

How to prepare for (potentially) higher taxes

Modern retirement monthly

Authors: Ainsley Carbone, Total Wealth Strategist, CIO Americas, UBS Financial Services Inc. (UBS FS); Justin Waring, Investment Strategist, CIO Americas, UBS Financial Services Inc. (UBS FS)

- With a massive outstanding federal debt burden, an aging population weighing on federal deficits, and the 2024 election just around the corner, many families are rightfully concerned that higher tax rates could impact their financial plans.
- Changes to tax policy can affect your finances across all time horizons: A higher personal tax burden can mean a decrease in your take-home pay during your working years, less purchasing power in retirement, and a smaller bequest for your children.
- In this report, we'll discuss what a higher personal tax burden may look like, how this might impact your retirement plan, and what strategies you can use to manage your tax liabilities, regardless of what future tax rates will look like.



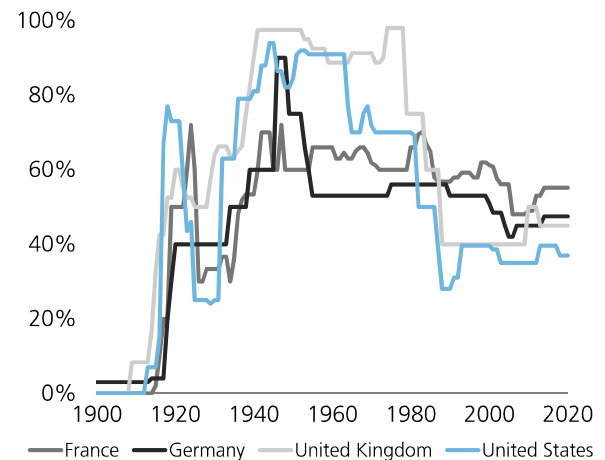
The good news for Americans is that tax policy has been very accommodative in recent years when compared to overseas tax rates and those that existed in the past. The bad news is that US tax rates will probably be raised from here, especially for higher-income Americans.

As interest rates have risen, it has become progressively more expensive to finance the federal deficit and the urgency to address the US government debt burden has increased. Furthermore, personal tax rates are already scheduled to increase when the 2017 Tax Cuts and Jobs Act (TCJA) "sunssets" at the end of 2025. Congress will need to address this expiration of a wide range of personal tax provisions, but *how* these provisions are handled will depend on the outcome of the upcoming election and the makeup of Congress.

While it's too early to know when taxes will rise, we suggest seven strategies to help manage future tax liabilities, regardless of the outcome of this year's election.

Fig. 1: US tax rates are far lower than they were, and lower than competitors' rates

Highest marginal income tax rate by country



Source: UBS, OurWorldInData, as of 31 July 2020.

This report has been prepared by UBS Financial Services Inc. (UBS FS). Please see important disclaimers and disclosures at the end of the document.

What might a higher tax burden look like?

It's important to note that this list of proposed policies is not exhaustive. For instance, this report does not touch on the various proposals put forth by some progressive politicians to levy higher taxes on the nation's wealthier residents through a wealth tax.

For information on what a wealth tax in the US might look like and possible unintended consequences that may result, please see our report, [Wealth taxes: A tricky proposition](#).

Additionally, please keep in mind that the likelihood of enacting any legislative proposal depends upon the outcome of the election. Our latest ElectionWatch report, [Politics beyond borders](#), includes a table outlining our policy expectations for the most likely election outcome scenarios.

We will continue to monitor the legislative landscape for potential changes, and inform you about our policy expectations and recommended strategies. To stay up to date on our latest views and advice as they relate to the 2024 election, please visit www.ubs.com/electionwatch.

Higher income, capital gains, and dividends taxes

President Biden's budget proposal for fiscal year 2025 aims to keep most of the income tax brackets intact but would seek an increase in the top income tax bracket from 37% up to 39.6% for income above \$400,000 for single filers and \$450,000 for joint filers.

In addition to increased income tax rates, Biden is proposing a more progressive investment tax structure that would tax capital gains and dividends as ordinary income for the wealthy. Currently, these taxes are mostly "flat" across the income spectrum, going from 0% to 15% for income above \$47,025 and from 15% to 20% for incomes above \$518,900.

These tax rates don't include the Net Investment Income Tax (NIIT), which is a surtax of 3.8% that kicks in for incomes of above \$250,000 (under current law) for those who are married and file jointly. Biden has proposed raising the NIIT rate to 5%.

These proposals would mean that if ordinary tax rates increase to 39.6%, the capital gains and dividend tax could almost double from 23.8% to 44.6% (including the NIIT) for investors with taxable income over \$1 million.

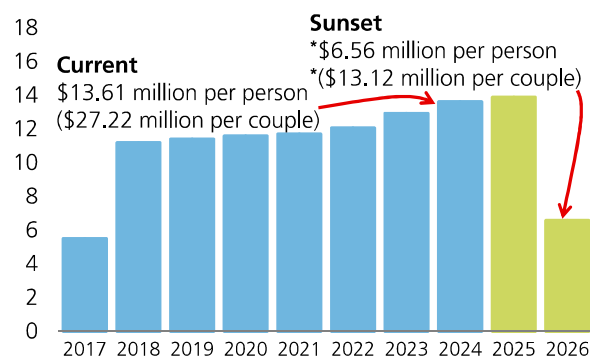
It's important to note that municipal bond interest income is currently exempt from the Net Investment Income Tax.

A less-accommodative estate tax policy

Under the current law, an individual can give away \$13.61 million (\$27.22 million for married couples) to others during their lifetime or at death without being subject to gift or estate taxes (which have a top tax rate of 40% for amounts over \$1 million). Without congressional action, these amounts are set to continue to increase with inflation through 2025, after which they'll decrease back to about \$6.5 million per individual (see Fig. 2).

Fig. 2: Without congressional action, an estate planning "cliff" is coming in 2026

Lifetime gift and estate tax exemption amount per individual, in millions, with forecast under current law



Source: UBS, IRS. *Forecasts for 2025-2026 are scheduled under current law and assume a 2% inflation rate.

We expect Congress to address this expiring Tax Cuts and Jobs Act (TCJA) provision in 2025, but the outcome is uncertain, and much will depend on the degree of control exercised by one party or the other. Absent a unified government under GOP control, we anticipate that the size of the exemption will likely decline in 2026, though it might not revert to the \$6.5 million threshold.

Such policy changes may also come with additional restrictions. Currently, investments that are transferred at death—except for qualified assets like retirement accounts and tax-deferred annuities—receive a "step-up" in cost basis. This means the capital gains on an inherited investment are based on its value at the time it was inherited (not its value when the original investment was made).

Biden has proposed repealing the "step-up" in cost basis upon death, taxing unrealized capital gains at death above a \$5 million exemption (\$10 million for joint filers).

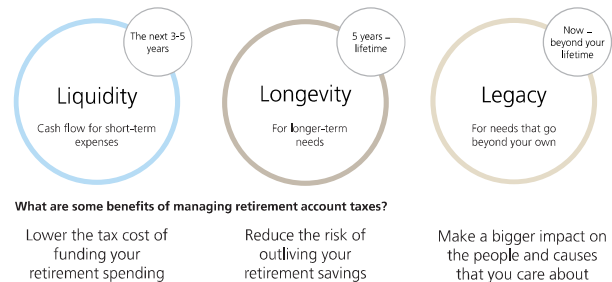
If implemented, these changes would lead to a much larger tax being paid and would significantly hamper wealthy taxpayers' ability to manage taxes when transferring wealth to their family.

What should you do?

Tax considerations are a key part of a successful retirement plan—a higher tax liability can significantly diminish after-tax wealth and can take away from the longevity of a retirement plan. Without carefully developing a tax strategy, retirees run the risk of missing out on key tax benefits and paying more in taxes than necessary. However, with so many variables that factor into an individual's tax liability, it can be difficult to determine what the right tax strategy looks like. Add in the fact that future tax policy is uncertain, and this decision-making process is complicated even further.

To aid this process, we recommend using our Liquidity. Longevity. Legacy. framework, which helps you approach your financial decisions through the lens of meeting your goals. In the case of taxes, this framework allows us to assess how possible tax changes might affect your retirement plan and your ability to pass wealth on to future generations, allowing you to develop a strategy that reduces tax drag, leaving more wealth for you, your family, and the charitable causes that matter to you.

The Liquidity. Longevity. Legacy. framework



*UBS Wealth Way is an approach incorporating Liquidity. Longevity. Legacy. strategies that UBS Financial Services Inc. and our Financial Advisors can use to assist clients in exploring and pursuing their wealth management needs and goals over different timeframes. This approach is not a promise or guarantee that wealth, or any financial results, can or will be achieved. All investments involve the risk of loss, including the risk of loss of the entire investment. Timeframes may vary. Strategies are subject to individual client goals, objectives and suitability.

1. In your working years, use the “savings waterfall” to enhance flexibility

There’s no way to perfectly plan for future tax rates, but building your retirement savings around maximizing flexibility can be far more effective than strategies that rely on an accurate forecast of tax rates.

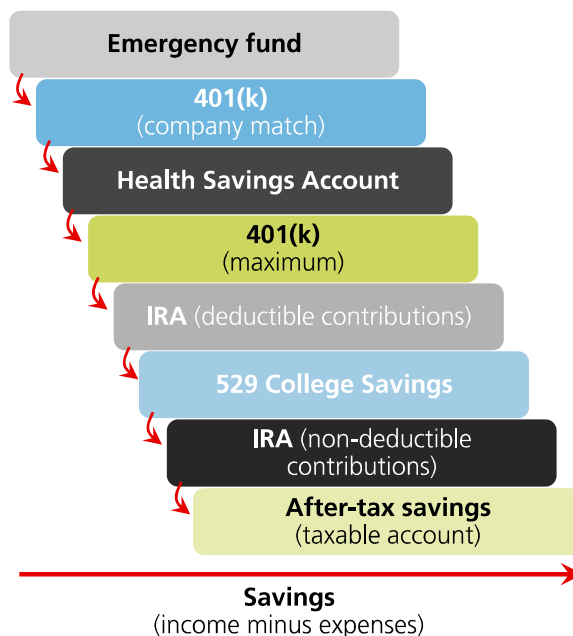
Ideally, you will be able to diversify your savings across a mix of different account types (taxable, tax-deferred, and tax-exempt) so that you can draw from your retirement funds in whichever sequence is more tax-efficient year to year. This flexibility can ultimately help you to reduce the risk that

future tax rates will diminish the value of your retirement assets.

Tax diversification doesn't come with an optimal ratio of taxable, tax-deferred, and tax-exempt assets. The most important objective is to find a balance. We suggest developing a savings strategy during your working years based on your family's earnings, company benefits programs, and financial goals. To help you with this, our [Savings waterfall worksheet](#) prioritizes account types based on after-tax growth potential, and it provides a good tool for evaluating key elements on a year-by-year basis, including a summary of the contribution limits for 2024.

Fig. 3: Where should you put your savings? The “savings waterfall”

A framework for prioritizing savings and investing accounts by after-tax growth potential



Source: UBS. For illustration purposes only.

2. Use the “spending waterfall” to manage taxes in retirement

The income tax system is progressive (you pay an incrementally higher tax rate in years when your annual income is higher). As a result, holding the bulk of your wealth in tax-deferred accounts could create a “tax time bomb” for your retirement years when you will be taxed on distributions from those accounts.

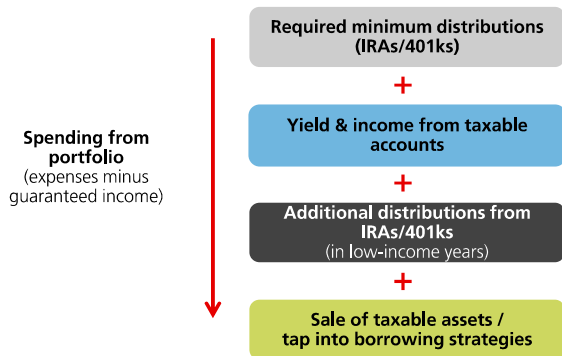
Instead of sticking to the required minimum distributions (RMDs) that are mandated by the government, we recommend working with your financial advisor and tax advisor on a dynamic withdrawal strategy that distributes

enough from your tax-deferred accounts to fill up your tax bracket each year in retirement.

To the extent that your distributions are needed to fund your spending, you can follow the “spending waterfall” shown below, which will help you draw cash flow from your retirement assets in a tax-efficient sequence.

Fig. 4: The “spending waterfall” can help you manage your tax liabilities in retirement

Suggested sequence of withdrawals to help improve tax efficiency



Source: UBS. For illustration purposes.

To enhance the value of the spending waterfall, the strategies summarized below can help you to reduce your family’s tax burden by spreading your IRA distributions across a greater number of years, move distributions into years with a lower tax rate, shelter assets from income and estate taxes, and maximize the value of your charitable contributions:

- **Accelerate IRA distributions** to “fill up” your tax bracket in lower-than-normal tax years. This can help you to increase the after-tax distributions from your retirement assets versus an “RMD only” withdrawal approach.
- **Use partial Roth conversions and irrevocable life insurance trusts (ILITs)** to boost the after-tax wealth you can leave to your beneficiaries. Roth IRA assets can grow income tax-free and irrevocable trusts can pass free of estate taxes.
- **Make qualified charitable distributions (QCDs)** to meet your philanthropic objectives and maximize the value of your charitable contributions, while simultaneously satisfying all or a portion of your RMD.

For more details on distribution strategies to help you to improve the after-tax wealth potential of your retirement assets, please see our recent report, [Beyond RMDs: Strategies for IRA owners and beneficiaries](#).

3. Defer capital gains (when it makes sense)

Even if you’re sure that capital gains tax rates will go higher in the future, that doesn’t necessarily mean that you’ll be

better off realizing capital gains now to lock in today’s long-term capital gains tax rate of 23.8%. That’s because the dollars that you would have to give to tax authorities would no longer be growing in your account. The return on deferred long-term capital gains tax payments is likely, over time, to be worth more than the additional taxes that you *might* pay in the future.

To illustrate this point, let’s assume that you bought a security for \$10 (this is your “cost basis”), that it’s now worth \$110, and that it will grow 5% per year in your taxable (e.g., non-IRA) account. The tax rate today is 23.8%, and you’re wondering what you should do if you think the tax rate will be 44.6% when you intend to liquidate the funds in 30 years. You have two options:

Option 1: You can “reset” the cost basis today, realize capital gains at the current tax rate, reinvest the proceeds in a similar investment, then realize the capital gains on this second investment at the end of 30 years at the higher tax rate.

Option 2: You can continue to hold onto the investment for 30 years, and then realize the capital gains at the higher tax rate.

Looking at the results of this hypothetical example in the table below (Fig. 5), you can see that deferring long-term capital gains taxes can still leave you with more after-tax wealth than if you’d paid the taxes today, even if it means you ultimately pay more in taxes down the line.

Fig. 5: Deferring capital gains can be better than trying to lock in lower tax rates today

Hypothetical example of a \$110 investment with and without “resetting” cost basis at the current tax rate (23.8%) and the after-tax value when the investment is liquidated 30 years later and taxed at 44.6%, assumes average annual growth rate of 5%

		Option #1 Reset cost basis	Option #2 Defer gains
Beginning of 30-year investment period	Cost basis	\$10.00	\$10.00
	Fair market value	\$110.00	\$110.00
	Tax cost if gains are realized today	\$23.80	\$0.00
	Investment value	\$86.20	\$110.00
End of 30-year investment period	Fair market value	\$372.55	\$475.41
	Tax cost when gains are realized 30 years later	\$127.71	\$207.57
	After-tax value	\$244.84	\$267.84

Source: UBS. For illustration purposes.

For the hypothetical growth rate and tax rates used in this example, the breakeven holding period is about 18 years, meaning that if you plan to sell the security anyway in the

next 18 years, you would be slightly better realizing gains today; otherwise, deferring capital gains taxes is your best option.

There are several variables that could extend this breakeven point. For example, a higher investment return; accounting for the possibility that market volatility will allow you to harvest losses or reset the cost basis at a lower price in the future; or the ability to realize the capital gain in a year that your taxable income is below the \$1,000,000 threshold. It's also possible that tax rates could go lower again in the future.

As you evaluate your time horizon and expectations for future tax rates and equity returns, the table below can serve as a guide for how long it takes to break even and benefit from deferring capital gains.

Fig. 6: How long do you need to defer gains to outperform locking in a lower rate?

Required holding period (years) to break even on a higher tax rate, based on return assumptions. Assumes a current tax rate of 23.8%.

Expected growth rate	Future tax rate									
	28%	30%	32%	34%	36%	38%	40%	42%	44%	46%
4%	5	8	10	12	15	17	19	21	23	25
5%	4	6	8	10	12	13	15	17	18	20
6%	3	5	7	8	10	11	13	14	15	17
7%	3	4	6	7	8	9	11	12	13	14
8%	2	4	5	6	7	8	9	10	11	13
9%	2	3	4	5	6	7	8	9	10	11
10%	2	3	4	5	6	7	7	8	9	10

Source: UBS. For illustration purposes only.

If you're still considering paying taxes today to lock in a lower rate, it's important to consider both the implicit and explicit costs involved. Transactions that bring future income into the present won't just generate more ordinary income taxes owed, but it can also trigger other costs such as an increase in the taxable amount of your Social Security benefits and insurance premium surcharges on Medicare. So, it's important to consider how your options could impact your overall financial situation.

4. Increase after-tax growth with “asset location.”

Asset location is the strategy of allocating the right investments (stocks, bonds, etc.) in the right accounts (taxable, tax-deferred, tax-exempt); in our view, this can help to boost your family's after-tax growth potential, especially by holding high-income and high-turnover investments in

tax-advantaged accounts where they will not produce a “tax drag” on returns.

Higher capital gains tax rates would provide further incentive to favor tax-efficient investment vehicles—those that deliver growth in the form of long-term capital gains, deferred as long as possible, as opposed to taxable income—in taxable accounts.

Specifically, higher capital gains tax rates would add to the tax benefits enjoyed by exchanged traded funds (ETFs) and tax-managed separately managed accounts (SMAs) as compared with mutual funds. After all, mutual funds tend to generate capital gains in bull markets that are distributed periodically to shareholders while ETFs give shareholders more control over when capital gains are realized (see, [Where art thou, capital gains?](#), for more information).

In addition, SMAs can be especially tax-efficient because they can utilize a tax-management overlay that realizes capital losses and defers capital gains on your investment down to the individual security and tax lot level.

With this in mind, you may wish to tilt your taxable accounts' asset allocations in favor of ETFs and SMAs, especially when putting new cash to work.

Before making any investment strategy changes in your taxable accounts, please consider the capital gains ramifications. If you have unrealized capital gains on your current investments, the switching costs of realizing those gains may offset the benefits of moving to a more attractive or more tax-efficient vehicle.

5. Revisit your estate plan and consider accelerating lifetime gifting

Looming reductions to the lifetime gift and estate tax exemption create a “use-it-or-lose-it” opportunity to potentially save millions in estate taxes. Strategic lifetime gifting is imperative if you want to protect your assets—and their appreciation—from being included in your taxable estate, so completing gifts today will help you utilize the historically high exemption before it's too late.

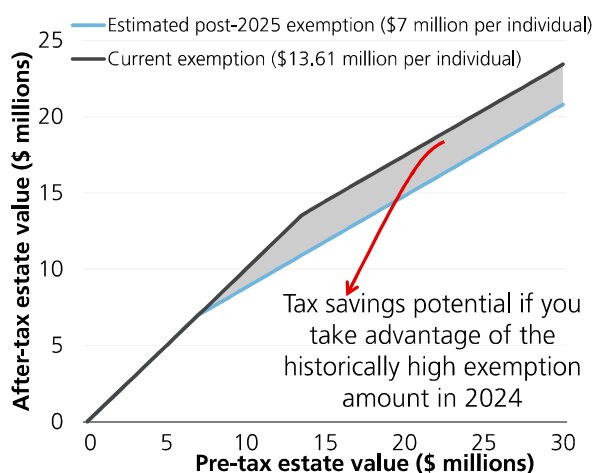
To illustrate the potential urgency in acting before the sunset, Fig. 7 shows how much you could potentially save by using up the federal exemption now, depending on how large your estate is. As you can see, the estimated post-2025 exemption would affect many more households and significantly increase the impact per estate.

For instance, if you used up the full \$13.61 million exemption today, you could pass the wealth to a loved one free of estate taxes, but your estate could be subject to millions in taxes if the same transfer occurs after the exemption reverts to previous levels at the end of 2025.

Even if your estate is well below these exemption levels today, it may grow beyond them by the time you end up transferring the assets. Additionally, because of the proposed tax on capital gains for inheritance and gifts, this is also worth attention if you have significant unrealized capital gains on assets you plan to give to your family.

Fig. 7: Estate planning should be an urgent priority for wealthy families

After-tax values of an individual's estate, assuming different estate sizes, if transfers occur before and after the Tax Cuts and Jobs Act's temporary increase to the federal lifetime gift and estate exemption sunsets at the end of 2025



Source: UBS. For illustration purposes only. The scheduled exemption for 2026 is \$5 million per person, but adjusts for inflation, so for purposes of this illustration, we assume the inflation adjustment brings it to \$7 million.

Determining how much you can afford to give away, what you are planning to give, and to whom you want to give, can be difficult and time-consuming. It can take weeks and even months to implement a thoughtful and tax-efficient estate plan, so we suggest reviewing your estate plan this year to uncover any gaps and identify any gifting opportunities.

Waiting to take action until the election results are clear may prolong the estate planning process even further, as trust and estate lawyers will likely be overwhelmed with requests from other families seeking similar planning advice. Proactively engaging with your estate attorney, financial advisor, and accountant will make sure that you have access to these key resources.

6. Give to others, with growth.

Donor advised funds, private foundations, and some trusts can offer the potential to make gifts out of your taxable estate today and grow those assets for years or decades before ultimately disbursing your gift—and any gains—to charities and other nonprofit organizations. These can help

to reduce or defer your tax payments and help you to increase the after-tax value of your gifts.

7. Give stocks to charity.

Donate securities that have appreciated in value to charities or to a donor advised fund, rather than realizing capital gains and using a cash to cover the tax cost. Nonprofit organizations are shielded from taxation, so they can benefit from capital gains on prior investments without incurring a liability at year-end.

The US tax code is structured in a way to encourage charitable giving by way of the income, gift, and estate tax charitable deductions. However, the tax rules and limitations around charitable giving can be complex. Not following the rules can lead to the reduction or denial of the charitable deduction, along with possible tax penalties and interest, so it is crucial to make sure you're aware of these rules before implementing any giving strategies. For a general overview of the tax rules around charitable giving, along with a description of the permissible vehicles available to accomplish your philanthropic goals, please see, [Charitable giving: The rules of the road.](#)

Bottom line

Tax management strategies are best done very carefully, and it can take time to organize things properly. When it comes to tax planning ahead of the election this year, it's important to take a more proactive approach, rather than a reactive one, to make sure you don't miss out on any last minute tax savings opportunities and to increase the likelihood of reaching favorable outcomes even when the circumstances are out of your control.

Regardless of the results of the 2024 election, investors can protect themselves from possible tax increases by diversifying their wealth across tax treatments, spreading taxable income across as many tax years as possible, and accelerating lifetime gifting to give to others, rather than to the IRS. We strongly recommend against waiting until November, because then it may be too late.

Appendix

UBS Chief Investment Office's ("CIO") investment views are prepared and published by the Global Wealth Management business of UBS Switzerland AG (regulated by FINMA in Switzerland) or its affiliates ("UBS"), part of UBS Group AG ("UBS Group"). UBS Group includes Credit Suisse AG, its subsidiaries, branches and affiliates. Additional disclaimer relevant to Credit Suisse Wealth Management follows at the end of this section.

The investment views have been prepared in accordance with legal requirements designed to promote the **independence of investment research**.

Generic investment research – Risk information:

This publication is **for your information only** and is not intended as an offer, or a solicitation of an offer, to buy or sell any investment or other specific product. The analysis contained herein does not constitute a personal recommendation or take into account the particular investment objectives, investment strategies, financial situation and needs of any specific recipient. It is based on numerous assumptions. Different assumptions could result in materially different results. Certain services and products are subject to legal restrictions and cannot be offered worldwide on an unrestricted basis and/or may not be eligible for sale to all investors. All information and opinions expressed in this document were obtained from sources believed to be reliable and in good faith, but no representation or warranty, express or implied, is made as to its accuracy or completeness (other than disclosures relating to UBS). All information and opinions as well as any forecasts, estimates and market prices indicated are current as of the date of this report, and are subject to change without notice. Opinions expressed herein may differ or be contrary to those expressed by other business areas or divisions of UBS as a result of using different assumptions and/or criteria.

In no circumstances may this document or any of the information (including any forecast, value, index or other calculated amount ("Values")) be used for any of the following purposes (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees. By receiving this document and the information you will be deemed to represent and warrant to UBS that you will not use this document or otherwise rely on any of the information for any of the above purposes. UBS and any of its directors or employees may be entitled at any time to hold long or short positions in investment instruments referred to herein, carry out transactions involving relevant investment instruments in the capacity of principal or agent, or provide any other services or have officers, who serve as directors, either to/for the issuer, the investment instrument itself or to/for any company commercially or financially affiliated to such issuers. At any time, investment decisions (including whether to buy, sell or hold securities) made by UBS and its employees may differ from or be contrary to the opinions expressed in UBS research publications. Some investments may not be readily realizable since the market in the securities is illiquid and therefore valuing the investment and identifying the risk to which you are exposed may be difficult to quantify. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS, into other areas, units, divisions or affiliates of UBS. Futures and options trading is not suitable for every investor as there is a substantial risk of loss, and losses in excess of an initial investment may occur. Past performance of an investment is no guarantee for its future performance. Additional information will be made available upon request. Some investments may be subject to sudden and large falls in value and on realization you may receive back less than you invested or may be required to pay more. Changes in foreign exchange rates may have an adverse effect on the price, value or income of an investment. The analyst(s) responsible for the preparation of this report may interact with trading desk personnel, sales personnel and other constituencies for the purpose of gathering, synthesizing and interpreting market information.

Different areas, groups, and personnel within UBS Group may produce and distribute separate research products **independently of each other**. For example, research publications from **CIO** are produced by UBS Global Wealth Management. **UBS Global Research** is produced by UBS Investment Bank. **Research methodologies and rating systems of each separate research organization may differ**, for example, in terms of investment recommendations, investment horizon and rating assumptions, and valuation methods. As a consequence, except for certain economic forecasts (for which UBS CIO and UBS Global Research may collaborate), investment recommendations, ratings, price targets, and valuations provided by each of the separate research organizations may be different, or inconsistent. You should refer to each relevant research product for the details as to their methodologies and rating system. Not all clients may have access to all products from every organization. Each research product is subject to the policies and procedures of the organization that produces it.

The compensation of the analyst(s) who prepared this report is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking, sales and trading or principal trading revenues, however, compensation may relate to the revenues of UBS Group as a whole, of which investment banking, sales and trading and principal trading are a part. Tax treatment depends on the individual circumstances and may be subject to change in the future. UBS does not provide legal or tax advice and makes no representations as to the tax treatment of assets or the investment returns thereon both in general or with reference to specific client's circumstances and needs. We are of necessity unable to take into account the particular investment objectives, financial situation and needs of our individual clients and we would recommend that you take financial and/or tax advice as to the implications (including tax) of investing in any of the products mentioned herein.

This material may not be reproduced or copies circulated without prior authority of UBS. Unless otherwise agreed in writing UBS expressly prohibits the distribution and transfer of this material to third parties for any reason. UBS accepts no liability whatsoever for any claims or lawsuits from any third parties arising from the use or distribution of this material. This report is for distribution only under such circumstances as may be permitted by applicable law. For information on the ways in which CIO manages conflicts and maintains independence of its investment views and publication offering, and research and rating methodologies, please visit www.ubs.com/research-methodology. Additional information on the relevant authors of this publication and other CIO publication(s) referenced in this report; and copies of any past reports on this topic; are available upon request from your client advisor.

Important Information About Sustainable Investing Strategies: Sustainable investing strategies aim to consider and incorporate environmental, social and governance (ESG) factors into investment process and portfolio construction. Strategies across geographies approach ESG analysis and incorporate the findings in a variety of ways. Incorporating ESG factors or Sustainable Investing considerations may inhibit UBS's ability to participate in or to advise on certain investment opportunities that otherwise would be consistent with the Client's investment objectives. The returns on a portfolio incorporating ESG factors or Sustainable Investing considerations may be lower or higher than portfolios where ESG factors, exclusions, or other sustainability issues are not considered by UBS, and the investment opportunities available to such portfolios may differ.

External Asset Managers / External Financial Consultants: In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

USA: Distributed to US persons only by UBS Financial Services Inc. or UBS Securities LLC, subsidiaries of UBS AG. UBS Switzerland AG, UBS Europe SE, UBS Bank, S.A., UBS Brasil Administradora de Valores Mobiliarios Ltda, UBS Asesores Mexico, S.A. de C.V., UBS SuMi TRUST Wealth Management Co., Ltd., UBS Wealth Management Israel Ltd and UBS Menkul Degerler AS are affiliates of UBS AG. **UBS Financial Services Inc. accepts responsibility for the content of a report prepared by a non-US affiliate when it distributes reports to US persons. All transactions by a US person in the securities mentioned in this report should be effected through a US-registered broker dealer affiliated with UBS, and not through a non-US affiliate. The contents of this report have not been and will not be approved by any securities or investment authority in the United States or elsewhere. UBS Financial Services Inc. is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule**

For country information, please visit ubs.com/cio-country-disclaimer-gr or ask your client advisor for the full disclaimer.

Additional Disclaimer relevant to Credit Suisse Wealth Management

You receive this document in your capacity as a client of Credit Suisse Wealth Management. Your personal data will be processed in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website <https://www.credit-suisse.com>. In order to provide you with marketing materials concerning our products and services, UBS Group AG and its subsidiaries may process your basic personal data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can optout from receiving these materials at any time by informing your Relationship Manager.

Except as otherwise specified herein and/or depending on the local Credit Suisse entity from which you are receiving this report, this report is distributed by Credit Suisse AG, authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA). Credit Suisse AG is a UBS Group company.

Version A/2024. CIO82652744

© UBS 2024. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.