

Tax Planning Checklist

Are you making a list and checking it twice? Hope it's the list of possible financial strategies you can employ prior to December 31, 2019 in order to improve your tax filing results come April 15, 2020. The following is a list of eight options you may want to consider before the close of 2019:

1. Donate appreciated securities or asset.
2. Establish a Donor Advised Funds (DAF)
3. Donate your Required Minimum Distributions (RMD)
4. Set up a 529 savings Plan
5. Bundle charitable donations
6. Save in a retirement account (401K), IRA, Roth IRA
7. Start an SEP or Solo 401K for self employed individuals
8. Open a Health Savings Account (HSA)

NOTICE : *For further advice on these and other options, please consult your tax preparer or professional for advice. This list is not exhaustive and is provided for informational purposes only and is not intended as legal or financial advice.*

Tax Benefits of Charitable Contributions

The Tax Cuts and Jobs Act of 2017 increased your standard deduction, which lowered your incentive to itemize deductions, including for charitable donations. This causes many to ask if there are any tax benefits left in making charitable contributions? Well, it depends! Here are three tax benefits to consider.

1. **Limitations Suspended:** The new tax law suspended the limitations on itemized deductions. **Translation** – You are no longer limited by the amount of your charitable contribution for which you will receive credit. Prior to the change in the law you would only receive credit for some of your charitable contribution and not the entire amount. With the change in the law it is possible now to receive full credit for your contribution.
2. **Increased Deduction Amount:** Under the old tax law you were only allowed to deduct charitable contributions up to fifty percent (50%) of your base or adjusted gross income. Under the new tax law you are able to deduct up to sixty percent (60%) if you're making cash contributions to a public charity.
3. **Donor Advised Funds:** A Donor Advised Fund (DAF) is a giving vehicle established at a public charity. It allows the donor to receive an immediate tax deduction and then recommends the grant from the funds at a later date over time. One tax benefit is that you can designate the recipient of your funds later and NOT at the time of your contribution.

Be Smart About How You Give

It's the most wonderful time of the year! That's the line from a popular song played during this holiday season. This is the season in which most tax exempt or non-profit organizations receive more than fifty percent (50%) of their charitable contributions. But with all these individuals, friends, family and organizations soliciting your donations, how do you know who to trust or how to allocate your resources? Here are smart steps to consider before you donate.

1. **Accountability:** It would be wise to investigate whether can you hold the organization accountable to execute the responsibilities associated with your donation. To assist you in making a wise decision you should look up the organization at www.charity.org and www.give.org.
2. **Avoid Donating Over the Phone:** During this season, you may get bombarded with calls from several individuals who claim that they represent an organization. What they are not telling you is that they are employed on behalf of a for-profit organization, soliciting funds on behalf of the non-profit organization. In other words, their company will receive a percentage of your donation as compensation for fund raising services. So, do you want one hundred percent of your contributions to benefit the organization or do you want some to go towards fund raising expenses?
3. **Tax Exempt:** This is a simple question which has significant meaning. You just don't want to know if the organization to which you are donating, is a non-profit. The real question you need to know is whether the organization is currently tax exempted under the Internal Revenue Service Code and has section 501(c)(3) status. Some organizations were once tax exempted, but may have lost their tax exempt status. To help you figure this out check on the organization at www.irs.gov and click on charities to find out if the organization to which you are about to donate is still legitimate.

#MoneyMonday: Minimum Wage Living

Short of a miracle, living on a minimum wage income in America is impossible. The federal minimum wage is \$7.25, but it varies from state to state. While politicians argue over raising the minimum wage to \$15 per hour, everyday working people struggle to make ends meet. If that's not enough, the current administration has imposed an additional 15% tariff on basic essential consumer goods such as meat and milk. While budgeting and saving can take you far, how can you really plan for a trade war and tariffs? While your options are limited, here are a few ideas that can help you make minimum wage livable.

1. Coupons and reward benefits:

In order to make it through these difficult times you will have to become more resourceful in finding and using coupons. These can range from the

manufacturer discounts to what you find in your local newspaper. You should not be concerned with what the person behind you in the grocery line thinks of you. You're saving money and that's the bottom line.

2. Layaway:

While you may not be able to walk out the store with the item immediately, it locks in that affordable price for the item you want. It also locks in the price despite the trade wars, tariffs and tax increases.

3. Thrift Stores:

You might be missing out on one of your best resource. Some thrift stores offer you the best of all possible worlds. First, the name brand items are discounted and in good condition. Second, and more importantly, some thrift stores have layaway programs. Imagine that! Layaway and not full price in the same deal! So go ahead and explore some new shopping options while living on a low budget income.

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How Teachers Can Get Back From Giving Back

If you are a teacher, student aid, counselor or any other educator your financial contributions to students in the classroom can be rewarded.

We know teachers are always making personal sacrifices to ensure that their students succeed in the classroom. One of the most common ways teachers do this is by purchasing back to school supplies. What's great is that the Tax Code recognizes your contribution and has allowed for an education expense deduction. Educators can now deduct up to two hundred and fifty dollars (\$250.00) in unreimbursed school expenses on their tax return. Here are some of the rules you need to know in order to benefit.

What Expenses Qualify:

In order to qualify for this deduction your expense items must be one or more of the following: books, school supplies, computer equipment and software, athletic equipment, or items appropriate for and helpful to the students and the classroom.

Am I Eligible:

To be eligible for these deductions you must have worked as a teacher, student aid, counselor, or instructor for students in grades K-12. In addition, you have to have worked at least 900 hours at a school providing elementary or secondary education that is certified by the state.

Claim it :

Under the United States Tax Code, some deductions are allowed or disallowed depending on whether a person itemizes or claims the standard deduction. In

this case, it does not matter! This deduction can be claimed whether you itemize or use the standard deduction. So while you are doing good assisting students from underserved communities who may not have the class room resources available to succeed go ahead and claim your deduction. Connect with us at Ruthven@give2getrich.com

Savings and Back to School Tips for Working Adults

When you think about back to school and savings, most of the attention seems to focus on those returning to elementary, middle, and high school. But what about the “mature kids”? You know, those adults who are working while attending classes in the evenings trying to complete that first degree. How can they save some money also?

Employers Assistance:

If you are not planning to leave your job soon, I encourage you to discuss and negotiate with your boss the merits of the classes you are taking and how they have helped or improve your productivity and value to the company. Also, share how tuition has increased while educational assistance from the job has remained stagnant, and that a little more assistance can make the difference educationally. Don't argue your case! Just make a soft pitch.

Books:

When it comes to text books it seems like the more things change; the more they remain the same-books are expensive! Your first priority of course is to find used books for your classes. Your next strategy is to try and find digital books which can also help you save you a bunch.

Keep Saving:

This might sound crazy, but I'm asking you not to cut back on your 401 or IRA contributions while going back to school. While you may be tempted to do it in hopes of finishing faster, do not leave free money on the table! Maximize your contributions and let your employer make the full contribution amount allowable towards your retirement. I wouldn't mortgage my retirement for my education. If needed, establish a 529 tax advantage savings plan and starting allocating some resources towards your educational expenses.

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Tax Free Back to School Shopping

Most of us get excited about shopping. But few of us enjoy Back to School shopping. It always seems like our kids need a host of materials and equipment, and the costs quickly become expensive. Well today's information will not only excite you, but it will also help save you some money.

Tax free back to school shopping week begins on August 11, 2019 and ends on August 17, 2019 in the state of Maryland and other jurisdictions. If you

think that's not a big deal just give me an extra one hundred dollars (\$100.00) after you have completed your kids back to school shopping and I'd be happy to take it!

According to the National Retail Federation the average parent will spend approximately six hundred and sixty-nine dollars and twenty-eight cents (\$669.28) on back to school supplies per child. Maryland's sales tax rate is six percent (6%). Just think how much a family with two or more kids would save! So what are the rules and how does it work?

Clothing & Footwear:

Clothing and footwear costing one hundred dollars (\$100.00) or less are exempt from the Maryland 6% sales tax this week. What that means is that if each item on its own costs one hundred dollars (\$100.00) or less, it does not matter if your combined purchases exceed one hundred dollars; your transaction is exempt from sales tax.

Backpacks and Bookbags:

Backpacks and bookbags are exempt from Maryland sales tax with a little twist. If the backpack or bookbag cost less than forty dollars (\$40.00), then it is completely tax exempt. However, if the backpack or bookbag cost more than forty dollars (\$40.00), then only the first forty dollars (\$40.00) of the cost of the item is exempt Maryland sales tax.

Layaway:

This is one of my favorite trick tips. If you're strapped for cash but want to take advantage of the tax free deals, put the items on layaway! Here's the deal. Under Maryland law, the sale is made when the layaway agreement is entered into, and therefore the qualifying items placed on layaway during the sales tax holiday period, are exempt. Lock in your deals now and pay later. Connect with us at Ruthven@give2getrich.com

How to Save During the Summer

Summer! A time for vacations, travel, social events, weddings, amusement parks and the list goes on. So let's just keep it 100! It's not the season in which I'm thinking about budgeting and saving. Yet, it's one of those times during the year in which we ALL over spend. How can one remain frugal during the summer?

Cut Cable/Streaming:

How much time over the summer are you going to spend watching television, streaming events or Netflix? The answer is that's my point. Cutting cable during the summer months is not going to hurt your entertainment or information life. You probably spend more time in the summer out of the house than inside making cable and streaming services an unnecessary expense.

Kitchen Accommodation:

Wherever you vacation this summer, be sure your location includes a kitchen

option. Generally during the summer, I'll spend some time vacationing at Martha's Vineyard which can get quite expensive. But what makes my budget work is the fact that the place where I stay has a kitchen. This helps because some days I can prepare breakfast or dinner resulting in a positive budget impact without compromising my enjoyment.

Drive Less:

Typically, gas prices increase during the summer. To reduce that gas bill try more walking, biking or using public transportation during the summer months. It will not only be good for your budget, but it can improve your health. Connect with us at Ruthven@give2getrich.com

Boosting Your Credit

Have you ever attempted to purchase an item on credit and was denied because your credit score was too low or a few points short of qualifying? Well, I've got good news for you! Lenders are now considering your Ultra Fico score when making a decision to extend credit. Traditionally, lenders only looked at the information from the credit bureaus. Today, they are considering other factors such as your bank account when making a decision to extend credit. Using your banking information combined with the regular credit reports, would be considered your Ultra Fico score. Therefore, if you have a bank account which meets some of the basic criteria's; lenders will evaluate how you handle your bank account and use it to boot your credit score. But in order for your bank account to qualify it must meet the following conditions.

1. Your bank account must be in existence for at least three months;
2. Your bank account must have maintained a monthly balance of \$400.00 or more each of the three previous months;
3. Your bank account must not have incurred bounced checks or overdrafts for the prior three months.

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I'll Give You Credit For That #MoneyMonday

Having good credit is critical to almost every aspect of our lives. For example, bad credit may impact employment opportunities or your ability to qualify as a potential tenant or home owner. Given its importance, when was the last time you reviewed your credit report? Here are some things to look for the next time you review your credit report.

1. Missing, incorrect, or outdated employment information
2. Premarital debt attributable to you, from your current spouse
3. Bankruptcy filed by your spouse or former spouse

4. Accounts you have closed, which do not indicate closed by consumer
5. Tax liens paid more than seven years ago
6. Incorrect social security number or date of birth
7. Late payments in your history when you have paid on time

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