

## MAXIMIZE THE INCOME TAX BENEFITS OF YOUR RETIREMENT ACCOUNTS

### Credit for Qualified Plan Contributions:

-Tax credit of up to 50% of the first \$2,000 of an individual's contribution to a 401(k) plan, 403(b) annuity, 457 plan, SIMPLE, SARSEP, traditional IRA and/or Roth IRA. The credit is determined using the individual's applicable percentage.

-Credit can only be used to offset income tax – "Non-Refundable."

-To be eligible for the credit a taxpayer must be 18 years old by the end of the year, cannot be claimed as a dependent on someone else's return, and may not be a full-time student.

-A \$2,000 gift to a son or daughter's IRA could result in a \$1,000 tax credit for your child.

-To take advantage of this credit, you have until April 15, 2008 to make an IRA contribution.

**IRAs:** Consider both deductible and Roth IRAs to determine the best long-term strategy. You can contribute up to \$4,000 to the IRA of a non-working spouse in 2007 (and \$5,000 for 2008). Consider rolling over your IRA to a Roth IRA, the long-term benefits may surprise you.

**Retirement Plan Distributions:** Be sure to plan the best tax strategy for retirement plan distributions. The tax consequences (including state income tax) can vary greatly!

**401(k) / 403(b) Plan Contributions:** Maximize your contributions to your pension plan at work. The maximum contribution for 2008 is \$15,500 (an additional \$5,000 catch-up contribution may be made for individuals age 50 and over).

**Self-Employed Pension Plans:** Deductions for 2007 are allowed for contributions deposited prior to the filing of the 2007 tax return (including extensions). The maximum self-employed contribution limit is 20% of self-employment earnings after the self-employment tax deduction (maximum eligible 2007 compensation is \$225,000).

**Investment Diversification:** Diversifying, or investing in several different categories of assets, will spread the risk in your portfolio over many different investments. One suggestion is to allocate no more than 10% of your investment portfolio to one company's stock. Have you considered an independent financial analysis?

## ESTATE PLANNING

**Estate Taxes:** Many families are now required to pay estate taxes. Planning today can save hundreds of thousands of dollars later. Techniques such as annual gifting and the establishment of trusts should be considered by most of our clients.

**Family Limited Partnerships:** Substantial tax savings might be achieved by establishing a Family Limited Partnership.

**Gifting:** The annual gift tax exclusion remains at \$12,000 in 2007.

### CREDITS

**Adoption Credit:** If you adopt a child you may qualify for an income tax credit of up to \$11,650 in 2008 (Kansas also provides an income tax credit).

**Retirement Plan Credit:** You may qualify for a credit for making an IRA contribution; see the retirement plan section of this brochure.

**Home and Auto Energy Credits:** Numerous credits are available; ask for our Energy Credit Brochure for complete details.



# INDIVIDUAL TAX INCENTIVES

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