



# NET UNREALIZED APPRECIATION (NUA)

## What Is Net Unrealized Appreciation (NUA)?

**Net Unrealized Appreciation (NUA)** is a special tax rule for company stock held inside a retirement account like a 401(k).

Normally, **when you withdraw from a 401(k), all of it is taxed at ordinary income tax rates...** but with NUA, only the original cost of the stock is taxed as ordinary income.

All the extra gain, called the **unrealized appreciation**, is taxed if held for more than a year at lower **long-term capital gains rates**, which range from 0%, 15%, or 20% .

## Who is Net Unrealized Appreciation for?

Is NUA right for you? You might be a good fit if:

- A* You hold employer stock in a qualified retirement plan.
- B* You're eligible for a lump-sum distribution after retiring, turning 59½, leaving your job, becoming disabled, or passing away.
- C* You're in a higher tax bracket, since capital gains rates are often much lower than ordinary income.



## Could Net Unrealized Appreciation Be Your Key to Lower Taxes?



## What's New in 2025?

**Rules unchanged:**  
The IRS continues to allow NUA with qualified distributions.

**Capital gains rates stay low:**  
up to 20%, so NUA remains highly attractive.

**Report distribution accurately:** Form 1099-R, and any sale on Form 8949 and Sched. D.

**NIIT exempt:** 3.8% Net Investment Income Tax doesn't apply to NUA gains. Any gain in the stock's value *after* distribution is subject to NIIT.

## How Do You Use NUA?

1) Take a lump-sum distribution of your company stock.

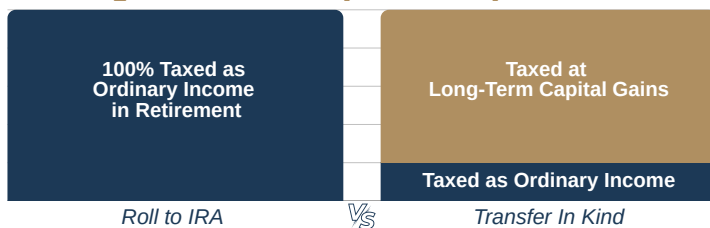
2) Transfer the shares in-kind to a taxable brokerage account.

3) Pay ordinary income tax on the cost basis—but the gains wait until you sell, taxed at long-term rates.

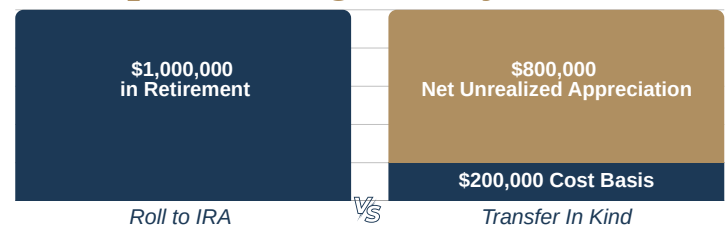
## Some Downsides?

- **Immediate tax hit:** You'll owe ordinary income tax on the cost basis in that year.
- **Complex rules:** You must take a lump-sum after a qualifying event and distribute in-kind.
- **Early withdrawal penalties:** Those under 59½ may face a 10% penalty and mandatory 20% withholding.
- **Heavy stock concentration:** Holding too much of your company's stock hurts diversification.

## Example A (conceptual explanation)



## Example B (using real-life numbers)



## Ready to Learn More?

Could NUA be the overlooked tax savings tool in your retirement plan? Speak with an Asset Strategy Advisor today. Receive tailored advice, model your tax outcomes, and decide whether NUA fits your path to a confident retirement in 2025 and beyond.

Because investor situations and objectives vary this information is not intended to indicate suitability for any individual investor. This is for informational purposes only, does not represent legal or tax advice does not indicate suitability for any particular investor, and does not constitute an offer to purchase or sell investments. Please consult the appropriate professional regarding your individual circumstance. Advisory services are offered through Asset Strategy Advisors, LLC (ASA). Securities are offered through representatives licensed with either Concorde Investment Services, LLC (CIS), member FINRA/SIPC. ia-sc-r-a-532-7-2025

If you have any questions on the Net Unrealized Appreciation, schedule a 15-Minute Discovery Call today!

