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**2011 Year End Tax Planning Tips**

- Increase your 401k contributions: Any money you contribute to a 401k lowers your taxable income. You can contribute up to \$16,500 to a 401k in 2011 (\$17,000 in 2012) plus an extra \$5,500 if you're 50 or older.
- Maximize your flexible spending account: Contributions to a flexible spending account avoid income tax and social security tax, which can save you 35% or more compared with spending after-tax money.
- Sell off investments that are in a loss position: Capital losses are first used to offset capital gains, and then up to \$3,000 of the net loss can be deducted against income, such as your salary. Any excess loss is carried forward to future years.
- Take advantage of tax credits: Tax credits such as energy credits, child tax credits, education credits, child care and dependent care credits and retirement savers' tax credits can lower your tax bill dollar for dollar.
- Support a charity: You can write off charitable contributions if you itemize your deductions.
- Make the most of the tax breaks for the self-employed: If you're self-employed or have just a little freelance income, be sure to make the most of the tax breaks. You'll be able to deduct the cost of equipment you use in your business, such as a computer, printer, fax machine and copier, as well as a dedicated phone line, office supplies, business travel and advertising. You may even be able to deduct a portion of your rent or mortgage, homeowners insurance and utilities if you have a qualified home office.

Please feel free to call or email our office to further discuss these items as well as other tax savings ideas that may be applicable to you.