

Capital Gains

CAPITAL GAINS

SHORT-TERM VS. LONG-TERM

| | Short-Term Gains | Long-Term Gains |
|-------------------------|-----------------------|---------------------|
| Holding duration | Less than one year | One year or more |
| Taxed as | Ordinary income rates | Capital gains rates |

ORDINARY INCOME TAX RATES¹

FOR SHORT-TERM CAPITAL GAINS

Single Filers

| Taxable Income | Tax Rate |
|------------------------|----------|
| Up to \$11,925 | 10% |
| \$11,926 to \$48,475 | 12% |
| \$48,475 to \$103,350 | 22% |
| \$103,351 to \$197,300 | 24% |
| \$197,301 to \$250,525 | 32% |
| \$250,526 to \$626,350 | 35% |
| Greater than \$626,350 | 37% |

Head of Household

| Taxable Income | Tax Rate |
|------------------------|----------|
| Up to \$17,000 | 10% |
| \$17,001 to \$64,850 | 12% |
| \$64,851 to \$103,350 | 22% |
| \$103,351 to \$197,300 | 24% |
| \$197,301 to \$250,500 | 32% |
| \$250,501 to \$626,350 | 35% |
| Greater than \$626,350 | 37% |

Married Filing Jointly or Qualifying Widow

| Taxable Income | Tax Rate |
|------------------------|----------|
| Up to \$23,850 | 10% |
| \$23,851 to \$96,950 | 12% |
| \$96,951 to \$206,700 | 22% |
| \$206,701 to \$394,600 | 24% |
| \$394,601 to \$501,050 | 32% |
| \$501,051 to \$751,600 | 35% |
| Greater than \$751,600 | 37% |

¹ <https://www.irs.gov/newsroom/irs-releases-tax-inflation-adjustments-for-tax-year-2025>

Trusts and Estates²

| Taxable Income | Tax Rate |
|-----------------------|--|
| Up to \$3,150 | 10% |
| \$3,151 to \$11,450 | \$315 plus 24% of the excess over \$3,150 |
| \$11,451 to \$15,650 | \$2,307 plus 35% of the excess over \$11,450 |
| Greater than \$15,650 | \$3,777 plus 37% of the excess over \$15,650 |

LONG-TERM CAPITAL GAINS RATES² BASED ON TAXABLE INCOME

| Long-term Capital Gains Rate | Taxable Income | | | |
|------------------------------|------------------------|------------------------|---------------------------|------------------------|
| | Single | Married Filing Jointly | Married Filing Separately | Head of Household |
| 0% | Up to \$48,350 | Up to \$96,700 | Up to \$48,350 | Up to \$64,750 |
| 15% | \$48,351 to \$533,400 | \$96,701 to \$600,050 | \$48,351 to \$300,000 | \$64,751 to \$566,700 |
| 20% | Greater than \$533,400 | Greater than \$600,050 | Greater than \$300,000 | Greater than \$566,700 |

POTENTIAL TAX-SAVING STRATEGIES

The following tax planning strategies have the potential to lower your capital gains tax exposure.

- 1. Strategically time your asset sales.** Gains on assets held for less than a year are taxed as ordinary income, while gains on assets held for longer than a year are taxed at the lower capital gains rates. That's why it may be wise to consider holding an asset for at least a year before selling.
- 2. Harvest losses.** One potential tax planning strategy involves using capital losses to offset capital gains. Let's say you have capital gains of \$10,000 as well as a single asset that has declined in value by \$2,000. You can sell the asset and lock in the \$2,000 loss, which can then be used to offset your overall capital gains, thus reducing your taxable gain from \$10,000 to \$8,000.
- 3. Sell assets in low-income years.** A year in which your income is lower than normal may provide an opportunity to sell assets and realize gains. As a single filer, you pay 0% in capital gains taxes if your income is less than \$44,625 (\$89,250 for married couples filing jointly).

Could you use some help developing your capital gains strategy? Schedule a call to learn more about how we may be able to help implement a tax planning strategy that helps meet your needs and potentially lowers your overall tax exposure.

² <https://www.forbes.com/sites/kellyphillipsrb/2024/10/22/irs-announces-2025-tax-brackets-standard-deductions-and-other-inflation-adjustments/>

Could you
use some help
navigating
your options?

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TO LEARN MORE.



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