

Feature Article

Taxes 101: What You Know May Impact What You Owe

"In this world," American founding father Benjamin Franklin once wrote, "nothing can be said to be certain, except death and taxes."

If taxes are indeed as inevitable as Franklin suggested, how do we make the best of our status as taxpayers? It starts with understanding the basics: the nature of the tax code and the responsibilities it bestows upon taxpaying individuals, couples and business entities, plus the advantages that come with being proactive about fulfilling those responsibilities, and the damage that can result from not meeting them. Here, courtesy of the Financial Planning Association (www.FPAnet.org) in Denver, Colo., are a few general rules of thumb to help you stay in the taxman's good graces:

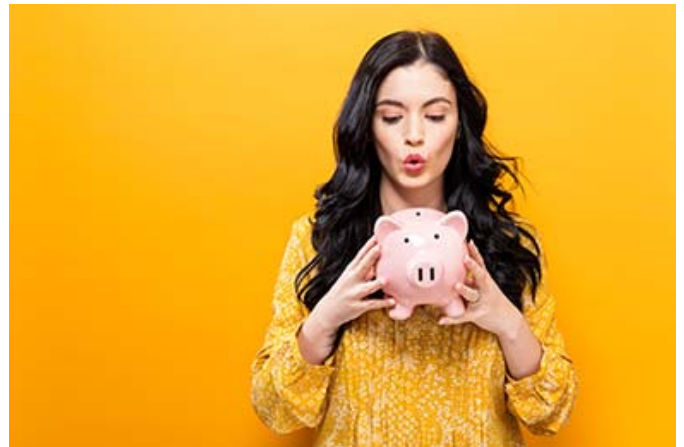
RULE 1: If you earn, you probably owe. If you have an income, chances are you'll need to pay the federal and/or state government a share of the money you take in. In many cases, your employer will take what you owe out of your paycheck and send it to the government directly, a process known as "withholding." If you're self-employed, however, in all likelihood you need to pay your own taxes (income tax, social security tax, and Medicare tax) to both the state and Uncle Sam, typically in the form of quarterly estimated tax payments.

RULE 2: Fulfill your responsibilities on time. Taxpaying U.S. citizens are obligated to file annual state and federal tax returns, usually by a deadline that falls on or around April 15 each year. Certain business entities and the self-employed are not only obligated to file tax returns, they often must make quarterly estimated tax payments in. Individuals and businesses that fail to meet their obligations (such as by miscalculating or underpaying what they owe, or by failing to submit payments or returns by the required deadline) could face, interest, penalties, and plenty of other red tape. "This stuff can really haunt you if you're not careful," said Amy Jo Lauber, CFP® of Lauber Financial Planning in West Seneca, N.Y. "And who needs more stress in their life?"

RULE 3: Enlist an expert. "A good CPA (certified public accountant) is worth his or her weight in gold," said Lauber. A relatively modest investment in an accountant could pay off many times over, not only by identifying ways to save on your taxes that you may never have considered (obscure or expiring tax credits, maximizing retirement contributions to minimize tax obligations, etc.), but also by helping you avoid issues that could raise red flags with a tax agency. Having a capable CPA is especially important for business owners, adds Lauber.

RULE 4: Take advantage of what the tax code offers. Embedded in federal and state tax laws and policies are countless provisions (tax deductions and tax credits) that, when capitalized upon, can have a major positive impact on your tax bottom-line. These provisions change frequently and can be complex, more justification to enlist a CPA.

RULE 5. Don't withhold more (or less) than you need to. Sure, it's nice getting a tax refund back from the government. But getting a refund means you've essentially been giving the government an interest-free loan. You're better off keeping that money in your own pocket and putting it to constructive use — to save toward retirement or a big purchase, to pay down debt, etc. On the other hand, if not enough is withheld from your paycheck over the course of a year, you could end up with a unexpectedly painful tax tab at year's end. Either way, it's wise to work with your employer to be sure they're withholding the proper amount.



This Month's Webinar: Tax Savings Strategies

Review step-by-step the different sections of the 1040 and how you can maximize savings. What is the difference between a tax deduction and a credit? How can I minimize taxes? Give yourself a raise! Learn more about smart tax planning.

Watch this webinar any time throughout the month of February when you log in to IMPACT on the Web at www.MyImpactSolution.com.



Monthly Highlights



Making Your Lifestyle Heart Healthy

Did you know February is Heart Health Month? By following these recommendations, people at normal risk for heart disease can reduce their risk and make their lives more enjoyable. Visit the **Health Tile** on www.MyImpactSolution.com for more tips and articles on staying Healthy!



Coping with a Traumatic Event

Traumatic events affect survivors, rescue workers, and the friends and relatives of victims who have been involved. They may also have an impact on people who have seen the event either firsthand or on television. For more resources and tools to cope with trauma or other mental health concerns, visit the **Emotional Wellbeing Tile** on the www.MyImpactSolution.com website.

Forgot your login information?
Give us a call at 800-227-6007.

Eldercare Spotlight

Is There an App for That?

It often feels as if there is an app for every problem. Technology can offer caregivers immediate access to information, be it about a diagnosis, local home care providers or your loved one's exact location through options such as remote monitoring, programmable medication dispensers, and voice-activated devices to name a few. Technology may be just one tool out of many rather than the sole solution. It may not necessarily provide you with long-term solutions to address unmet needs or respond to the unique circumstances of each caregiving experience.



The good news is you don't have to go it alone. Your IMPACT Eldercare Consultation Services can help by offering you up to 3 months of unlimited access to a professional Care Consultant from the Benjamin Institute on Aging. Trained Care Consultants collaborate with families to identify needs and create an action plan to resolve them. They can help you navigate through the world of elder healthcare and provide recommendations, resources and tools to help you identify the right technology and supports to meet your loved ones evolving needs.

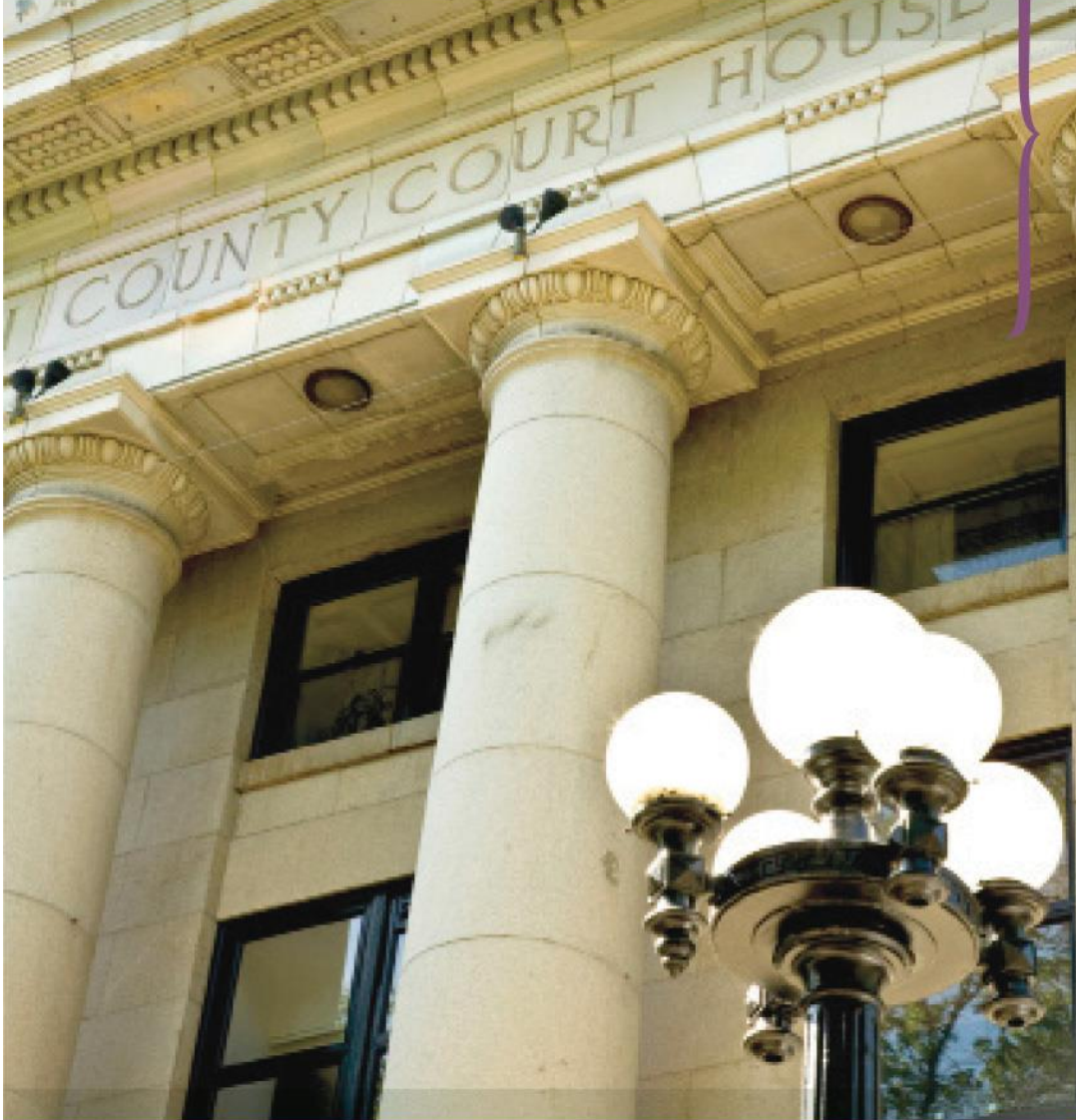
Contributed by: Benjamin Rose Institute on Aging

To view more caregiving tips, visit MyImpactSolution.com or call 800-227-6007 for information about support for working caregivers.

Information in IMPACT on Wellness is for general information purposes only and is not intended to replace the counsel or advice of a qualified health professional.

You can contact IMPACT Solutions for professional counseling and guidance 24 hours a day at 800-227-6007.

LEGAL ASSISTANCE



FEATURES AVAILABLE

- Free 30-minute consultation with a network attorney or mediator by telephone or in person for most issues
- In most cases, discounted services available if you need additional legal support
- 24/7 emergency legal services in the event of being jailed or arrested

WEB RESOURCES INCLUDE

- Over 100 do-it-yourself legal forms including basic wills, advanced directives, power of attorney, landlord tenant agreements, and much more
- Hundreds of legal articles and tip sheets

Did you know... according to Forbes, 62% of people between 45 and 54 years old do not have a will?

If your life, or the life of a family member, has been impacted by a legal issue, you may need the expert counsel of an attorney. IMPACT can help by providing a FREE consultation with a qualified attorney or mediator, either on the phone or in person. Hundreds of do-it-yourself legal forms are also available online so you can easily find and prepare your own legal documents from the comfort of your home without incurring the cost of an attorney, or dealing with lengthy completion and delivery periods. Call or visit us online to get the legal answers you need.

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