Long-Term Capital Gains Tax Strategies

When you meet with your advisor and tax professional to review your wealth plan, consider discussing whether to put the following strategies in place to help avoid paying long-term capital gains taxes.

Harvest Losses

You can offset long-term capital gains by harvesting losses within your portfolio. For losses that are greater than your gains, it's possible to deduct up to $3,000 per year[1] against your ordinary income and carry over any excess to future years.

Make Charitable Donations

Even if you are no longer itemizing your deductions, it's still possible to make a charitable donation of appreciated stock to avoid a capital gains tax. One option is through funding a donor-advised fund. This type of fund provides an income tax deduction for the fair market value of any stock donated, with the added bonus of no capital gains tax. Your advisor can provide additional information on how to establish this type of charity vehicle.

Tax Guide: Your Resource for Year-Round, Tax-Efficient Investing

Year-round planning with an advisor could help improve your overall wealth plan. Find out more by downloading our tax guide.

Consider a 1031 Exchange

A 1031 exchange allows business and investment property owners to roll capital gains from the sale of a property into the purchase of a new property, which then takes on the first property's lower cost basis. The benefit to this arrangement is that it allows you to keep money working on your behalf that otherwise would have been paid out in taxes.

Buy and Hold

If you leave appreciated stock to your heirs at the time of your death, they will receive an automatic step-up in basis to the market value at the date of your death; therefore, you avoid a capital gains tax.

Make Gifts to Family Members

The annual gift tax exclusion is $17,000 per individual in 2023.[2] Highly appreciated stock that is given to a child or parent as a gift maintains its lower cost basis until it is sold.

Consider Investing in Opportunity Zone Funds*

Opportunity Zone funds invest in economically distressed communities and may be eligible for preferential tax treatment. This preferential treatment may include a temporary deferral of accumulated capital gains and a 0% capital gains rate on new gains for investments held 10 years.

Manage Your Tax Bracket

Work with your advisor to sell stock during years in which your income is lower and keep an eye on paying 0% in capital gains whenever possible.

Time Your Relocation

Several states do not have state income tax, including Alaska, Florida, Nevada, South Dakota, Tennessee, Texas, Washington and Wyoming. If you plan on moving to one of these states, wait until you've established your domicile before triggering a sale that would be taxed at capital gains rates.

Partner With Your Wealth Advisor

At Mariner Wealth Advisors, our in-house tax team and wealth advisors can work with you to help you avoid long-term capital gains taxes through proactive tax planning.

We believe that an overall wealth plan should integrate finances and taxes to help give you the most tax-advantaged strategy possible.

For more information visit: marinerwealthadvisors.com

[1] "How to Cut Your Tax Bill With Tax-Loss Harvesting"

[2] "What's New-Estate and Gift Tax"

*Opportunity zone funds are not appropriate for all investors and there are considerable risks associated with them. There is no assurance that any investment strategy pursued will be successful or will achieve its intended objective. Investments in these funds entail significant risks, volatility, and capital loss, including the loss of the entire amount invested. The increased risk of investment lost is only appropriate for those qualified investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in a fund.