

**DATE:** [Insert Date]

**TO:** [Executive Name]

**FROM:** [Advisor/Firm Name]

**RE:** Year-End Tax-Loss Harvesting Strategy for Equity Compensation

Dear [Executive Name],

As we approach the end of the fiscal year, we are reviewing your investment portfolio with a focus on optimizing your tax liabilities related to your corporate equity holdings and executive compensation.

### **The Strategy**

Tax-loss harvesting involves selling securities currently trading at a loss to offset capital gains realized from the sale of vested Restricted Stock Units (RSUs), exercised Stock Options, or other appreciated assets. This strategy aims to reduce your overall taxable income for the current year.

### **Current Opportunities**

Based on our preliminary audit of your accounts, we have identified the following opportunities:

- **Identified Unrealized Losses:** \$[Insert Amount]
- **Realized Capital Gains YTD:** \$[Insert Amount]
- **Potential Tax Savings:** \$[Insert Amount]

### **Compliance and Regulatory Considerations**

In executing this strategy, we will ensure strict adherence to the following:

1. **IRS Wash-Sale Rule:** We will ensure that no "substantially identical" security is purchased within 30 days before or after the sale.
2. **Section 16 & Insider Trading:** All trades will be cross-referenced with your company's current blackout periods and trading window policies.
3. **Alternative Minimum Tax (AMT):** We will evaluate how these liquidations impact your AMT exposure, particularly if you have exercised Incentive Stock Options (ISOs) this year.

### **Action Required**

Please let us know if there have been any changes to your executive contract or if you have traded company stock in external accounts not managed by this firm. We recommend executing these trades by [Insert Date] to ensure settlement before year-end.

We are available to discuss the specific tranches identified for liquidation at your earliest convenience.

Best regards,

[Signature]

[Name of Financial Advisor/Tax Professional]

[Firm Name]