

6 Ways to Save Taxes While Supporting ADD

The end of the year is an ideal time to take stock of your financial situation and decide which assets are best to use in making charitable gifts to your favorite organizations. Fortunately, because the tax laws are favorable, there are many options open to you, some of which can fit in very nicely with your overall financial objectives and actually enhance your – or your family's – financial security.

Among the choices you have are:

1 Donate "Cash"

The easiest kind of gift to make, a gift made by check or credit card provides funds that can be put to immediate productive use, and is subject to the most liberal tax rules. You can deduct cash gifts up to 50% of your adjusted gross income, and unused deductions may be carried forward for up to five additional tax years.

2 Contribute Securities That Have Risen in Value

Making a gift of appreciated securities that you have owned for more than 12 months can be very advantageous. You avoid all capital gains taxes, and can take a tax deduction for the securities' full market value rather than just your original cost. Gifts of appreciated securities are deductible up to a limit of 30% of your adjusted gross income, with a five-year carry-over period.

3 Make a Gift of Life Insurance

If you own a life insurance policy that you no longer need for the purpose you originally acquired it, making a gift to (ADD) of the policy is easy and beneficial. Generally, you can deduct the entire replacement value of an existing policy, plus any premium payments that you subsequently make. If the policy isn't completely paid up, you can usually deduct an amount that is approximately equal to its cash value, plus any future premium payments.

4 Use a Retirement Account to Make a Future Gift

Because retirement plan assets are among the most heavily taxed, family members may receive only a very small portion of their value through inheritance – sometimes as little as 15 or 20 percent. By earmarking retirement assets for a charity such as ADD, and leaving cash bequests to family members, you can preserve more of your estate for your heirs.

5 Designate a Bank Account for ADD

By signing a simple form at the bank, you can designate ADD as beneficiary of a Certificate of Deposit or checking or savings account, and use the account to conduct your normal banking business. You own and have full control of the account at all times, and any balance in the account at the time of your death will automatically go to ADD.

6 Give a Gift That Can Pay You (or Loved Ones) an Income

In exchange for a contribution of cash, appreciated securities, real estate, and certain other property, you – or anyone you select – can receive a lifetime income. You'll earn a significant income tax deduction from these IRS-approved gift arrangements, while assuring important long-range support for ADD.

If you have an interest in exploring the options open to you in making a tax - planned charitable gift, contact Charles Evdos at (631) 727-6220, ext. 203. He'll be happy to provide you and your advisors with confidential information and whatever assistance you need.