

Q. What should I know about making gifts at the end of the year as opposed to giving at other times of the year?

A. One should pay special attention to timing when it comes to year-end gifts. In order to qualify for tax savings on this year's tax return, your gift must be completed by December 31. For cash gifts, this means your gift must be personally delivered or mailed in an envelope post-marked no later than December 31.

To help ensure greatest benefits from gifts of securities or other assets, please consult us or your financial advisors for specific instructions well in advance of the December 31 deadline.

Q. I generally review my estate and financial plans at the end of the year. Can these plans also include charitable gifts?

A. Yes. As part of a review of your will or living trust, for example, you may wish to include your charitable interests for a specific amount, a percentage, or "what's left" after providing for other heirs.

Retirement plans and life insurance policies offer convenient opportunities for giving as well. There are also ways to make a gift today and retain income for life or another period of time. Check with us or your financial advisors for current options.

Conclusion

As you can see, there are a number of benefits that can result from taking the time to carefully consider your year-end gifts.

We will be pleased to provide more information to you and/or your advisors as you complete your charitable plans this year.

The Hurricane Katrina Tax Relief Act suspends the 50% deduction limit for certain gifts of cash made between August 28 and December 31, 2005. Such gifts may be deductible up to 100% of adjusted gross income (AGI).



Questions & Answers About Year-End Giving

Making Effective Gifts at Year-End

FOR MANY, the end of the year is a natural time for reflection and planning for the future. It is also the traditional season for giving.

By taking the time now to carefully consider *what* to give, *when* to give, and *how* to give, you can help ensure your gifts are made in a timely manner and in the most effective and tax-efficient ways.

Read on for answers to frequently asked questions about making gifts at year-end. We trust you will find this information useful as you consider your charitable gifts for the remainder of this year.

Answers to Frequently Asked Questions

Q. Why should I consider making a gift before the end of the year?

A. You may want to take a special look at the timing of your gifts in order to maximize your tax savings. Only gifts completed by December 31 will be available to help reduce your tax bill for this year. Your tax rate determines how much you save: the higher your rate, the more you save from each dollar donated. If your state also taxes your income, your savings may be even greater.

Q. What can I donate for a year-end gift?

A. Cash, usually in the form of a check, is the most popular type of charitable gift at

the end of the year. If you itemize your tax deductions and donate cash, you are allowed to eliminate tax on up to 50% of your adjusted gross income (AGI). Any unused deductions may be used to help reduce taxes in up to five future tax years.

Q. Can I give property other than cash to fund my year-end gift?

A. Yes. Investments that have increased in value during the time you have owned them can be an especially attractive choice when considering ways to make charitable gifts. Low-yielding stocks, bonds, real estate, and other property can provide a tax-wise way to make meaningful gifts with little or no impact on your spendable income.

Such gifts are generally deductible at their full value in amounts up to 30% of adjusted gross income if owned for longer than one year. In addition, year-end gifts of assets that have increased in value also allow you to bypass capital gains tax that would otherwise be due if you sold the assets. Like gifts of cash, any excess deductions may be carried over for use in up to five future years.

Q. What if I have securities that have decreased in value?

A. If you have investments that have decreased in value since you have owned them, it is usually best to sell them. You can then make a deductible year-end

gift of the cash proceeds. You may then be able to claim tax benefits for both the capital loss and the charitable gift, which may actually be more than the current value of the assets.

Q. Is there a way I can make charitable gifts using retirement account assets?

A. Yes. If you are past the age of 59½, you are allowed to withdraw funds from a tax-favored retirement account without triggering an “early withdrawal” penalty. If your retirement account investments have performed well over the years, you may wish to take a withdrawal sufficient to fund the gifts you would like to make before the end of the year.

You will report the withdrawal amounts on this year’s tax return but you can then take a corresponding charitable deduction for your gift. This will normally result in a “wash” for tax purposes. Many have thus found retirement accounts to be a convenient “pocket” from which to make their charitable gifts.

Q. Are there other assets that may be appealing when making year-end gifts?

A. Yes. If you own life insurance policies that have built-up cash value but are no longer needed for their original purposes, such as payment of estate taxes, they can make convenient, tax-deductible year-end gifts. If applicable, you may also be able to give through your business.