

Generous LIVING

Ending the Year Well Get a head start on your year-end tax planning!



SIX TAX-SAVING SOLUTIONS FOR THE YEAR END

With planning, you can trim your tax bill and avoid paying too much. Here's how you can make your money work harder for you.

- 1. PAY YOUR MORTGAGE EARLY:** Make your January mortgage payment in December.
- 2. DEFER INCOME:** Defer income or a year-end bonus until next year.
- 3. GIVE TO CHARITY:** Give to your favorite qualified charity.
- 4. MANAGE YOUR IRA:** If you are required to take a distribution from your IRA, take only the required amount to reduce taxable income.
- 5. BALANCE STOCKS:** To offset any capital gains, sell some stock for a loss and rebalance your portfolio.
- 6. GATHER DEDUCTIONS:** Make early payments for any deductible expenses.

These ideas are just some of the simplest and most effective ways you can reduce your tax bill. Contact us to learn more ways you can save this year.

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With the end of year upon us the window of opportunity to reduce your taxes is closing fast!

TAX-WISE CHARITABLE PLANNING STRATEGIES

There are a number of charitable planning strategies that can help you lower your income and taxes this year. Here are some ways you can shift tax dollars to charitable dollars and support what is most important to you.

- ▶▶▶ **IRA CHARITABLE ROLLOVER** - persons 70.5 or older can rollover up to \$100,000 from their IRA to a qualified charity like your local church. This may lower your income and taxes.
- ▶▶▶ **OUTRIGHT GIFT OF AN ASSET** - make a gift of stock, real estate or another asset, avoid paying capital gains tax on the transfer and receive a tax-saving charitable deduction.
- ▶▶▶ **DONOR ADVISED FUND (DAF)** - a tax deductible gift to a DAF, gives you the ability to make grants to your favorite charities this year and in future years.
- ▶▶▶ **ZERO-TAX GIFT & SALE** - make a gift of part of an investment or property you intend to sell, avoid paying capital gains tax on the sale and receive cash back.

Need Help?

If you would like further information on any of these end-of-year planning strategies, please contact Gary Melville at 800.595.4347 X103. We can assist you in creating the plan that will meet your needs & goals.



Do you look forward to your IRA required minimum distribution (RMD)?



ANOTHER SMART USE OF YOUR IRA

While you may initially appreciate the income, as time goes on the higher withdrawal requirements may push you into a higher tax bracket, increasing your taxes.

Congress made the IRA charitable rollover permanent. The rollover law allows taxpayers who are required to withdraw money from their IRAs to give directly to charity. Because the rollover may count against your required minimum distribution (RMD), making an IRA rollover gift to your favorite organization could reduce your income and taxes.

The IRA rollover is a neat way for you to help support your favorite causes. While you won't receive an income tax deduction for a rollover gift, you also won't pay any income tax on the transfer.

The transfer only works for IRAs and not other retirement accounts. You may be able to rollover your 401(k) or other plan into an IRA and take advantage of this strategy. Check with your tax advisor or contact us to learn how you can use your RMD for good and lower taxes.

Here are some of the requirements for making an IRA rollover gift this year:

- You must be 70.5 or older.
- You must transfer money directly from your IRA to a qualified charity.
- You can give up to \$100,000 per year from your IRA.

A Beautiful Legacy

An Ode to Janet Johnson



We have recently lost a dear friend.

Janet Johnson was the wife of the late Rev. Dr. Lowell Johnson and the mother of 4 children and 6 grandchildren. Janet was a young 87-year-old in that she never stopped learning, sharing, and serving.

Upon entering her home, you would see that her family and faith were at the center of her life.

I imagine this could be said of many of us who belong to a community of faith, yet Janet shined a light brighter than most. Janet resided at the Deaconess Abundant Life Communities where she was usually the first person to welcome new residents. She was active at both the Sudbury UMC and the Chapel in the Deaconess. We often talked about her faith and our shared love for prison ministry. She also had a particular interest in the peace efforts in the Middle East.

I first met Janet after a gift annuity presentation I gave at the Deaconess back in 2001. She was interested in making a gift, but also wanted more income to travel. A gift annuity was the perfect fit. Over the next 20 years Janet purchased 19 gift annuities. The extra income afforded her the opportunity to travel, and in the last few years, helped her move to an upgraded unit at Deaconess. She would often remark that it was a win-win arrangement.

This week the Foundation will be preparing checks to 5 charities, including her church and Deaconess; a financial legacy to complement and complete her legacy of faithfulness. Many of us at the Foundation knew Janet, and we are saddened by the news of her death. There is, though, a peace knowing that her faith and the offering of her abundant good deeds, prepared her well for the embrace of Jesus. Surely, she was greeted with the words, "Well done, my good and faithful friend."

Written by Gary Melville / Foundation Director of Development



TAX SAVINGS WORTH A SECOND LOOK

While there are some obvious ways of saving taxes, such as increasing your charitable giving, there are also some subtle ways to maximize your savings and minimize your tax bill. If you own any of these assets, consider the following strategies as part of your year-end planning.



If You Have

Consider Doing This

Low-performing stocks that have outlived their usefulness to you.

Update your portfolio by selling stocks that have lost value. Balance losses with gains from other stocks.

Real estate you are tired of holding.

Give that real estate (or part of it) to a qualified charity. You lose the burden of maintaining and paying taxes while gaining income tax advantages.

A business ownership where you wish to reduce your share.

Donate a share of your closely held stock to charity. You receive an income tax deduction and reduce your ownership.

High-performing stocks you wish to sell but that would result in steep capital gains.

Transfer (never sell) your stock to us to fund a charitable gift annuity or charitable remainder trust. Receive income for life as well as tax benefits.

Provide for you children.

Use almost any asset you have to establish a charitable remainder trust. Your children receive income for life. You receive tax advantages (*plus possible estate tax benefits*) while supporting those you love.

Contact Gary Melville / *Director of Development*, to learn the many ways you can increase your income, save taxes and benefit the people and causes important to you. Remember, things you consider a burden could actually be used to your advantage.

