



MAKING CENTS

GET READY FOR NEXT TAX SEASON NOW

-John P. Napolitano, CFP®, CPA, PFS, MST, RLP®



I know - you just filed your income tax returns for 2007 and were thinking, "Great, I'm done for another year." But if this tax season left you anxious, overwhelmed or ripping the house apart for must-have documents, chances are good you're open to some well-meaning advice on how to become better prepared for the 2008 tax season.

A small folder or filing cabinet devoted to receipts, past tax returns and other documentation is invaluable to a new tax year resolution. Just make sure you promptly file all needed information and keep a notebook to jot down those small deductions. Get those retirement contributions to your 401(k) or Keogh plan in as early as possible, or have them automatically deducted from your check per pay period. If you wait until just before the tax filing deadline to make your contribution, you'll lose out on a substantial sum of compounded interest.

Take a look at your investments with taxes in mind. There are strategies where you may sell a certain investment because it has lost you money and you want to use that loss on next year's return or to offset another large gain that you know will occur during the tax year.

Think about how you make charitable contributions. Do you write a check? Should you consider giving shares of an appreciated stock or mutual fund? Doing so will avoid a capital gain and get you the full deduction for the value of the gift.

If you've historically been the recipient of a sizeable tax refund, it's likely you're withholding too much. Consistent overpaying might

make you smile when that refund check comes in. But if you adjust the federal or state income tax that's being withheld from your check downward, you'll have more cash to work with, buy

with or invest. If you're married, own a house, have a high income or a lot of investments, then why aren't you using a professional and reputable tax preparer? Even if you don't fall under those categories, the small cost to retain a professional tax preparer may be well worth it. Begin your search during the summer or fall when tax season is not yet in full swing. It's very likely you have a colleague, friend or relative who could refer you to a competent preparer.

By starting early, staying organized and seeking out a good tax preparer, April 15 may become a day to enjoy, not one to fear.

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