



Q3 2007 | SEC Registered Investment Advisor

## CHARITABLE GIVING

*a new twist*

**A hallmark of the American way of life is our propensity to voluntarily share our prosperity with others.**

Philanthropy certainly motivates giving, but so do personal reasons like passing on your values, establishing a legacy, and – yes – financial benefits. Our tax system provides personal financial incentives to make charitable contributions through income tax and estate tax incentives.

You may be wondering if charitable giving should be a part of your financial plan. A charitable gift will give you the personal rewards of giving, the ability to select the charity which will benefit from your gift, and the tax advantage of a charitable deduction which lowers your taxable income.

If you have appreciated property such as stocks or mutual funds, giving the appreciated property directly to charity brings an additional benefit as you may avoid capital gains tax that you would have had to pay had you instead sold the property and made a gift of cash. The new tax laws have also increased the advantage of giving tangible personal property if the gift is related to the purpose of the charity, such as giving a collection of books to the public

library or art work to your local public museum.

As income tax rates are reduced, you will want to pay more careful attention not only to *what* you give, but also to *when* you give. With the greater difference

### DID YOU KNOW?

Americans gave nearly \$300 billion to charitable causes last year, setting a new record and besting the 2005 total, boosted by a surge in aid to victims of hurricanes Katrina, Rita and Wilma and the Asian tsunami.

*Associated Press, June 25, 2007*

between the tax brackets, timing your gifts can be essential to maximizing your tax advantages. A lump sum gift today may generate a larger tax advantage than a series of smaller gifts in the future. Putting a little more emphasis on the timing of your gifts may maximize your tax advantage.

Often, clients wait until December to do charitable gifting from their accounts. Since December is such a busy time, we encourage you to begin planning your gifting strategy now. This will allow you to not be rushed at the end of the year.

## QUALIFIED CHARITABLE DISTRIBUTION (QCD)

*only available in 2007*

A gifting strategy which is only available for 2007, unless extended by Congress, is the Qualified Charitable Distribution (QCD). This strategy involves gifting from an IRA.

The guidelines are as follows:

- The IRA account owner must have reached age of 70 ½
- Not more than \$100,000 can be distributed as a QCD
- The amount has to be taxable or deemed taxable; i.e. after-tax money and amounts attributable to non-deductible contributions in an IRA cannot be issued to a charity as a QCD.
- The charity receiving the distribution must be "qualified" (it is a charity described in the Internal Revenue Code section)
- The distribution has to be sent directly to the charity
- There can be no Federal or State income tax withholding applied
- QCDs cannot be issued from SEP or Simple IRAs

QCDs are not tax deductible since the distribution is exempt from income taxes.



## WE SUPPORT ...

Financial Insights' community involvement for 2007 has included the following organizations:

- **Dorothy Lewis** served as the 2006-2007 *Tacoma Community College Foundation President*
- **Gini Bruce** currently serves on the Habitat for *Humanity Investment Committee*
- **Financial Insights** is a corporate sponsor for *YWCA, Fund for Women and Girls, Rotary #8, TCC Tacoma Wine Classic, Emergency Food Network* and *Olive Crest* events.

We will continue our involvement with these and other non-profit organizations throughout 2007 knowing that we can make a difference.

*Trusted  
Knowledgeable  
Experienced*

## DO WE KNOW HOW TO REACH YOU?

Please contact our office if you have recently changed any of the following contact information and have not notified us: **mailing address, home phone, cell phone, work phone, e-mail address.**

Call 253.627.6010 or e-mail us at:  
[tchiang@financialinsights.net](mailto:tchiang@financialinsights.net)

## ACTIVE IN OUR COMMUNITY *and making a difference*

**Did you know that statistics show that a child is abused every 9 seconds and 4 children die from abuse each and every day?**

Financial Insights was recently presented with an opportunity to make a difference in the lives of children in the Puget Sound region through a non-profit organization called **Olive Crest**. Our staff has become actively involved with Olive Crest by pledging personal support, raising funds, sponsoring projects, joining the auxiliary group and volunteering. We are excited to introduce Olive Crest to you.

Since 1973, Olive Crest Homes and Services for Abused Children has provided loving care to over 45,000 children and families. Olive Crest is dedicated to preventing child abuse, to treating and educating at-risk children and to preserving the family... "One Life at a Time®". As a leader in child abuse prevention, Olive Crest promotes the safety and wellness of children and families through innovative programs including specialized education, therapeutic foster care, adoption, family preservation and residential homes.

Olive Crest services children and families throughout California, Washington and Nevada. A new office recently opened in Lakewood. Currently, they are gearing up for their Back to School Drive and Open House. The Back to School Drive focuses on providing children in Olive Crest foster homes essential



supplies for returning to school. Financial Insights is pleased to be a co-sponsor of this event. **A postcard for the event has been enclosed with this newsletter.** If you are interested in joining forces with Financial Insights in supporting this worthwhile organization, or to learn more, visit [www.OliveCrest.org](http://www.OliveCrest.org)

