

Nagel on Finances: Budgeting for the upcoming holidays

BY ROGER NAGEL

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RIO RANCHO, N.M. — Last month I started my column with a passing comment about household budgeting for gifts this holiday season.

I promised to follow up. Here goes...

First, I should remind readers that managing financial resources is more often controlled by human behavior, social habits and norms of culture. So it is with gift giving during the holidays.

Think about your family's traditions. Do you struggle with how much is enough and how much is too much?

How do you set the boundaries? Is it family consensus or do you defer to your spouse?

Do you have a gift exchange at someone's house? Are there rules for limits on gift values? Perhaps you have a "white elephant gift exchange" just for fun and fellowship.

Do you resent the one family member who always out does everyone else? Is it the value, or the creativity, that seems so "over the top"?

So, at what increased price would you no longer buy greeting cards? Wrapping paper?

You do not know, but the manufacturers do. Scary thought, isn't it?

Crazy questions, aren't they? But you can relate, right?

The end of the year always brings a different kind of gift giving to mind. I'm thinking about charity.



Roger Nagel

New tax rules limit deductibility of charitable donations to qualified organizations due to higher standard deduction thresholds. Planning ahead may gain you extra benefits or prevent any at all.

You may have heard of “bunching.” This concept refers to making two year’s contributions in one year so as to exceed the standard itemized deduction.

Using a qualified “Donor Advised Fund” makes this as easy as writing two checks every other year. With a DAF, not only will tax preparation be a little easier, but you can also grant gifts throughout the year to qualified charities in a manner suitable to their operations.

It’s not too late to make a multi-year plan with help from your tax advisor. If you are inclined to give to worthy causes, this is the time of year to make your plans count, tax wise.

Next month, I will talk about the benefit of giving appreciated assets, or property that increases in value over time, versus cash.

Short on cash or other assets? Consider these ideas.

How about committing to give a little more civility in your public discourse this year? Simpler yet, how about giving just a little more kindness?

No cash, no boxes, no cards — just a little out of the ordinary — courtesy and respect. Think about giving a few more smiles and words of encouragement.

How about gifts of peace and tranquility? Like a walk in the bosque or some time at the park.

Or, a little time in volunteer service, like those Rotarians who recently volunteered for the Salvation Army at Hobby Lobby. Dare I say, it’s a great time of year to give a little more love?

For different insight on leaving wealth to your heirs, read “Splitting Heirs” by Ron Blue (2004, Wolgemuth and Associates) This is great guidance on giving your money and things to your children without ruining their lives.

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