

AGE MATTERS IN THE WORLD OF TAXES

Are you aware of the numerous age-related provisions in the IRS code? They are probably more plentiful and significant than you thought. Here are a few examples of the age-related tax rules that could affect you and your dependents.

- » At birth up to age 19 and even 24: dependency deduction. Parents can claim a dependency exemption for a child under 19 or for full-time students under the age of 24.
- » Under 13: child care credit. This provision gives parents a tax credit for dependent care expenses.
- » Under 17: child tax credit. If parental adjusted gross income is below a threshold level, parents can claim a child tax credit of \$1,000.
- » At 50: retirement contributions. The government allows extra "catch up" contributions to retirement savings. This is a helpful provision to encourage savings.
- » Before age 59½: early withdrawal penalty. Withdrawals from IRAs and qualified retirement plans, with some exceptions, are assessed a 10% penalty tax.
- » At 65: increased standard deduction. Uncle Sam grants a higher standard deduction, but there's no additional tax benefit if the taxpayer itemizes deductions.
- » At 70½: mandated IRA withdrawals. The IRS requires minimum distributions from a taxpayer's IRA beginning at this age (doesn't apply to Roth IRAs). This starts to limit tax-deferral benefits.

Awareness of how the tax code affects you and your family at different ages is important.

For tax planning assistance through the various phases of life, give our office a call at (888) 388-1040.

NOTE: This article is written to provide you with information about minimizing your taxes. Do not apply this general information to your specific situation without additional details. Be aware that the tax laws contain varying effective dates and numerous limitations and exceptions that cannot be summarized easily. For details and guidance in applying the tax rules to your individual circumstances, please contact us.

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