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Tis the season for giving. But sending money from your checking account may not be the best way to give.

With the stock market near all-time highs you may find that you have some significant gains in your taxable account.

If so, consider giving away some of your winners. This way, the qualified charity receives the value of the shares and may dispose of the shares without paying capital gains.

Meanwhile, you may be able to reduce your taxes while not paying capital gains taxes since you never sold and thus never realized any gains.

Winners all around.

If you think this might work for you contact the non-profit and ask if they accept donations of securities and, if so, ask how to proceed.

Be careful if you've invested in a stock within the last year that appreciated a lot. If the gains on the shares you donate are short-term (purchased less than one year ago) you may only use the cost basis of the shares when you itemize on Schedule A.

If you're 70.5 years or older you may also donate directly from your IRA to qualified charities.

This Qualified Charitable Distribution (QCD) counts towards the Required Minimum Distribution (RMD) for those of you 72 or older by the end of the year.

Make sure the QCD is made payable to the charity to prevent a taxable event. It is ok for you to receive the check if you like to hand it to them personally.

Unlike the gift of appreciated shares you will not be able to itemize the QCD amount. Which makes sense when you consider that IRA money, for most of us, stems from earned income on which we did not pay taxes.

If you like the QCD idea but have all your retirement assets in non-IRA type accounts like 401(k)s or 403(b)s you may want to take care of any RMD for this year and then roll the account to an IRA before year-end so you can take advantage of the QCD option next year.

There are so many organization worthy of our support. I hope you're in a position where you have wealth to share.

Good luck.

Jorgen Vik, CFP®

CERTIFIED FINANCIAL PLANNER™

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Please keep in mind that rolling over your qualified employer sponsored retirement plan (QRP) assets to an IRA is just one option. You generally have four options for your QRP distribution: Roll over your assets into an Individual Retirement Account (IRA), leave assets in your former QRP, if plan allows, move assets to your new/existing QRP, if plan allows, take a lump-sum distribution and pay the associated taxes. Each of these options has advantages and disadvantages and the one that is best depends on our individual circumstances. You should consider features such as investment options, fees and expenses, and services offered. Your Wells Fargo Advisors Financial Advisor can help educate you regarding your choices so you can decide which makes the most sense for you specific situation. Before you make a decision, read the information provided in this piece to become more informed and speak with your current retirement plan administrator, and tax professional before taking any action.

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