

RITTER & RANDOLPH NEWS

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Integrity - Trust - Service



We Wish you the Best of Holidays !!

End of Year Tax Tips

As we begin to count down the days until the end of the year, taxpayers can take actions now to help reduce their tax liability. Here are some examples:

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- Increase your 401(k) contribution if you're under the limit (\$16,500 in 2011; \$22,000 if you're 50 or older) by contacting your plan administrator and asking to boost your payroll deduction. Your employer's plan may have lower limits if it caps contributions at a percentage of salary.
- Taxpayers eligible to deduct IRA contributions can make traditional IRA contributions to decrease 2011 income until April 17, 2012.
- Make your January mortgage payment in December to get the added interest deduction.
- Make energy efficient/green energy home improvements and qualify for either of two home energy credits. Energy saving improvements include adding insulation, energy efficient exterior windows and doors and certain roofs, installing high efficiency heating and air conditioning systems, water heaters, and stoves that burn biomass fuel. Green energy efficient improvements include adding solar electric systems, solar hot water heaters, geothermal heat pumps, wind turbines, and fuel cell property.
- Offset capital gains with capital losses. Excess losses over capital gains can be deducted up to \$3,000 against ordinary income. However, if you are considering buying back the same security, you must wait 30 days before the purchase or you can't claim your loss in accordance with wash sale rules.
- Start a 529 College Savings Plan. Your assets grow tax-deferred and the money withdrawn to pay for college costs is free of federal taxes. Individual states may also offer tax breaks.
- Research charitable giving options or gifting strategies that are tax-deductible. (If you are 70-1/2 or older, you can transfer as much as \$100,000 directly from an individual retirement account to a qualified charity without having to pay income tax on that money. Also the transfer counts toward whatever you're required to withdraw from your IRA for the year, known as a minimum required distribution.)

Buy U. S. Savings Bonds Online

Beginning January 1, 2012, paper savings bonds will no longer be sold at financial institutions. The action, which supports the U. S. Department of the Treasury's goal to increase the number of electronic transactions with citizens and businesses, will save American taxpayers approximately \$70 million over the first five years. Series EE and I electronic savings bonds will remain available for purchase in TreasuryDirect accounts, which is a secure web-based system operated by Public Debt. Individuals that currently own paper savings bonds can still redeem them at financial institutions. Bonds that have been lost, stolen, or destroyed, can be reissued in paper or electronic form. To open a free TreasuryDirect account and/or to get more information about U.S. Savings Bonds, visit: www.treasurydirect.gov.

[Source: www.treasurydirect.gov]

Doctor Visit Preparation

For some individuals, the thought of going to a doctor for a physical or to get a diagnosis or treatment for an illness, can be quite stressful. To help alleviate this stress, the Department of Health and Human Services has developed a website dedicated to helping people get the most out of their encounters with physicians, nurses, and other health care aides. The site, <http://www.effectivehealthcare.ahrq.gov/options/why/>, urges that viewers prepare for a medical appointment by filling out and giving the doctor a health priorities snapshot of their lives and by studying the various treatment options available for their particular ailments so they can ask the right questions and better understand the answers. Among suggestions for making the most of a doctor visit: take written notes and bring a friend or relative along to help ask questions and remember answers.

[Source: www.MatureMarketInstitute.com]

Still Looking for a Tax Refund?

\$153 million in tax refunds has still not been delivered by the Internal Revenue Service due to incorrect mailing addresses. The average return is said to be \$1,547 and 99,123 taxpayers are out this amount. The I.R.S. has been urging taxpayers for years to have their refunds electronically deposited into their bank accounts, which would eliminate this staggering figure and get the refund check to the taxpayer in a quicker fashion. If you still have not received your tax refund, visit www.irs.gov and click on the "Check on your Refund" link or call the Internal Revenue Service at 1-800-829-1954. [Source: The Enquirer – 12.1.11. Edition]

Flex Spending Accounts

December is the month when employees must decide how much money they want to have set aside from their paychecks for their Flex Spending Accounts for qualifying expenses including medical expenses for the upcoming year. Currently the Internal Revenue Service doesn't impose standard limits on these Flex Spending Accounts. Employers designate the limits on these accounts and the majority set the cap at \$5,000. In deciding the amount you wish to have allocated from your paycheck, remember that all monies in this account must be used by the end of the plan year (or the 2-1/2 month grace period, if applicable) or the money will be lost.

If you and your spouse each work for a company that offers Flex Spending Accounts, and each of you anticipate large out-of-pocket medical expenses in the upcoming year, it is in your best interests that each of you set up a Flex Spending Account with your employer to cover these costs with pre-tax money.

New tax rules were put in place last year regarding Flex Spending Accounts and what is covered. Information on qualified medical costs can be obtained from Human Resources or by going to the I.R.S. website. A big change coming in 2013, however, is that all employee FSAs will be capped at \$2,500 with annual inflation increases thereafter.

Our Newsletter

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