

# Tax-Loss Harvesting

*Automated Tax Optimization Strategy*

## 1. Identify Loss

VTI down 10%

\$10K position

**= \$1K loss**



## 2. Sell & Replace

Sell: VTI (Vanguard)

Buy: ITOT (iShares)

*Similar exposure*



## 3. Tax Benefit

\$1K loss offsets gains

Tax savings: \$200-370

*(at 20-37% rate)*

### Key Rules:

- Wash Sale Rule: Cannot repurchase "substantially identical" security within 30 days before/after sale
- Works for taxable accounts only
- Losses can offset gains + \$3K income

### Robo-Advisor Advantage:

- Daily monitoring for opportunities
- Automatic execution
- Wash sale compliance
- Can add 0.5-1.0% annual return