

STRATEGIES

2010-3

Make the Most of Your Year-end Gifts

Fall, perhaps more than any other season, is a time for reflection; a time when we look back on the year and consider the changes we have experienced in our lives. It is also a time when many review their financial affairs.

As you prepare for your end-of-the-year financial review, you may want to carefully consider your charitable giving goals for 2010. Acting now ensures that your charitable gifts can be completed by December 31, in time to bring you welcome tax savings on your 2010 tax return.

Plan now for greatest tax savings

Our federal tax laws continue to encourage charitable giving by exempting donated dollars from taxation. Gifts of stocks, bonds, mutual funds, and certain other properties that have increased in value continue to provide donors with especially attractive tax benefits.

Proposed federal and state tax law changes may mean that gifts completed this year could save you more. Check with your tax advisor for more information.

Income for you or a loved one

There are several ways to make gifts that result in income for you

and/or others you name. The income can be fixed or variable. Such a gift can be tailored to meet your unique needs and/or those of your loved ones—all while providing for an eventual gift to United Way.

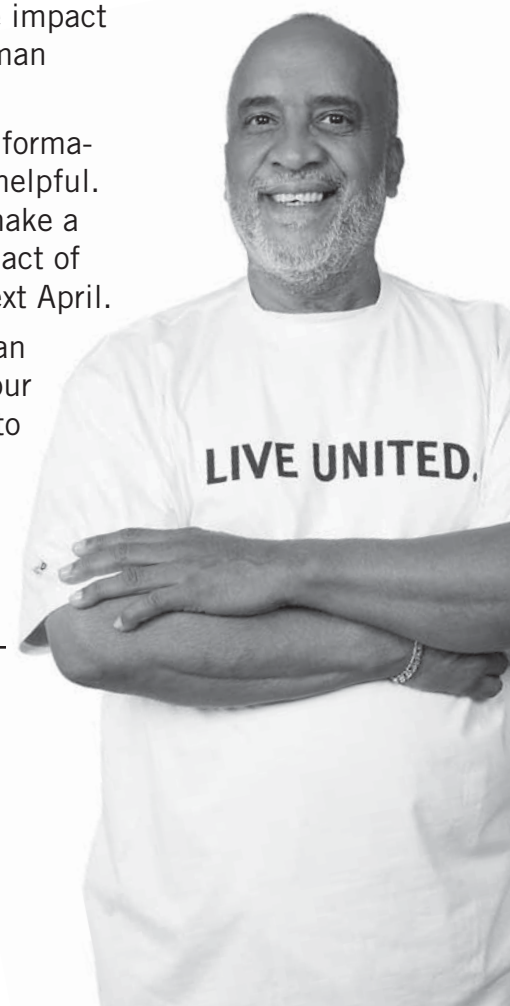
Partnership for the future

United Way supports our community by helping individuals and families become more self-sufficient. Your charitable gifts make a positive impact by funding vital health and human services programs in our area.

We hope you will find the information in this issue of *Strategies* helpful. A little time spent now could make a big difference, both on the impact of your gift and on your tax bill next April.

Read on to learn how you can benefit by carefully planning your gifts by December 31 in order to meet your personal and philanthropic goals. See your tax advisor for specific ideas based on your own situation.

The Community
Newsletter for
Friends of the
United Way of
Greater Waterbury



INSIDE

- A variety of giving options
- Making a gift of stock
- Year-end giving reminders

Your gifts to United Way provide essential, ongoing support in the community.

Many Ways to Give

Each year, many friends of United Way are pleased to learn that their gifts can take different forms beyond payroll deductions. By being aware of the variety of gift choices available, you may identify ones that can help enhance your financial picture while benefitting others as well.

Gifts of cash

Mr. Smith gives cash by payroll deduction because it's convenient. Because he itemizes on his federal income tax return, Mr. Smith can deduct gifts of cash up to 50% of his adjusted gross income. The amount of tax he saves depends on his income, additional deductions, tax rates, and other factors.

Year-end tip: Since he is in a higher tax bracket this year, Mr. Smith decides to make a larger-than-usual gift because his deductions are now worth more in terms of tax dollars saved.

Giving “unsuccessful” stock

Ms. Jones has stock that has decreased in value since she purchased it. Instead of giving this stock outright, her accountant suggests she sell it and give the cash proceeds. Using this approach, Ms. Jones makes a deductible charitable gift of cash and creates a capital loss for income tax purposes.

Giving personal property

Mr. and Mrs. Hall learn that many items—antiques, jewelry, collections of value, automobiles, and other such assets—are often overlooked as charitable gifts but frequently offer significant tax advantages. After careful consideration, they decide to give a valuable coin collection to their local United Way.



Business-related giving

Through the corporation she owns, Mrs. Baker makes deductible charitable gifts of up to 10% of the company's net income to match her employees' contributions to United Way.

The surplus inventory her company gives may also help improve its corporate tax picture.

Giving for income

Opportunities exist to make a gift that results in income for life or another period of time for the donor or someone else the donor names.

Payments may be fixed or variable. A number of plans are available, and the gift can be tailored to meet your unique needs and those of your loved ones.

Unlocking income

Do you own low-yielding securities that have increased in value, but yield little income? If so, and you have held the securities for a minimum of 12 months and a day, certain gift plans can help you enjoy higher income without incurring high capital gains tax at the time the gift is complete.

The Benefits of Giving Stock

One especially advantageous way of giving combines greater tax savings for the donor with funding for United Way.

The gift

Mr. and Mrs. Walker have publicly traded securities which they purchased 12 years ago for \$5,000. The securities have risen in value to \$15,000. Because they have owned the securities for more than a year, the Walkers can make a gift of these securities at a lower out-of-pocket cost than some other gifts.

The savings

With this gift, the Walkers will be entitled to a tax deduction for the full current value of the donated securities, not the lesser amount paid for them. In addition, the Walkers are not subject to the capital gains tax that would be due if they had sold the securities and made a gift of the cash proceeds.

Year-end tip: Initiate this type of gift as early as possible to make sure it is completed by December 31.

The results

In addition to benefiting from the tax savings (which reduces the cost of their gift), the Walkers conserve the cash they would have otherwise given. They might want to use that cash to purchase new shares of the same securities, thereby enjoying a higher basis for tax purposes.

To summarize, the value of this gift of securities to United Way is the same as cash, but the donor enjoys greater tax savings by giving non-cash assets instead.

Contact your investment advisor as early as possible to make sure your gift of stock is completed by year's end.



How to Make a Gift of Stock

Gifts of securities can be easily arranged.

1. Send United Way the unendorsed certificate in one envelope and a signed stock power form in another. (The form is available from your stockbroker.)
2. In the case of mutual funds or securities for which you do not hold a certificate, ask us or your broker about the most efficient way to complete your gift. Allow extra time for the transfer of mutual fund assets.

Your gift will be deductible for tax purposes in the year of the postmark of the later of the two envelopes mailed or the year in which ownership is otherwise legally transferred to United Way.

Year-end Pointers

Here are some suggestions to help with your charitable giving plans at year-end. For additional information, contact us or your financial advisors.

Appraisal rules

If you give deductible, non-cash property valued at more than \$5,000, the IRS requires that a qualified appraisal be completed. See your tax advisor and IRS Form 8283 for more information.

Exceptions: Closely held securities valued at \$10,000 or less, and publicly traded securities.

Keep good records

Records of all deductions claimed on your income tax return should be kept. Documentation of your United Way gifts made via payroll deductions is furnished by your employer. Be sure to keep canceled checks and receipts for other gifts.

Thoughts of retirement

Remember that United Way can be named to receive any funds remaining in your Individual Retirement Account (IRA) or other retirement savings plan if you do not use all you have accumulated. It's a simple process to add a charitable beneficiary: just contact the administrator of your plan.

Timing for best results

Act now to make certain you have accomplished your charitable giving goals for 2010. Remember that time spent deciding how best to make your gift can result in maximum tax savings, other possible financial benefits, and the satisfaction of maximizing your gift to United Way.



Timing is a key part of sound year-end planning.

For more information, contact:

Janet Collins
 Director of Major Gifts
 United Way of Greater Waterbury
 60 North Main Street, 3rd Floor
 Waterbury, CT 06702-1444
 (203) 757-9855 ext. 17
jcollins@unitedwaygw.org

