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Take steps to cut your 2011 taxes

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There's not much time left to lower your 2011 tax bill. Some actions you might consider before year-end:

- * Prepay college tuition you'll owe for the first semester of 2012. This year you can deduct up to \$4,000 for higher education expenses. Income limits apply.
- * Max out your retirement plan contributions. You can set aside \$5,000 in an IRA (\$6,000 if you're 50 or older), \$11,500 in a SIMPLE (\$14,000 if you're 50 or older), or \$16,500 in a 401(k) plan (\$22,000 if you're 50 or older).
- * Planning to buy a new car? Buy before year-end if you're going to choose to deduct sales taxes instead of local and state income taxes.
- * Install energy-saving improvements in your home (such as insulation, doors, and windows), and you might qualify for a tax credit of up to \$500.
- * Estimate your tax liability for 2011. If necessary, adjust your final quarterly voucher or your withholding to avoid underpayment penalties.
- * Establish a pension plan for your small business. You may qualify for a tax credit of up to \$500 in each of the plan's first three years.
- * Buy equipment needed in your business to qualify for 100% bonus depreciation or up to \$500,000 of first-year expensing.

Contact me to review these and other tax-savings moves you should consider before year-end.