

# CG Identifies Opportunity for the Wealthy: Tax-Efficient Strategies for High Income Investors



**CG Financial Services**

Securities offered through LPL Financial, Member FINRA/SIPC. Investment Advice offered through Capital Asset Advisory Services, LLC, dba CG Advisory Services, a registered investment advisor. Capital Asset Advisory Services, LLC, and CG Advisory Services are separate entities from LPL Financial. Investing in bonds involves risks, including interest rate and credit risk. Consult your financial professional before making investment decisions.

At CG Financial Services, we believe wealth is more than numbers—it's a tool to live out your purpose, protect your family, and create a lasting impact. For high-net-worth individuals, one of the most overlooked opportunities for preserving wealth is the strategic use of municipal bonds.

In today's elevated tax environment, municipal bonds, also known as "munis", offer something that aligns closely with our promise to simplify complexity and help you achieve your goals: durable, tax-efficient income.

## A Market Built for Purpose

With over \$4.2 trillion in outstanding bonds issued by states, cities, and local agencies, the municipal bond market is a cornerstone of U.S. infrastructure and public finance. What makes it attractive for CG clients? It's not just the stability; it's the after-tax advantage.

For our clients living in Michigan and North Carolina, the benefits of municipal bonds go beyond tax efficiency; they represent a way to align wealth with purpose while supporting their local communities. Thanks to favorable state tax treatment and active municipal issuance, munis can offer powerful after-tax income advantages that complement a broader financial strategy. And because we regularly meet with clients face-to-face in these regions, we're uniquely positioned to tailor these strategies to their specific goals and circumstances.



### Michigan: Double Tax-Exempt Advantage

Residents of Michigan can benefit from state and federal tax exemptions when investing in bonds issued within the state.

- Michigan revenue bonds are exempt from Michigan state income tax, including the interest earned, based on state law.<sup>1</sup>
- Many Michigan-targeted municipal bond funds are required to invest at least 80% of assets in investment-grade, Michigan tax-exempt bonds.<sup>2</sup>



### North Carolina: Growth-Backed Opportunities

North Carolina's population and economic expansion have fueled consistent municipal bond issuance.

- In 2025, the City of Charlotte alone issued \$400 million in new municipal debt to support infrastructure, a reflection of strong tax base growth and economic development.<sup>3</sup>
- Bonds from issuers like Wake County, UNC Chapel Hill, and other state authorities can offer compelling yields, backed by stable revenue and essential public services.

**Clarity Tip:** We help clients evaluate their real after-tax yield through customized analysis, not generic charts, so every investment serves a clear purpose.

Interest from municipal bonds may be subject to the alternative minimum tax (AMT) and/or state or local taxes. Capital gains, if any, are subject to tax. Consult your tax advisor for more information.

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## Why High-Income Clients Use Munis

Municipal bonds can help

- Generate steady income without triggering additional tax burdens
- Diversify away from equities or corporate credit
- Align short- and long-term cash flow needs with investment-grade security

**Clarity Tip:** Before buying municipal bonds, find out if they are subject to the alternative minimum tax (AMT).

## The CG Approach: Customization with SMAs & UMAs

Just like no two client goals are the same, no two muni portfolios should be either.

Through **Separately Managed Accounts (SMAs)** and **Unified Managed Accounts (UMAs)**, we build tailored municipal bond portfolios that align with your state residency, tax position, income needs, and risk preferences.



## What are SMAs and UMAs?

**And why do they matter for your wealth strategy?**

At CG Financial, we tailor your investment plan to align with your purpose, your tax situation, and your long-term goals. That's why we often recommend using SMAs or UMAs to build and manage municipal bond portfolios for high-net-worth clients.

Let's start by breaking down what SMAs and UMAs are and why they are valuable.

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# SMA - Separately Managed Account

A Separately Managed Account (SMA) is a personalized investment account where you directly own the individual securities, like municipal bonds, inside the portfolio. It's built and managed just for you by a professional investment manager.

## Why it's valuable:

- You can prioritize bonds from your home state for tax savings
- Your portfolio is customized to your goals and risk comfort
- You have full transparency and control . . . no pooled ownership

Think of it as your own private bond portfolio, built to serve your specific tax and income needs.

# UMA - Unified Managed Account

A Unified Managed Account (UMA) is a single account that brings together multiple investment strategies, including SMAs, into one streamlined structure.

## Why it's valuable:

- All your investment strategies live in one place
- Your account is automatically rebalanced to stay aligned with your plan
- It simplifies reporting and oversight across different managers and asset types

UMAs are especially helpful if you want diversification and customization without complexity.

Feature	SMA	UMA
Direct Ownership	✓	✓
Personalized Portfolio	✓	✓
Tax-Loss Harvesting	✓	✓
Combined Multiple Strategies	✗	✓
Automatic Rebalancing	✗	✓
Simplified Reporting	✗	✓
Ideal for High-Net-Worth Clients	✓	✓

This side-by-side comparison is built from industry recognized definitions and best practices. It's designed to be client-friendly, transparent, and tailored to CG's high-touch, personalized advisory approach.

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# Where Our Advice Stands Out

In a marketplace full of commoditized investment solutions, CG stands apart by delivering clarity with purpose. Our clients aren't looking for a generic bond strategy, they're looking for personalized guidance that aligns their wealth with what matters most. That's where we excel:



## We Listen

We start every relationship with intentional discovery, taking the time to understand your why. Whether you're planning for retirement, funding a legacy, or seeking tax-efficient income, our conversations uncover the deeper goals that drive your financial decisions.

We also pay close attention to your:

- Tax bracket and residency
- Risk tolerance and time horizon
- Income needs and liquidity preferences

This foundation enables us to construct muni bond strategies that fit your situation—not just market trends.



## We Simplify

Municipal bonds come with layers of nuance such as tax code intricacies, yield curve management, state-by-state rules, callable features, and more. But that complexity shouldn't stand in the way of smart decisions.

We make it simple to:

- Understand how muni bonds impact your after-tax return
- Compare in-state vs. national bond opportunities
- Integrate bond ladders or barbell strategies into your overall plan

Our role is to translate complexity into clarity, so you feel confident about the path forward.



## We Advocate

As an independent firm, we have no sales quotas, proprietary products, or institutional agendas. We advocate for you, and that means delivering honest advice, especially when it counts.

- If municipal bonds don't serve your current needs, we'll say so.
- If they do, we'll show you how to implement them effectively, without hidden risks or unnecessary complexity.
- We stay engaged...monitoring, rebalancing, and adjusting your strategy as your goals or tax laws evolve.

In short, we act like a partner, not just a provider.

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# Timely Opportunity: Positioning Ahead of Year-End

As we move into the second half of the year, municipal bond yields remain elevated, offering high-net-worth investors a rare window for tax-efficient income. With market volatility stabilizing and long-term rates still well above recent averages, this may be the time to evaluate whether your cash is working as hard as it could be.

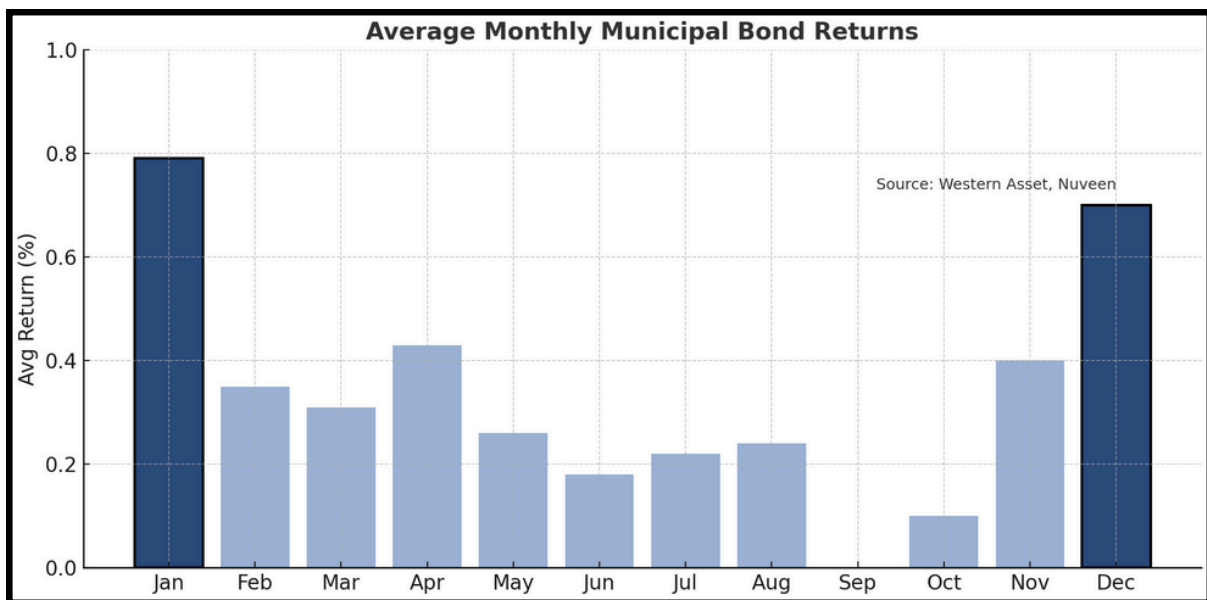
While summer is often a quieter season in financial markets, it presents a chance to position proactively, before the traditionally strong muni performance months of **December and January**.<sup>4,5</sup>

## Our Portfolio Guidance for Year-End Positioning

Favor high-quality bonds to protect principal while capturing yield

Use a barbell strategy (short-term + 15–20 year maturities) to balance flexibility and income potential

Prepare for year-end tax planning and reinvestment flows that often boost muni demand



Source: Western Asset. Past performance is no guarantee of future results.

At CG Financial Services, we believe that waiting for perfect timing can cost opportunity. This is a moment to act with clarity and purpose.

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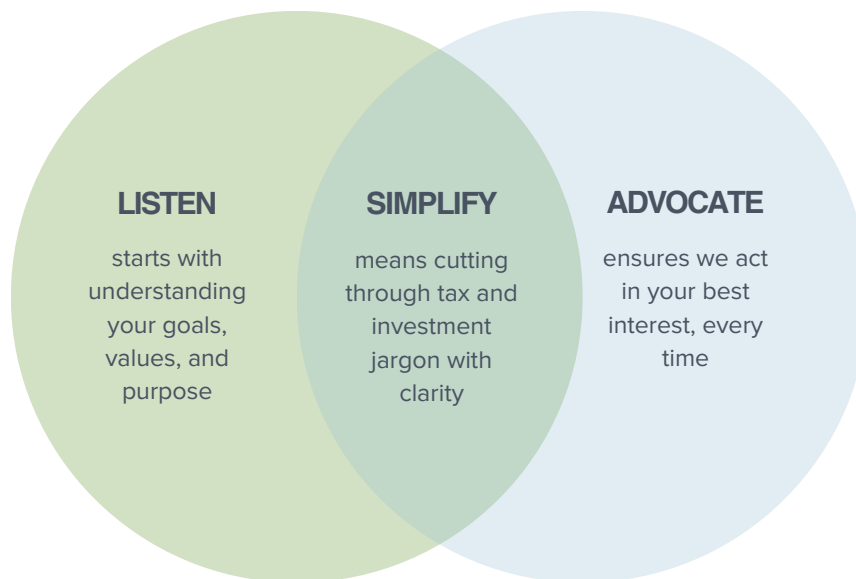
## A Smart Move for Taxable Wealth

For many high-net-worth investors, municipal bonds may offer a unique combination of tax-efficient income, relative stability, and strategic flexibility, depending on their specific goals and tax situation. In today's environment of elevated interest rates and evolving tax dynamics, munis can help reduce tax drag, diversify portfolios, and provide reliable income that aligns with long-term goals.

Through personalized solutions like Separately Managed Accounts (SMAs) or Unified Managed Accounts (UMAs), investors can tailor their muni strategies by state, maturity, credit quality, and cash flow needs, unlocking both income and impact. For residents in states like Michigan and North Carolina, in-state municipal bonds can deliver additional tax advantages while supporting local communities. And as we approach year-end, seasonal strength in the muni market, combined with high current yields, may create a meaningful opportunity for proactive planning.

## Where Our Promise Comes to Life

Our clients choose CG Financial Services because we do more than manage wealth; we simplify complexity and build lasting relationships based on trust and transparency. That's why our proven process and our commitment to:



**Complexity, Simplified. Goals, Achieved.**

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## About CG Financial

CG Financial Services was founded in 1998 by Tony Mazzali with a vision to deliver thoughtful, client-centered financial planning. From the beginning, CG emphasized the importance of listening first, believing that truly understanding each client is the key to meaningful advice.

Over the next two decades, CG grew into a regional boutique firm, expanding across Michigan and into Virginia, North Carolina, and Florida. Strategic acquisitions, a commitment to advisor development, and investments in technology strengthened CG's ability to simplify complexity and provide personalized, high-touch service.

By its 25th anniversary in 2024, CG managed over \$4 billion in assets and remained guided by its promise to Listen, Simplify, and Advocate, helping clients find clarity in complexity and confidence in their financial future.



**ANTHONY MAZZALI**  
**CEO OF CG FINANCIAL SERVICES**

Ready to learn more about municipal bonds?

Contact your CG Financial Services representative to learn more.

Phone: **517-339-7662**

World Wide Web: **[www.mycgfinancial.com](http://www.mycgfinancial.com)**

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## Sources

- 1 Michigan State Tax Exemption  
Michigan Compiled Laws § 124.551: Bonds issued under state authority are exempt from Michigan state taxation.  
*Source:* Michigan Legislature
- 2 Revenue Bond Act of Michigan  
Interest earned from revenue bonds issued by Michigan municipalities is exempt from state income tax.  
*Source:* Michigan Legislature – MCL 125.4213a
- 3 Charlotte \$400M Bond Approval  
The City of Charlotte received approval for \$400 million in municipal bond funding to support infrastructure amid regional growth.  
*Source:* Bloomberg Law
- 4 Seasonal Strength in Municipal Bonds  
January and December have historically been the strongest months for municipal bond performance, driven by reinvestment flows and reduced supply.  
*Source:* Western Asset – Municipal Monitor
- 5 Municipal Bond Yield Comparisons (2025)  
AAA-rated municipal yields in 2025 have presented strong after-tax opportunities compared to prior years.  
*Source:* Nuveen Weekly Commentary

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