

## Maggie's Money Matters

**It's Tax Time Again, are you ready?** So the baseball players are down in Florida at Spring Training, the weather is turning nicer and that can only mean one thing-your taxes will be due very soon. Gay families doing taxes can be awkward like going to a wedding of straight family members or getting your family photo taken at Walmart. You have to do it-you do not really have a choice-and yet the whole thing seems entirely designed for heterosexuals and you have no idea how your family system fits into this thing.

How you fare with your taxes is really dependent on your family situation. Although we can state generally that gay families will not fare as well on their taxes as their straight counterparts, that is not always the case. Number of children, other adults involved with the children, disparity in couples' incomes, or single parenting will all play into how well gay taxpayers will make out.

If your taxes really make you nervous, please seek out a professional tax person. If you are a gay family make an effort to get recommendations from friends and family to find someone who not only does taxes well, but is also sensitive to the particular needs of your family. You do not need to be explaining to someone that there is no support paid by the "father" of your child (or there is in fact support paid) or that although you and your partner did get a civil union in Vermont, you still cannot file married filing jointly.

If you are willing to dive in and try your taxes yourself, here are some tips to help get you through the one thing other than death that we share with straight people.

1. Go to the IRS website online-[www.irs.gov](http://www.irs.gov). There is lots of helpful information, you can download forms, email questions. Just don't be disturbed by all the pictures of happy straight people paying their taxes.
2. What are you doing to decrease your adjusted gross income? Hint-the correct answer is not work less. You need to decrease the amount of your earned income that is taxed by the government:
  - a. Open an IRA-do it today, if you open it before April 15, 2005 you can still deduct it on your taxes for 2004. Go, stop reading this article and go to the bank-NOW.
  - b. Invest in any retirement programs through your job-401K, 403, 457. If you do not know what I am talking about go to human resources and tell them you want to start saving for retirement. If they look at you funny, they are probably downsizing, time to get a new job.
  - c. Put money in a flexible spending account to pay for non reimbursed medical bills.
  - d. Start putting money away for your kids' college in a Coverdell or 529 plan.
3. Make sure to maximize all your deductions. Itemize if it will add up to more than the standard deduction. If you are a couple decide who will benefit more from which deductions. Don't forget that the kids are deductions all by themselves so decide who should take them.

(continued on page 2)

## Newsletter

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(continued from page 1)

4. Also maximize your credits. Remember that some credits merely reduce the amount you owe in tax, while others may actually be reimbursed to you. Some common credits are childcare credit, education credit, child tax credit, retirement savings credit (refer back to #2), adoption credit, and credit for care of the elderly and disabled. If one partner has a low income they may qualify for an earned income credit for themselves or their children depending on the situation. Again, since there is no legal marriage for you as a couple, try to maximize the deductions and credits of the kids, house, etc. But if you are confused at all consult with a tax professional to avoid taking deductions or credits you are not entitled to.

So you have figured it all out and you know what you owe or are owed. Now here is how to prepare for next year. If you are being refunded several thousand dollars, look at your paycheck. If you change your withholdings, you could get that money in your paycheck every week. Would you like the money every week or is it better for you to get a big check because you are a terrible saver? If you owe a lot of money, you may also want to look at adjusting your withholdings or of taking some of the suggestions to reduce your adjusted gross income. If you owe feel free to not send in the check until the absolute last minute. If you want your refund quickly, submit your return online. It is also quick to send in a paper copy and put your bank account number on the return so the IRS can do a direct deposit. Good luck and I hope your tax experience is a little less awkward than doing the chicken dance at your sister's wedding with your creepy Uncle Fred.

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