SPEAKING OUT ON: THE TAX-LOSS OPPORTUNITY

Jack Otter: This has been a painful year for investors. Bob, can you explain how even when Mr. Market takes away some of our gains, you can use tax-loss harvesting to add back?

Bob Holderith: Tax-loss harvesting, obviously, is a strategy used to capture losses when those losses are available in the marketplace. Those losses can be used this year or carried forward in future years to offset capital gains. And the greater the market goes down, in theory, the greater the opportunity is to capture losses.

Jack Otter: Mike, jump in here and explain how you're using tax-loss harvesting in your practice.

Mike Evans: Sure, we use it broadly across our clients' taxable accounts, both in fixed income and in equities. We'll do it once or twice a year; but this year, we’ve probably done it three or four times for clients opportunistically. Every portfolio has some degree of beta exposure in it and, largely, the returns are going to be determined by the direction of the general market. This year has not been a great direction; and so, the one silver lining in a year like this year is to go into a portfolio, realize these losses, replace them with appropriate exposure, and then carry forward where the losses which have an infinite life, they last in perpetuity. And you're setting your clients up to potentially realize gains over subsequent years completely tax-free, because of this loss they'll be able to net it against.