

The Record BUSINESS

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ASK A LAWYER

Tax planning stocking stuffers: year-end gifts

Here are a couple of ways to go

Q. What can I do between now and the end of the year to minimize taxes?

As the end of the year rapidly approaches, it is important that you make sure that you have taken advantage of some year-end tax planning ideas to reduce potential estate and income taxes, such as:

1. Annual exclusion gifting. In 2007, you can give up to \$12,000 to as many people as you would like. With a spouse's consent, you can give up to \$24,000 to each person (please note that this "split gifting" requires the filing of a gift tax return). Annual exclusion gifting is a great way to gift your family and other relatives to both benefit them and to reduce the value of your estate for estate tax purposes without utilizing part of your \$1 million lifetime gift tax exemption. If you do not want to gift this amount outright to a beneficiary because the beneficiary is a minor, you could create a trust to benefit the minor and then gift the \$12,000 each year to the trust. These types of trusts require careful drafting to make sure that gifts to these trusts qualify for the annual exclusion.

2. Charitable gifting. Subject to certain income limitations, gifts to qualified charities are deductible against your income. In addition, 2007 is the last year

that a person over the age of 70½ can donate IRA money directly from his or her IRA to charity. A person who is at least 70½ can donate up to \$100,000 to a public charity in 2007 from his or her IRA. This donation must be paid directly from the IRA to the charity and not to the IRA owner. If the owner has not already taken his or her minimum distribution, the amount passing to charity is treated as a distribution for minimum distribution purposes. This planning idea is great for people who are planning a donation to charity and who may have more money in their IRA than they need for retirement.

Don't let the year pass without thinking about these important tax-planning techniques.

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