

ARE ITEMIZED DEDUCTIONS WORTH THE EFFORT?

Knowing the difference between the standard and itemized deduction might save you a lot of time and trouble, and some taxes to boot.

The IRS gives taxpayers a choice of using the standard deduction or an itemized list of qualified deductions to calculate their taxable income. For taxpayers with large mortgages or charitable donations, it's a no-brainer; they come out ahead by itemizing. For others, it boils down to a question of whether it's worth the trouble of sifting through all their records and receipts.

To put things in perspective, the standard deduction for 2015 will be \$6,300 for single filers, \$12,600 for those married filing jointly. If you or your spouse are over 65 or blind, the standard deduction is a little higher. So if your total mortgage interest, property taxes, and charitable donations are normally less than those figures, you will probably be better off with the standard deduction.

But that's not the end of it. If you have a large out-of-pocket medical bill in one year, it might tip the scale toward itemizing. Only qualified medical expenses exceeding 10% of your adjusted gross income (AGI) are deductible, but the threshold is 7.5% of AGI through 2016 if you are age 65 or older. After 2016, it's 10% for everyone. If you think you will qualify for a medical expense deduction this year, consider adding other deductions such as extra charitable donations before December 31 to maximize your tax savings.

Take note that if someone else can claim you as a dependent, you cannot take the full standard deduction, so you might be better off itemizing. Another wrinkle: Itemized deductions are limited when income reaches \$258,250 for single filers, \$309,900 for married filing jointly.

Keeping track of potential itemized tax deductions may be unnecessary in your situation, but before you make that call speak with a tax professional.

To set up an appointment with your tax preparer, or for additional information, contact our office 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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