AN OVERVIEW OF

TAX-LOSS HARVESTING

CPA GROUP OF THE ROCKIES

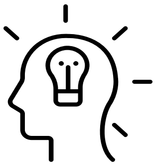
TAX-EFFICIENT & TAX-AWARE INVESTMENTS

We want to touch on a particularly helpful investment strategy in today's volatile market: **Tax-Loss Harvesting**. With Tax-Loss Harvesting, even investment losses can still do some good – or at least temper the bad.

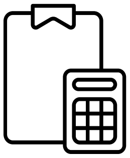
Here's a bit more about what it is and how it can help you reduce your tax bill both now and in the future.

What is Tax-Loss Harvesting?

The strategy of Tax-Loss Harvesting allows investors to sell investments that are down and replace them with similar assets, and then offset investment gains with those losses. The result? Less of your money goes to taxes, and more stays invested.



How can Tax-Loss Harvesting help manage taxes?



You can use an investment loss in two ways:

1 | To offset investment gains.
2 | To offset $3,000 of income on a joint tax return in one year.

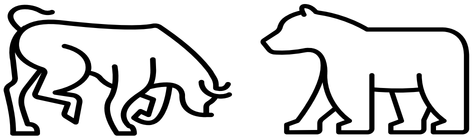
Keep in mind that unused losses can be carried forward indefinitely.

What investments should I consider selling with tax-loss harvesting?

When looking for tax-loss investments to sell, consider ones that no longer fit your goals, have a poor outlook for future growth, or can be easily replaced by other investments that will play a similar role in your portfolio. Also, focus on short-term losses since they are first used to offset short-term gains—and short-term gains are taxed at a higher marginal tax rate.

Ultimately, not all of us are licensed financial advisors. So, while we can give general guidance on this topic from a tax perspective, we will defer to investment experts. If you want to discuss particular investment strategies, positions, or anything related to your investments, please reach out to Brad Kidd or Chris Schommer on our team and they can assist you.

What investments should I buy with tax-loss harvesting?



You should consider replacing your loss-generating investments with a mutual fund or exchange-traded fund (ETF) that targets the same industry. One thing you'll want to note and steer clear of is what's called a "wash sale."

The wash-sale rule says that your tax write-off will be denied if you purchase the same investment or a "substantially identical" investment within 30 days before or after the date you sold the loss-generating investment.

If you're interested in implementing a tax-loss harvesting strategy, but want to talk it out a little more, feel free to give the office a call or reply to this email. Again, Brad or Chris in our office will be happy to answer any questions you have.