

Your Used Car: Better To Give Than Sell?

With increasing frequency, radio announcements, classified ads, and television promotions are mentioning used car donations as a giving alternative that can result in a handsome, income tax write-off while also providing a simple way for both individuals and businesses to dispose of unwanted vehicles.

A sample, unscientific e-mail poll at the office found that, of the 32 people responding, only one had donated a personal vehicle to a local charity within the last five years.

"Are you nuts? Do people really do that? was one of the response I received. "I can't afford to donate a car, even if it is used!"

But if a tax credit is what is motivating your good will, do the math before signing over your title else you reap no financial benefit.

My friend gave away a lower value car once thinking he would be able to get a tax credit or re-

fund. But since he did not have enough deductions overall to warrant itemization on his taxes, he did not get the direct tax benefit he expected. It sounded like a good idea, but since he did not do his homework, it didn't work the way he expected.

When you donate your car, you are entitled to a charitable deduction equal to the fair market value of the car. This is usually established according to the National Automotive Dealers Association "blue book" listing for used cars. In some cases, the value of the vehicle will exceed the amount you could get if sold. But, if your car is in terrible condition and is worth less than its "blue book" value, you will have to use its true market value, not the "blue book" value.

There are several things you must do when donating a car to prove your right to a deduction when preparing your tax return. Be sure to take the necessary steps to substantiate your deduc-

tion. First, you must obtain written acknowledgment from the charitable organization that you made the donation, describing the car, and that the charity provided no services to you in exchange. Second, if the value of the vehicle is over \$500, you must attach Form 8283 to your tax return showing when and how you acquired the car and its original cost. If the value exceeds \$5,000, special rules requiring an appraisal apply.

Before you donate your vehicle, the Better Business Bureau (www.bbb.org) suggests you do some homework:

- Ask for a copy of the organization's Internal Revenue Service (IRS) determination letter. It will verify that the soliciting group is tax exempt as a charity under section 501(c)(3) of the Internal Tax Code. Don't assume that a charitable-sounding organization requesting donations is eligible to receive tax deductible gifts.

- Ask the organization for copies of its latest annual report and IRS Form 990. Those documents specify how they spent their funds in the past fiscal year. Check to make sure that the charity is registered to solicit with your state government's charity registration office. Also, contact your Better Business Bureau for information it may have on file.

- Find out what happens to the donated cars. Some charities may state that donated cars will be used to help carry out the group's program service activities (such as providing transportation for needy families). However, if the charity is involved in major promotions for such contributions, chances are that the volume donated will result in most cars not being used but, instead, sold to raise funds for the organization.

- Cars can be sold directly by the charity or through an outside seller, such as an auctioneer or

used car dealer. If an outside seller is involved, the charity might receive a flat fee (for example, \$100 per vehicle), a percentage of the actual sales price, or a combination of both. In some cases, less than 20 percent of the actual sale may go to the charity. Ask the charity for a receipt that verifies a car donation was made.

For cars that need to be towed in, the charity may need to mail receipts and titles to the donor. This is all the more reason to investigate the charity before making the donation. It is up to the donor, not the charity, to place an accurate value on the car donation.

If the donated value, as claimed, exceeds \$500, the individual or business contributor will need to complete IRS Form 8283 as an attachment to his tax return. If the claimed value is over \$5,000, the donor will need to obtain a qualified written appraisal of the car.

Plug Energy Leaks, Let Sunshine In

Shannon Villa
Pa. Credit
Union League

"Were you born in a barn? Close that door."

Ah, the sounds of cool weather and the impending winter season. And, as a child, I heard this particular sound from my mom frequently.

More than 18 winters of hearing Mom's energy conservation battle cry has left an indelible impression on her children — and her grandchildren. Hips cocked to the right, hands balled in a tight fist on said hips, my sassy 5-year-old niece barked a very similar order to her 7-year-old brother last weekend. "Were you born in a barn?" By now, we all know what that means.

With home heating costs expected to skyrocket this winter and energy usage on the increase, such sage advice can go a long way toward stretching your energy dollar. According to the Department of Energy, consum-

ers should expect to pay some 26 to 43 percent more this winter to heat their homes.

Many natural gas and home heating oil companies allow customers to lock in a lower rate before cold weather hits. But, fuel prices for customers where rates are not frozen have increased substantially. The cause is basic Economics 101 — demand is greater than supply.

What's the average consumer to do to hold down costs to a more reasonable level while retaining comfort? The answer can be summed up in two words — energy efficiency. It produces three benefits at once — cuts energy costs and air pollution while increasing home comfort.

The Department of Energy offers consumers tips to cut energy bills this winter:

- Heating expenses account for the biggest chunk of winter energy bills. Make sure your furnace receives a professional "tune-up" each year.

- Clean or replace air filters once a month to help your unit run more efficiently.

- Cut related annual energy expenditures up to 30 percent. As heating and cooling equipment, appliances, computers and office equipment, windows, lighting fixtures, etc. break down or no longer meet your needs, replace them with products bearing the Department of Energy's Energy Star label (symbol for energy efficiency) (www.energy-star.gov).

- Your home is probably leaking energy dollars. Make sure attic and/or ceilings are well insulated. Seal joints in attic air ducts and make sure they are well insulated too. The North America Insulation Manufacturer's Association Web site (www.naima.org) has insulation details.

- Plug other energy "leak." Seal leaks between moving parts (between door and its frame) with weather-stripping. Fill leaks

between nonmoving parts (between window frame and wall with caulking) and look for windows, glass doors, and skylight bearing the Energy Star label, and check out the www.efficient-windows.org Web site.

- Plug surprising "leaks" from standby power. Did you know that your idle TVs, VCRs, cable boxes, CD players, cassette decks, cordless phones, burglar alarms, and microwaves continue to consume energy when switched off to keep display clocks lit and memory chips and remote controls working? That costs consumers \$3 billion annually in energy costs, according to the Department of Energy.

- Activate "sleep" features on computers and office equipment that power down when the equipment is on but not in use for a while. Turn off equipment during long periods of nonuse to cut costs and improve longevity.

- Let the sun help heat our home by keeping blinds of sun-

night.

- Upgrade your oil heat system. New oil heat systems are generally more efficient than older units and typically reduce heating oil consumption by 15 to 25 percent.

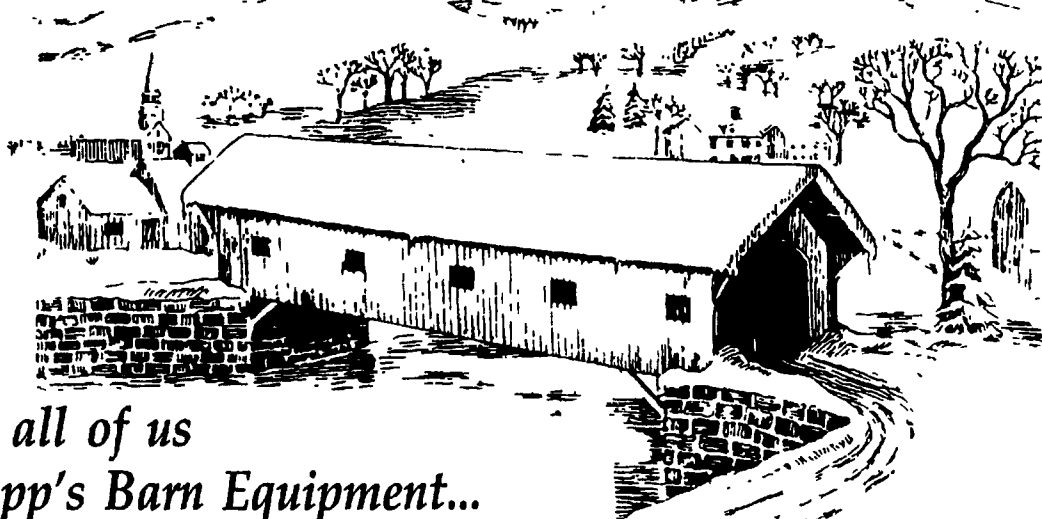
- To see what energy upgrades would have the greatest payoff, log onto the interactive Home Energy Checkup on the Alliance to Save Energy's Web site www.ase.org/checkup/home.

Oh, and don't forget to shut the door.



exposed windows open in the daytime and closed at

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