

Christine Estes



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"Taxes, after all, are dues that we pay for the privileges of membership in an organized society."

– Franklin D. Roosevelt

Dear Friend,

February 2009

When it comes to preparing your taxes, we can never allow ourselves too much time. If we allow ourselves to be rushed, it may result in an incorrect filing or perhaps overpayment or underpayment. And as my business coach is fond of saying, it is important to do our part, but not one penny more!

The advice is to organize everything that is needed for your tax preparation. Gather all pertinent documents (including W-2s, 1099s and receipts), clear your schedule for a good chunk of time and secure an appointment in advance with a tax professional. If you plan on filing your taxes on your own (and there are some great software packages to help you do so), you may still want to allow time to consult with a tax adviser, if needed. (And of course I have recommendations for you on all of these...)

Having ample time to prepare your taxes may also allow you to discover additional deductions you never knew existed or that you qualified for. For this month's mailing, I have included a multitude of tax deductions that could benefit you this tax season. On the reverse side, there are also several ways listed to prevent your personal information from falling into the hands of identity thieves.

Tax season comes the same time each year, but it's never too early to begin your preparation, and I'm here to help!

As always, I am here to help with information too – I just love the freedom that facts and perspective give us. We have updated the national existing home sales statistics on the website so you can see the final numbers, and we have the local January numbers posted too. As many of you know, I believe that quarterly numbers give us far more perspective than monthly numbers, but we want you to see how the market is tracking nonetheless. As the beginning of the year is an optimal time for sellers to put their properties on the market, it should be no surprise that inventories are up. We'll know much more about their success (I can tell you that we can feel it in the local market – more properties are getting contracts, especially the serious sellers who have prepared and also priced well) as we get further into the year.

While we don't know which version of home-buying tax incentives will make it into the final stimulus bill that goes to the President, whether it is \$7500 or \$15,000, first-time home buyers or all home buyers, it is certainly expected to spur more activity. What better time to think about buying a property than when interest rates are down, inventory is plentiful, and the government is giving out incentives to make it an easy choice for this year? That's a great message for sellers' plans as well... the expectation is that the housing market will lead the way into our recovery. That's good for everyone!

Sincerely,

Always looking for ways to be of greater service@...if you know of someone who would appreciate the level of service I provide, please call me with their name and business number, and I'll be happy to follow up and take great care of them.

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Windermere
Real Estate

Windermere Real Estate Northeast, Inc.
11411 NE 124th Street, Suite 110
Kirkland, WA 98034

Spotlight Vendors for February:

Juan Franco - 206-300-6249 - donfranjua@hotmail.com
Cleaning services

David Cloughton - Topline Plumbing - 206-941-9713 - toplineplumbing@comcast.net
Plumber

Kevin Christiansen - Aard Pest Control - 206-575-3319 - info@aardpestcontrol.com
Pest Control

Mark Mayhall- Mayhall Moving Company - 425-747-4747 - mayhallmoving@gmail.com
Moving Company

Mark Morris- Accurate Glass - 206-947-0873 - accurate.glass@verizon.net
Window Glass

This Tax Season,

Keep Your Fair Share.

Remember these helpful tax tips and deductions for many happy returns.

- A first-time homebuyer's tax credit is available until July 1, 2009. The credit is up to \$3,750 for qualifying individuals and \$7,500 for eligible joint-filing couples.
- Deductions for hospital bills and doctors visits are well-known, but tax relief is also available for medical expenses ranging from insurance premiums to prescription eyeglasses and contacts.
- Capital losses on stocks deemed worthless—generally, those that are no longer traded—are deductible.
- Unreimbursed losses incurred due to theft, fire or another form of casualty can be claimed if the sum is more than \$100 and more than 10 percent of your adjusted gross income.
- Educators can receive a \$250 above-the-line deduction for classroom expenses.

It's Tax Season—Time to Find Every Deduction.

Tax season is approaching. Each year, additional tax deductions and credits are available to people who know where to look. From college tuition to helping out the environment, chances are you are eligible for several tax breaks and you might not even know it.

Let Your Home Work for You

Your home can provide you with several tax deductions. Each year, you can deduct interest accrued on your home loan. You can also deduct points on closing costs for the year of the transaction. Green additions to your home, such as energy-efficient appliances and renewable energy systems, will also earn you tax credits, which are even more valuable than deductions because they reduce the actual tax amount due.

Get the Most Out of College

College tuition can be costly, but it does offer some tax relief. For each year you pay tuition to an accredited institution, you are eligible for up to \$4,000 in deductions. You can also deduct up to \$2,500 of interest on a student loan, as long as the loan is used on educational expenses, such as housing and supplies.

Relief for Out-of-Pocket Expenses

Miscellaneous personal costs, such as investment expenses, safe-deposit box fees, and certain legal fees, can be deducted if the total expenses are more than two percent of your adjusted gross income. Work-related expenses that were not reimbursed by your employer can be similarly deducted.

A HOME OFFICE MAY LOWER YOUR TAX BILL.

The IRS states that if you use a portion of your home for business purposes, you may be able to deduct expenses, including the business portion of real estate taxes, mortgage interest, rent, utilities, insurance, depreciation, painting and repairs. In addition, travel costs between your home office and the first and last appointment of the day become deductible. To qualify:

- You must regularly use part of your home exclusively for a trade or business.
- You must be able to show that you use your home as your principal place of business.
- You must be able to show that you meet patients, clients or customers at home or that you use a separate structure on your property exclusively for business purposes.

Tax laws are complicated. Talk with your accountant or financial service provider to figure out what can be deducted given your unique circumstances.





GET FREE TAX ADVICE FROM THE IRS

Trained community volunteers are available throughout the country to offer free tax assistance and even file your tax return electronically. There are three government-sponsored tax assistance programs:

- **Volunteer Income Tax Assistance (VITA) Program:** Offers help to low-to-moderate-income people unable to prepare their taxes on their own.
- **Tax Counseling for the Elderly (TCE):** Assists people age 60 and over with a special emphasis on the tax needs of senior citizens.
- **Armed Forces Tax Council (AFTC):** Members of the armed forces and their families can have their returns prepared for free, often on-site.



Protect Yourself. It's Open Season on ID Theft.

Identity theft is the fastest growing crime in America, and the average victim spends 175 hours and \$1,000 repairing the damage. Tax time presents an even greater risk for ID theft because your personal information is everywhere. Below are tips to avoid becoming a victim this tax season.

Watch Your Mailbox

When income tax forms start coming in the mail, a potential ID thief can easily gain access to personal information such as your Social Security number and how much you make. If you don't have a locking mailbox, now is a great time to invest in one. You should also consider dropping your tax returns into a USPS collection box or taking it directly to the post office.

Destroy Sensitive Material

Use a cross cut paper shredder to ensure that your documents are properly destroyed; information can still be retrieved from documents shredded with low-end paper shredders. If you have used your computer to prepare any part of your tax return, a savvy identity thief could recover this information from your hard drive, even if you seemingly deleted the file. There is software available that will perform a "secure delete" of your sensitive files to ensure that they cannot be recovered.

Choose the Right Tax People

Find a tax preparation service that is dedicated to providing year-round financial services to its clients, and beware of companies that hire seasonal workers with minimal training (thieves can easily acquire these jobs). This way, you can ensure your personal information is in the hands of professionals.

Be Careful Online

If you plan to use an online tax service, ensure the site is reputable. Type the Web site URL directly, and never follow an e-mail link. Also, ensure all information is sent via a secure connection. Look for their security information. What encryptions do they use? What other measures do they take to ensure added security?

Source: <http://www.myidfix.com/identity-theft-cases-statistics.php>

*All information is general in nature, not legal advice and not warranted or guaranteed. Readers are cautioned not to rely solely on this information. Because tax laws change, it is imperative that you consult a professional tax adviser—such as an accountant—in your area regarding tax matters.

TAX DEDUCTIBLE CHARITABLE DONATIONS (That You Probably Didn't Know About)

You probably know about tax deductions for donating your automobile or writing a check to the Red Cross. However, there are several donations you may be eligible for that you might not realize.

Arriving From	Flight	Parade
Calgary/Banff, AB, Canada	NW 1540	CO 1614
Duncan, Mexico	NW 1610	CO 1611
Edler Rapids, IA	NW 1601	CO 1610
Charlotte, NC	NW 1670	CO 1617
Chicago-Midway, IL	NW 1291	KL 5201
Chicago-Midway, IL	NW 1296	KL 5202
Chicago-O'Hare, IL	NW 1843	CO 1844
Chicago-O'Hare, IL	NW 1140	CO 1144
Cincinnati, OH	NW 1620	CO 1711
Cincinnati, OH	NW 1203	CO 1310
Cincinnati, OH	DL 1174	NW 1610

- **Travel expenses** – Volunteer work isn't deductible, but the travel required is. You can keep track of gas expenses or write off 14 cents per mile.
- **Out-of-pocket expenses** – If you paid out-of-pocket for expenses related to a qualified charity and weren't reimbursed, these expenses act as charitable donations.

- **Student lodging** – If a non-related or non-dependent student in grade K–12 is staying with you, such as an exchange student, you can deduct up to \$50 a month.
- **Appreciated property** – You can avoid paying capital gains on items you have sold or donated that have appreciated in property, such as stock, and get a deduction.

If you're looking for unusual ideas, consider:



- **Paying down the national debt** – If you are feeling particularly patriotic, sending money to help pay down the national debt will get you a charitable tax donation.
- **Adopting an endangered animal** – There are many non-profit organizations that will allow you to adopt a threatened

or endangered animal and claim a tax deduction (two examples are www.snowleopard.org and www.orangutan.org).