

iRebal[®] User Guide Supplement

Tax Loss Harvest and Full Rebalance Settings



Tax Loss Harvest and Full Rebalance

Tax Loss Harvest and Full Rebalance allows you to first harvest tax losses and then include any cash generated by the harvesting in a full rebalance of the selected portfolio(s), taking what was two separate actions and combining them. To take advantage of this feature, you must configure both Global and Security settings. Once configured, Tax Loss Harvest and Full Rebalance can be run using automation, set to run as a scheduled rebalance, or run ad hoc. The settings you configure can also be used when doing a standard Tax Loss Harvest.

Global Settings

Tax Loss Harvest and Full Rebalance requires you to update three global settings for harvesting, which include specifying a Loss Detection Level that instructs iRebal to harvest losses at the Lot Level or Position Level, as well as a Minimum Loss percentage (%) and Minimum Loss amount (\$) threshold for harvesting securities. When harvesting, iRebal will first look at the % loss, either at the lot or position level based on the loss detection level setting, and then selects only those (lots or positions) that exceed the Loss % threshold.

iRebal then checks the total Loss \$ amount from the selected lots of a security (or position) in the account. If the total loss amount is less than the Minimum Loss \$ threshold, then the lots (or position) are not harvested. If the total loss amount is greater than the Minimum Loss \$ threshold, the harvest proceeds.

Tax Loss Harvesting settings

Settings in this section will be used for Tax Loss Harvest or Tax Loss Harvest and Full Rebalance submission types. For a Tax Loss Harvest you can also define these settings at time of submission.

Settings

Securities Accounts Portfolios Models **Rebalancing** Trading Automated Rebalancing

Rebalancing Save / Collapse All

^ Tax Loss Harvesting

Loss Detection Level Set tax loss harvesting rebalances to calculate based on either lot or position levels.

Lot Level
 Position Level

Minimum Threshold Set the minimum threshold for tax loss harvesting. iRebal will use the larger of these two values.

Min %
Min \$

Rebalance Types

Tax Loss Harvest What should iRebal do if it is not able to purchase a replacement security in a Tax Loss Harvest submission?

Do not harvest security
 Harvest security

Tax Loss Harvest & Full Rebalance

If a wash sale alternative is not available for a security, iRebal will not harvest the security in a Tax Loss Harvest & Full Rebalance submission.

[Learn more about how iRebal handles tax loss harvesting](#)

Security Settings

Securities must be enabled individually for harvesting. Adjust settings on the securities page.

[Go to Securities >](#)

Loss Detection Level

Position level will sell only if an entire position in an account meets your loss thresholds, whereas Lot level will only sell the lots that meet your loss thresholds.

Minimum Threshold

Enter a percentage and dollar loss threshold that will be used when harvesting securities.

When you use Lot level loss detection, any tax lot with a percentage loss meeting or exceeding your specified percentage threshold will be considered for sale. Once all qualifying lots of a holding in an account have been identified, those lots will be eligible for sale only if the total loss for the order—the sum of all qualifying lots—also meets your dollar amount loss threshold that will be used when harvesting securities.

When using Position level loss detection, any entire holding in an account with a total percentage and dollar loss exceeding your thresholds will be eligible for sale.

Rebalance Types

Specify how you want iRebal to handle situations where the replacement security cannot be purchased when harvesting losses. For the Tax Loss Harvest submission type you can specify the securities to harvest or have iRebal use your Global and Security harvest settings.

For Tax Loss Harvest and Full Rebalance submission types, iRebal will not harvest the security if a wash sale alternate is not available. If cash is specified as a Wash Sale Alternate, the security will always be considered available to harvest. Information on how to specify wash sale alternates is covered in the Security Settings section of this document.

Wash Sale Settings

Wash Sale Settings give you the ability to define when or when not to allow wash sales for buys of securities sold at a loss within the last 30 days.

^ **Wash Sale Settings**

Configure the following settings for wash sale recognition and allowance.

Wash Sale Settings

Allow buys of securities sold at a loss within the last 30 days

Taxable Accounts Only

All Accounts

[How does iRebal handle wash sale settings?](#)

How iRebal Checks for Wash Sales

Learn how iRebal checks for wash sales with each type of trade.

- **iRebal does not prevent wash sales.** You are responsible for keeping track of account activity across your clients' accounts.
 - **iRebal does not make determinations about the appropriateness of alternative securities.** You are responsible for identifying alternative security investments that are not “substantially identical” for wash sale purposes.
 - **iRebal only identifies wash sales arising from the purchase of the same security across accounts within the same portfolio.** iRebal does not prevent wash sales at the household level or across accounts in separate portfolios, including certain tax-exempt accounts.
 - **Buy:**
 - When a potential buy order is generated, iRebal will check the order history to determine if the same security was sold through iRebal at a loss in the same portfolio within the last 30 days.
 - If a loss is found, the buy will be flagged as a potential wash sale. To mitigate wash sale concerns, iRebal will check to see if a primary or secondary wash sale alternate can be bought in its place.
 - If neither wash sale alternate is available, iRebal will either remove the buy or allow it, depending on settings.
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- Note:** In Tax Loss Harvest and Full Rebalance submissions, if an alternate is not available the security will not be harvested.
- If the wash sale settings allow the buy, this would result in a wash sale, potentially deferring, nullifying, or permanently disallowing a loss.
- **Sells**
 - In taxable accounts, after generating sells for lots at a loss, iRebal will check if there are any unsold lots of the same security in the portfolio that were purchased in the last 30 days.
 - If sales at a loss are found, a red **W** will appear as a wash sale warning on the Rebalance Result Summary and on the Portfolio Result Details.

Security settings

In addition to the Global Settings, there are Security Settings that must be defined for a Tax Loss Harvest and Full Rebalance to be run. The settings you define for individual securities can also be used when doing a standard Tax Loss Harvest.

Tax Loss Harvesting and Wash Sale Alternates

Tax Loss Harvesting

Should iRebal capture a capital loss for client portfolios that hold this security? These changes will apply in a tax loss harvest or tax loss harvest and full rebalance.

On Off

[Learn more about tax loss harvesting](#)

Wash Sale Alternates

Wash sale alternatives will be applied whenever a transaction is subject to wash sale rules. Configure what iRebal should purchase with the proceeds of selling this security

Primary

Buy replacement security

Secondary

None

Leave in cash

Buy replacement security

For a security to be considered for harvesting in iRebal, you must enable it for tax loss harvesting and specify a Wash Sale Alternative. iRebal will not allow you to enable harvesting for a security if a Wash Sale Alternative is not specified. You can add up to two alternatives, a Primary and Secondary. iRebal will first attempt to buy the Primary but will attempt to buy the Secondary if the Primary is not available (i.e., wash sale, do not buy restriction, etc.).

- **Tax Loss Harvesting on/off:** When ON is selected, the security will be considered for tax loss harvesting. A primary Wash Sale Alternative must be specified or “Leave in cash” can be selected. A secondary Wash Sale Alternative is optional.
- **Wash Sale Alternatives:** Required to enable harvesting but can be added and used without enabling the security for Tax Loss Harvesting. They will be considered when a position is sold at a loss in a non-harvest. Subsequent rebalances will buy the alternative rather than buying the primary back and triggering a wash sale alert.


Tip: Tax loss harvesting settings and Wash Sale Alternates are visible on the security inventory, allowing you to quickly view and filter your settings across many securities.

Importing

To help streamline the updating of settings for securities you can import Tax Loss Harvesting and Wash Sale Alternates. On the securities page, select **Tax Loss Harvesting and Wash Sale Alternates** from the Import menu to import your file as well as access additional instructions and a template. To import, browse for your file and select **Continue**.

iRebal also gives you the ability to export your Tax Loss Harvesting and Wash Sale Alternates settings for securities. This can be helpful when making updates to existing settings for multiple securities. Simply export the settings for the securities you would like to update, make your edits, and then import your changes.

Tax Loss Harvest & Full Rebalance

The Tax Loss Harvest & Full Rebalance combines the existing tax loss harvesting and full rebalance logic used by iRebal. As you do for other rebalance types, simply select the rebalance type and portfolios you wish to include. For more detailed information on filtering, extra cash settings, and schedule options, please refer to the Rebalance Portfolios section of the [iRebal User Guide](#) .

Tax Loss Harvest

The Global and Security settings for tax loss harvesting are available to be used when doing a Tax Loss Harvest rebalance. By default, the **Apply global and model settings for tax loss harvesting** is selected. If you prefer to define specific settings for an individual rebalance, you must uncheck that option. When unchecked, you specify the loss detection level, securities to be harvested, and the harvest securities settings. For more detailed information regarding the Tax Loss Harvest rebalance please refer to the Rebalance Portfolios section of the [iRebal User Guide](#).

The screenshot displays the 'Create Tax Loss Harvest' window in the iRebal system. At the top, there are navigation tabs: Home, Reports, Clients, Models, Rebalancing, and Order Blotter. The main form is titled 'Create Tax Loss Harvest' and has 'Process' and 'Close' buttons. The 'Rebalance Type' is set to 'Tax Loss Harvest'. The 'Rebalance Name' is 'Harvest - 05/09/2025'. Under 'Rebalance Settings', the checkbox 'Apply global and model settings for tax loss harvesting' is checked. Below this, 'Loss detection level' is set to 'Lot level', and 'Minimum Loss Threshold' is 'Min % 5%' and 'Min \$ 1,000'. The 'Included Portfolios' section shows '0 portfolios included' and provides search and filter options. At the bottom, there are fields for 'Portfolios' and 'Loss Target & Priority'.

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iRebal offers a flexible tax harvesting feature for taxable accounts that allows you to set various loss thresholds, total loss targets for portfolios, and choose a replacement security for each harvested security. Once the thresholds have been set, iRebal identifies eligible losses in selected accounts, and shows you the securities that fit the criteria that you have defined. Schwab does not represent that any particular tax consequences will be obtained. Tax-loss harvesting involves certain risks including unintended tax implications. In particular, certain tax-loss harvesting may be subject to the wash sale rules if the account holder owns substantially identical stocks or securities in accounts not included in iRebal. Notwithstanding the wash sale rules, certain losses may be deferred by other provisions of the Internal Revenue Code of 1986, as amended.

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