Dear present and future clients:

Happy holidays! This is a wonderful time of year when we pause to recognize what, and more importantly who, is most important to us. This month's letter covers another financial issue that likely affects your life. While we can't possibly give you every piece of relevant information on this or any subject in an email, we hope it will provide you food for thought. If this sparks your interest, please pick up the phone and call one of us on the PM Group team. We'll be more than happy to help you with your planning. Also, let us know if there is someone you care about that might want to receive these monthly emails and we will add them to the list. Finally, I want to be sure to mention that you are among those that are very important to us. We thank you and wish you safe and joyous holidays.

"We make a living by what we get, but we make a life by what we give."
—Winston Churchill

Most of us have favorite charities that we help support each year and US tax law has always helped encourage our giving by providing tax deductions for our charitable gifts. Maybe we're all procrastinators, but it's not unusual for us to wait until year-end to write those charitable checks. Before you write out those 2018 checks however, you might want to consider how the recent tax law changes might affect you.

In particular, I want to draw your attention to three strategies that may allow you to support worthy causes while still securing attractive tax deductions:

1. "Bunching"
2. Choosing to Donate Appreciated Securities
3. Qualified Charitable IRA Distributions (for those 70½ and over)

"Bunching"
In 2017, the IRS standard deductions were $6,350 for individuals and $12,700 for married couples. The changes put in place by the new tax law almost doubled those deductions for 2018 ($12,000 for individuals and $24,000 for married couples).

Bunching is a strategy that requires you to plan your charitable giving intentions over a period of two or more years and may be a way for you to get an additional or larger deduction.

For example, if a married couple's charitable giving totaled $10,000 year after year, there is a likelihood that they would not get an additional tax deduction in any one year since their annual giving would be below the current standard deduction of $24,000. If on the other hand, they gave three or more year's worth of contributions "bunched" into one year, they could take a deduction for the larger charitable contribution in the year it was given and enjoy the new, higher, standard deduction in the other years. In this way, they would help to maximize their tax savings while still providing the same level of support to their favorite charity.

Additional detail and disclosure on this tax strategy is provided in a white paper entitled "Bunching Tax Deductions to Maximize Their Benefit" which can be found on the "News & Insights" page of this website under "Wealth Management Insights" heading.

Choosing to Donate Appreciated Securities
This strategy is nothing new, but its value makes it worth repeating. When donating appreciated securities, the donor typically takes any applicable deduction for the full market value of the item, but by giving the security in-kind they would also avoid the capital gains tax that would have been incurred if the security was sold.

Qualified Charitable IRA Distributions (for those 70½ and over)
Like appreciated securities, funds owned inside of an IRA are tax-deferred (subject to future taxes). IRA owners age 70½ and older are required to take annual taxable distributions (withdrawals) from their account. By using a Qualified Charitable Distribution instead, it's possible for an individual to make a charitable gift from her IRA but pay no income tax for the IRA distribution.

Call us to discuss how any of these strategies might work for you. Of course, IRS rules apply to each so we would encourage you to talk with your tax advisor before finalizing any plans.

We appreciate your business and are always here for you.

All our best,

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