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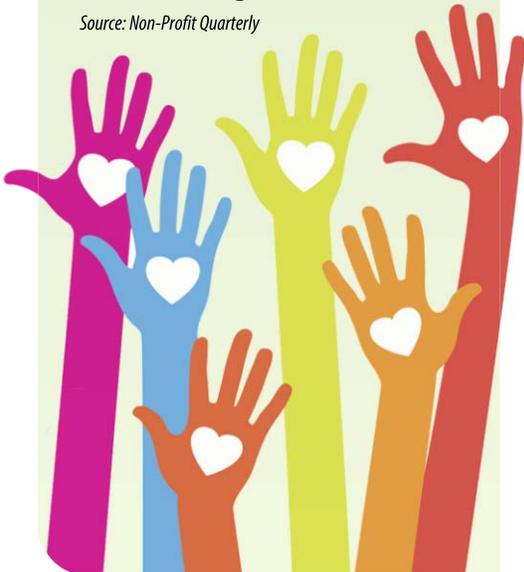
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Americans Volunteer

Where do Americans spend time when they volunteer? During 2015, they gave their time to:

- 35%** Religious organizations
- 23%** Educational or youth services
- 16%** Social or community service
- 10%** Other
- 7%** Hospital or health organizations
- 5%** Civic, political, professional, or international causes
- 4%** Sports, hobby, cultural or arts organizations

Source: *Non-Profit Quarterly*



Tax-Smart Charitable Gifts

If charitable giving is an accurate gauge, then Americans are committed to making a difference in the world by supporting causes that matter to them. During 2015, they gave more than \$373 billion, a record high for the second year in a row.¹

While many people write a check or donate cash, there are other options and sometimes those options offer a bigger tax break. For example, instead of sending a check to your favorite charity, you might want to:



- **Give appreciated assets.** If you itemize deductions, then it may make sense to donate a stock that you've owned for more than a year that has appreciated—especially if you planned to sell the stock to donate cash. If you donate an appreciated asset, you may receive a charitable deduction for the asset's fair market value on the day you make the donation, and avoid paying capital gains taxes.²
- **Donate a required minimum distribution.** If you're age 70 ½ or older, you can transfer your required minimum distribution (RMD) up to \$100,000 to charity tax-free. That way, the RMD doesn't increase your adjusted gross income, which may help you avoid paying a Medicare high-income surcharge, as well as taxes on your Social Security benefits. Distributions from employer-sponsored retirement plans including SIMPLE IRA plans and simplified employee pension (SEP) plans, are not eligible.³
- **Participate in a donor-advised fund.** Would you like a tax-deduction today, even though you're not certain which charity you would like to support? Then, a donor-advised fund may be a smart choice. You can contribute cash or less liquid assets.⁴

If you're interested in making a charitable donation, but aren't sure which choice is right for you, talk to your tax professional or give us a call. We're happy to discuss the pros and cons of each choice with you. ■

None of the information in this document should be considered as tax advice. You should consult your tax advisor for information concerning your individual situation.

¹ Giving USA. '2015 Was America's Most-Generous Year Ever.' June 13, 2016.

² Lankford, Kimberly. '5 Things You Should Know About Giving Stock to Charity.' December 1, 2015.

³ Lankford, Kimberly. 'Donate Your RMD Tax-Free to Charity in 2016.' May 13, 2016.

⁴ Dagher, Veronica. 'Donor-Advised Funds See Surge In Contributions, Value, Grants.' November 16, 2016.



Cleaning Your Financial House

You're probably familiar with the concept of spring cleaning, but there is another important ritual that occurs towards the end of the year. Think of it as fall cleaning, or getting your financial house in order. You may want to start now to:

- **Prepare for tax-filing season.** Review your alternative minimum tax status and take steps necessary to minimize taxes. For example, do you want to defer income or make charitable contributions?⁵
- **Increase contributions to retirement plans.** If your plan allows it, you may want to make Roth contributions rather than traditional contributions. You won't receive a tax break today, but any earnings and distributions at retirement will be tax-free, as long as certain conditions are met.⁶
- **Review your beneficiaries.** Beneficiary designations on retirement plan accounts, life insurance policies, annuities, and other assets, often take precedence over instructions provided in a will. It's important to make sure you have the

correct individuals (or trusts) named as beneficiaries.⁷

- **Check on required minimum distributions.** If you're age 70 ½, you may need to begin taking required minimum distributions from traditional IRAs. Failure to take a distribution can trigger penalties and taxes.
- **Spend flexible spending account (FSA) assets.** Since FSA accounts are use it or lose it, you'll want to spend your money before year-end. You may be able to use the money for over-the-counter medicines and treatments, weight loss programs, long-term-care premiums (within IRS limits), health club dues, COBRA premiums and more.⁸
- **Complete the Free Application for Federal Student Aid (FAFSA).** This year, FAFSA submissions begin early. Applicants can file for the 2017-2018 school year starting October 1, 2016, and use the prior year's tax information.⁹ ■

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⁵ Intuit. "Top 8 Year-End Tax Tips: Updated for Tax Year 2016." Cited Nov. 23, 2016.

⁶ Internal Revenue Service. "Retirement Plans FAQs on Designated Roth Accounts." Oct. 27, 2016.

⁷ Anspach, Dana. "Why Beneficiary Designations Override Your Will." The Balance. Oct. 2016.

⁸ WageWorks. "Healthcare FSA Eligible Expenses Table." Cited Nov. 23, 2016.

⁹ Homeroom. "2 Major FAFSA® Changes You Need to Be Aware Of." U.S. Department of Education. Nov. 23, 2016.