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# Bailey, Carr CPAs, P.C.

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CERTIFIED PUBLIC ACCOUNTANTS

## 2011 Year-End Checklist

- **Fund your retirement account.** Not only will this enhance your current tax position it also will enhance your nest egg for retirement. Currently the maximum 401(k) voluntary deferral amount is \$16,500. If you are 50 or older you can contribute an additional catch-up contribution of \$5,500 for a total deferral of \$22,000.
- **Realize Losses on Stock.** If you own stock with an unrealized loss you may be able to realize a loss while substantially preserving your investment position. For example, you can sell the original withholding, and then buy back the same securities at least 31 days later. Please note if your capital losses exceed your capital gains you are only eligible for a capital loss of \$3,000 to offset other income. The remaining loss may be carried forward.
- **Invest in Roth IRA's.** If you are a fan of Roth IRA's now may be the time to convert from a traditional IRA while the funds are in beaten-down stocks. Keep in mind the conversion is taxable income, increasing your 2011 adjusted gross income.
- **Charitable Giving.** If you are age 70 and ½ or older, own an IRA and would like to make a charitable gift, consider a direct gift from the IRA trustee to the charity. The distribution is not included in taxable income and will therefore not increase your adjusted gross income, potentially reducing your itemized deductions. Also, please note the direct transfer to the charity would not be an itemized deduction because you did not realize the corresponding income.
- **Energy Improvements to your Home.** If you are a homeowner, and make energy saving improvements to the residence, such as extra insulation, energy saving windows, energy saving heaters or air conditioners you may qualify for a tax credit. Please note this is due to expire starting January 1, 2012.
- **Postpone income to 2012.** This strategy may enable you to claim larger deductions, credits, and other tax breaks. Please note, however, that if marginal rates increase for 2012 this strategy may backfire.
- **Make a gift.** You can give up to \$13,000 to an unlimited number of individuals. This gifting shelters the funds gift and estate taxes.

- **AMT.** Estimate any tax planning moves on your alternative minimum tax (AMT). Many tax breaks are disallowed for AMT such as state property taxes, state income taxes, and miscellaneous itemized deductions.
- **Businesses.** Businesses should consider making capital expenditures. For 2011 the expensing limit is \$500,000 and the investment ceiling is \$2,000,000. Beginning in 2012, the tax laws are set to drop the expensing limit to \$139,000, with a beginning phase-out limit amount of \$560,000.
- **Call your CPA.** Communication with your tax advisor is a key variable to any year-end tax planning moves. We would welcome the opportunity to discuss your 2011 tax position with you.