THE Mangold Group
Certified Public Accountants, PC

1120 S. Capital of Texas Highway | Building 2, Suite 120 | Austin, TX 78746 | p 512.327.0909 | f 512.327.0904 | www.mangoldcpa.com

Adjust Your 2014 Investment Strategy with an Eye on Taxes

As you investigate opportunities for managing your investment portfolio in 2014, remember to pause and plan for the effect of tax laws. Here are some important rules to consider.

Capital gain tax rates. For 2014, the tax rate you will pay on gains from sales of assets depends on your taxable income and how long you have owned the investment. Gains on assets owned a year or less are taxed at the same rate as your ordinary income.

The rate for qualified dividends and sales of most assets you own longer than a year can vary.

* The rate is 0% when you are married filing a joint return and your income is $73,800 or less ($36,900 when you are single).
* When your income is between $73,800 and $457,600 ($36,900 and $406,750 for single filers), the maximum rate is 15%.
* A 20% rate applies when your taxable income is more than $457,600 ($406,750 when your filing status is single).
* The 3.8% Medicare surtax applies to your income from capital gains, interest, and dividends when your adjusted gross income exceeds $250,000 ($200,000 when your filing status is single).

Analyze your options. Planning strategies for tax-efficient investing should complement your overall financial goals. For example, purchasing stocks and other securities that offer long-term growth potential instead of current income from dividends can help reduce the amount of income subject to the net investment Medicare surtax. Yet, if you need cash flow from your investments, you might choose an alternative tax-saving strategy, such as adding tax-free municipal bonds to your portfolio. A mix of the two could be preferable if you are subject to the alternative minimum tax.

The same analysis applies to investment accounts. Say you own bonds or other investments that generate taxable interest income. Holding these assets in a taxable account means you will pay federal income tax based on your ordinary tax rate. Including them in tax-advantaged accounts such as IRAs might be a better idea because you could delay the tax bill until you begin making withdrawals.

You may find information about a customized package of tax-saving strategies on our web site at http://mangoldcpa.com/tax-services.asp Please give us a call to schedule an appointment to discuss the tax consequences of your investment decisions and evaluate other tax planning opportunities to benefit you in 2014.