

TAX TIPS ON STOCK AND LAND SALES IN 2008¹

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1. If you are considering selling appreciated nonhomestead real property, stocks, bonds and/or mutual funds containing them, consider doing it in 2008.

From 2008 until 2010, there's *no* tax on capital gains for people in tax brackets up to 15%. For 2008, that's taxable income of \$65,100 for couples and \$32,550 for single persons (including the gains from asset sales). Since you'll need to add in the capital gain to the income base, you cannot incur too much capital gain if you want to capture the zero tax opportunity.

2. Another tip is to give appreciated capital assets to young adult children or grandchildren (those out of the kiddie-tax range) to repay their college loans or other purposes before they start earning a big paycheck. If the children are in the 15% bracket or lower and they sell the asset, then the tax will be zero to them.
3. Another tip for early or prospective retirees is to delay collecting social security for a year or more and live on tax-free sales of capital assets when income slides into the 15% bracket or lower. By deferring the receipt of social security, retirees will receive a higher monthly benefit later.

The prospect of zero capital gains taxes can create more strategies than the three listed above. The reason why I suggest that 2008 be considered is because we will have a new Congress and President in 2009 and anything can happen.

¹ The general idea for this article came from *Newsweek Magazine*, December 10, 2007, "Taxes – Start Your Planning Now (page 105).

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