

Tips for Tax Time

To save time, aggravation and possibly money, stay organized, keep up with tax-law changes, max out your contributions and utilize technology.

By Suzanne Gerber

Come tax time, you can divide people into two types: Those who dump 12 months of receipts and invoices onto their living room floor on April 14 and break out in a cold sweat, and those with neatly organized folders or sophisticated apps who actually kind of enjoy this annual ritual.

But we're not judging. We're here to help. Regardless of which camp you fall into, there are ways to streamline the process and, quite possibly, increase your refund (or minimize your debt).

10 Tips for Filing Your Taxes

1. **Don't wait till April 14!** **It's everyone's number one tip:** Start preparing early in the tax year by creating a system to **organize all receipts, invoices, financial statements and charitable deductions as they come in. If you aren't doing this, resolve to make 2015 the year you finally start.** Get an accordion folder or dedicate part of your file cabinet to taxes. Better yet, get an app. (See last section.)

2. **Make a list of documents you're expecting.** Whether they're coming by snail mail or electronically, list every anticipated bank and investment statement, W-2, 1099, K-1, etc. These have to be mailed to you by January 31, so if **they haven't come by mid-February** (or late March for K-1s), call the institution.

3. Keep a paper trail. Even if you do everything electronically, make sure you have hard copies as backup in the event of an audit.

4. **Don't fear the reaper (aka, the IRS).** In fact, www.irs.gov is a terrific clearinghouse for all the info you need to file your own taxes, including updates on tax law changes, tips, **answers to FAQs and forms.** Publication 17 ("Your Federal Income Tax") is a comprehensive and valuable resource.

5. **Decide how you're going to file.** While the vast majority of married couples file jointly, in some instances, it's more advantageous to file separately. (Take this [quiz](#) to see if it makes sense for you.) A few circumstances that might **warrant filing individually include: if you're getting divorced** or desire more financial independence or protection; if one of you has significant deductions, a lot of unearned (interest) income, or an outstanding student loan or unpaid child support.

6. Determine whether you need an accountant. If you underwent a major life change (e.g., got married, had a baby, bought a new home, launched a business, exercised stock options), you may need professional help. Unsure? [This quiz](#) can help.

7. **Don't procrastinate.** Time *is* money. **The earlier you file, the sooner you'll receive your refund.** Conversely, if you wait till mid-April, the pressure mounts and you could miss a deduction or other source of savings—plus you increase your risk of making a mistake. If you know you owe money, make a point of being timely. Late-filing penalties can run **up to 25 percent of what you owe. If you're not ready by the April 15 deadline, simply file an extension.** This buys you an extra six months to file, but note: *To avoid penalties, you need to pay anything you owe by April 15.*

8. Maximize your legal contributions. You have until April 15 to open or add to a traditional IRA for the previous tax year. The contribution limit for 2014 and 2015 is \$5,500, or, if you're 50 or older, \$6,500. If you haven't been maxing out, once you reach 50 you can add even more, according to the (complicated) rules of the catch-up provision.

9. Claim Your Deductions! You owe it to yourself to claim every deduction you're entitled to. The IRS site posts a list of legal deductions (such as medical and the use of your home or car for business). But less commonly known deductions include income-generating hobby expenses, charitable mileage (e.g., driving to a volunteer position) and property tax on a timeshare.

10. Double-check everything! According to the IRS, the most common errors on tax returns are made in mathematical calculations and recording social security numbers. So review before you file, and, if you're not confident, have your partner triple-check for you.

Technology /s Your Friend

It's never too late to convert your paper system into a streamlined electronic one. IGG's iBank 5 is a great tool at tax time, and the rest of the year. Features include helping you set financial goals, create budgets and control spending, pay bills, track and analyze all your investments. The app synchs with all your devices, downloads directly from banks and, at this time of the year, is a great tool for automatically categorizing all your transactions and exporting data to tax software. You're on your own with getting your social security number correct, however.