



Citation and Resource Guide

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Deducting Charitable Gifts

- The IRS explains the rules for deducting cash contributions in Publication 526, Charitable Contributions, p. 17, at www.irs.gov/pub/irs-pdf/p526.pdf.

Tax-Efficient IRA Withdrawals

- Exceptions to the 10% penalty on early IRA withdrawals are listed at www.irs.gov/taxtopics/tc557.html.

Cybersecurity for Business Owners

- “A Commonsense Guide To Cyber Security For Small Businesses,” published by the U.S. Chamber of Commerce, can be found at www.uschamber.com/sites/default/files/legacy/reports/cybersecurityguide923.pdf.

Practice Development Tip

Talk About Taxes for Tapping Home Equity

When you meet with clients during the peak weeks of tax season, you might be facing a slowdown after April 18. One way to maintain your business is to set up future meetings for the time after most tax preparation has ended. Finding the right meeting topics to suggest can be crucial.

One possibility is to offer a discussion on using home equity in retirement, including the tax aspects. A recent study by JPMorgan concluded that many baby boomers (generally people now in their 50s and 60s) will not have enough spending money in retirement if they rely solely on their savings and Social Security checks. The answer may be to tap their home equity.

Retired clients might be interested in this topic if they find themselves concerned about running out of cash, as they grow older. Clients still planning for retirement may be reluctant to stop working, if their savings are low, so you can provide them with ideas about using home equity to bridge the gap they anticipate.

One way to tap home equity is to use a reverse mortgage. You can give clients an idea of how much they can expect to receive—the Internet has several reverse mortgage calculators to provide examples. You can explain to clients that reverse mortgage proceeds are tax-free.

Clients who qualify might prefer to use a home equity line of credit instead. They'll have to pay interest, but such interest payments probably will be tax-deductible on loans up to \$100,000.

Yet another option for retirees is to sell their homes and use the proceeds to rent housing or to buy a less expensive place. When explaining this approach, you might point out that home sellers owe no tax on gains up to \$250,000 (\$500,000 for married couples filing joint tax returns), provided certain requirements are met.

Raising this subject can make clients aware of a possible need to tap equity in retirement. Moreover, going over the tax aspects can give clients a better idea of just how much spending money from home they can expect.



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- For many CPAs, offering personal financial planning (PFP) services is a natural extension of their existing practices. If you're considering entering this exciting and rewarding practice area or expanding your current PFP practice, this guide is an essential resource.

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