

TAX & CHARITABLE PLANNING TECHNIQUES, INCLUDING LIFETIME CHARITABLE REMAINDER TRUSTS

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A. Why the Interest in Charitable Giving?

1. ***New wealth from the long-holding "bull" market.*** Individuals are seeing substantial appreciation in their investment portfolios, and real estate. For many, this wealth is in the form of appreciated property. If liquidated without proper planning, could be subject to capital gains tax liability - which even at the new reduced rates would be taxed at 20%.
2. ***Higher marginal income tax rates.*** The 1993 tax act raised the highest marginal tax rates to 39.6 percent up from 31 percent. Other required calculations actually can push the top rate over 40%. In effect, therefore, the net federal income tax cost for giving \$100 to charity is therefore reduced from \$69 to less than \$60.
3. ***Fewer itemized deductions available.*** Thanks again to Congress, the number of deductions available to high income taxpayers has been greatly diminished.
4. ***Full deductibility of appreciated value of publicly traded stock, and other appreciated assets.***