

Taking Control of Taxes to Unlock After-Tax Returns

“The only sure way to increase your after-tax return is to control the timing of your taxable events.” — James Tobin, Nobel Prize–Winning Economist

In investing, returns are only as good as what you keep after taxes. James Tobin’s timeless insight highlights a critical but often overlooked truth: investors who control the timing of taxable events ultimately control their after-tax wealth creation.

That’s exactly what the Compoundr strategy is designed to do.

The Problem with Traditional Fixed Income

Most fixed income investments generate steady income that is taxed annually at ordinary income rates — often the highest rate an investor pays. This creates a drag on compounding and limits after-tax returns, particularly for investors in taxable accounts.

The Compoundr Solution

The Compoundr strategy converts the ongoing interest income from bonds into deferred capital gains. This innovation gives investors two powerful advantages:

1. **Immediate Tax Savings**

By avoiding annual taxation at marginal income rates, more of your money stays invested and continues compounding.

2. **Control Over Taxable Events**

Just as Tobin pointed out, investors benefit most when they decide *when* to realize gains. With Compoundr, you choose the timing of your taxable events — whether to offset other losses, match gains, or defer into the future.

Why This Matters

Compounding isn’t just about the growth of investments — it’s about keeping more of your returns compounding on a tax-efficient basis. Over time, this difference can translate into meaningfully higher after-tax wealth.

A Gain Changer

The Compoundr strategy allow investors to hold fixed income in taxable accounts without the same tax drag. It aligns with Tobin’s principle: maximize after-tax returns by taking control of taxable events, not letting them control you.