

Nickels & Dimes™

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W E L C O A ' S O N - L I N E F I N A N C I A L B U L L E T I N

Consider This...

Preparing Taxes On Your Own

Tax preparation can be performed by the traditional “paper filing” method or by electronic filing. Regardless of which method you choose, here’s valuable information for each filing option:

For Paper Tax Return Filing—The IRS website is full of useful information and most forms needed for filing your return can be downloaded from their website, www.irs.gov. If you have a question and want to speak with an IRS representative, you can call 800-829-1040 between 7 AM and 10 PM M-F Eastern Standard Time.

For Electronic Tax Return Filing—About 35 percent of taxpayers file returns online, and this percentage is expected to grow. There are a variety of tax preparation software packages you can use. Most vendors charge a modest fee for use of their tax preparation program. **But note, the IRS is working with software vendors to make e-filing free for an estimated 60% of taxpayers in 2004 and beyond.** Check with the e-filing vendor to see if you qualify.

Source: Internal Revenue Service

★ ★ ★ FEATURE ARTICLE ★ ★ ★

Get Ready For Tax Time

5 Tips To Take A Bite Out Of Your Tax Bill

Minimizing your tax bill takes planning and proper record keeping. By following these five tax tips, you’ll be on your way to reducing your income taxes.

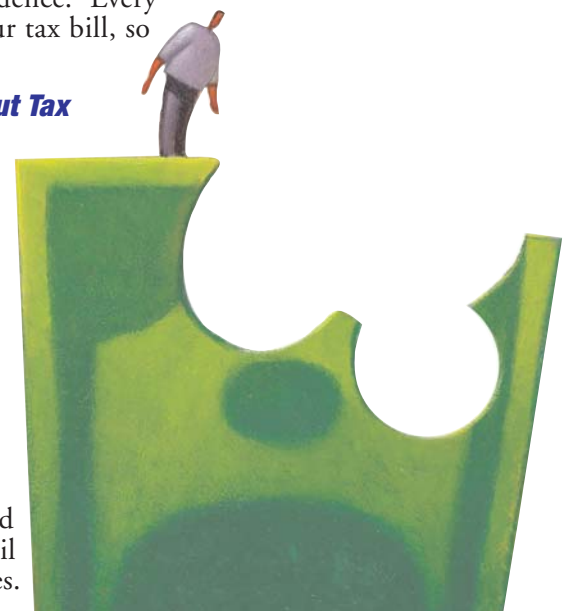
Tip #1—Get Organized. Consider having a designated tax folder or files to store your tax documents. By doing this, your documents will be easy to locate when preparing your taxes (or having them prepared by a professional).

Tip #2—Gather All Sources Of Income. Your employer will send you a W-2 tax statement for your earnings. Also include interest earned from checking and savings accounts, capital gains from mutual funds, stock or bond sales, etc.

Tip #3—Track Deductions From Income. If you “itemize” your tax deductions, you’ll need to prove your deductions if your tax return is audited. Common deductions include the value of items, including cash, given to charities, interest paid on your home mortgage, and property taxes paid on your residence. Every dollar of deductions reduces your tax bill, so keep your receipts!

Tip #4—Make A Decision About Tax Preparation. Some of us feel comfortable preparing our own taxes. But, if you are uncomfortable with preparing your own taxes or you simply don’t have the time, choose a qualified tax preparer to handle the tax preparation and filing for you.

Tip #5—Start Early! By preparing your taxes as soon as possible, you’ll be in a position to file your taxes early if a refund is due or you can wait until April 15th to file should you owe taxes.



“The Wellness Councils of America is dedicated to building world-class corporate wellness programs.”

Investing For



RETIREMENT

Many Americans are all too familiar with the challenge of managing their money effectively. Whether it's the squeeze of credit card debt, establishing an emergency fund, getting properly insured, or investing for retirement, money management can be tough to understand and even more difficult to implement.

According to the American Savings Education Council, the average American retiring at 65 can expect to spend 18 years in retirement. What does this mean? Two words: Save now! Retirement is expensive—experts estimate that you'll need about 70% of your pre-retirement income (i.e., \$28,000 if you make \$40,000) every year to maintain your standard of living when you stop working. So how do you even begin planning your retirement future? Well, it's actually quite easy—the tips below should help you get on track.

\$ Find out about your Social Security benefit.
The average retiree receives approximately 40%

of their pre-retirement earnings. However, you'll definitely want to rely on additional funds for retirement.

\$ Take advantage of your employer's pension or profit sharing plan. Find out if your employer offers a tax sheltered savings plan, such as a 401(k). If they do, start contributing as much as you can right away. Over time, the deferral of taxes and compounding of interest will make a big impact on the amount of money you'll accumulate.

\$ Start an Individual Retirement Account (IRA). You can put as much as \$2,000 a year into an IRA and delay paying taxes on investment earnings until retirement age.

Though the "golden years" might be a long way down the road for you, just remember, the earlier you start, the more time you'll have to save and make your money grow.

Source: American Savings Education Council



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