

Name \_\_\_\_\_

**Financial Math**

**Calculating Capital Gains Worksheet 1**

For the following scenarios: Assume all investors are in a similar tax bracket and will pay the same marginal tax rates for capital gains:

	<b>Short-Term</b>	<b>Long-Term</b>
<b>Federal</b>	<b>27%</b>	<b>14%</b>
<b>State</b>	<b>6.65%</b>	<b>6.65%</b>

- 1) Bill purchases 20 shares of ABC Corporation at \$6 per share. Bill's online broker charges a commission of \$10 for this total trade.
  - a. Find Bill's total cost basis
  - b. Find Bill's cost basis per share
  - c. 3 years later, Bill sells the 20 shares of ABC corporation for \$13 per share
    - i. Find Bill's profit
    - ii. Find Bill's Capital Gain Tax Responsibility for both Federal and State
  
- 2) Erin purchases 500 shares of Apple at \$93 per share. Erin uses a full-service broker that charges a commission of \$1000 for this total trade.
  - a. Find Erin's total cost basis
  - b. Find Erin's cost basis per share
  - c. 2 days later, Erin sells her 500 shares of Apple for \$98 per share
    - i. Find Erin's profit
    - ii. Find Erin's Capital Gain Tax Responsibility for both Federal and State
  
- 3) Pat purchases 40 shares of Bank of America at \$14 per share. Pat's online broker charges a commission of \$8 for this total trade.
  - a. Find Pat's total cost basis
  - b. Find Pat's cost basis per share
  - c. 2 years later, Pat sells ONLY 20 shares of Bank of America for \$20 per share
    - i. Find Pat's profit
    - ii. Find Pat's Capital Gain Tax Responsibility for both Federal and State