

THE TAX PICTURE

Five Ways To Keep More Cash On Tax Day

(NAPSA)—The beginning of the year is a good time to keep financial resolutions by cutting taxes and fees through savvy choices.

IRA Considerations

You have until April 15 to make your 2004 contribution to an existing tax-deductible IRA or to set up a new one. The Roth IRA is usually a good option for families. Contributions to this IRA are not deductible but they grow tax-free, there is less paperwork involved and there is greater flexibility in passing them on to heirs.

Health Insurance Tax Benefit

Maximize potential tax advantages by using a new program approved in January of 2004 by Congress—Health Savings Accounts, or HSAs. This is like an IRA for health care. The main benefits of HSAs are: a) they make coverage more accessible and affordable; b) they give consumers greater control over money spent on health-related expenses; and c) they provide a tax-advantage each year. You can use the tax-free money for health care services and products not covered by your health insurance plan and save the remainder in an interest-bearing account. At www.eHealthInsurance.com you'll find HSA-eligible plans available immediately and anonymously, or get help from their no pressure customer care representatives by phone. To maximize your tax savings, get your HSA-eligible health insurance plan and begin funding your HSA early.

Profit From Stock Gains

If you have gains in shares, you might consider setting up a



charitable gift fund account at Vanguard, Schwab or Fidelity. Giving appreciated securities saves you money over giving cash.

Your Children Can Help

If you have children, you not only get the child tax credit but you might also find benefits in planning for college now. Consider setting up a Coverdell Education Savings Account and/or a section 529 college tuition plan. Go to www.savingforcollege.com for more information on plans.

Withholdings

If you get a refund check due to high withholdings, you're happy, right? But by overpaying your taxes throughout the year you're essentially giving Uncle Sam a loan of your money that could be placed into an interest-bearing account (such as an HSA—see above) throughout the year. Turbo Tax.com's free Paycheck Withholding Calculator will allow you to calculate the right withholding preference for your family.

• *Ellie Kay is the best-selling author of eight books including the new release, "Debt Diet." She's a frequent guest on CNBC and CNN and a national radio commentator*