

## 2011 Retirement Plan Contribution Limits

401(k) plans, 403(b) plans, 457(b) plans, elective deferrals	16,500
Catch-up provision for individuals 50 and over, 401(k) plans, 403(b) plans, 457(b) plans	5,500
SIMPLE plans, elective deferral limit	11,500
SIMPLE plans, catch-up contribution for individuals 50 and over	2,500

### Individual retirement accounts

The maximum IRA contribution for both traditional and Roth IRAs is \$5,000. The catch-up contribution for individuals 50 and over also stays at \$1,000.

### Retirement Saver's Credit

This credit is given to those with adjusted gross incomes of less than \$56,500 (married), \$42,375 (head of household), and \$28,250 (single) who contribute to a retirement plan (up to \$2,000), the lower the income, the greater the credit.

### Education Credits

#### Hope Scholarship Credit

This is a credit of up to \$1,200 and 50% of the next \$1,200 for the first two years of post-secondary tuition and fees. Students must be enrolled in a program that leads to a degree, certificate or recognized credential. Attendance must be, at least, half time.

#### American Opportunity Tax Credit

The amount of credit is 100% of tuition and related expenses paid by the tax payer up to \$2,000 and 25% of the next \$2,000. These costs may include course materials. This credit is for the first four years of post-secondary education. This credit will remain in effect through 2012.

#### Lifetime Learning Credit

This credit is for 20% of up to \$10,000 of qualified tuition and fees. The maximum credit is \$2,000. There is no limit on the number of years for which the credit can be claimed. Taking one or more courses will qualify you for this credit. Both degree and non-degree courses qualify.

### Charitable Contributions

You must be able to itemize. You need to keep records. This includes saving canceled checks, acknowledgment letters from the charity, and appraisals for donated property. Cash donations of \$250 or more have to have supporting documentation. Your records must indicate the name of the charitable organization, the address of the organization, the date of your contribution, and the amount of your contribution. For non-cash contributions, you need to substantiate the fair market value of the goods or property you donated, plus keep any written acknowledgments you receive from the charity. The Salvation Army gives the estimated value of commonly donated items on their web page at [http://www.salvationarmyusa.org/usn/www\\_usn\\_2.nsf](http://www.salvationarmyusa.org/usn/www_usn_2.nsf).

If the contribution is more than \$5,000 you will need a written appraisal of the fair market value.

If you contribute a car, truck, boat, airplane, or other vehicle, and the vehicle is worth more than \$500, you must receive a written acknowledgement from the non-profit before you can claim a tax deduction.

## **Child Tax Credit**

The credit of \$1,000 per eligible child continues through 2012. The credit was extended by two years by the 2010 Tax Relief Act.

## **Credit for Energy-Saving Home Improvements**

The non-business Energy Property Credit is aimed at homeowners installing energy efficient improvements such as insulation, new windows and furnaces. The credit is more limited than in the past years, but can still provide substantial tax savings.

- The 2011 credit rate is 10 percent of the cost of qualified energy efficiency improvements. Energy efficiency improvements include adding insulation, energy-efficient exterior windows and doors and certain roofs. The cost of installing these items does not count.
- The credit can also be claimed for the cost of residential energy property, including labor costs for installation. Residential energy property includes certain high-efficiency heating and air conditioning systems, water heaters and stoves that burn biomass fuel.
- The credit has a lifetime limit of \$500, of which only \$200 may be used for windows. If the total of non-business energy property credits taken in prior years since 2005 is more than \$500, the credit may not be claimed in 2011.
- Qualifying improvements must be placed into service to the taxpayer's principal residence located in the United States before January 1, 2012.

Homeowners going green should also check out the Residential Energy Efficient Property Credit, designed to spur investment in alternative energy equipment.

- The credit equals 30 percent of what a homeowner spends on qualifying property such as solar electric systems, solar hot water heaters, geothermal heat pumps, wind turbines, and fuel cell property.
- No cap exists on the amount of credit available except for fuel cell property.
- Generally, labor costs are included when figuring this credit.

Not all energy-efficient improvements qualify for these tax credits, so homeowners should check the manufacturer's tax credit certification statement before they purchase. Taxpayers can normally rely on this certification statement which can usually be found on the manufacturer's website or with the product packaging.

## **Standard mileage rates**

Mileage rates for business use is 51 cents per mile from January through June. For July through December, the rate is 55.5 cents.

The medical mileage rate is 19 cents from January through June and 23.5 cents for July through December.

The volunteer mileage rate is 14 cents per mile for the year.