5 Tax-Smart Investing Solutions

The impact that taxes may have on your long-term wealth creation is significant. A 2005 Morningstar report sites that the tax impact on mutual funds is usually concentrated in the range of 0% - 5%. With equity funds averaging 1.2% and high yield bond funds averaging 3.29%. If we simply take the average of the range investors lose 2.5% of their return to taxes. Hypothetically, an investor who generates a 10% annualized return would only net 7.5% after taxes. Keep in mind that every investor's situation is unique and their tax cost may be higher or lower. However, it is clear that investors should not ignore taxes.

1. Tax-Deferred Strategies
2. Tax-Free Strategies
3. Tax-Efficient Security Selection
4. Asset Location
5. Managing Your Winners & Losers

Disclaimer: Past performance is no guarantee of future results. This chart is for illustrative purposes only and does not represent actual or future performance of any investment.

LIGHTHOUSE FINANCIAL

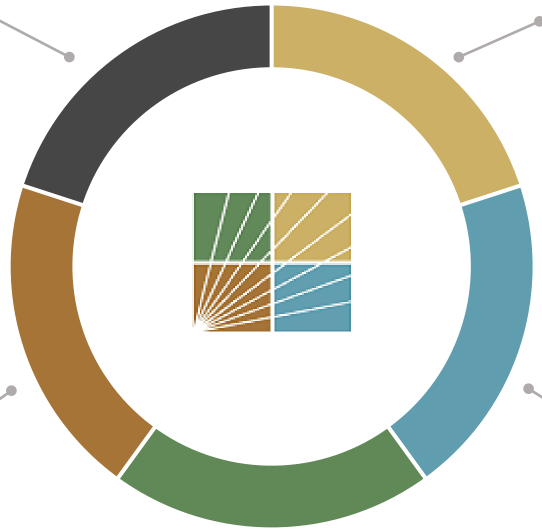
Creating Your Personal Tax-Smart Investment Management Decision Process

Tax-Deferred Strategies

Contributions to retirement savings accounts such as a, 401(k), 403(b), 457, IRA, Health Savings Accounts (HSA) can allow you to reduce your taxes today while at the same time creating tax deferred Growth for the future.

Tax-Efficient Security Selection

Security selection can be an important part of keeping more dollars in your pocket. Investing in Exchange Traded Funds (ETF's) can be a tax smart solution to traditional mutual funds. Understanding some of the tax inefficiencies such as capital gains distributions and turnover ratios associated with mutual funds are important.



Tax-Free Strategies

Tax free options can Include instate municipal bonds, Health Savings Accounts (HSA), College Saving Accounts and Roth IRA's. These strategies can help produce tax-free growth for the future

Asset Location Strategies

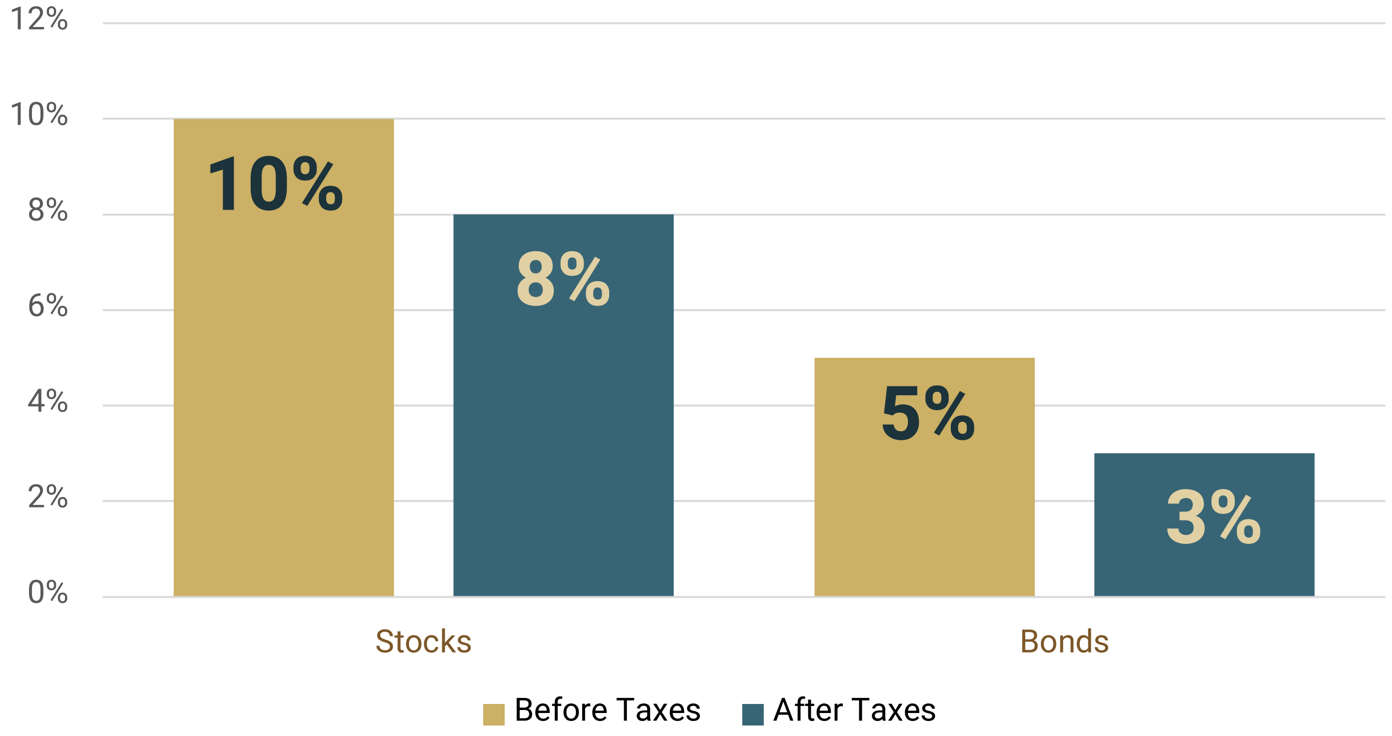
Where you hold your investments is as Important as what types of Investment you own. In order to manage your tax burden over time, place ordinary income investments in tax-deferred or tax-free accounts such as traditional or Roth IRA's and use tax favored investments that produce long-term capital gains into taxable brokerage accounts.

Managing Your Winners & Losers

Tax-loss harvesting is when an investor selectively offsets investment gains with investment losses to reduce or eliminate capital gains taxes, both long-term and short-term gains.

Tax-Smart Investing

How are you making the most of tax-smart investment management techniques?



*"Taxes can cost the average investor at least **2%** in annual returns, or more if they are not tax-conscious"*

This chart is for illustrative purposes only and does not represent actual or future performance of any investment option. Returns include the reinvestment of dividends and other earnings. Stocks are represented by the Ibbotson Large Company Stock Index. Govt bonds are represented by the 20-yr US govt bond, cash by the 30-day US Treasury bill, and inflation by the Consumer Price Index. The data assumes reinvestment of income and does not account for transaction costs. An investment cant be made directly in an index. Taxes Can Significantly Reduce Returns data, Morningstar, Inc. 10/1/17.

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