



PINNACOR FINANCIAL GROUP, INC.®

NEWS

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Seven Financial Gifting Tips for Year-End

Consortium of Financial Advisors Comes Together to Provide Gifting Strategies that Can Also Have Big Tax Benefits

DENVER, CO (December 13, 2007) – As we prepare to say goodbye to 2007 and hello to 2008, there are often two things on people's mind: holiday gifts and tax planning. According to David Kaiser, a Denver-based financial professional and founder of Pinnacor Financial Group, the two goals can often be achieved simultaneously. Kaiser and six colleagues from Securities America have come together to provide consumers with options for giving holiday gifts and saving money on taxes.

The end of the year is filled with stress as people struggle to meet the social and philanthropic demands of the season, search for the perfect holiday gifts, and worry about the fiscal ramifications of the past year. "But by giving financial gifts, the stresses of gift giving and tax planning can be lessened," says Kaiser.

Here are seven financial gifting and tax planning tips to help reduce stress and taxes for the gift givers – while increasing wealth and financial security for those fortunate enough to be on the receiving end.

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Tip #1 -- Transferring Wealth through IRAs

Dave Kaiser, Pinnacor Financial Group, Inc., Denver, CO

In Kaiser's theoretical example, a widow or widower over the age of 60 with an estate in excess of \$3 million and a traditional IRA valued at \$1 million or more make annual withdrawals from a traditional IRA over a period of years and use the after-tax proceeds to purchase a cash value permanent life insurance policy with a death benefit of \$1.5 million that would be owned by an Irrevocable Life Insurance Trust (ILIT). "After the trust is set up, this theoretical person could make annual gifts totaling \$24,000 – \$12,000 to a son and \$12,000 to a daughter, although larger sums are possible if either child is married," says Kaiser. "Then using Crummey Powers, the children would reject their annual gifts which would then be applied to the life insurance premiums. The cash value life insurance policy owned by the ILIT is not included in the insured person's estate and will pass free of both income and estate taxes to the trust's beneficiaries."

Tip #2 -- Giving the Gift of Stocks

Chanie Schwartz, A Vested Interest, New York, NY

Due to stock market volatility, some investors may be holding undervalued stocks. "Investors should always think twice about selling undervalued or down-market stocks because stocks that are undervalued today may regain value in the long term," says Schwartz. "Instead of selling them outright, it may be a good idea to gift those currently undervalued stocks to a loved one." The caveat, according to Schwartz, is that the gift giver could be subject to the gift tax. There is, however, a \$60,000 lifetime exemption for which the gift giver is eligible if they complete form 706 with their tax returns.

Tip #3 -- Gifting Education

Jeff Carbone, Cornerstone Financial, Charlotte, NC

"Many people emphasize the importance of education to their loved ones," says Carbone. "Opening a 529 plan for a son, daughter, niece, nephew, grandson or granddaughter is a great way to put your money where your mouth is." According to Carbone, 529 plans can be an excellent vehicle to both reduce estate taxes and transfer wealth. Under ordinary circumstances, \$12,000 for single gift givers and \$24,000 for married couples can be gifted without incurring gift taxes, which effectively removes the assets from the estate. However, a special tax provision actually lets investors contribute a higher

amount to a 529 plan. “Currently you can gift a lump sum of \$60,000 for single filers or \$120,000 for married couples to a 529 plan, tax-free, which counts toward five years’ worth of annual exclusion gifts.”

Tip #4 -- Giving Gifts of Real Estate

Arthur Cooper, Cooper McMannus, Irvine, CA

A residence, vacation home, farm, acreage, or vacant lot may have appreciated in value through the years such that its sale would mean a sizeable capital gains tax. Making a year-end gift of real estate can help investors avoid capital gains tax. Additionally, if the real estate is given to a qualifying charitable organization, the investor may be able to receive a tax deduction based on the full fair market value of the property. “It is also possible to make a gift of your home, farm, or vacation home so that you can continue to use the property as long as you stipulate while receiving a tax deduction in 2007,” says Cooper.

Tip #5 -- Life Income Gifts

Rusty Cagle, ASE Wealth Advisors, Greenville, SC

If an investor is considering making a large monetary gift, a “life income gift” may be an option. By transferring cash or stock to a qualifying charity and establishing a “charitable remainder unitrust” or “charitable remainder annuity trust” an investor can receive annual returns totaling 5 percent or more. This income would be paid to the investor or a loved one for life, after which the assets would be distributed to the charity. “By gifting in this way, an investor can effectively increase his or her income and make a meaningful and tax-deductible contribution simultaneously,” says Cagle. “This strategy also allows an investor to avoid capital gains taxes that would otherwise be incurred on the sale of stock.”

Tip #6 -- Unified Credit

Pat Hinds, Granite Financial, St. Cloud, MN

Every American gets an automatic unified tax credit against Federal estate and gift taxes of \$780,800 from 2006 through 2008, which is equivalent to transferring \$2 million tax-free to heirs. “If you are married to a U.S. citizen, as a couple, you can transfer the equivalent of \$4 million to your heirs,” says

Hinds. “This strategy is referred to as a ‘unified’ credit because federal Gift and Estate Taxation are integrated into one unified tax system. There is no estate tax on the first \$2 million until the end of 2008 on taxable gifts and transfers at death.”

Tip #7 -- Charitable Gift Annuity

Keith Cox, Premier Financial, Baton Rouge, LA

A Charitable Gift Annuity (CGA) is a contract that allows the transfer of an investor’s assets to a charitable organization. As a result of the transfer, the CGA will then provide monthly benefits to the investor, where commercial annuity contracts do not allow this benefit. Additionally, the annuity contract guarantees payments that will never decrease, but remain constant for the life of the annuitant. “A charitable gift annuity is one of the simplest, least expensive and most conservative charitable planning tools available,” says Cox. “A charitable gift annuity is a wonderful way to increase your present monthly income and provide a charitable deduction in the tax year of the asset transfer, with a five-year carry forward, if needed.”

Individual situations will vary. Please contact your tax advisor for your specific situation.

About David Kaiser, ChFC®, AIF®

David Kaiser is a financial advisor with Securities America Advisors who specializes in comprehensive financial planning, retirement income strategies and wealth management. He has over 14 years of experience in the financial services industry. David has earned the Chartered Financial Consultant (ChFC®) designation from the American College of Bryn Mawr, for which advisors must have at least three years of experience in the financial industry. In addition, they are required to complete course work and pass an examination covering the fundamentals of financial planning, including income tax, insurance, investment and estate planning.

David has also received formal training in investment fiduciary responsibility and earned the Accredited Investment Fiduciary® (AIF®) professional designation, awarded by the Center for Fiduciary Studies.

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Kaiser is committed to educating the community about the principles of financial management. Listeners in Colorado have come to rely on him to deliver what they believe to be sound, accurate financial advice as a co-host of a daily radio talk program on AM1060.

To learn more about David Kaiser and Pinnacor Financial Group, visit www.pinnacorfinancial.sarep.com.

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