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Tips For Charitable Contribution

Courtesy of Horizon Wealth Strategies, LLC

Maya Angelou once said, "I have found that among its other benefits, giving liberates the soul of the giver." When considering charitable giving here are a few things to keep in mind.

You will need to keep good record of your giving. When donating through text, mark your bill with the charities name and when the gift was given. For gifts near the end of the year, use a credit card for proof of the date the donation was made.

For peace of mind, be sure to vet the organization you give to. When giving, do not give over the phone or give personal information over the phone until you have verified that the charity is in fact legitimate. If you are unsure, you can use the IRS's Tax Exempt Organization Search tool. That way you can give with confidence.

If you are concerned with how much of your contribution goes to the charity versus overhead, there are tools you can use to search your contribution. Charity Watch, Guide Star, and the Better Business Bureau's Wise giving Alliance are great resources for investigating your donation.

Once you are ready to give, make sure you keep receipts, information identifying the organization, a description of the donation and the amount and date of your contribution.

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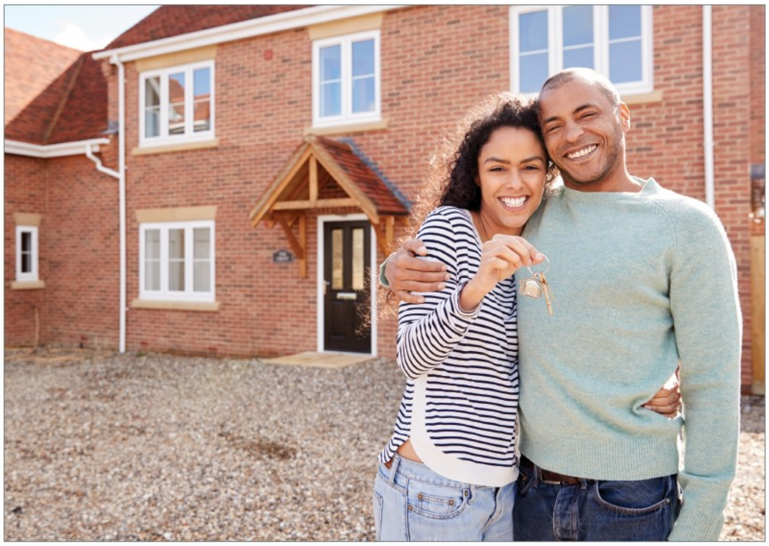
Financial falsehoods that derail our goals: *I deserve it*—past good deeds don't give you license to splurge beyond your means. Automate your savings goals, and stick to the plan, keeping an eye on long-term motivations. *I'll save later*—you most likely won't...having a long time horizon is an investor's greatest asset. *That purchase will make me happy*—objects and wealth typically don't contribute to happiness. *I have to get the best deal*—expending too get much time and effort on bargain-chasing is a waste of your valuable resources, including your time. Make a decision, then focus on the benefits of the purchase rather than the amount you might be overpaying. *Everyone else is getting one*—keeping up with the Joneses can destroy your finances. Set your own goals, and resist comparing yourself to others.

Source: RaymondJames.com

Own your home—do not rent—in retirement. If you rent, unpredictable hikes in monthly costs can put a strain on your fixed income. If you own, home prices can go up or down, but that is irrelevant as long as you are staying in the house. Taxes may rise, but the basic cost of ownership stays the same no matter what the housing market does.

Source: CNBC.com

"It is better to be a failure at something you love than to be a success at something you hate."
— George Burns



The Housing Market Cools – Will Prices Follow?

By Jill Schlesinger, Kiplinger's Personal Finance

With inflation stubbornly high, the Federal Reserve is pumping the breaks on the economy by raising interest rates. The reasoning is when interest rates rise, demand wanes, activity slows, and prices start to moderate — and then eventually fall.

Unfortunately for the central bank, inflationary cycles are tough to break, and rising rates take a while to filter through the economy. (Separately, the Fed can do little to easy supply constraints, but those do appear to be loosening.)

Behavior in the residential real estate market may be the Fed's best hope for a soft landing (meaning a slowdown which avoids a full-blown recession) for the economy.

To recap, amid the pandemic, a deluge of buyers seeking more space and armed with cheap mortgages, rushed into the housing market. With inventory levels low and activity high, prices soared.

That scenario played out in the broader economy, as consumers unleashed their pent-up demand and drove prices higher, first in the goods part of the economy and now in the services side.

While the Fed does not control longer term interest rates associated with most mortgages, all rates have been increasing. A year ago, a 30-year fixed rate mortgage was just over 3% (near the all-time low); today, it has more than doubled to almost 7%, near a 20-year high.

At last year's 3.2% rate, the monthly payment for a $400,000 house, with 20% down and a 30-year fixed rate was $1,384 for principal and interest; today, the cost increases to $2,130. Put another way, the buyer that could afford a $450,000 house a year ago, must drop down to $345,000 because of rate increases.

Higher rates and prices have put the recent real estate acceleration into neutral. According to Redfin, "Housing-market activity is plunging further this fall than it did over the summer as mortgage rates near 7%… Price drops have reached a record high, and home sales and new listings are dropping." The National Association of Realtors (NAR) reported Existing Home Sales slid in September and are down 23.8% from a year ago.

While home prices are not dropping precipitously, they are decelerating. In September, the median existing-home price was $384,800, an 8.4% increase from a year ago ($355,100), but down from the record high of $413,800 in June.

Sam Hall of Capital Economics expects that prices overall will fall by 8% from the June peak over the next year. There is more evidence that the real estate frenzy is abating: fewer homes are selling above their list price; seller price drops are increasing, and the time of a home staying on the market is rising to a median of 33 days, "up more than a full week from 25 days a year earlier and the record low of 17 days set in May and early June," according to Redfin.

The Fed is likely hoping that the housing market slowdown will echo across various parts of the economy.

If so, the central bank just might get its soft landing. Then again, considering that residential investment is a large part of the nation's economy, any significant slowdown in the housing market could also increase the risk of a recession in the coming year.

Remodeling Your Home? Get Everything In Writing

By Kathrine Reynolds Lewis, Kiplinger's Personal Finance

A successful home renovation begins with a contract.

When you and a contractor agree to terms in writing, there's less chance of disputes and greater likelihood that the work will be done within the price and time frame you expect.

"A contract is about managing expectations," says David Jaffe, vice president of construction liability for the National Association of Home Builders.

Here are some key provisions in a remodeling contract:

Scope of work. The heart of the contract is a description of what type of renovation work will be performed, with details specified. Attach a drawing or architect's plan that shows the location and size of each element of the renovation.

Time frame. Look for a start date and end date for the project. It's fine for those to be tied to a milestone, such as a permit being granted. For instance, the contractor promises to start work within 30 days of acquiring a permit. You could ask for continuous work, weather permitting, to avoid a contractor starting work and then ghosting you.

Cost. Include an estimated total price for the work. Most home remodeling contracts are fixed cost, meaning the contractor bears the risk of performing all the work for that amount. The alternative is a materials-plus-labor, or time-plus-materials, contract, in which you bear the risk of paying more than you expected because you underestimated the price or difficulty of the project.

Given the current unpredictability of the supply chain, some fixed-cost contracts might provide for increases in materials costs to pass through the homeowner.

Payment schedule. Take a hard look at the size and timing of the proposed draws in your contract. The checks you write to your contractor should be tied to milestones in the project, with the percentage of money you've paid roughly keeping pace with the amount of work the contractor has performed and what they've spent on materials and labor. "If you're 50% done and you're 80% complete with the payments, that's probably not right," says Jaffe.

"Make sure you hang on to that final payment and don't release it until you ensure all the work is done, including the cleanup and removal of the trash," says Stacey Tutt of the Housing Law Project.

Materials and allowances. Another crucial provision in the contract: spelling out the specific materials to be used, the quantity, and the products to be ordered. Include as much detail as possible.

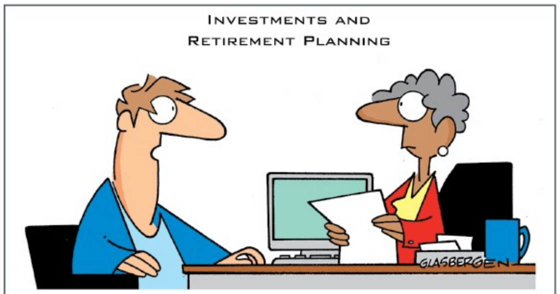
Change order process. Even the best contract can't anticipate every possible development in a renovation project. You might discover unexpected problems inside your walls once they're opened up. You should specify how change orders will be handled.

Your obligations. The contract primarily addresses the remodeler's obligations and how you will pay. But you should also be aware of your commitments and risks in signing the contract.

Some contracts require certain access to the site, valuables to be put away or a specified level of homeowners insurance. Make sure it's clear who bears the responsibility for any damage to the property.

How disputes will be resolved. A contract may also require arbitration or mediation as an alternative to a lawsuit.

Contacts, license, warranty, and bond information. Finally, your contract should include the remodeler's contact person, address, license number and bond or insurance information.



"The moment you reach the future, it's already the past. So why should I set money aside to spend yesterday?"

Top coupon apps: All are free and available for iOS and Android. *Dosh*—savings are automatically applied to purchases made with connected credit cards or debit cards with participating partners, including Walmart, Instacart and Pizza Hut…earn up to 40% back on stays at more than 600,000 hotels…cash-back redemptions available once $25 or more accrues in the account. *Ibotta* partners with more than 2,700 brands and retailers, including Lowe's, Hotels.com and Best Buy, but the app is best for groceries and grocery deliveries, featuring more than 500 offers, including from Walmart and Target…offers bonuses, including a welcome bonus for signing up…offers must be manually added to the account before shopping…rewards are redeemable after $20 is accrued. *Honey*—a browser extension and app, automatically applies discounts to purchases at more than 30,000 merchants…Honey Gold rewards allows US customers to earn cash back (non-US customers can redeem rewards for gift cards and shopping vouchers). *Other apps to consider:* Capital One Shopping for price comparisons…Rakuten for rewards.

Source: Investopedia.com

"Money frees you from doing things you dislike. Since I dislike doing nearly everything, money is handy."
— Groucho Marx

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Family Finances: Use Tax Breaks To Lower College Costs

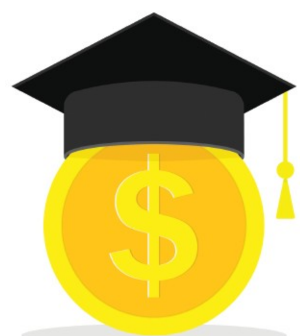
By Sandra Block, Kiplinger's Money Power

For many buying a house is the largest investment most of us will ever make. But if you have a couple of children, the cost of sending them to a four-year college could exceed even that big-ticket item.

Fortunately, the tax code includes a lot of credits and deductions designed to lower the cost of college. Here are some of them:

529 plans. The most effective way to save for college is to start contributing to a 529 college-savings plan while your child is still in diapers. Contributions aren't deductible on your federal tax return, but the money grows tax-free, and withdrawals are tax-free as long as the money is used for qualified expenses, which include tuition, room and board, books, computers and internet access.

If your child receives a scholarship and doesn't need the money, you can change the beneficiary to another eligible child or family member.



Some states allow you to deduct a portion of your contributions from your state taxes, usually as long as you invest in your own state's plan. If you don't use the money for college, the earnings portion of your account will be subject to income taxes and a 10% penalty.

Direct payments. Family members can also reduce the size of their estates by contributing directly to your child's school. Those payments are exempt from gift taxes as long as they're made directly to the child's college to cover the cost of tuition. This may be preferable to some family members however, these payments may reduce the child's eligibility for financial aid.

Savings bonds. Under certain conditions, interest from EE or I savings bonds is tax-free if the money is used to pay for college tuition and fees for yourself, your spouse or a dependent. You may also qualify for the tax exclusion if you redeem the savings bonds and deposit the money in a 529 plan within 60 days.

To qualify for this tax break, the savings bonds must be issued in your name, not your child's. The original owner must also be at least 24 years old on the bond's issue date. There are also income limits on this tax break.