

Delta Investment Management is a registered investment advisory firm. Delta welcomes discussions with individuals seeking investment advice and advisors seeking a new turnkey asset management solution.

Delta manages portfolios at TD Ameritrade and Schwab.

Please contact Delta at info@deltaim.com or 415-249-6337 to learn more.

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Ruminations on Tax

Normally, *Delta Insights* talks about issues pertaining to the U.S. stock market. In the past two weeks, we have pointed out how falling interest rates are supportive of higher stock valuations. The recent sharp decline in interest rates helped the S&P 500 appreciate roughly 6% month-to-date.

Although summer does not officially begin until next Friday, the news flow has slowed. China tariff talks are at a standstill. Earnings will not be reported for another month. With few obvious stock catalysts in the near-term, it seems as if the lazy days of summer are here. Rather than talk about the stock market this week, below are three investment thoughts involving deferring, reducing and eliminating tax.



*“Remember, son, these are your tax-free years.
Make the most of them.”*

“The hardest thing in the world to understand is the income tax.” Albert Einstein

Estimated quarterly personal income taxes are due on Monday. Paying tax just 62 days after having paid tax on April 15 is a reminder of the importance of tax in the investment equation.

On December 22, 2017, the **Tax Cuts and Jobs Act** was enacted. One of the important provisions of the tax act is it created a 20% tax-free pass-through on REIT investments. From a tax standpoint, the tax act made REIT investing more attractive. Give Delta a call if you would like to discuss specific REIT investment opportunities.

Municipal bonds offer non-taxed income. Muni bonds are federal tax free and state tax free if you live in the state that the bond is issued. Muni bonds can be high quality, low yield or they can be of lower credit quality, high-yield. Some high-yield muni bond funds are offering roughly 5% interest after tax today. The tax-adjusted equivalent yield would be as much as 7-8% depending on your tax rate. Give us a call if you would like to discuss specific investment opportunities in high-yield muni debt.

Idea for Large Capital Gains

Have you recently sold a business, house, a concentrated stock position or anything else with a sizable gain? If yes, you are likely facing a significant tax event. As a rough estimate, you may assume that about one-third of your gain will be taxed away.

The 2017 Tax Cuts and Jobs Act created investment programs to substantially reduce and defer taxes on your appreciated assets. Delta is working with the institutional investment firm Cantor Fitzgerald to deliver capital gains tax minimization and asset growth strategies to individuals facing significant tax bills from the sale of appreciated assets.

Give Us a Call Today

We invite you to give us a call at **(415) 249-6337**, visit www.deltaim.com or email us at info@deltaim.com if you have questions about how we can assist you in managing your investment accounts.

