

Keep Uncle Sam Out of Your Pocket

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Well, tax time is fast approaching and people are scurrying to find any last minute tax deductions, credits or loopholes that they can take advantage of before April 15th (actually, April 18th this year). Fortunately, there are some things that can help immediately, while others won't help you until next year.

Here are 9 suggestions - one for each month of the rest of this year - that will save you taxes today and well into the future:

April – IRA contributions. If you make a Traditional IRA contribution before April 15th, you can designate it as a contribution for 2010, and deduct it on taxes you are filing now. If you are in the 30% tax bracket (State & Federal), a \$5,000 IRA contribution will save you \$1,500 in taxes.

May – Have you ever thought about starting your own business? If so, there could be some great tax benefits of doing so. From writing off housing expenses for your home office to expensing supplies and toner for the printer, to taking depreciation for your company owned car, there are literally hundreds of ways to offset income and reduce taxes. Just remember that it must be treated as a legitimate business; as unrealistic expenses or deductions will be a red flag for an audit.

June – 529 college savings plans can provide great tax benefits. In addition to sheltering investment earnings from taxes (if they are used for college), contributions to 529 plans can also provide state income tax credits or deductions. If you are unsure if your state plan provides any benefits, just give us a call, or you can see a nationwide list here: <http://www.finaid.org/savings/state529deductions.phtml>.

July – Contribute to your company retirement plan. If you haven't started doing this yet, you still have half the year to do it. Not only will contributions to a 401k or 403b plan be saved pre-tax, but many companies have a matching plan where they will contribute additional funds to your retirement account. Free money!

August – If you have a child in college, make sure to take the American Opportunity Credit, good for up to \$2,500 per year. If not, remember that you can go back to school and claim 10% of your expenses (up to \$2,000) via the Lifetime Learning Credit.

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September – Winterizing your home now can save on utilities this winter, but it can also save you on taxes. Adding insulation, new energy efficient windows and exterior doors all qualify for 10% federal tax credits, and may also qualify for state tax credits or deductions too.

October – Take advantage of flexible spending options through work. Many employers offer the ability to save for child care and/or medical expenses on a pre-tax basis. These options need to be documented during open enrollment, so start calculating how much you might spend next year on these items and put it aside pre-tax.

November – Estimate your tax refund/payment and adjust your tax withholding. Go here (<http://turbotax.intuit.com/tax-tools/?priorityCode=4653100000>) to run an estimate on what your tax bill or refund is likely to be. If you will owe, you still have some time to set aside more money to take the sting out of the bill in April. However, if you are expecting a big refund, reduce your withholdings and get some of that money back now. No sense in waiting for April if you can have the money for Christmas.

December – Catch-up contributions. If you are over age 50, you can make additional contributions to your IRA (\$1,000) or your 401k/403b (\$5,500) for the year. If you can, use your last paycheck or year-end bonus to put the additional amounts in. If you can't do both, default to the 401k/403b, since those contributions must be made by 12/31, while the IRA can be funded up until April 15th of next year.

Michael Kalscheur, CFP®, is a Senior Financial Consultant at Castle Wealth Advisors, LLC. Castle specializes in helping wealthy families and closely-held business owners with strategies to protect and transition family assets from one generation to the next. Castle's senior partners also work with clients throughout the country in making logical decisions to help them fulfill their personal and business financial goals. For more information visit www.castle3.com, call 1-888-849-9559 or contact Michael directly at michael@castle3.com.