

Countdown to the end of the tax year

November 1st signals a reminder that we begin the final two months of the 2011 tax year. The question now becomes: What other things can I do to prepare for this year's tax filing?

If you have been following my tax planning series this year, then, you have many of the tools and strategies to minimize the tax bite for the current year. However, some folks don't think about preparing for the current tax year until they reach the last couple of months of the year. And tragically some do not think about trying to prepare until January and beyond of the following year.

The problem with both of these scenarios is either a compressed time frame in which to try to put strategies in place that you should have been exercising all year long or, as in the second scenario, to suddenly realize that you have lost all opportunity to effectively minimize your tax bite because you have allowed to tax year to end without exercising strategies that could have saved you hundreds, if not thousands of, lost opportunity dollars.

I liken the lack of effective tax planning to waiting until late in your income earning years to begin to prepare for your retirement. The effects are very similar.....they cause you to come up short.

That said let's look at some ways to maximize the remainder of this year.

1st I encourage you to review the tax planning series I wrote this summer. This series gives you the effective tools to try to minimize your tax bite each year.

2nd I encourage you to set up a tax file that includes all the receipts, logs, and correspondence that you have that pertains to this tax year.

3rd I encourage you to review those items in #2 above to determine the additional information needed to obtain to support your deductible claims for this tax year.

4th I encourage you to immediately take the steps necessary to capitalize on the remainder of this tax year. Some of these steps might include:

- Increase your cash charitable giving.
- Clean out closets to donate as many non-cash items to your favorite charity as possible.
- Maximize your deductible contributions to your 401 (K) or IRA.
- Increase your service time, materials, and mileage for service to your church, local charity, or qualified civic organization (i.e. only mileage and contributions are deductible, service time is not deductible).
- Consider making an additional end of the year mortgage and/or home equity materials

current loan payments to increase your deductible mortgage interest for the year.

- Review your stock portfolio to determine if you've got any bad performers to sell in order to deduct up to \$3,000 in capital losses for the year.
- Pay all outstanding medical expenses by the end of the year (even if you have to pay for them using a credit card) to maximize your medical deductions.
- Review your home improvement projects to determine if any include materials that would qualify you for energy saving tax credits available to individual taxpayers and if possible try to complete these projects by the end of the year.
- Make an additional payment on your student loans to increase your deductible student loan interest payments this year.
- Watch Congress the next two months to determine if any last minute tax legislation is coming up that might affect current tax law to increase or decrease the deductible individual tax deductions or credits.

And finally,

5th I encourage you to research and locate a knowledgeable and credentialed tax preparer to prepare your tax return this year.

Next month I will prepare for you a short checklist of items to take to your tax preparer to ensure that he/she is able to capitalize on current law to minimize your tax bite. While this checklist is not exhaustive, it is designed to serve as a reminder of items needed to complete your tax return.

In addition, I will put a detailed Tax Organizer on my website that you can download and print to use to work up specific information needed in the preparation of your tax return.

Till Next Time,

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