



September 13, 2022

<<First Name>> -

As your wealth increases, TAXES become a significant burden. Having ongoing tax strategy conversations with your team is important.

Here are 3 common myths about taxes:

**Myth 1: Now gifts and money sent from friends and family on venmo are taxable:**

**WRONG!** Gifts are excluded from income regardless of the amount or the payment method, says Eric Bronnenkant, CPA and head of tax at Betterment.

“There is a new rule which requires payments over \$600 for products/services to be reported on a 1099-K when using a service like Venmo,” he says. “Gifts should not be reflected on the 1099-K and even if you erroneously get a tax form, a gift is still not taxable. You can thank your grandma for your birthday gift and breathe a sigh of relief.”

**Myth 2: You can exchange from one stock/fund to a different stock/funds with no tax consequences because you reinvested right away.**

**WRONG!** Selling investments in a taxable account could potentially have tax gain (or loss) consequences, regardless of how quickly you reinvest the proceeds. Two ways to offset investment-related taxes throughout the year is by moving higher-yielding investments into tax-deferred or tax-exempt accounts and also utilizing "tax-loss harvesting" strategies in your taxable accounts.

**Myth 3: Taxes are more important than my investment strategies:**

**WRONG!** Taxes definitely matter when it comes to investment strategy, but they are not more important than strategy; I've seen people justify losing 100% “for tax purposes” which might save them 35% to 50%. Think about that for a second. It makes no sense, yet people really believe it.

Taxes are one of the biggest concerns of our clients and that's why we have internal tax experts on our team working directly with your CPA professionals.

If you're looking for advice to reduce your taxes and reduce the financial stress in your life and set you up for a better lifestyle of financial freedom, [click here](#) to schedule a time to talk to our [Pacific Capital Team](#).

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