

# Pay Less INCOME TAX

**IMPORTANT:** If you do not complete your own tax return, take this notice to the person who does to find out if you can take advantage of this tax savings.

If you make contributions to the 401(k) Plan or to an IRA, you may be eligible for "**Saver's Credit**," which could reduce the federal income tax you pay. *The amount of the credit you can get is based on the contributions you make, your filing status and your adjusted gross income. See the tables below to determine your saver's credit percentage.*

The credit is available to you if:

- You contribute to the 401(k) Plan or to an IRA,
- You are 18 or older,
- You are not a full-time student,
- You are not claimed as a dependent on someone else's return, and
- You have adjusted gross income (shown on your tax return for the year of the credit) that does not exceed;
  - \$55,500 if you are married filing jointly,
  - \$41,625 if you are a head of household with a qualifying person, or
  - \$26,500 if you are single or married filing separately.



### Here's an example:

*John earns \$20,000 per year. He is not married and files a "single" tax return. He is in a 15% federal tax bracket.*



Gross Salary	\$20,000
5% Contribution to 401(k) Plan (\$20,000 x 5%)	<u>1,000</u>
Adjusted Gross Income	\$19,000

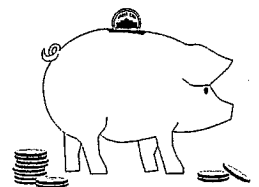
*With an adjusted gross income of \$19,000, John is eligible for a saver's tax credit of \$100 (10% of his \$1,000 contribution). This means that if John owes \$2,850 in federal income tax, he can deduct \$100 from this amount and only pay \$2,750.*

SAVER'S CREDIT PERCENTAGES			
Married Filing Jointly	Head of Household	Single	Saver's Credit Percent
\$0 - \$33,000	\$0 - \$24,750	\$0 - 16,500	50%
\$33,001 - \$36,000	\$24,751 - \$27,000	\$16,501 - \$17,250	20%
\$36,001 - \$55,500	\$27,001 - \$41,625	\$17,251 - \$26,500	10%
More than \$55,500	More than \$41,625	More than \$26,500	0%

\* The maximum contribution eligible for individual credit is \$2,000 or \$4,000 if you are married filing jointly.

**At a minimum, by contributing \$1,000 to the Plan, John has saved \$1,500:**

\$1,000 pre-tax contribution into his 401(k) Plan	\$1,000
Company Match on his Contribution	<u>250</u>
Total added to Retirement Plan	\$1,250
15% tax savings on the pre-tax Contribution	150
\$100 Reduction on Federal Income Tax Due	<u>100</u>
Total Savings	\$1,500



# NEWS YOU CAN USE

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**In 2007 legislators in the State of Ohio passed a bill that expanded the Homestead Exemption.**

**What is this?** It's a program to help seniors and disabled homeowners reduce the property tax that they pay.

**Who qualifies?** All Ohio homeowners age 65 and up, or who are on disability. Even if you are not age 65 or disabled, this program could help your parents or grandparents.

**Eligibility:** You must be 65 years old (or older) during the year in which you file, or be totally and permanently disabled as of January 1 of the year in which you file.

You must own and occupy your residence as of January 1 of the application year.

You must be able to provide proof of age such as a birth certificate or a driver's license, or proof of total disability.

**What Do I Get?** If you qualify, the first \$25,000 of your home's value may be exempt from property tax. For example, through the Homestead Exemption, a house with a market value of \$100,000 would be billed as if it is worth \$75,000. The exact savings will vary from location to location, but overall, qualified homeowners should save an average of about \$400 per year.

**How Do I Get It?** **You must apply for these discounts – they are not automatic.** You can apply in person at your County Courthouse, or by mail. There is no on-line registration. The application must be filed with the county auditor of the county in which the property is located.

To obtain the exemption for property taxes to be paid in 2009, applications must be filed after January 5, 2009 but no later than June 1, 2009. If you miss the June 1, 2009 filing date, you may still claim the credit for 2009 property taxes, but you will need to file a late application for the missed tax year at the same time you file a timely application in 2010. The first day to file the application in 2010 is January 4, 2010; the last day is June 7, 2010. Likewise, if you qualified, but failed to file a timely application in 2008, you can file a late application for 2008 when you apply in 2009.

If you already receive the Homestead Exemption credit, you do not need to file a new application.

More information and a copy of the Homestead Exemption Application Form is available on-line at: [www.hamiltoncountyauditor.org/tax\\_homestead.asp](http://www.hamiltoncountyauditor.org/tax_homestead.asp). You may also pick-up an application form from the Auditor's Office, Homestead Division, Room 310, 138 East Court Street, Cincinnati, Ohio 45202, or from your public library.