

[Date]

[Client Name]

[Client Address]

[City, State, Zip Code]

Dear [Client Name],

**Subject: Strategic Tax-Loss Harvesting and Reinvestment Recommendation**

As part of our ongoing review of your investment portfolio, we have identified an opportunity to enhance your after-tax returns through strategic tax-loss harvesting. Given current market conditions, we recommend realizing specific capital losses to offset capital gains and reduce your overall tax liability for the current fiscal year.

**Proposed Strategy:**

- **Identification:** We have identified securities in your portfolio currently trading below their original cost basis.
- **Harvesting:** We propose selling these positions to lock in realized losses.
- **Reinvestment:** To maintain your target asset allocation and market exposure, the proceeds will be immediately reinvested into similar, but not identical, securities.

**Key Considerations:**

- **Wash-Sale Rule:** We will ensure that no "substantially identical" security is purchased within 30 days before or after the sale to comply with IRS regulations.
- **Tax Benefits:** These losses can be used to offset current year capital gains. If losses exceed gains, up to \$3,000 can be used to offset ordinary income, with the remainder carried forward to future years.
- **Portfolio Integrity:** The reinvestment phase ensures you remain positioned to capture future market growth in the respective sectors.

**Action Required:**

Please review the attached trade summary detailing the specific assets and the estimated tax impact. If you approve of this strategy, please provide your authorization by [Date] so we may execute these trades before the upcoming tax deadline.

Should you have any questions regarding how this strategy fits into your long-term financial plan, please do not hesitate to contact our office.

Best regards,

[Advisor Name]  
[Firm Name]  
[Phone Number]