Strategies to save money during tax season

By Reid Abedeen

Millions of Americans face a challenge in meeting their budgets every month – not just financially, but also in their time budgets.

Knowledge is power and time is often money, but what if you don’t have the time to empower yourself with knowledge? For many households, that often means losing out on thousands of dollars through tax deductions.

As a family man myself, I understand what it means to work hard to provide the best possible for my wife and children. Had I not worked in the financial sector for almost two decades, I might not have understood how to best troubleshoot my tax return, I sympathize.

Here are strategies that may be relevant for your family this tax season.

• **Take tax deductions for capital loss.** If your capital losses exceed your capital gains, the excess can be deducted on your tax return and used to reduce other income, such as wages, up to an annual limit of $3,000, or $1,500 if you are married filing separately. However, you may deduct capital losses only on investment property, not on property held for personal use.

• **Fund your retirement to the max.** You can contribute up to $5,500 to an IRA in tax-year 2014, or $6,500 if you are age 50 or older. Workers in the 25 percent tax bracket who contributed $5,500 to an IRA would save $1,375 on their 2014 tax bills. You’ll want to check your eligibility and understand the deadline for the 2014 deduction. If you make a deposit between Jan. 1 and April 15, you need to tell the financial institution which year the contribution is for.

• **Advisory fees are tax-deductible.** Don't feel like spending money to save and make money? There's a workaround. Before closing the door on the possibility, inquire with a financial expert. Most are happy to give a free initial consultation, and you don't have to be a millionaire to make it worth your while.

• **Gift assets to children.** You don't even have to file a gift tax return on an asset that's valued less than $12,000, which is not taxable. If the fair market value of the gifted asset is more than $12,000 per person per year, but less than $1 million, there is the requirement of filing a gift tax return, but you won't be taxed. The gift still is not income taxable to the recipient.

• **Deduct a home-based office when used for your employer.** If space in your home is used exclusively and regularly for a trade, you can count that as a deductible. Calculate the square footage of your home office and divide the area of your office by the area of your house. If the percentage is 14 percent, for example, that represents the percentage of your total home expenses that can be allocated toward the home office deduction. For further questions, consult a professional.

You'll want to be very vigilant regarding these details of these deductions. For any questions, I seriously recommend consulting a professional."

Reid Abedeen is a partner at Safeguard Investment Advisory Group. As an investment advisor, Abedeen has helped retirees for nearly two decades with issues such as insurance, long-term care planning, financial services, asset protection and many other areas.