

BUYING A HOME? GIVE YOURSELF A RAISE!

Take advantage of the tax benefits for homeowners without waiting for a refund.

Though paying rent for a home these days is often MORE than the cost of a mortgage payment, it's still not unusual to trade up to a higher monthly total when you purchase your first or a larger home. Fortunately, owning a home can come with tax benefits from the deductibility of most mortgage interest and real estate taxes.

Before you take action, check with your tax preparer. You'll want to be certain that itemizing is more beneficial in your case than claiming standard deductions. If so, you may want to adjust your payroll withholdings. Though this is not really the same as getting a "raise," you will be bringing home more of your real income with each paycheck.

Here's all you need to do. Sit down with your payroll clerk and make the appropriate changes on your "W4" form. As you can see in the image below, you can factor in your interest and real estate tax expenses. Your "withholding allowances" can be adjusted accordingly.

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Form W-4 (2013)

Deductions and Adjustments Worksheet

Note. Use this worksheet *only* if you plan to itemize deductions or claim certain credits or adjustments to income.

- 1 Enter an estimate of your 2013 itemized deductions. These include **qualifying home mortgage interest**, charitable contributions, **state and local taxes**, medical expenses in excess of 10% (7.5% if either you or your spouse was born before January 2, 1949) of your income, and miscellaneous deductions. For 2013, you may have to reduce your itemized deductions if your income is over \$300,000 and you are married filing jointly or are a qualifying widow(er); \$275,000 if you are head of household; \$250,000 if you are single and not head of household or a qualifying widow(er); or \$150,000 if you are married filing separately. See Pub. 505 for details . . . 1 \$

Raising your allowances means less tax is withheld from your pay. Having more cash from each check as soon as you start making your new house payments can help ease the transition to a higher monthly total.

Some would rather wait for a refund, while others prefer to maximize use of monies as they're earned. Weigh your options with your tax professional, then make the choice that's best for you.

If you have questions about your mortgage loan or if you would like help finding a tax professional, please ask. I'm happy to help!



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