



DOING WELL WHILE DOING GOOD

Giving to a worthy cause is always in style and can have a lasting impact on a charity, its recipients, and your family. The increased income tax rates also make charitable giving less expensive than it was in the past. Maximizing your giving through giving the right assets can increase your tax deductions, decrease your taxes paid, and most importantly, increase the impact that you can have on a charity.

If you have highly appreciated assets, giving those directly to the charity, rather than selling them yourself, may be much more efficient. If you have IRA assets and are over age 70, you can give up to \$100,000 a year directly to charities you choose. Giving those retirement assets directly to the charity can also be substantially more efficient than withdrawing the money, adding it to your income, and then taking a tax deduction.

Lastly, leaving assets directly to a charity reduces the size of your estate and reduces expenses in your estate. The best assets to leave a charity are pre-tax assets, but you must have that charity as the beneficiary, which takes those assets out of your taxable estate, and pre-tax assets often are taxed from an income standpoint, an estate tax and/or a state inheritance tax standpoint and state income taxes, therefore you would avoid all of those taxes as well.

Another idea for people who want to give sizable amounts to charity and tie their family together is to form a private family foundation, or use donor-advised funds. For more information on any of this, please give us a call. Before making any decisions you should discuss them with your tax advisor.

INSIGHTS INTO RISK TOLERANCE

According to a recent study done by The Spectrum Group in Wake Field, Illinois, the generalization that men are more risk tolerant than women, even among high net worth investors is supported.

"While 44% of high net worth men in Spectrum's survey were willing to take risk on a portion of their investments in the hopes of better returns, just 30% of women felt the same, or half of the high net worth women, 55%, would prefer a guaranteed rate of return for the majority of their investments, compared with 46% of men."

Spectrum defines high net worth investors as those with between \$100,000 and \$ 25M investable assets. This is one example showing the importance of getting individual guidance on your investing based on your risk tolerance. For more information, call us.

HOW INTEREST RATES AFFECT U.S. DEBT

One of the biggest threats to the US Government deficit, which is already projected to be \$600B for this year, is interest rates. If interest rates were to increase 2%, the additional debt added would be in excess of \$300B, around a 50% increase in the deficit that we now have. This will be devastating when it happens, and another warning shot to our elected officials that they must bring the debt of the nation under control. They have been fortunate to be able to increase debt at lower and lower interest rates, but as soon as that trend reverses, the deficit will go up dramatically in all likelihood.

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