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CPS in the News

Events this month

"Money Matters"

Saturday Mornings

9:00 am on

1430am WLKF

CPS First Thursdays:

Retirement Income Planning

CPS Investment Advisors

1509 S Florida Ave

Lakeland, FL 33803

Date: 11/4/2010

11:30 am—Lunch

Provided

Contact us for more information

CHARITABLE DONATIONS WORTH MORE IN 2010?

For years, higher-income taxpayers have worried about their itemized deductions and personal exemption write-offs being phased out. This means that they didn't get the full benefit of the most popular itemized deductions such as mortgage interest, state and local taxes, charitable contributions, and miscellaneous deductions. Thankfully, these "phase-out" rules have been getting phased out since 2006, as part of the "Bush tax cuts."

The good news: For 2010, the phase-out rules are gone. *The bad news:* It's only a one-year reprieve. The rules are scheduled to reappear in 2011 with sharper teeth as the Bush tax cuts expire.

These rules can be complicated to understand so below is a detailed explanation of how they have worked in the past and how they will work over the next couple years — providing Congress does not change them.

Tax Planning Implications for this Year

What could this mean for you? For 2010, if your income is high enough, you can actually write off all of your itemized deductions and personal exemptions.

One significant planning opportunity involves donations to IRS-approved charities, where contributing this year could produce a much bigger tax-saving benefit than if you donate the same amount next year.

Charitable Organizations should also be capitalizing on this one year reprieve. With the holiday "giving season" just around the corner, this is a great opportunity to remind your high net worth donors that 2010 is potentially the optimal year to give to your organization and receive the most preferential tax deduction. You may even suggest having them prepay their 2011 contribution and double up their contribution for 2010 if it fits their tax planning goals. What organization out there couldn't use a little upfront cash flow these days?

Other Deductions

In addition to charitable donations, you might be able to benefit elsewhere on your tax return. Pre-paying your January 2011 house payment in December could allow you to fully deduct some mortgage interest that might not be fully deductible if it is paid next year. You might also be able to benefit more by prepaying miscellaneous expenses such as safe deposit rental costs, tax preparation fees, and other expenditures.

For the same reason, prepaying some 2011 state and local income and property taxes could be helpful. However, if you will be subject to the dreaded alternative minimum tax (AMT) this year, pre-paying those taxes may do you little or no good (deductions for those taxes are disallowed under the AMT rules).

Your tax adviser can help you plan ahead to minimize (or eliminate) the AMT.

Keep Additional Limitations in Mind

However, no matter when you take the write-off, beware of other limitations on charitable donations. Many taxpayers don't know that all charities aren't created equal. There are "50 percent charities," which include religious groups, schools, hospitals, and public charities. There are also "30 percent charities," such as veterans' organizations, domestic fraternal societies and some private foundations. These percentages relate to what percent of your adjusted gross income you can deduct for charitable contributions. Additionally limitations exist for contributions of *appreciated securities*. Consult your tax adviser if you want more information about planning for tax-smart charitable donations.

Did You Turn 70.5 During 2009?

If so, you were given a one year reprieve on the requirement to start taking your required minimum distributions (RMD's) from your IRA or retirement accounts. However, please keep in mind that normally you have until April 1st of the year FOLLOWING the year in which you turn 70.5 to take your first RMD. However, if you turned 70.5 in **2009** (the year RMD's were temporarily suspended) you must take your FIRST RMD by 12/31/2010 (i.e. you don't get the extra 3 months into the following year).

Sources: [RIA—Checkpoint](#); [William Perez, EA, About.com](#)

CPS GROUP CPA'S IS PLEASED TO ANNOUNCE MICHAEL RISKIN AND HOLLY KELLEY'S PARTICIPATION IN FINANCIAL FITNESS FRIDAY ON NOVEMBER 5th, 2010

Floridians continue to cope with job loss, concerns about losing their job, possible foreclosure, paying their bills, and other financial concerns.

These are just a few reasons why Florida's CPA's are stepping up to answer Florida consumers' most pressing questions about their finances. On Friday, November 5th, 2010, from 9AM to 3PM, volunteer members from the Florida Institute of Certified Public Accountants (FICPA) will be available to answer financial-related questions—**free of charge**—for anyone.

Financial Fitness Friday, organized by the FICPA Financial Literacy Committee, understands that Floridians have questions about how to manage their money when times are so tight, while still working toward their financial goals.

Floridians can call the FICPA Financial Fitness Hotline on November 5th at 800-342-3197, Ext. 554, and "ask an expert" any financial question. If you are unable to call, submit your question starting today via e-mail at www.ficpa.org.