## Estate Planning • Tax Planning • Wealth Planning

Donation to a charity: Any clothing or household item donated must be in at least good condition and items of minimal value will be denied. Documentation is more important than ever before, it would be wise to take pictures and describe your donations in detail. In the case of a gift of cash, you must maintain a cancelled check, bank record, or receipt from the donee organization. Year-end charge on a credit card receives a current year tax deduction.

If you donate a used vehicle, boat or airplane worth more than $500, the deduction will equal the FMV of the contribution only if the charity uses the property in its tax-exempt function (i.e. www.newgateschool.org). If the charity sells the item, your deduction will generally be limited to the proceeds the charity actually receives.

If you have a stock or piece of property that has increased in value, you can deduct the full value and avoid paying capital gains tax by donating it to a charity. If you want to donate stock that has fallen in value, sell the stock, take the loss, and donate the money to a charity.

The 2008 optional standard mileage rates: 50.5 cents per mile from 1/1/08-6/30/08 and 58.5 cents per mile from 7/1/08-12/31/08 for business miles driven, 19 cents per mile from 1/1/08-6/30/08 and 27 cents per mile from 7/1/08-12/31/08 for medical or moving purposes and 14 cents per mile driven in service of charitable organizations.

Beginning in 2008, the kiddie tax is expanded to apply to any child who is under 19 years old or is a full-time student over the age of 18, but under age 24. The kiddie tax will not apply to these children who have earned income that exceeds half of their support for the year.

Beginning in tax years after 2007, long-term capital gains and qualified dividend income are taxed at zero percent for taxpayers in the 10 and 15 percent tax brackets.

If income and/or IRA value is down for 2008, it might be worth looking at converting a Traditional IRA to a Roth IRA by 12/31/08. The conversion amount is taxable at FMV on date of conversion. After conversion, future appreciation and withdrawal will be tax and penalty free once the 5 year or age 59 ½ test is met and the Roth IRA is not subject to RMD requirements. The conversion must be complete by 12/31/08.