

MONEY SENSE

Genesis
FINANCIAL MANAGEMENT INC.

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NEW BEGINNINGS, DEBT FREE

The Ten Biggest Tax Filing Mistakes We Make

The IRS is a fan of top-ten lists, too! As we approach the 2007 filing season, here are the ten biggest mistakes the IRS says we make when filing our returns:

- 1) **Putting the wrong social security number on a return (or forgetting one altogether).** This is the biggest problem the IRS sees. Don't forget the correct numbers for you, your spouse and any dependents you are claiming.
- 2) **Not signing your paper returns.** The IRS considers unsigned returns invalid and will return them. When you e-file, you don't have to worry about this.
- 3) **Math errors**—thousands of taxpayers compute the wrong amounts for their refunds or balance due, incorrectly tally up their income and/or their exemption amounts. Check and double-check your math or let a software program like Turbo Tax do it for you
- 4) **Not claiming the Earned Income Credit**—too many taxpayers still do not know about this credit (that can be claimed even if you would not otherwise have to file a return!) that gives money back to low-income individuals and families—or believe they wouldn't qualify. In 2006, you could have made up to

\$38,348 as a married couple with children to qualify, and the maximum credit you can receive is just over \$4500.

- 5) **Forgetting to include all documentation with your return**—Make sure that you attach your W2's, 1099's and other relevant forms and schedules to your returns when you send them in.
- 6) **Not claiming the Child Tax Credit and/or Child and Dependent Care Credit**—You can claim the care credit for children as well as for adults for whom you may have paid for care while you worked, attended school, etc.
- 7) **Forgetting to deduct your mortgage loan interest**—especially if you've refinanced within the past year. You can write off points you pay during refinancing over the life of the loan.
- 8) **Paying your tax bill with a high interest credit card**—this is a better option than not paying at all, but make sure you're paying the least amount of interest possible (by comparing the rate on your card with a comparable loan from your bank or credit union) and paying it off as quickly as possible
- 9) **Using a Refund Anticipation Loan**—Many people do not even

realize that when their preparer gives them an instant refund, what they're getting is a loan. Your impatience could cost you the equivalent of 100% interest or more on this short-term loan (considering the fees you pay to get it). Plus you will be held liable for the difference if you overstated the amount of your refund and the IRS doesn't approve it all. Use E-file instead to get your refund in as little as 10-14 days.

- 10) **Omitting income**—remember that income includes wages, tips, interest, dividends, and even gambling winnings. The IRS receives the same W2's and 1099's you do, and they will notice pretty quickly if any of these things are not reported.

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Genesis Financial Management
P.O Box 758602
Baltimore, MD 21275-8602

REMINDER: As of August 1st, we no longer accept personal checks as a form of payment. Please send payments by Money Order or Western Union only! Thank you.



Getting Your Taxes Done Well For Free? Priceless!

You can get the benefit of a knowledgeable tax preparer without the cost by taking advantage of free filing programs that may be offered in or near your community. The Volunteer Income Tax Assistance Program (VITA) along with Tax Counseling for the Elderly (TCE) are offered nationwide. Income limits (and age limits for TCE) apply. Lean more and find the free tax prep sites nearest you by calling 800-829-1040. Military families should check with their local bases for free tax help.

Recover from that holiday sting by re-evaluating your spending habits. Make every dollar count in 2007.

Genesis Financial Management

14025 Riveredge Dr
Suite 505
Tampa, FL 33637

Phone: (800) 460-8641
Fax (813) 866-5120

Two Great New Tax Law Changes for 2007!

Every tax season brings new rules and new programs, and 2007 will be no exception. Here are two particular items you should pay special attention to.

Did you know that in order to finance the Spanish-America War in the late 1800's, the US levied a 3% tax on long-distance phone service? Did you know that you've been paying that tax ever since (the war ended in 1898, by the way). In 2007, you'll finally get some relief! You'll be able to claim a refund for the past three

year's worth of phone taxes, either by using a line item on the standard 1040 form or, if you normally would not need to file a federal tax return, on a separate special form 1040 EZ-T. That's right- you get to claim this money even if you wouldn't otherwise have to file a return. You can take either a pre-determined, standard amount (averaging around \$50) or, if you've been really diligent and have copies of the past three years worth of phone bills saved, you can add up all of the "federal excise taxes"

you find on them and see if they come out to more than the standard amount. Visit www.irs.gov or your local IRS office to learn how easy it is to file for this money.

In other news, starting in 2007 you will be able to have your refund direct-deposited into more than one account if you choose. You can divide your refund between up to three accounts. So you can use some for immediate needs and sock some away in that savings account for future goals!

Money Smart Topic of the Month: Holiday Recovery

Consumers spend more money in the three months before New Year's than any other time of the year. Think about it- buying presents, holiday dinner parties, traveling across the country to visit family members...it all adds up. So you have spent the money and the bills are starting to pile up...now what do you do? We want to give you a few tips on how to recover from that "holiday overdose."

- First and foremost, making only the minimum payment on your credit cards is not the

way to go. Most credit cards require only a 2-3% minimum monthly payment, but paying such a small amount can lead to hundreds of dollars in accumulated interest.

- Take a moment to re-evaluate your budget. Identify areas you may be overspending in and try to cut back.
- Set a goal amount for holiday shopping next year and figure out how much money you need to put in there each

month by dividing by 12. Doing this will help you be better prepared for next season's shopping!

- Entertainment and eating out are "wants" not "needs". Try spending less in both categories and put that money towards decreasing your debt.

Start the new year off right. Establish new goals and stick to them. Make it a point to get closer to being debt free!

Important Payment Processing Information

To ensure accuracy in processing payments, please be advised that only payments should be sent to the PO Box in Baltimore, Maryland. All other correspondence should be mailed to our corporate address at: 14025 Riveredge Drive, Suite 505, Tampa, FL 33637. This includes updated banking information, payment instructions, or

comments. If you wish, you may also contact our client services department at 800-460-8641 and speak to a live representative.

In addition, on August 1st of 2006 year we advised all clients that we no longer accept personal checks. Since then, we've continued to receive more checks. Please note that if you miss

a monthly payment or your ACH Debit was insufficient, money orders or western union payments are the only form of payments accepted.

From now on, we will return any payments received via check, which could affect your DMP arrangement with your creditors. Please contact us for further details.

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