

# Year-End Tax Savings

Navigate Your Way to Lower Your Tax Bill

## *Turn-by-Turn Navigation Lower Your Next Tax Bill*

### **SPEED UP YOUR DEDUCTIONS.**

Unless you expect to pay alternative minimum tax for next year, try to maximize itemized deductions. You might want to make both your current and next year charitable contributions before the end of this year. Ask your advisors if local laws permit pre-payment - and deducting next year's real estate or state income taxes in the current year. Boost miscellaneous and medical expenses if you can meet the deduction thresholds.

### **SLOW DOWN TAXABLE INCOME**

Try postponing some tax income into next year, unless you'll owe Alternative Minimus Tax (AMT). If you plan to sell property before year's end, ask your advisers about using an installment sale that defers some taxable income into the future. Professionals and business owners might send out December billings in early January. In the long-term, consider investments that can grow tax-deferred, such as U.S. savings bonds.

### **MAP OUT YOUR PORTFOLIO**

Consider selling securities that have gone down in value, and use your capital losses to offset any capital gains from the sale of profitable investments. Losses can be deducted against up to \$3,000 of ordinary income. Excess losses can be deducted in future years. Wait at least 30 days before buying back loss stock or your deduction will be postponed.

### **FILL UP YOUR RETIREMENT ACCOUNT**

Contribute the maximum that's deductible – certainly any amount that is matched by your employer. The limits have increased from year to year. Check with your financial planner for current limits.

### **STEER CLEAR OF AMT**

Selling stocks or real estate at a profit generates capital gains that may propel investors into AMT. But transferring investment assets into charitable remainder trusts avoids recognizing long-term capital gain, while also providing donors with lifetime income and substantial deductions, as well.

### **GET EXTRA MILEAGE FROM CHARITABLE GIFTS**

Gifts of appreciated stocks let you "double up" on your tax savings. Gifts can also be planned that provide lifetime income, to you or others that may be higher than what you are currently receiving from investments or savings, plus a big deduction. Ask us for details!

*Renew Your  
Wedding  
Vows at the the  
National Shrine  
Grotto.*



*Members of the 1808  
legacy society can  
do this with their  
friends, family, and  
classmates.*

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## MAKE A GIFT, INCREASE YOUR INCOME

You can obtain a large charitable deduction, minimize capital gains taxes and secure a good income for life, as well. Just transfer stocks, real estate or cash to a charitable trust that will pay you a specified income for life, with the trust assets benefiting our programs when the trust ends. Your taxes will go down and your income may go up. Call us for a personal illustration.

### *Top Five Assets for Giving:*

- 1. Stocks, bonds or mutual funds** that have increased in value significantly and that you have owned more than one year. You can deduct the current market value of these items, not just your original cost, and avoid capital gains taxes 100%.
- 2. Surplus life insurance.** Many friends own policies purchased at a time when they have young families or other financial responsibilities. Gifts of policies that are no longer needed for their original purpose will generate charitable deductions, and any future premiums you pay will also be tax deductible.
- 3. Stock in your business.** Closely held stock often can be transferred with excellent tax results. These gifts require careful planning, however, and coordination with our office.
- 4. Other investment assets** that have grown in value. Real estate, artwork, collectibles and other investment assets that you have owned more than one year can be attractive for charitable giving but also require special planning. Please contact our office for details.
- 5. Cash.** Most Americans simply write checks to support their favorite organizations and cash gifts are both highly deductible (up to 50% of the donor's adjusted gross income) and easy to transact. Checks that are mailed and postmarked before January 1, will be deductible on your current tax return.

### **TAX ALERT! IRA GIFTS ALLOWED FOR THE FUTURE**

Congress has extended the law permitting persons over age 70 1/2 to instruct IRA custodians to issue gift checks to qualified organizations. Amounts we receive will be free of income taxes and count as required IRA distributions. To make a gift, simply contact your IRA custodian and notify our office so we may ensure proper transfer and receipting of your gift.

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