

5 strategies to reduce your 2001 tax bill by making some moves before year-end and create recurring savings in future years.

1. Increase Retirement Savings

One of the most important steps workers can take now to save on taxes this year and in the future, is to sign-up for their employer's 401(k) retirement plan. If you already participate, it will also be advantageous to your tax bill if you increase your contributions to the maximum as no taxes are paid on the amount that goes into 401(k) plans until the money is withdrawn. If you are self-employed a traditional or SEP IRA will reduce your taxable income, or if you work for the government or a non-profit organization or 403(b) plan will provide tax savings for you.

2. Sell Stock that is in a loss position

If this year's stock market pull-back created losses in your portfolio, this is an opportune time to consider bailing out of losers that you don't expect to recover.

Selling before year's end can bring a tax benefit. Capital losses can be used to offset any capital gains you have plus up to \$3,000 of other income, such as salary from your job. (Any excess losses can be carried forward for use in

a future year.) The losses will be most valuable if you're able to use them to offset short-term capital gains (investments held one year or less) or other income subject to tax at regular rates of up 39.6 percent.



Planning Now will help your family in the future.

3. Make charitable contributions before year-end.

Had a garage sale lately and have a lot of stuff leftover? If so, instead of throwing it away take it to Goodwill or the Salvation Army. Be sure to get a receipt. There is a Goodwill donation trailer in the parking lot between Reasor's and the old Wal-Mart in Owasso. Clothes, furniture and other household goods are welcomed by the charitable organizations.

4. Beware of buying into mutual funds in the fourth quarter

The fourth quarter of the year is when mutual funds traditionally make their capital gain distributions. You would not

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want to buy a significant amount of shares in a taxable account just prior to the distribution as the distribution is taxable to the holders on record as of the date of distribution. If you are planning to make an investment, at the very least investigate the date on which the fund will make the distribution and look at holding off until after that is complete.

5. Take advantage of your companies Flexible Spending Account or FSA

Many companies today offer a Flexible Spending Account which allows you to pay for medical expenses such as Doctor visit co-pays and prescriptions with pre-tax dollars. For most employees, FSA's are the only way to gain a tax break for medical expenses. With medical expenses deductible on income tax returns only to the extent they exceed 7.5 percent of adjusted gross income, relatively few people are ever able to qualify for the itemized medical deduction. This time of year is when employers traditionally have their benefits enrollments and changes period when you can elect to enroll in these plans. You'll need to estimate your current out of pocket medical expenses to use as a guide for how much to put into the plan. These plans are use it or lose it



Don't let the tax man take all your money. Good Planning Can Save you Money

so make sure that you make an accurate projection. If you need additional help, please contact me and we will go over it together.

A Good Plan will help you save on taxes.

Disclosure: The information provided in this newsletter is of a general nature and isn't intended to address the circumstances of any particular individual, business or other entity. Please consult your CPA if you have questions or concerns.

Take Control of Your Finances Today.

In order to become financially independent you must have a plan on how to get there. Several things must be done in order to achieve financial independence. The first would be to develop a solid budget and investing plan. To develop a budget you will first need to categorize all your expenses from checking, savings, and credit card accounts into categories so that you know where your money goes. Second, you need to look for ways to save money and have an investment plan in place. A good way to do this is with Microsoft Money or Quicken. Did you know that if you invest \$100 dollars monthly for 30 years and get an 8% return that you would have almost \$150,000 at the end of that 30 years? That is only \$25 dollars per week. It doesn't sound like much but with time and compound interest, it will grow. All it takes is discipline.

Albert Einstein, when asked what was the most powerful force in the world, is said to have answered: "the power of **compound interest.**"

Another advantage to having all of your expenditures classified in a personal finance program is so that your tax consultant can be sure and spot all potential



A regular savings plan of even small amounts can grow significantly over time.

deductions and thus minimize your tax bill. If you need assistance developing a financial plan, please contact me at 274-3698 to set up an appointment.

Paul F. Muret, CPA Privacy Policy

CPAs, like all providers of personal financial services, are now required by law to inform their clients of their policies regarding privacy of client information. CPAs have been and continue to be bound by professional standards of confidentiality that are even more stringent than those required by law. Therefore, we have always protected your right to privacy.

Types of Nonpublic Personal Information We Collect

We collect nonpublic personal information about you that is provided to us by you or obtained by us with your authorization.

Parties to Whom We Disclose Information

For current and former clients, we do not disclose any nonpublic personal information obtained in the course of our practice except as required or permitted by law. Permitted disclosures include, for instance, providing information to our em-

ployees, and in limited situations, to unrelated third parties who need to know that information to assist us in providing services to you. In all such situations, we stress the confidential nature of information being shared.

Protecting the Confidentiality and Security of Current and Former Clients' Information

We retain records relating to professional services that we provide so that we are better able to assist you with your professional needs and, in some cases, to comply with professional guidelines. In order to guard your nonpublic personal information, we maintain physical, electronic, and procedural safeguards that comply with our professional standards.

Please call if you have any questions, because your privacy, our professional ethics, and the ability to provide you with quality financial services are very important to us.

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*Advising clients into the 21st
Century*

When Travel Expenses Can Be Deducted: A Quick Review

To maximize the deduction for travel expenses, keep in mind the expenses that generally can be deducted while traveling away from home:

- Transportation fares or the actual costs (or a per mile rate) of using your own vehicle (including transportation costs of getting around in your work area, e.g., to and from hotels, restaurants, offices, terminals, etc.)
- Lodging
- Baggage handling
- Meals (subject to a 50% limit)
- Expenses of entertaining business contacts (subject to a 50% limit)

Gratuities related to the above expenditures are also deductible (subject to

the 50% limit for gratuities connected with meals and entertainment).

- Phone and fax charges
- Laundry

On the other hand, the following expenses cannot be deducted:

- Costs of commuting between your residence and a work site.

These costs may be deductible if your residence is also your business headquarters.

- Travel as education
- Job hunting in a new field or looking for a new business site

The T&E provisions are, of course, more complex, but the above discussion will serve as a basic review of the rules.