

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

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)

5

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

6

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

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?