Just Mailed Your Check to Uncle Sam? Get a Jump on Your '07 Taxes Now

Most of us would rather just lie down after mailing our taxes – it's an exhaustion that comes from the suspicion of paying too much or wondering if we've missed deductions that could have saved us money. Yet one good way to avoid that overtaxed feeling is to get a jump on planning for Tax Year 2007.

Here are a few smart tax moves you can put on your calendar now:

Consider planning software: If your tax filing system consists of shoeboxes and shopping bags, it might be time to move your finances to your computer. You still need to save key receipts and documents, but uploading spending, savings and investment information into a program like Quicken or Microsoft Money (whichever is easier for you to use), will not only give you a clearer idea of your money picture from day to day, but it will make your tax filing process much easier for your tax professional or if you do it yourself. Another tip: Consider working with your tax professional in setting up your new software so you have spending, investing and savings categories labeled correctly. It'll make next year's taxes go much smoother.

Review your 2006 return: Look at your deductions and credits for 2006 and consider those instances in which you may benefit in 2007 by bunching expenses in order to qualify or increase the deduction or credit amount. For example, medical expenses are deductible once they exceed 7.5 percent of your Adjusted Gross Income (AGI). Other expenses have their own limits. Consider if it makes sense to bunch your expenses in 2007 or 2008 to qualify for a certain deduction or credit.

Adjust your tax withholding: If you will be receiving a sizable tax refund from 2006 consider increasing your number of exemptions (Form W-4) so that less money is taken out of your paycheck each week and more goes into your pocket.

Rethink charity: Don't stop giving – just do it smarter. If your preference is to give cash to charities, make a plan in advance which organizations you'd like to donate to by yearend so you have a defined amount in mind for each. For taxpayers with significant cash or highly appreciated assets to give away, it might be worth discussing the use of tools like a donor-advised fund rather than starting a foundation or giving those assets away piecemeal. Such funds are set up by investment companies and community foundations as public charities and can house the assets of many individuals and families under that designation.

Fund your IRAs and other independent retirement accounts on a year-round schedule: One of the major reasons that people fail to take the full advantage of the retirement accounts they manage themselves is that they wait until the last minute to deposit funds and fall short of their maximum contribution. Take a look at your overall financial responsibilities and see if there's a way to put a little more in these accounts a little at a time. For example, sign up for automatic deposits so the money is automatically taken out of your checking or savings account.

Watch that AMT: It's become the scary "what if" that many two-income families now worry about – what if you suddenly become subject to the alternative minimum tax. This tax – an additional tax structure intended for the wealthy but affecting more taxpayers by the year – is triggered by a variety of factors, including the deductions you take in a given year. There's no general set of factors that qualify you for the AMT – it depends on your individual situation. Talk to your tax adviser now about your risk factors for getting hit with the AMT in 2007. The Internal Revenue Service has an online AMT assistant for do-it-yourselfers that can help anybody project their risk of the AMT. Go to http://apps.irs.gov/businesses/small/article/0,,id=150703,00.html for more information.

Make a goal to harvest investment losses: It's wise to talk to your tax or investment advisers first about this, but keep an eye on your portfolio for stocks and other investments experiencing losses against those investments you plan to sell at a profit. It'll minimize your tax hit in 2007.

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Singles and Unmarried Couples Require Their Own Financial Planning Structure

National statistics show that single people are starting to wield increasing economic power in the United States, either living alone or with other singles. For instance, the National Association of Realtors recently reported that single women are the fastest-growing force in home buying, while the overall number of married homeowners has dropped a full 10 percentage points from a decade ago.

Divorced men and women, never-married men and women, same-sex couples or singles choosing communal living situations with other friends or family members (particularly seniors) have their own financial challenges. Yet with all the statistical attention on their rising numbers and spending power, there's relatively little discussion about their urgent need to develop financial plans that safeguard their lifestyles with the same attention that married couples and their families receive.

It's time to change that. Because unmarried individuals face particular obstacles in merging assets with partners or securing the same child custody rights awarded to married couples, financial planning is crucial. All unmarried couples should seek the advice of a financial planner and a qualified estate attorney to achieve their financial goals.

In the meantime, here's a checklist of important issues all singles and unmarried couples should consider alone and with the help of a financial adviser:

Discuss how household expenses will be split. Since you don't have a legal agreement between you, the first logical step in the money discussion is how you'll handle household expenses in light of your respective incomes. If you're setting a lifetime plan, it's definitely appropriate to discuss your respective salaries and how to budget those household expenses so you'll have savings to play with.

Talk about debt. The best gift two people can present to each other before they move in together is full disclosure on their respective finances. If one or both partners has significant student, credit, business, mortgage or other debt, those amounts need to be brought into the open and an agreement made on a repayment plan. Start by pulling your latest credit reports – for your free annual series of reports, go to www.annualcreditreport.com.

Take special care when buying property: If you buy a home together, get some advice on how each of you will protect your right of ownership. See if it makes sense to own the property as joint tenants with right of survivorship (JTWROS) or tenants in common. A real estate or estate planning attorney is worth the money here.

Talk about the kids. If one or the both of you are bringing children into the relationship, or if you plan to adopt, you'll need to cover all the emotional, logistical, legal and money issues associated with new or blended families. You need to know how your partner's childcare obligations will affect your joint finances and estate plans. Unmarried and same-sex couples

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need to be particularly circumspect about estate and child custody issues if one partner dies. Depending on state law, the custody of the children may be contested by parents or other close relatives if the correct legal provisions are not in order.

What about retirement? At whatever point in life you're entering a relationship, you need to discuss not only how set you are for retirement but what you hope your retirement will be. Talk about assets in your 401(k), IRA and other investment accounts. If one or the both of you haven't taken any steps to plan for retirement, you're going to need to change that. Also, if you vary widely in age, it's particularly wise to ask for advice since one spouse will be retired long before the other.

What is your estate plan? It's never too early to think about the possibility that one of you might die suddenly or be incapacitated. Many people wait until they're married to get wills, durable powers of attorney, health care directives and life insurance/ retirement plan beneficiaries in order, but if you have a specific desire for a non-legal partner to gain custody of your children, your assets or the direction of your business, make time now to talk to an experienced tax professional, estate attorney and most important, an experienced family rights attorney.
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Make Sure Your Travel Insurance is a Real Safety Net

Weather delays, terrorism scares and general overcrowding in the skies have lead to plenty of frightening travel news on the airwaves. If you've ever been stuck on the airport tarmac for hours or had a flight cancelled on the way to a brief but desperately needed vacation, you've probably faced the irritating possibility of losing hundreds or thousands of dollars of your hard-earned vacation savings.

So you'll just insure the trip and there will be no problem, right? In the majority of cases, you'd be wrong.

Most people perceive that the purchase of travel insurance will protect everything from lost luggage to unforeseen medical bills – that's rarely true anymore. So when shopping for travel insurance it's time to start understanding what you're really buying. Some important things to check before you buy:

Start at least a month in advance: Most people make major trip reservations fairly far in advance to get the best fares, and you need to do the same for travel insurance. Book early and you'll get the best coverage and rates. You'll find that carriers are particularly picky about pre-existing conditions for medical or dental treatments, so read the fine print.

There's no such thing as full coverage – unless you're willing to pay for it: What's full coverage? That's a good question, and it sometimes depends on dozens of factors unique to your trip. Your carrier might not offer protection on your chosen airline or cruise line. You'll find that terrorism insurance is rare and complicated. And you have to examine medical insurance options closely to understand exactly what is covered. The rare soup-to-nuts coverage – covering trip cancellations, lost luggage, delays that leave you stranded, flight accident, emergency medical and medical evacuations – is typically priced in the hundreds of dollars and may only cover up to 75 percent of the total cost of your trip.

Start online: If you really want an eye-opening experience in buying travel coverage, go to some of the leading Web sites that deal in single or multiple-insurer offerings. InsureMyTrip.com is a market leader and a good first stop in analyzing coverage – you start by punching in the necessary information on your trip (dates, age of travelers, medical coverage needed, etc.) and it spits back more than a dozen possibilities at all price levels. Clicking on any of the choices will give you a detailed view of what those policies will and won't cover.

Check with your credit card company: It's time your credit card company earned its money. Call customer service and find out what kind of travel protection they offer automatically or by fee. You may end up saving money – or, if you travel often enough, you may want to go with a particular card company that provides better travel coverage. But even for cards that tout their travel benefits, it's critical you investigate exactly what their insurance covers relative to where you want to go. Take the time to make them explain the coverage to you.

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Call your HR department or health insurer: Your health benefits may not cross state or country lines. Before you take any trip, check to see if your employer's or your own personal health coverage will be effective there. An emergency room visit can cost at least several hundred dollars and a short hospital stay can cost thousands more. You might be interested in travel insurance if you find your own domestic insurer won't pay claims in certain parts of the country where you're going.

Ask about hurricane coverage: The 2007 Atlantic hurricane season begins June 1 and runs through Nov. 30. Even if you don't live in a hurricane area, severe hurricanes can disrupt flights all across the nation, which may lead to a delay of your trip here or abroad. Ask whether your travel insurance has hurricane coverage and what it entails.

If you're stuck, never be afraid to ask for a break: If you're sidetracked as the result of a major disaster (weather-related or otherwise), always ask if your airline, hotel or other components of your vacation might be willing to give you a credit or discount on your bill. It's rare, but some destinations might see it as a chance to build goodwill. Ask nicely -- the worst they can do is say no.

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