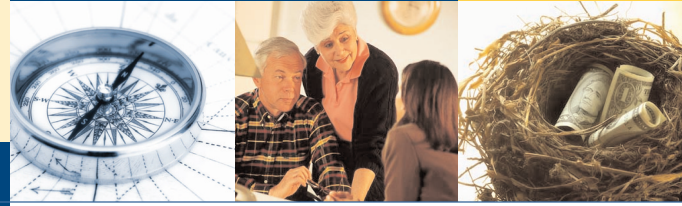


Year-End Tax Savings



Plan Your Road Trip to Year-End Tax Savings

Here are seven year-end tax planning tips that may assist you on your journey to a lower 2009 income tax bill.

⇒ **Speed up your deductions.** Unless you expect to pay alternative minimum tax for 2009, try to maximize itemized deductions. You might want to make both your 2009 and 2010 charitable contributions before the end of the year. Ask your advisers if local laws permit pre-paying – and deducting – 2010 real estate or state income taxes in 2009. Boost miscellaneous and medical expenses if you can meet the deduction thresholds.

⇒ **Slow down taxable income.** Try postponing some taxable income into next year, unless you'll owe alternative minimum tax (AMT) in 2009. 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. Long-term, consider investments that can grow tax-deferred, such as U.S. savings bonds.

⇒ **Detour capital gains taxes.** If you give highly appreciated stock to children or grandchildren, they can sell the stock before the end of 2009 and owe no capital gains tax on the first \$1,900 of long-term capital gain (vs. 15%

tax for a parent). However, the “kiddie” tax generally will cause investment income over \$1,900 to be taxed at the parents' tax rates for children under 19, and college students under 24 who pay less than half their support.

⇒ **Reposition 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. Excess losses can be deducted against ordinary income up to \$3,000, and 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 2009 limit on 401(k) plans is \$16,500 plus another \$5,500 for employees over 50. The IRA maximum is \$5,000 and workers age 50 and above may make additional “catch-up” contributions of \$1,000.

⇒ **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.



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➤ **Get extra mileage from charitable gifts.**

Gifts of appreciated stocks let you “double up” on your tax savings (see the back page article). 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!

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 present 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 had 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, 2010, will be deductible on your 2009 tax return.

Make a Gift, Increase Your Income

You can obtain a large charitable deduction for 2009, 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.

IRA Gifts Remain Attractive for Eligible Donors

Congress has extended through 12/31/2009 the law permitting IRA owners age 70½ and

Gift Amount	After-Tax Cost of a Charitable Contribution			
	25%	28%	33%	35%
\$100	\$ 75	\$ 72	\$ 67	\$ 65
500	375	360	335	325
1,000	750	720	670	650
5,000	3,750	3,600	3,350	3,250

older to make qualified charitable distributions of up to \$100,000. In 2006 through 2008, these gifts had the advantage of counting toward a donor's required minimum distributions.

Although minimum distributions have been waived during 2009, it still may make sense to consider charitable gifts from IRAs in 2009, if you are eligible.

■ IRAs may be your best available charitable giving resource, especially if other assets are tied up in time deposit accounts or annuities.

■ IRA funds generally will be subject to heavy federal income taxes and/or transfer taxes whenever they are withdrawn or paid to your beneficiary in the future. Charitable distributions occur free of federal taxes.

■ IRA gifts – especially larger gifts (maximum \$100,000) – can reduce the size of your required minimum distributions from IRAs in future years.

Please call our office if you are interested in giving from your IRA.



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For more information, print out and complete the form below and mail to the address above.

- I have decided to make a year-end gift by check. My check is enclosed
 will be mailed by December 31, 2009.
- I understand that there are added tax savings when I give stocks and bonds that have gone up in value. Please provide me with information on how to contribute appreciated assets.
- I'm interested in making a gift that provides me with lifetime income.
- I'm interested in gifts from my IRA.

Name _____

Address _____

City _____ State _____ Zip _____

Telephone _____ E-mail _____