

February 2011

Lowering Your Taxes ASAP

BY PATRICK A. STRUBBE,

ChFC, CLU, RFC

Yesterday I was driving to Office Depot with my daughter Ava, and she asked why we were on our way there. I explained that I had paid someone to work for me last year, and I was supposed to give her a tax form before the end of January. I quickly realized this conversation could be a good learning lesson for her not only pertaining to taxes, but also on why we should not procrastinate!

Thankfully, Ava let me off the hook for my last minute shopping needs and instead our conversation moved into taxes: why we pay them, what they're for, and how it all works. While I'm sure you aren't interested in the details of that conversation, it occurred to me that this is an excellent time to discuss income taxes for both 2010 AND 2011. Not only will you most likely be getting your 2010 tax information together in the next cou-

ple months, but sweeping tax changes were passed less than 2 months ago that will have a significant effect on just about everyone's taxes in 2011. Let's first look at some final reminders for 2010:

Lowering Your Taxes Through Deductions

One of the simplest ways to lower current taxes is through contributing to retirement or college accounts. IRA limits for 2010 are \$5,000 for those under 50 and \$6,000 for those over 50. Do you have kids or grandkids and would like to contribute to a college fund for them? Did you know that contributions to South Carolina's 529 plan could give you a state tax deduction? Many of my clients make contributions each year. In fact, I have a few clients that have grandkids that are already in college. They contribute to the 529 plan, then pull the money out to

help pay for school later in the year...and this still qualifies them for a state tax deduction!

The deadline for these types of contributions is April 15th. Of course, there are miles and miles of stipulations, regulations, requirements and so on. Before acting, please consult with your tax advisor. If you have questions on tax reduction or on South Carolina's 529 plan, you can also give me a call. I hope you will be able to create a nice reduction of your income taxes! Next month we'll look at lowering your taxes in 2011.

Patrick A. Strubbe, ChFC, CLU, RFC, is the Founder and Owner of Preservation Specialists, LLC, and works with Midlands area residents to help them enjoy retirement with confidence. To contact him with questions or suggestions for monthly topics, please email him at Service@SCPreservation.com or call his office at 803-798-1988.

Securities offered through Kalos Capital, Inc and Investment Advisory Services offered through Kalos Management, Inc. both at 3780 Mansell Rd, Suite 150, Alpharetta, GA 30022, (678) 356-1100. Preservation Specialists, LLC is not an affiliate or subsidiary of Kalos Capital Inc. or Kalos Management Inc. Kalos Capital Inc. does not provide tax or legal advice. Please consult with your tax and/or legal advisor for such guidance.