

Tax Loss Harvesting – Lattco

The purpose of this document is to walk you through the steps of Tax Loss Harvesting.

Tax Loss Harvesting is a process that can be used in your taxable Snider Investment Method® accounts. It is used to reduce the current year's taxable income and maximize your after-tax return.

Tax Loss Harvesting should only be used after careful consideration of your entire tax situation. It is recommended that you consult a tax professional before you use the Tax Loss Harvesting process. Tax Loss Harvesting should not be used in non-taxable accounts. If you have not already done so, please read the entire document before you proceed with this process.

STEP #1 - IDENTIFY POSITIONS FOR TAX LOSS HARVESTING

For each taxable account you have, you will look for positions that meet all of the following conditions:

- Have large unrealized losses
- Hold ten times your initial Monthly Purchase Level
- Are currently in Winter (NO options can be sold)
- Not used in previous tax loss process

Special Note: You should confirm the position's cost basis for **tax** purposes. You can find this value in the tax software your brokerage provides for tax preparation. Keep in mind the cost basis on your Individual Stock Purchase Record or on your broker's holding screen may not be accurate for tax purposes.

In Ally Invest, you can find the tax cost basis of your positions in **Maxit**. You can access this information by going to My Accounts > My Account Records > **Maxit Tax Manager**. In Maxit, select Gain/Loss Reports > **Unrealized Gain Loss**. Refer to the Average Unit Cost column to find the position's cost basis for tax purposes.

STEP #2 - SELL THE IDENTIFIED POSITIONS

Once you have identified positions that meet all four conditions, you will sell all the shares you hold for each position. To do this, log into your brokerage account, open a stock order screen, enter the stock symbol of the identified position, change the action to Sell and enter the quantity. Remember, the number of shares you sell should be ten times your initial purchase Level. If this is not the case, review Step #1.

Follow this step for each position you have identified for Tax Loss Harvesting.

STEP #3 - RECORD THE NET AMOUNT OF THE SALE PROCEEDS

For each position sold, record the Net Amount of your Sale Proceeds on your Individual Tax Loss Harvesting Worksheet. This amount can be found in your account activity screen at your broker. You should NOT make any changes to your Allocated Cash or Stake worksheet.

STEP #4 - WAIT AT LEAST 31 DAYS

The Wash Sale Rule states that a taxpayer cannot claim a loss for shares that were bought within a 61-day window surrounding the sale (30 days before or 30 days after the sale.) If you do not follow the Wash Sale Rule, you will not receive the tax benefit of selling your position.

STEP #5 - BUY BACK THE ENTIRE POSITION

After at least 31 DAYS from Step #2, buy back your entire position. To do this you will log into your brokerage account, open a stock order screen, enter the stock symbol for the positions you sold, change the action to Buy and enter the quantity. Your quantity will be the exact same amount as the shares you sold in Step #2.

STEP #6 - RECORD THE NET AMOUNT OF SHARE RE-PURCHASES

For each position re-purchased, record the Net Amount of your share re-purchase on your Individual Tax Loss Harvesting Worksheet. This amount can be found in your account activity screen at your broker.

STEP #7 - CREATE A "NEW EXTENDED AMOUNT" FOR EACH POSITION

For each position you sold and re-purchased, continue through the following calculations to create a New Extended Amount.

NET AMOUNT OF SALE PROCEEDS	NET AMOUNT FROM SHARE RE-PURCHASE

NET AMOUNT OF SALE PROCEEDS		NET AMOUNT FROM SHARE RE-PURCHASE		TOTAL ADJUSTMENT
	Minus		Equals	

TOTAL ADJUSTMENT		TOTAL SHARES		PURCHASE LEVEL		EXTENDED AMOUNT ADJUSTMENT
	Divided by		Times		Equals	

Note – The New Extended Amount will go up if you purchase the position back at a higher price than you sold it. If the repurchase price is lower than the sold price, the New Extended Amount will go down.

OLD EXTENDED AMOUNT		EXTENDED AMOUNT ADJUSTMENT		NEW EXTENDED AMOUNT
	Minus		Equals	
	Minus		Equals	
	Minus		Equals	
	Minus		Equals	
	Minus		Equals	
	Minus		Equals	
	Minus		Equals	
	Minus		Equals	
	Minus		Equals	
	Minus		Equals	

STEP #8 – CREATE NEW INDIVIDUAL STOCK PURCHASE RECORDS

Once you have calculated New Extended Amounts, you will create new Individual Stock Purchase Records for each position you used in Tax Loss Harvesting. Make sure you record the New Extended Amount.

STEP #9 - CALCULATE A NEW PRICE PAID

You will also need to change the Price Paid amounts on your new Individual Stock Purchase Record. Do this by dividing the New Extended Amount for each individual stock purchase by your initial purchase Level.

NEW EXTENDED AMOUNT		INITIAL PURCHASE LEVEL		NEW PRICE PAID
	Divided by		Equals	

STEP #10 - CALCULATE A NEW AVERAGE COST FOR EACH POSITION

Divide your New Extended Amount for the total position by the total number of shares you own to calculate your new Average Cost. The Number of Shares, Income from Options, Profit from Sale of Stock and Commissions will not change.

NEW EXTENDED AMOUNT		TOTAL SHARES		AVERAGE COST
	Divided by		Equals	

STEP #11 - CONTINUE TRADING

After you have completed new Individual Stock Purchase Records for each position, continue to trade the position according to the rules of the Snider Method. No changes should be made to your Allocated Cash or Stake worksheets. You will continue with the original estimate for your Allocated Cash. We still consider the position open, so no profit or loss should be calculated on the Stake worksheet.

Although, we consider the position still open it is important to note that you are creating a realized loss. You may repurchase the position at a higher price and there is no guarantee we can make up the loss. Also, it will not be reflected in your yield calculation because it is not considered a closed position.

Individual Tax Loss Harvesting Worksheet

Stock Symbol - _____

Level - _____

NET AMOUNT OF SALE PROCEEDS	NET AMOUNT FROM SHARE RE-PURCHASE

NET AMOUNT OF SALE PROCEEDS		NET AMOUNT FROM SHARE RE-PURCHASE		TOTAL ADJUSTMENT
	Minus		Equals	

TOTAL ADJUSTMENT		TOTAL SHARES		PURCHASE LEVEL		EXTENDED AMOUNT ADJUSTMENT
	Divided by		Times		Equals	

OLD EXTENDED AMOUNT		EXTENDED AMOUNT ADJUSTMENT		NEW EXTENDED AMOUNT
	Minus		Equals	
	Minus		Equals	
	Minus		Equals	
	Minus		Equals	
	Minus		Equals	
	Minus		Equals	
	Minus		Equals	
	Minus		Equals	
	Minus		Equals	
	Minus		Equals	

NEW EXTENDED AMOUNT		INITIAL PURCHASE LEVEL		NEW PRICE PAID
	Minus		Equals	

NEW EXTENDED AMOUNT		TOTAL SHARES		AVERAGE COST
	Divided by		Equals	

THE FINE PRINT

The intent of this document is to help expand your financial education. Although the information included may be relevant to your particular situation, it is not meant to be personalized advice. When it comes to investing, insurance, and financial planning, it is important to speak to a professional and get advice that is tailored to your unique, individual situation. All investments involve risk including possible loss of principal. Investment objectives, risks, and other information are contained in the [Snider Investment Method Owner's Manual](#); read and consider them carefully before investing. More information can be found on our [website](#) or by calling 1-888-6SNIDER. Past performance is not indicative of future results.

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Options involve risks and are not suitable for all investors. Before opening an option position, a person must receive a copy of Characteristics and Risks of Standardized Options. Copies of this document are available by calling 888-6SNIDER. Please read it carefully before investing.

If you have any questions, please contact Snider Advisors
at 888-6SNIDER (888-676-4337) or support@snideradvisors.com