

Tax Reducing Strategies

FOR HIGH NET WORTH FAMILIES

Strategic tax planning for high net worth individuals and families is not a passive exercise. Reducing your tax liabilities takes careful planning and knowledge of the complex tax system. Failing to consult with a financial expert may result in you paying more than your share, as well as not maximizing your income streams.

Here are three strategies we recommend you take advantage of (if applicable):

1. Tax Loss Harvesting: Tax loss harvesting provides a way to improve your after-tax return on taxable investments. It is a strategy that entails selling securities at a loss and using those losses to offset taxes from gains realized from other investments and income.

Your financial advisor can help you identify investments that have realized gains incurred for the year and find losses to offset those gains. Tax-loss harvesting allows you to avoid paying capital gains tax. If you would like to keep your position in the account, it is possible to repurchase the same investment after the 30-day wash rule expires.

2. Charitable Donations: With tax rates poised to go down because of the Tax Cuts and Jobs Act, you may get more “bang for your buck” if you give as much as you can this year while you can still deduct under the existing tax rules.

One way to accomplish this is through a Donor-Advised Fund (DAF). Consider a DAF to be your own personal charitable savings account. For example, you might consider transferring your appreciated securities into a DAF, which would allow you to deduct the full current value of those securities from your taxable income this year. This powerful strategy allows you to take the tax deduction now and give the money away later.

3. Bond Portfolios: Municipal bonds might not get the same amount of attention as stocks, cryptocurrencies, and other hot assets, however, when allocated appropriately, they can play an indispensable role in a well-balanced portfolio.

If you are currently holding a corporate bond portfolio and need to reduce your tax liability, you may benefit by converting it to a municipal bond portfolio to create a tax-free income stream.

Municipal bonds are always exempt from federal taxes and bonds issued by your home state are double tax-exempt - you will potentially avoid state and local taxes as well.

For more detailed strategies that will help reduce your tax liability for 2018, please visit our blog at www.optivestinc.com. Take the time to review your tax planning strategies with your wealth management advisor or contact us for a complimentary second opinion. Wealth is built through making smart and informed choices.

Optivest, Inc. provides true wealth management with extensive expertise in complex financial issues. Our holistic and integrated approach includes advanced planning for tax efficiency, wealth transfer, wealth protection, and philanthropy.

**Wealth is Built and Preserved through
Smart and Informed Choices**



**Understand Your Investment Choices with a
Complimentary Second Opinion**



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