

## **CLIENT REPORT:**

### **2009 Planning: Tax Strategies for Dependent Children**

Dear Client:

Raising a family can be both challenging and rewarding. As a parent, you worry about your children receiving quality care, paying medical expenses, or saving for college. You want to do what is right for your family, but there are so many factors to consider, including how your choices will impact your family's overall tax burden. We can assist you in understanding your options and in taking full advantage of the credits and deductions that you are entitled to as a parent.

For instance, you may be able to take a child and dependent care credit if your child is under the age of 13 at the end of the year. However, not all expenses qualify, and some expenses may qualify for both the dependent care credit and the deduction for medical expense, depending on your circumstances. In addition, if your employer offers a flexible spending plan, you might consider whether or not participating in the plan saves you more money than claiming the credit. If you are divorced, the issues can be more complicated. Who is entitled to an exemption for your child and how does claiming the exemption impact other tax benefits for a dependent?

Even if child care is not a concern of yours, these examples illustrate how complex family tax planning can be. There are many other tax considerations, such as the benefits and pitfalls of shifting income to minor children in light of the kiddie tax; determining what expenses qualify for the education credits and deductions and who can claim them; the eligibility requirements for the earned income credit; or the impact of the alternative minimum tax. We can help you see the bigger picture and develop a plan that both meets your needs and saves you money. Please call our office at your earliest convenience to make an appointment for a full review of your tax situation.

Sincerely yours,