

RETIREMENT

readings

WHAT CAN BE GIVEN TO A CHARITY?

While most anything can be given to charity, these are the more common forms of donated property:

Cash: Cash gifts are the easiest to give to a charity, both in terms of substantiating the deduction and in determining the value of the gift.

Real Estate: Real estate that is owned outright and which has appreciated in value can be given to a charity. The donor can generally deduct the fair market value of the property, up to an adjusted gross income (AGI) percentage limitation. When a charity sells donated appreciated property, the capital gain then escapes taxation, up to AGI percentage limits.

Securities: The best securities to donate tend to be those that have increased substantially in value. As with real estate, the donor can generally deduct the fair market value of the security and the capital gain escapes taxation when the security is sold by the charity.

Charitable Gift Tax Implications:

- Gifts of cash and ordinary income property are generally deductible up to 50% of the donor's adjusted gross income (AGI).
- The fair market value of gifts of long-term capital gains property (e.g., real estate, stock) is deductible up to 30% of AGI. There is, however, a special election through which a donor may deduct up to 50% of AGI if the donor values the property at the lesser of fair market value or adjusted cost basis.
- Charitable contributions in excess of the percentage limitations can be carried over and deducted for up to five succeeding years.
- The donor must itemize income tax deductions in order to claim a charitable deduction. A portion of itemized deductions is phased out for taxpayers with an AGI above certain limits.

Life Insurance: If a charitable organization is made the owner and beneficiary of an existing life insurance policy, the donor can deduct the value of the policy as of the date of the transfer of ownership. The donor may then deduct all future amounts given to the charity to pay the premiums. If a charity is named just the beneficiary of an insurance policy on the donor's life, no current income tax deduction is available. At the donor's death, however, the donor's estate receives an estate tax charitable deduction for the full amount of the policy death benefit.

Please contact my office if you'd like more information on charitable giving.

Brought to you by:



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About our firm:

M.W. Aragao is an independent firm that provides a comprehensive range of personalized investment management, wealth planning and taxation services. We are a registered investment adviser under the Investment Advisers Act of 1940. Our offices are located in Cumberland, RI. We have a nationally diversified clientele that includes individuals, families, corporations, trusts and estates.

QUOTES *from the Masters...*

On Relationships

"They may forget what you said, but they will never forget how you made them feel."

-- **Carl W. Buechner**

"If you find it in your heart to care for somebody else, you will have succeeded."

-- **Maya Angelou**

"He will never have true friends who is afraid of making enemies."

-- **William Hazlitt**

On Reputation

"Be beautiful if you can, wise if you want to... But be respected -- that is essential."

-- **Anna Gould**

"Live your life in every way to earn and keep the respect of the people you respect."

-- **Brian Tracy**

"You can't build a reputation on what you're going to do."

-- **Henry Ford**

MESSAGES *from the Masters...*

THE TIME TO ACT

by Jim Rohn

Engaging in genuine discipline requires that you develop the ability to take action. You don't need to be hasty if it isn't required, but you don't want to lose much time either. Here's the time to act: when the idea is hot and the emotion is strong.

Let's say you would like to build your library. If that is a strong desire for you, what you've got to do is get the first book. Then get the second book. Take action as soon as possible, before the feeling passes and before the idea dims. If you don't, here's what happens -

- YOU FALL PREY TO THE LAW OF DIMINISHING INTENT -

We intend to take action when the idea strikes us. We intend to do something when the emotion is high. But if we don't translate that intention into action fairly soon, the urgency starts to diminish. A month from now the passion is cold. A year from now it can't be found.

So take action. Set up a discipline when the emotions are high and the idea is strong, clear, and powerful. Begin the process. You've got to take action; otherwise the wisdom is wasted. The emotion soon passes unless you apply it to a disciplined activity. Discipline enables you to capture the emotion and the wisdom and translate them into action.

The key is to increase your motivation by quickly setting up the disciplines. By doing so, you've started a whole new life process.

Here is the greatest value of discipline: self-worth, also known as self-esteem. Many people who are teaching self-esteem these days don't connect it to discipline. But once we sense the least lack of discipline within ourselves, it starts to erode our psyche. One of the greatest temptations is to just ease up a little bit. Instead of doing your best, you allow yourself to do just a little less than your best. Sure enough, you've started in the slightest way to decrease your sense of self-worth.

There is a problem with even a little bit of neglect. Neglect starts as an infection. If you don't take care of it, it becomes a disease. And one neglect leads to another. Worst of all, when neglect starts, it diminishes our self-worth.

Once this has happened, how can you regain your self-respect? All you have to do is act now! Start with the smallest discipline that corresponds to your own philosophy. Make the commitment: "I will discipline myself to achieve my goals so that in the years ahead I can celebrate my successes."

The purpose of this newsletter is to provide information of general interest to our clients, potential clients and other professionals. The information provided is general in nature and should not be considered complete information on any product or concept described.

For more complete information, please contact me (Office: (401) 475-7570).

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