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Ask the Biz Brain

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What should I do about money that I want to get completely get out of the stock market? The problem is my total involvement in the stock market is over \$800,000, of which 50 percent is capital gains over a period of 20 years.

-- Take the money and runThe best advice: Don't be rash, and give serious thought to tax consequences before making any move.

That said, here are some things you should consider.

If you liquidate your entire portfolio, you'll be subject to capital gains tax on the \$400,000 of appreciation. Assuming they are all long-term gains, at an estimated 20 percent rate (combined federal and state), that's a hefty \$80,000 you will be paying in taxes, says Marnie Aznar, a certified financial planner with Aznar Financial Advisors in Morris Plains.

If you are getting older and attempting to make your portfolio more conservative, Aznar suggests you consider doing so gradually and in the most tax-efficient manner possible. For example, sell any holdings in a tax-deferred account first, or if all of the holdings are in a taxable account, sell the highest basis stocks to minimize your capital gains tax burden.

You didn't say how old you are or if you actually need this money to live on. If this is money that may eventually be an inheritance, consider that your heirs would receive a step-up in basis on these holdings, which could effectively eliminate the tax bill.

Diahann Lassus, a CFP and certified public accountant with Lassus Wherley in New Providence, says if your desire to move out of the stock market is because of your concern with market risk and volatility, you should think again.

"I would not recommend getting totally out of the stock market unless you have a specific need for these dollars," she says. "The tax consequences certainly need to be part of the decision process, but only a part of it, not the driver."

With the federal capital gains tax at an all-time low, Lassus says it could be a great time to take profits in long-term holdings. Before deciding, she says you should think carefully about your asset allocation needs and your overall investment objectives.

-- Karin Price Mueller