



Destination Financial Freedom

Getting you there

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'Tis the Gifting Season

It's that time of year again! Whether inspired by the season or looking for a last minute tax deduction, here are some tips from the American Institute of Philanthropy for giving wisely:

1. Know Your Charity

Below are a few good websites to research anything you want to know about a charitable organization, such as whether or not it is a qualified non-profit. Knowing this will determine if contribution(s) will be tax-deductible. Some of them also provide details on income as well as expenses.

- ❖ **CharityNavigator.org** is a comprehensive, user friendly site that offers detailed information on larger charitable institutions. Great graphs and easy-to-find information make this web-site my favorite.
- ❖ **Give.org** evaluates national charities based on several levels of conduct. This is also a great place to start if you are unsure which organization you would like to be involved with.
- ❖ **GuideStar.org** verifies the non-profit status to ensure deductible contributions are free of charge – even for small organizations. If it is not listed on this web-site, ask for a letter of determination.

2. Do Not Respond to Pressure

You should never feel obligated to make a donation on the spot. Request additional written information in order to get familiar with the organization before making any commitment.

3. Keep Records of Your Donations

Never give credit card information over the phone or on an internet site to an institution that you are not familiar with. Make sure to always get a receipt and keep it!



4. Beware of Charities Offering Gifts

Some charities may provide stickers, calendars, key rings, etc. as 'gifts' in an effort to increase donations. Be aware that these items decrease the amount that goes to the main cause of the organization.

There are numerous strategies that can enhance the financial benefit involved with gifting. You should be aware of the following options to discover if they may work for you!

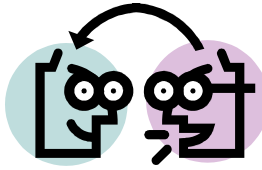
Gifting Investments Instead of Cash – Not only does the donor receive a tax deduction for the value of the investment, he/she also avoids paying future capital gain taxes on the investment. Because of the charitable organization's tax-exempt status, it can sell the asset with no tax consequences! This strategy works great for long-term owners with sizable gains as well as investors who are unsure of the original tax basis of the investment.



For example, a donor gifts \$10,000 of AT&T stock to a qualified charitable organization that was purchased many years ago for \$3,000. Assuming the client is in the 25% tax bracket, the tax deduction alone would save him/her \$2,500 in income taxes ($\$10,000 \times 25\%$). However, by transferring the stock directly to the charitable organization, the client would save an additional \$1,050 in capital gain taxes ($\$7,000 \times 15\%$). The capital gains tax will be completely avoided because the organization will not have to pay capital gain taxes either.

Charitable IRA Donations – Available exclusively for tax years 2006 & 2007, this rule allows for IRA owners above the age of 70½ (who are required to make annual distributions) to make direct charitable donations from their IRA accounts. Because the distribution goes straight to the charity, the distribution will be excluded from your gross income. There are many financial tax benefits associated with this strategy.

Check for Matching Gifts – Several companies match employee's donations by up to 100%, for gifts to certain institutions! To see if your employer has a program check out www.matchinggifts.kintera.org; here you will also see the terms involved. Usually a company form must be filled out and sent to the charity.



Thought Swap

What matters most



Painless Shopping

Each year, it seems the holiday season is crazier than ever before.

With benefits such as the comfort and convenience of being home, avoid waiting in lines, and front door delivery, online shopping is becoming increasingly more popular. If you are looking for an alternative to traditional holiday shopping, you may want to consider the following sites that Forbes rated *The Best of the Web*:

❖ **Books, Abebooks.com** – Through a network of over 13,000 booksellers worldwide, this website offers more than 70 million titles – new, used, rare and out-of-print.

❖ **Music, Amazon.com** – The well-known web giant has a wide selection along with easy searching capabilities and the fastest check-out around.

❖ **Toys, eToys.com** – Offers huge selection with several methods to search for that perfect toy.

❖ **Computers & Electronics, Newegg.com** – Find anything you need from digital cameras, memory cards, software, electronic games to build-it-yourself computer components. Extensive product descriptions and customer reviews.



❖ **Jewelry, Bluenile.com** – Providing gifts for any budget. This site specializes in diamond selection. Choose from pre-set pieces or loose stones and search by cut or shape.

❖ **Casual Apparel, Landsend.com** – Known for its high quality products for the whole family, shoppers have the ability to 'try on' clothes, on the website! I tried it out, and it works pretty well!

❖ **Last-Minute Gifts, Surprise.com** – Provides dozens of interesting gift ideas by searching personality traits for those hard to buy people on your list! If you are tired of coming up empty handed, start here!

Year End Reminders

Not to make the end of the year more hectic than it already is, here are some things that you should make time for:



1. Submit FSA Reimbursement Forms

On average, \$100 is forfeited per employee each year in their Flexible Savings Account. You may walk by a penny on the sidewalk, but who would leave a \$100 bill?

2. Review Capital Gains & Losses

Here's your last chance to lessen your tax load due April 15th of next year. This year mutual funds are expected to payout a larger than average amount of capital gains.



Take a Guess:

1. What percentage of all charitable giving is done between Thanksgiving and New Year's Eve?
2. What percent of today's workers mistakenly think they'll be eligible for full Social Security benefits earlier than they qualify?
3. On average, what are consumers expected to spend on holiday purchases this year according to a survey by International Council of Shopping Centers?
4. What percentage of Americans find gift-giving expectations to be the most annoying aspect of the holidays?

Answers: 1) 50% 2) 49% 3) \$676 4) 66%

