- Buy OEM Lynda.com - Building and Monetizing Game Apps for iOS
- Discount - Microsoft Visual Studio 2010 Professional
- Buy Rosetta Stone - Learn English (British) (Level 1, 2, 3 Set) MAC (zh,en,fr,de,it,ja,ko,es)
- Download ModelRight Professional 3.0
- Discount - Adobe Creative Suite 3 Master Collection
- 9.95$ iPad: The Missing Manual cheap oem
- 79.95$ Microsoft MapPoint 2010 Europe cheap oem
- Buy Cheap ABest Video to WMV SWF FLV Converter
- Download Frischluft Effects Pack
- Discount - ABest Video to AppleTV 3GP SWF Converter
- Discount - iPhone App Development: The Missing Manual
- Discount - Intuit TurboTax 2009 Home & Business

Most of us assume that our mortgage or rent, student loans, or child care costs eat up the majority of our income, but the truth might surprise you. Our biggest expense? Taxes, says John Vento. He offers tips on ways to save when the taxman cometh.

Hoboken, NJ (April 2013)—Where did all my money go? It's a universal question. And if you're like most people, it's one you ask with more than a touch of frustration. You don't spend extravagantly. You pay the bills, buy groceries, and provide school supplies and clothes for your kids. Sure, maybe you go out to eat on Saturdays and take a once-a-year vacation—after all, you deserve some pleasure in life—but it's hard to believe these small luxuries account for your stagnant savings or, worse, that credit card debt that's slowly inching upward.

So where did all the money go? Author John Vento has an answer that might surprise you. Taxes.

"Most people think their biggest expense is their mortgage or rent or their kids," says Vento, president of his New York City-based Certified Public Accounting firm, John J. Vento, CPA, P.C., and Comprehensive Wealth Management, Ltd., as well as the author of the new book Financial Independence (Getting to Point X): An Advisor's Guide to Comprehensive Wealth Management (Wiley, 2013, ISBN: 978-1-1184-6021-4, $40.00, www.ventocpa.com). "But believe me when I say that most of your money has gone—and continues to go—to taxes, taxes, and more taxes.

"Just think about it," he adds. "There's your federal and state income taxes. Social Security

taxes. Payroll taxes. Sales taxes. Property taxes. And on and on. In fact, if you take a close look at how much you pay for various taxes, chances are this number would be more than 50 percent of your overall expenditures. And while no one can avoid taxes completely—not legally anyway—there are almost certainly ways to reduce your bill that you aren't taking advantage of."

A Certified Public Accountant and Certified Financial Planner™ with decades of experience, Vento knows exactly what it takes to sustain and build wealth. His new book is a complete resource for anyone concerned with building wealth and financial security in today's no-guarantee financial environment. Most importantly, in it, Vento explains how to employ current tax facts and strategies in order to save hundreds—and perhaps thousands—of dollars every year.

"So if you want to increase your savings, what would be the single most important expenditure for you to focus on in order to keep more of what you make and get closer to achieving financial independence?" asks Vento. "The answer, of course, is taxes, taxes, taxes. But the fact is, most people completely overlook the importance of minimizing their taxes in order to help maximize their wealth accumulation."

If you want to change your taxes from your biggest expense to your biggest saving opportunity, take a look at a few tips from Vento:

Find a trusted financial advisor. Everyone needs a trusted advisor to guide them during good times and bad—someone whose primary goal will be to help you achieve your long-term financial objectives. And while you may assume financial advisors are for "the super wealthy" (i.e., not you), or that your stockbroker or tax preparer adequately fills this role, Vento says you're wrong in both cases.

"You need a financial planner who can analyze your status and assist you in setting up and implementing a program to achieve your ultimate goal of financial independence," says Vento. "Develop a close relationship with your advisor. Don't just go to see her once a year when it's time to file your taxes. The better your financial advisor knows you, the more effective she'll be at finding the tax credits, deductions, etc., that apply to you and as a result can help you save big money on your taxes."

Get organized. Don't walk into your tax preparer's office with your W-2 and a few receipts and expect to have a wealth-building experience. "Tax records, such as records of income received, work-related expense reports, medical expense information, information about home improvements, sales, and refinances, and so on, should be carefully kept on a year-round basis—not thrown in a drawer or shoebox and then hastily assembled just for your annual tax appointment," notes Vento. "Without tax records, you can lose valuable deductions by forgetting to include them on your tax return, or you may have unsubstantiated items disallowed if you are audited."

Retro-file to take advantage of missed deductions. Using your taxes as a way to actually save money is probably a new concept for you. That said, chances are high that you've missed out on ways to save in years past. Well, here's some good news for you: Those savings aren't lost forever.

"Say you discover you have not taken advantage of several deductions or tax credits that you've been entitled to," Vento posits. "Don't beat yourself up: You can file an amended return to claim an additional refund. Generally, the statute of limitations is three years from the date you filed your tax return. Therefore, you can file a claim for refund for the last three years of tax returns if you uncover a recurring error. This is a great way to improve your cash flow, and it's a great example of why you should meet with your tax advisor throughout the year."

Get credit for your kids. Put together a list of all expenses related to your kids. You'll want to include child care, tuition payments, 529 plan contributions, donations, medical expenses, etc. "Ask your tax preparer to explore every tax credit that might be available to you, such as the child care credit, child tax credit, and the earned income credit," explains Vento. "For older children who are in college, you must consider the education tax credits, such as the Lifetime Learning Credit and the American Opportunity Tax Credit.

"If your children are young and you're looking for the best overall savings option, you'll have the most control and the greatest tax benefits if you save money via a 529 plan," he adds. "Although you do not receive any federal tax deduction for the contributions you make to these plans, the distributions are generally tax free to the extent that you use them to pay for qualified higher education expenses. For example, assuming you contribute $10,000 to a 529 plan in the year your child is born and this amount accumulates to $30,000 by the time the child is ready to attend college, this entire amount can be used free of tax if used for qualified higher education expenses. Neither you nor your child will be taxed on the profit made with this money.

“If your state has its own sponsored savings plan, you may get the added benefit of a state tax deduction for any contributions you make before the end of the year,” he adds. “It’s like getting a scholarship each year you save, even before your child goes to college. Of course, there are tons of tax benefits related to raising your kids so be sure to check with your tax advisor to make sure you’re taking advantage of all of them.”

Know what gets taxed and what doesn’t in regard to insurance payouts. Generally, the cost of personal homeowner’s, automobile, boat, and umbrella liability insurance are not tax deductible. However, insurance reimbursements to the extent of your loss are generally not taxable. So if you receive an insurance reimbursement as a result of damage to your home or car (as long as it is not in excess of your adjusted basis), it isn’t taxable, notes Vento.

“Keep in mind that if you own a rental property, you can generally deduct most of the expenses associated with maintaining and managing the property, including the cost of property insurance, which includes premiums for fire and liability,” he adds.

Retire from a big tax burden. Many Americans aren’t saving enough for retirement. That’s unfortunate for two reasons. Number one, the earlier you start to save for retirement the better. And number two, retirement saving is a great way to reduce the amount you pay in taxes.

If your employer offers a 401(k) plan, invest as much as it will allow, Vento recommends. Making elective salary deferrals to your company’s retirement plan allows you to defer tax on your salary and get a tax-deferred buildup of earnings within your plan until you start making withdrawals when you retire. Other options include IRAs, which are available to all wage earners at any salary level, as well as to nonworking spouses.

“Contributions to traditional IRAs may be tax deductible if you meet the requirements; your withdrawals will be taxable in the year that you make those withdrawals,” Vento explains. “Therefore, a traditional IRA gives you a tax deduction in the current year and a tax deferral for any earnings, but ultimately you will pay tax when you withdraw from your account.

“In contrast, contributions to a Roth IRA are not tax deductible, but qualified withdrawals are tax

free," he adds. "Therefore, Roth IRAs do not give you a tax deduction in the current year, but ultimately your qualified withdrawals including earnings will be paid out to you tax free. Compare the benefits of a traditional IRA to a Roth IRA and choose the one that is best for your particular situation."

Get the most out of Social Security. If you are collecting Social Security benefits, up to 85 percent of these benefits could be subject to federal income tax. However, it's important to note that you can avoid paying income tax on your Social Security benefits if your provisional income is $25,000 or less if you are single, or $32,000 or less if you are married and filing jointly.

"Planning your retirement income to include tax-free withdrawals, such as from a Roth IRA account, may allow you to keep your income under these thresholds and ultimately avoid paying tax on your Social Security benefits," explains Vento.

Don't get taxed by your health. Take full advantage of medical insurance premiums paid by your employer on your behalf. This is considered a tax-free fringe benefit. These medical insurance premiums are 100 percent deductible by your employer and tax free to you. All payments made by the medical insurance company to cover your medical expenses are also tax-free payments made for your benefit.

"If your health insurance qualifies as a high-deductible plan, you should establish an HSA and fully fund tax-deductible contributions to cover future medical expenses," says Vento. "Individuals can contribute and deduct $3,250 for a single policy and $6,450 for a family in 2013. If you and your spouse are 55 or older, you can make an additional tax-deductible, catch-up contribution of $1,000 each."

Don't let taxes deflate your ROI. Inflation and taxes are perhaps the two biggest drains on your investment returns. When investing, you must always consider the tax consequences of your investment when determining your true rate of return.

"For example, if you hold an investment for more than a year, you will have the added advantage of long-term capital gains treatment," notes Vento. "Net short-term capital gains are taxed as ordinary income, which means they can be taxed at a federal rate as high as 39.6

percent (based on 2013 tax rates). In contrast, net long-term capital gains are taxed at a preferential federal rate that does not exceed 20 percent (based on 2013 tax rates). If you do not pay attention to the tax consequences of your investments, you may be paying significantly more in taxes than the law requires."

Give a gift. Take advantage of gifting strategies that can help you prevent losing some of the value of your estate to taxes. For 2013, the gift tax exclusion is $14,000 per year. What this means is that you can make a gift in this amount to anyone—and to as many people as you like—every calendar year, and that money will not be subject to gift tax or included in your taxable estate. Furthermore, it will not be added back to your lifetime exemption (which in 2013 is $5.25 million). This amount can be increased to $28,000 per year if a nondonor spouse agrees to split the gift.

"This can be a great way to transfer assets to children, grandchildren, and other intended heirs while you are still alive," says Vento. "Ultimately, this will reduce the taxable value of your estate and, at the same time, your ultimate estate tax liability."

"Paying taxes doesn't simply have to mean kissing a large portion of your hard-earned money good-bye," says Vento. "When you understand how they work and know where to look for opportunities, you can actually minimize your tax payout, and as a result, save a lot more of your money. Those savings can then pave your way to financial independence."

# # #

About the Author:
John J. Vento is author of Financial Independence (Getting to Point X) : An Advisor's Guide to Comprehensive Wealth Management (Wiley, 2013, ISBN: 978-1-1184-6021-4, $40.00, www.ventocpa.com
). He has been the president of the New York City-based Certified Public Accounting firm John J. Vento, CPA, P.C., and Comprehensive Wealth Management since 1987. His organization is focused on professional practices, high net worth individuals, and those committed to becoming financially independent. He has been the keynote speaker at various seminars and conferences throughout the United States that focus on tax and financial strategies that create wealth. John has been ranked among the most successful advisors of a nationwide investment service firm and has held this distinction since 2008.

Mr. Vento brings with him his vast experience from working with KPMG, one of the big four Certified Public Accounting firms, where he specialized in audits of the medical and dental professions and the financial services industry. He has been an adjunct professor at St. Francis College in Brooklyn, NY, as well as Wagner College in Staten Island, NY. John has also been an advocate for promoting financial literacy and has been a lecturer throughout the New York City Public Library system.

John J. Vento graduated from Pace University with a bachelor's degree in business administration in public accounting, and continued on to earn an MBA in taxation from St. John's University. He is a Certified Public Accountant (CPA) and a member of the American Institute of Certified Public Accountants and the New York State Society of Certified Public Accountants. Mr. Vento is also a Certified Financial Planner™ (CFP®).