



October 24, 2004

FAMILY FINANCES

Dust It Off and Donate It For a Tax Break

By COLLEEN DEBAISE
DOW JONES NEWSWIRES
October 24, 2004

It's time to get the urge to purge. To trim next spring's tax bill, you can donate clothes, furniture and even old cellphones to charity.

For instance, "if you donate \$1,000 and you're in the 28% tax bracket, that's [up to] \$280," says Scott Kahan, principal of Financial Asset Management in New York, who tells clients to do away with clutter by year end. "You could be saving hundreds of dollars in taxes," he says, "so it's definitely well worth it."

But keep in mind, you can only deduct gifts to charity if you itemize. About one-third of tax filers itemize, including homeowners whose property taxes or mortgage interest push them past the standard deduction, according to the Internal Revenue Service. For 2004, the standard deduction is \$4,850 for most single filers and \$9,700 for joint filers. And don't wait for spring cleaning. Only donations made by Dec. 31 will count as deductions for 2004.

Once you work up the nerve to part with that plaid skirt that fit so great in college, or that pair of circa 1962 downhill skis, then make sure you value it properly. People tend to undervalue their belongings, according to Intuit, maker of software program ItsDeductible.


"Most people bag up their stuff, and say \$50 a bag," says Carey Rademacher, an ItsDeductible representative. "The result is that millions are overpaying their taxes."

The IRS says people should calculate the fair market value of donated items, or the amount a willing buyer would pay a willing seller.

ItsDeductible, which lists ballpark prices for donated items, surveys thrift shops and tracks data from eBay to provide tax filers with a valuation guide. For instance, a man's silk tie in fair condition is worth \$4. A pair of women's leather pumps in good shape is \$14.

Although clothing makes up 70% of donated items, "right now cellphone is a hot one," Ms. Rademacher says. Depending on the year, model and condition, old cellphones are worth anywhere from a few dollars to several hundred, according to ItsDeductible.

DOW JONES REPRINTS

 This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit: www.djreprints.com.

- [See a sample reprint in PDF format.](#)
- [Order a reprint of this article now .](#)

Still have trouble letting go? Here are tips from professional organizers on how to turn dusty items into a bit of gold dust.

Ask Yourself a Few Questions. Has your life changed since the last time you took stock? "You want everything in your environment to reflect the best you," says Sunny Schlenger, author of *Organizing for the Spirit*. If you're holding on to something just because "it used to make you feel good, or someone gave it to you, it's a dust collector basically," she says.

Empty It Out. That's right -- dump the contents of your closet or overstuffed dresser onto the floor. "You can't clean out anything and organize it and prepare for the coming year if you don't take everything out," says Linda Cobb, host of DIY Network's *Talking Dirty with the Queen of Clean*. "Going through the closet just doesn't work -- because everything is crowded together."

Rank It. As you sift through items, assign ratings such as 1 (can't live without), 2 (not essential, but nice to own) and 3 (everything else). Keep only 1 and 2, suggests Ms. Schlenger. And don't hang on to that extra plumber's wrench or canvas tote because it might come in handy someday.

Purge. Try using a dark plastic bag for trash -- that way you won't be tempted to take it back out, Ms. Cobb says. Use a separate bag or box for donations, and group items together -- such as women's, men's and kids' clothes -- for assigning values.

Write to Colleen DeBaise at colleen.debaise@dowjones.com