**Abstract:** Taxpayers with investments outside of tax-advantaged retirement plans might still have time to reduce their 2019 tax bills by selling some investments. One key question is: Which ones? This article offers sound advice on how to start making the right choices about selling.

**Act now to save 2019 taxes on your investments**

Do you have investments outside of tax-advantaged retirement plans? If so, you might still have time to reduce your 2019 tax bill by selling some investments ― you just need to carefully select *which* investments you sell.

**Balance gains and losses**

If you’ve sold investments at a *gain* this year, consider selling some losing investments to absorb the gains. This is commonly referred to as “harvesting” losses.

If, however, you’ve sold investments at a *loss* this year, consider selling other investments in your portfolio that have appreciated, to the extent the gains will be absorbed by the losses. If you believe those appreciated investments have peaked in value, you’ll essentially lock in the peak value and avoid tax on your gains.

**Review tax rates**

At the federal level, long-term capital gains (on investments held more than one year) are taxed at lower rates than short-term capital gains (on investments held one year or less). The Tax Cuts and Jobs Act (TCJA) retained the 0%, 15% and 20% rates on long-term capital gains. But, through 2025, these rates have their own brackets, instead of aligning with various ordinary-income brackets. For example, for 2019, the thresholds for the top long-term gains rate are $434,551 for singles, $461,701 for heads of households and $488,851 for married couples.

But the top ordinary-income rate of 37%, which also applies to short-term capital gains, doesn’t go into effect for 2019 until taxable income exceeds $510,300 for singles and heads of households or $612,350 for joint filers. The TCJA also retained the 3.8% net investment income tax (NIIT) and its $200,000 and $250,000 thresholds.

**Check the netting rules**

Before selling investments, consider the netting rules for gains and losses, which depend on whether gains and losses are long term or short term. To determine your net gain or loss for the year, long-term capital losses offset long-term capital gains before they offset short-term capital gains. In the same way, short-term capital losses offset short-term capital gains before they offset long-term capital gains.

You may use up to $3,000 of total capital losses in excess of total capital gains as a deduction against ordinary income in computing your adjusted gross income. Any remaining net losses are carried forward to future years.

**Consider everything**

Keep in mind that tax considerations alone shouldn’t drive your investment decisions. Also consider factors such as your risk tolerance, investment goals and the long-term potential of the investment. We can help you determine what makes sense for you.

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