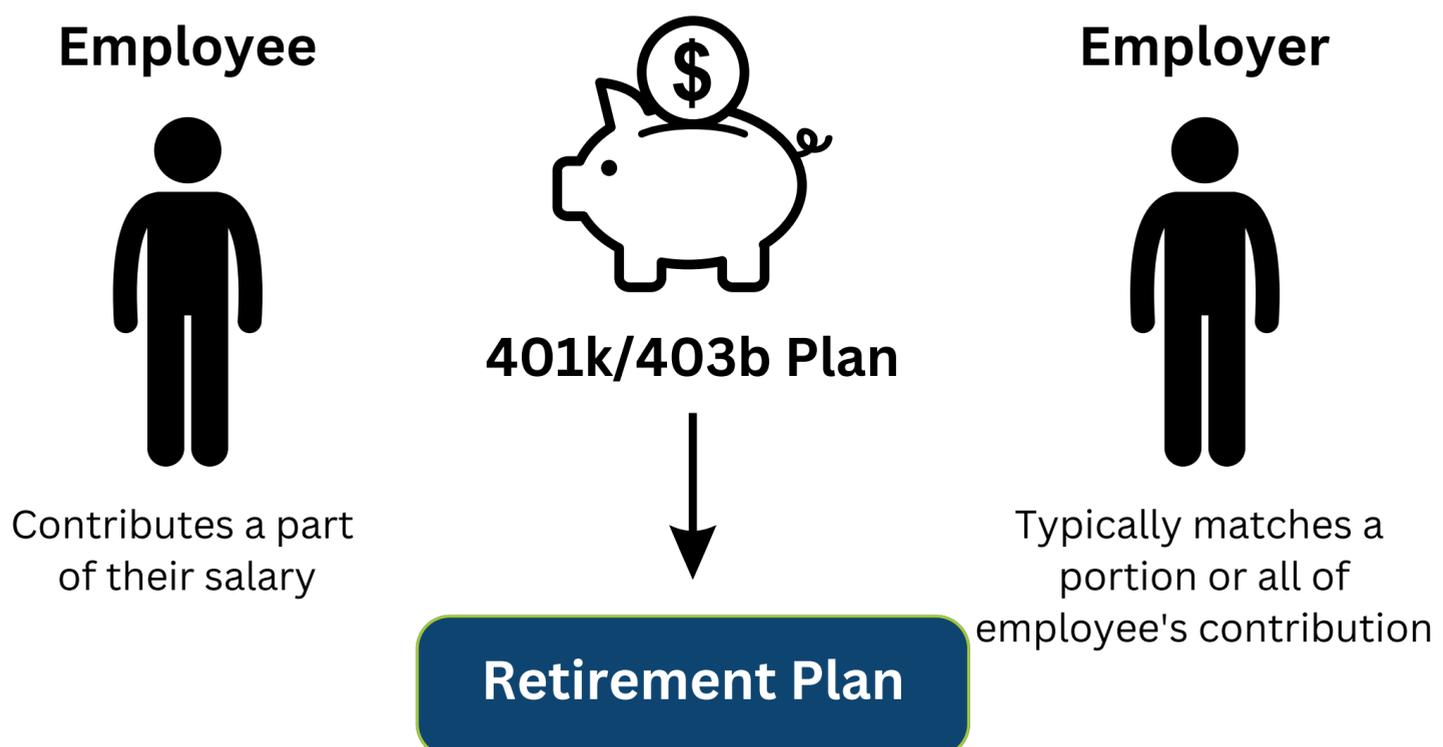
In this ebook, we'll show you why considering these held-away assets is essential for investment diversification, risk management, and increased efficiency, and why you should consider having a professional financial advisor optimally integrate these assets into your overall portfolio and financial plan. If we reference a 401k, and you have a 403b, 457a, 401a, or another retirement plan account with your employer, just keep in mind it works the same way. It is just another held-away asset.

WHAT ARE HELD-AWAY ASSETS?

Held-away assets are investment accounts that are held by an investor at a financial institution other than the one where their primary investment portfolio is managed. These assets typically include 401k, 403b, 457a, 401a, 529 plans, and other employer-sponsored retirement plans.

Held-away assets are typically not managed directly by a financial advisor or wealth management firm but rather are held with a separate institution, and managed by the individual employee. Despite being held separately, these assets should still be considered and incorporated into an investor's overall financial strategy and investment portfolio, making it important for financial advisors to consider them when working with you.

How a 401k/403b Plan Works



A 401k or 403b is considered a defined contribution (DC) plan. A defined contribution (DC) plan is a retirement plan that's typically tax-deferred in which employees contribute a fixed amount or a percentage of their paychecks to an account that is intended to fund their retirements. In addition, the sponsor company can match a portion of employee contributions as an added benefit. **Employers like DC plans because the risk of the underlying investments are placed upon the employee.** This is why America has shifted away from having pension plans (defined benefit plans) where they were on the hook for the underlying investment results.

BENEFITS OF INTEGRATING YOUR 401K

Now that you understand what a held-away asset is let's take a look, let's take a look at some of the benefits of integrating your held-away assets into your overall financial picture.



Investment Diversification

Investment diversification is a key factor in reducing risk and maximizing returns in a portfolio. However, holding assets in multiple accounts at different institutions can make it difficult for investors to achieve true diversification.

This is where considering held-away assets can play a crucial role. By taking these assets into account and incorporating them into an overall investment strategy, financial advisors can help you achieve a more diversified portfolio. Many times employees do not think holistically about their portfolio. Employees may inadvertently have a concentrated stock or investment position, or overlapping funds in multiple accounts which can increase their overall risk.

QUICK NOTE ON ASSET LOCATION.

Asset location is a tax-minimization strategy that **takes advantage** of different types of investments getting different tax treatments. Using this strategy, an investor determines which securities should be held in tax-deferred accounts and which in taxable accounts to maximize after-tax returns.



Tax Efficiency

When managing a portfolio, it's important to consider not just the type of investments being held, but also the tax implications of those investments. For example, qualified accounts like 401(k)s and IRAs offer tax benefits but also come with limitations on when and how funds can be withdrawn.



Asset location differs from asset allocation, which focuses on the types of investments to put money into. Asset location considers the **tax consequences** of an investment vehicle, such as whether it is taxable, tax-deferred, or tax-free.

On the other hand, taxable accounts (i.e., brokerage accounts) offer more flexibility, but may have higher tax implications. By integrating your held-away assets, financial advisors can assist you in balancing the asset location of investments and create a more diverse portfolio that takes into account both qualified and non-qualified (taxable) accounts.

Since many employees don't have professional tax backgrounds, they may place the wrong type of investment in the wrong vehicle. This can cause unnecessary and avoidable tax consequences, had they outsourced to a professional.



Risk Management

Risk management is a critical component of any successful investment strategy. By integrating held-away assets, financial advisors can help you better manage risk and achieve their investment goals.

One of the primary benefits of incorporating held-away assets into an overall investment strategy is that it allows for a more comprehensive view of your financial situation. This increased visibility can help financial advisors make more informed decisions about the allocation of investments, allowing them to manage risk more effectively.

For example, you might have a bunch of U.S. large-cap equities in your brokerage account, and then you decide to buy a U.S. stock market ETF index for your 401k. By not considering both buckets, you could essentially “double-up” and have a concentrated risk position.

When financial advisors have access to all of a you's 401k and retirement plan information, including held-away assets, they can better track investment performance and rebalance as needed to manage risk. This can be especially important in times of market volatility, when swift action may be needed to protect your investments.



Time Saving

When assets are held in multiple accounts at different institutions, it can be time-consuming for you to manage their investments and keep track of their portfolio performance. By considering held-away assets, financial advisors can provide you with a more comprehensive view of their investments, reducing the need for them to constantly monitor multiple accounts. This can save you time and increase efficiency, allowing them to focus on other aspects of their lives.



*Employees are often busy with their job or their family and **don't have time**, nor the expertise to research 401k options or rebalance their 401ks. Incorporating held-away assets into an overall investment strategy can **streamline the investment process**.*



Expert Portfolio Management

Managing a 401(k) can be a complex and challenging task for individual employees who lack the necessary knowledge, skills, and experience in trading and asset allocation. Without a proper understanding of the markets, investment risks, and the various investment options available, employees may make costly mistakes that can have a significant impact on their retirement savings.

Having an independent financial advisor may be beneficial. The advisor can be a sounding board for your investment choices. And they lend a steady hand encouraging you to stay the course when emotions take over during a market downturn.

For example, an employee may be too aggressive or too conservative in their investment decisions, leading to a portfolio that is either heavily invested in risky assets or lacking the diversification needed to mitigate risk. In some cases, employees may even miss out on investment opportunities due to a lack of knowledge or [a tendency to make emotionally driven decisions based on short-term market movements.](#)

Moreover, managing a 401(k) involves more than just selecting investment options. Employees must also monitor their portfolios, rebalance as needed, and make trades based on their long-term investment goals and risk tolerance. **Without the expertise and resources of a professional financial advisor, it can be difficult for individual employees to effectively manage these tasks and make informed decisions that align with their investment objectives.**

"We **minimize** financial stress to **maximize** your life."

HOW OUR INTELLIGRATIONS® INTEGRATE HELD-AWAY ASSETS

At Intelligent Investing, our passion is to **minimize financial stress and maximize lives.** Efficiency is a critical component of any successful investment strategy, as it allows you to minimize your time and effort.

Recent technology has allowed us to be able to manage these assets alongside the other assets we manage, giving us a fuller understanding of your financial picture.



Using our proprietary Intelligrations®, we now can use innovative technology to provide even better service on these accounts. Intelligent Investing is now able to make sure the entirety of your portfolio is taken care of including their 401(k), 403(b), and other retirement accounts. You receive a **personalized risk number** that encompasses their entire portfolio in real-time (assets we are directly managing, and assets that we manage in their held-away accounts (i.e., your 401(k), 403(b), etc..))

When markets get fearful or greedy, we can trade assets including the ones in their 401(k) or 403(b). We think this is a fantastic way to minimize their financial stress and maximize their lives.



Now you don't have to wonder, should I be doing some rebalancing or making trades inside my 401(k), or wondering what their asset allocation should be inside their 401(k).

We can now proactively manage, monitor, and trade these accounts just like your other assets with us. We are really excited about what this can do for you to make sure all of their assets align to their goals.

"This truly is **intelligent investing.**"

CONCLUSION

At Intelligent Investing, we have the ability through our proprietary Intelligrations® to monitor, manage, and trade held-away assets.

In conclusion, considering held-away assets can provide numerous benefits for both financial advisors and their clients. It can improve investment diversification, allowing for a more comprehensive and balanced portfolio. It can also improve risk management by providing a more complete picture of a client's financial situation and reducing the risk associated with an over-reliance on any one particular investment.

By considering held-away assets and incorporating them into your overall investment strategy using our Intelligrations®, we can help you achieve your investment goals with greater ease and confidence.

Reach out to us to **schedule a complimentary discovery call** to learn how you can become the next Intelligent Investor today!



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ABOUT US

Intelligent Investing, LLC is a registered investment adviser based in Greenville, South Carolina. We are organized as a limited liability company (“LLC”) under the laws of the State of South Carolina. We have been providing investment advisory services since April 2017. We are owned by Hans T. Blake. Intelligent Investing does not provide tax, legal or accounting advice. Any material in the e-book has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any transaction.

An investor brochure about Intelligent Investing is available on <https://adviserinfo.sec.gov/>. You can also call (800) 289-9999 or access the broader FINRA website at www.finra.org. Please visit www.investedwithyou.com for more information on how you can become a client.

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