

Making the Most of Your Money

By [Susan Carr-Templeton](#) / 03/31/11 [RSS feed](#) [Like](#) [1](#)

5 Important Tax Savings Tips To Use Before April 15

1. Take advantage of tax credits.

Tax credits earn special attention as they not only reduce a tax bill, but they can earn you a refund. These include the Earned Income Tax Credit (EITC), Child Tax Credit, Recovery Rebate Credit and first time Homebuyer Credit.

Whether you have an employer or are self-employed, subject to income limits, you may qualify for these credits. You do not even need to itemize your deductions. For more information, contact the [Internal Revenue Service](#).



2. Do a good deed and donate to charity.

You can typically deduct 100 percent of your charitable contributions and if you cannot take the deduction this year, you can carry it forward to future years. However, to get this credit, you need to itemize your deductions. Be sure to go through your checkbook for last year to find any missed donations; remember contributions you made in cash and keep in mind you may deduct the value of any clothes, personal items or furniture you donated.

3. Contribute to your IRA and other retirement plans.

If you have an employer-sponsored retirement plan, be sure to make the maximum contribution as you can deduct it and reduce your taxes. And if you do not have an employer sponsored plan, such as a 401(k) or 403(b), consider making a contribution to your IRA, which is deductible and can reduce your taxable income. You can contribute up to \$5,000 (\$6,000 if you are age 50 or older) or 100 percent of compensation. There are contribution limitations so be sure to check with your advisor as to the amount you can deposit. Remember, you must make your contribution by April 15 to apply it to your 2010 taxes.

4. Include medical expenses.

You can deduct all medical and dental expenses and insurance premiums that you paid. This includes expenses that you paid for not only yourself, but also for your children and your spouse. IRS allows you to deduct insurance premiums for health, dental, accident and long term care protection. The only caveat is the amount that exceeds 7.5 percent of your adjusted gross income is deductible.

5. File your tax returns on time.

Filing tax returns late typically means paying a penalty. If you cannot gather all the information by April 15, then be sure to have your accountant prepare and file for an extension. Even if you file for an extension you will still need to pay your taxes on time, which means if you expect to owe money, you need to send an estimated payment to the IRS along with your request for an extension.

When you add up your savings from taking the extra effort to follow these tips, you will typically find it is worth the cost of your time.

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Susan Carr-Templeton is a personal wealth advisor with more than 20 years of investing experience. In addition to managing Stafford Wells Advisors, Susan volunteers on the investment committee for the Advocate Foundation.

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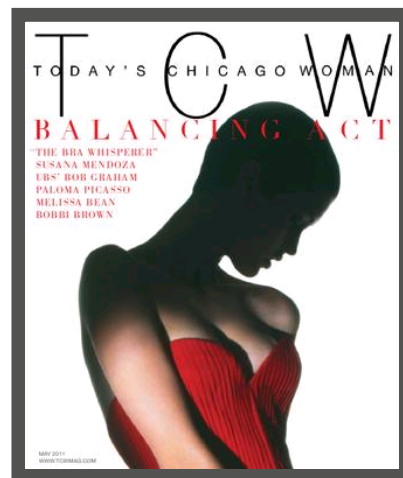
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