Tax-Loss Harvesting as a Year-Round Strategy: Tool demo

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Agenda

1. What is Tax-Loss Harvesting?
2. Tax-loss harvesting example
3. Demo tax-loss harvesting tool
4. Summary & resources

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What is tax loss harvesting?

Definition

- The process of selling investments that have declined in value to realize a loss, which can then be used to offset capital gains and potentially reduce your taxes
- You reinvest the proceeds in something else or hold onto the cash
- The loss you took can be used to cancel out some of the profits you made from other investments, which means you might owe less in taxes

Purpose

- Offsetting realized gains
- Potentially help lower your tax bill
- Keeping more of what you earn
- Pursuing new investment ideas



Key benefit:

Potentially help to reduce taxes and keeping your investment gains working for you.

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What is tax loss harvesting?

Who benefits?

- Investors using taxable accounts
- Investors holding unrealized loss
- Investors rebalancing their portfolio
- High-income investors
- Professionally managed accounts

Why it matters?

- Offsetting realized gains
- Potentially help lower your tax bill
- Keeping more of what you earn
- Pursuing new investment ideas



Key insight:

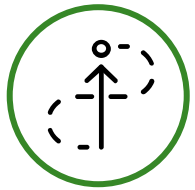
Tax-loss harvesting can benefit a wide range of investors—even without current gains.

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How does tax-loss harvesting work?



Stock A (gain)	Stock B (loss)
Purchased: $9,000	Purchased: $10,000
Sold for: **$12,000**	Value: **$8,000**
Realized gain $3,000	Unrealized loss $2,000



Sell Stock B: Realizing (locking in) $2,000 loss



NET GAINS
$1,000
($3,000 gain — $2,000 loss)

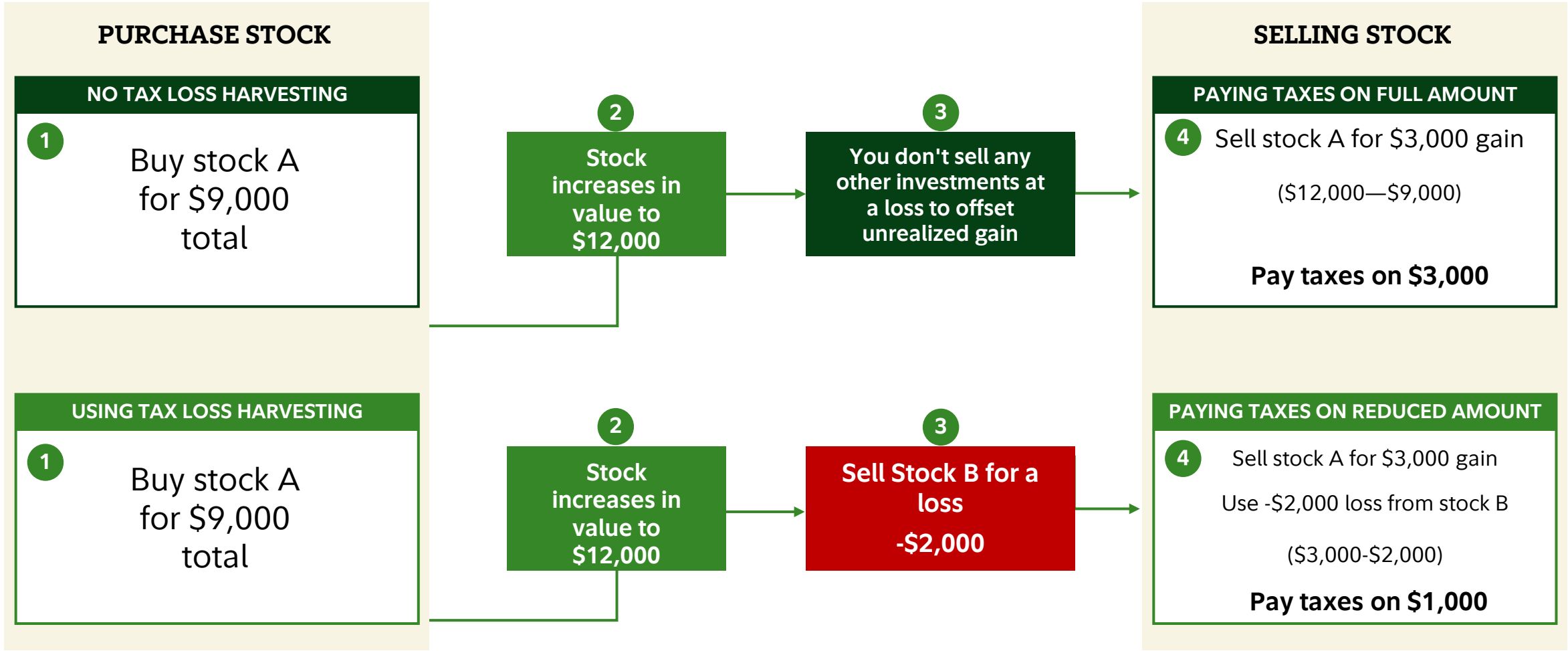


Result:

Selling a stock at loss can ***decrease*** the total gains you will pay taxes on.

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Tax-loss harvesting: Process comparison



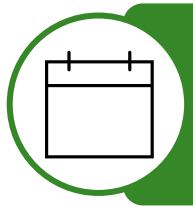
What is tax-loss harvesting? Considerations & limitations



Types of Loss

Short- and long-term losses must offset gains of the same type first.

Excess losses can offset the other type.



Wash Sale Rule

Buying the same or "substantially identical" investment within 30 days before or after the sale could result in a disallowed tax-loss in all your accounts.



Recordkeeping

We provide recordkeeping of your Fidelity accounts but you must track your other brokerage accounts at outside firms.



Account type

Only applies to taxable accounts. Not applicable to 401(k)s, IRAs, and other tax-deferred accounts.

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Tax-loss harvesting: Hypothetical example



Result:

Purchased: $100
Sold: $25
Realized Loss: -$75

Screenshots are for Illustrative Purposes Only.

How can tax-loss harvesting fit within your trading plan?

Ask questions

- Are there better opportunities in the market?
- What is the maximum loss I'm comfortable with?
- Have the technical and fundamentals improved or worsened?
- Is my position a short-term or long-term holding?
- How much capital gains do I want to offset?
- How long do I hold my loss?

Act with confidence

Selling during downtrend can potentially be a strategic time to rebalance portfolio and manage risk.



Key insight:

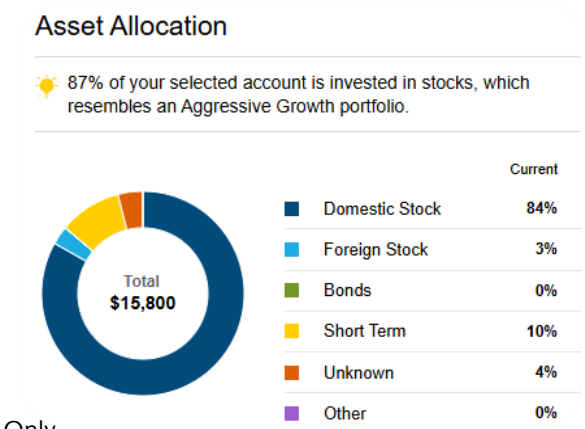
Managing risk responsibly can help turn market losses into potential tax saving opportunities

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Year round investing & trading plan

Plan ahead

- Creating a plan before placing trades eliminates time pressure
- Reviewing your plan, investments, and allocation regularly, based on your needs (monthly, quarterly, etc.)
- Removing underperforming trades to make room for new opportunities



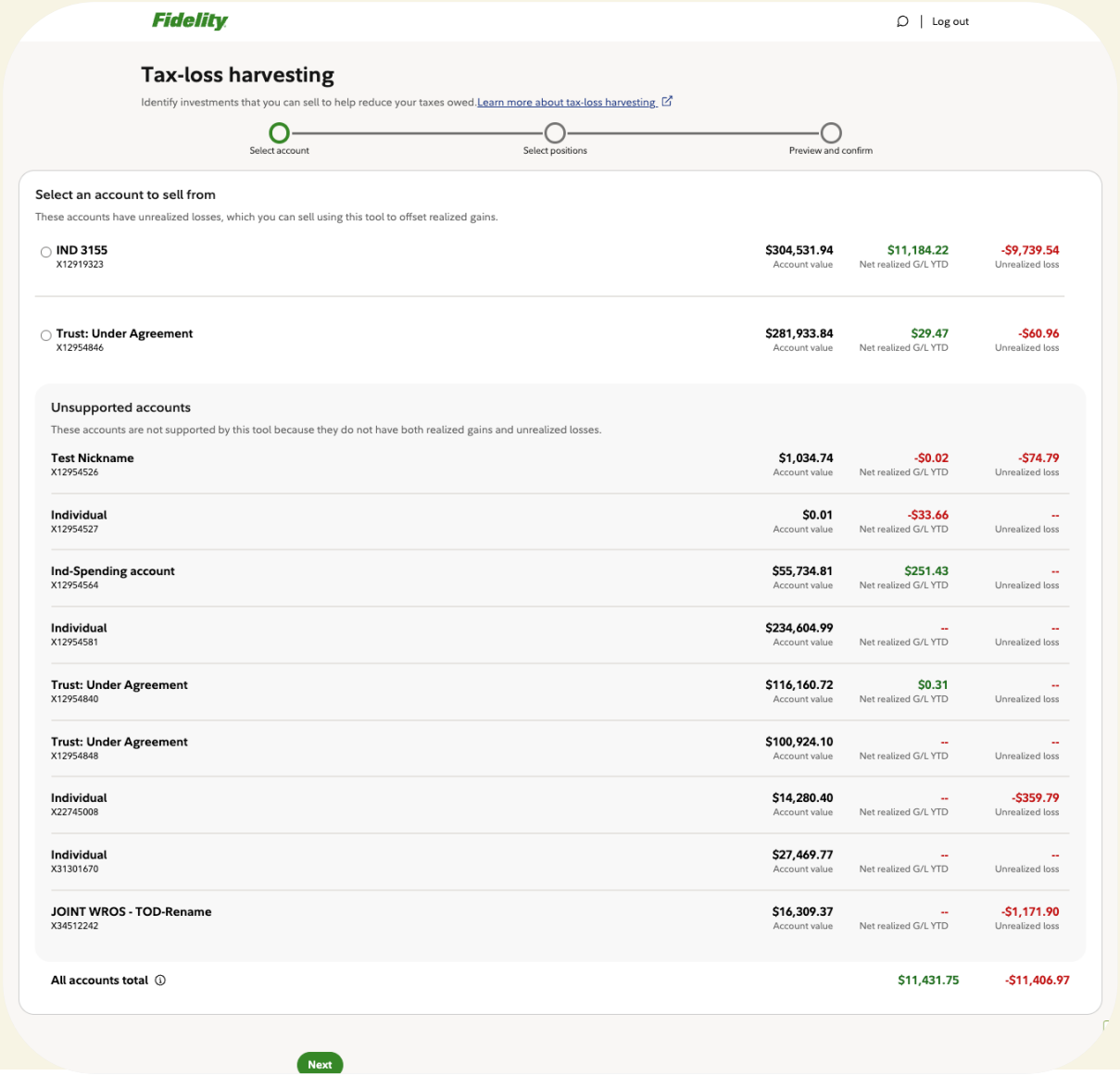
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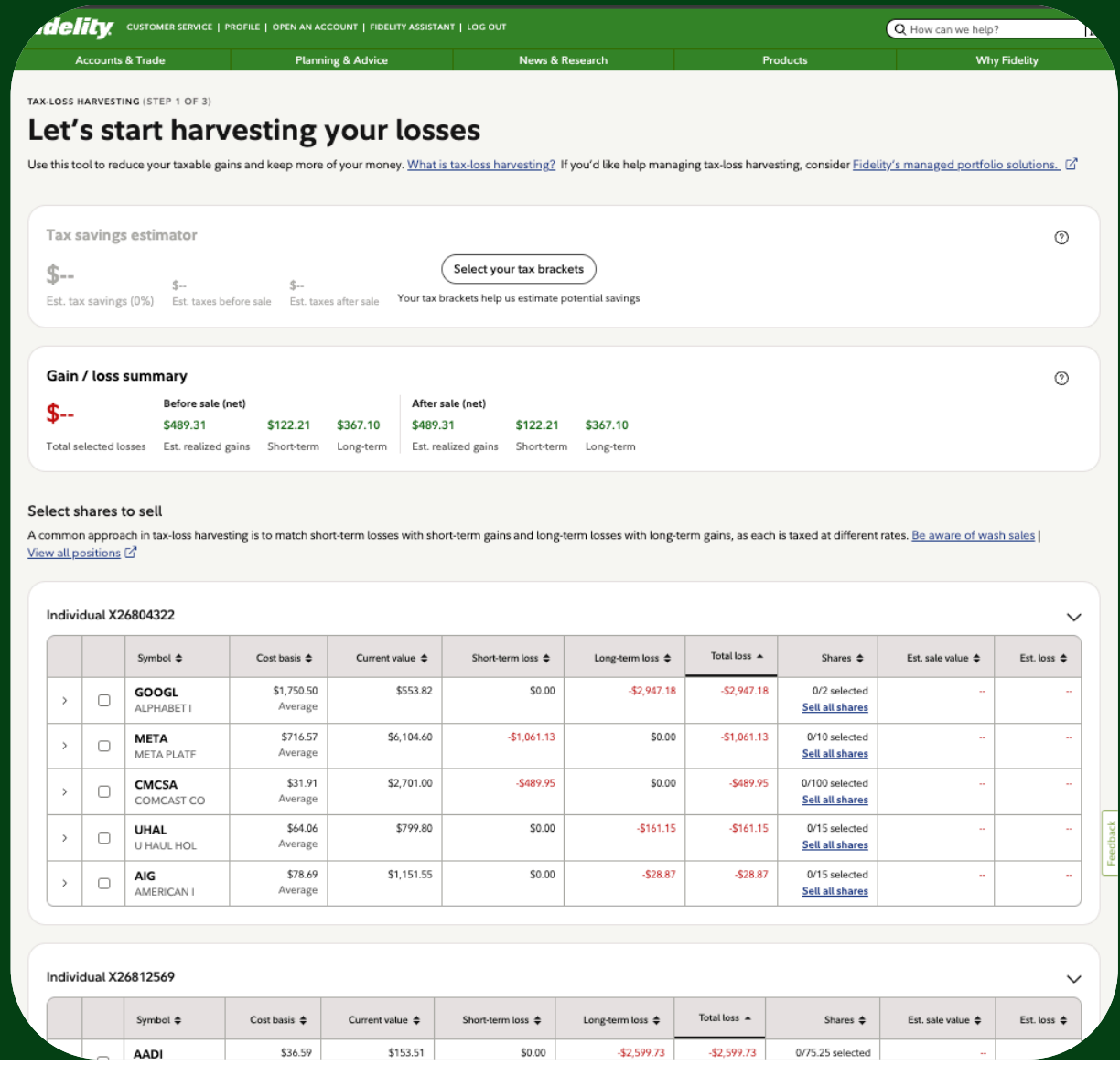
Managing risk responsibly can help turn market losses into potential tax saving opportunities

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2024 Tax Loss Harvesting Tool



2025 Tax Loss Harvesting Tool



Screenshots are for Illustrative Purposes Only.

Summary

1. Tax loss harvesting can help lower your tax bill and is designed to help keep more of your money
2. Recognize your investing behaviors when it comes to losses and managing investments
3. Use a tax-loss strategy throughout the year
4. Use Fidelity tools to help you harvest your losses
5. Leverage our learning resources

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