

# Tax-Efficient Investing Strategies

Supporting Worksheet - Guided Practice Activity

**Instructions:** Complete each section to demonstrate understanding of tax-efficient investing strategies.

## Part 1: Understanding Tax Treatment

**1 Calculate the tax impact of short-term vs. long-term capital gains:**

Scenario	Short-Term Tax (22% bracket)	Long-Term Tax (15% rate)	Savings
\$5,000 gain			
\$10,000 gain			
\$25,000 gain			

**2 Explain the difference between tax-deferred and tax-free growth:**

## Part 2: Tax-Advantaged Accounts

**3** Match each investment to the most tax-efficient account:

Investment Type	Best Account	Reason
High-growth tech stocks		
Corporate bonds (high interest)		
Municipal bonds		
Index funds (low turnover)		
REITs		

**4** Compare Traditional IRA vs. Roth IRA - when is each better?

## Part 3: Tax-Loss Harvesting

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### Scenario

Your portfolio includes:

- Stock A: \$8,000 gain (held 13 months)
- Stock B: \$3,000 loss (held 8 months)
- Stock C: \$2,000 loss (held 14 months)

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If you sell Stock A for its gain, which losses should you harvest and why?

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Calculate your net capital gain and tax liability (15% long-term rate):

7

Explain the wash-sale rule and how to avoid it:

## Part 4: Personal Strategy Development

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**8** Create a tax-efficient asset location strategy for a \$50,000 portfolio spread across:

- \$20,000 in taxable brokerage
- \$15,000 in Traditional IRA
- \$15,000 in Roth IRA

**9** Based on your current (or expected) tax situation, which tax strategies are most relevant to you?

**10** How will you incorporate tax-efficiency into your long-term investment plan?