

Good Housekeeping

goodfamily
Saving Money

Here's how to benefit from the new tax laws.

SAVE \$10,000+ This Year

Despite all the talk about the benefits of the new administration's economic initiatives, you may be left wondering, "But what's in it for me?" The answer: probably some much-needed cash.

Between the February stimulus (the American Recovery and Reinvestment Act of 2009) and President Obama's foreclosure-prevention program (Making Home Affordable), it's the rare taxpayer who will wind up empty-handed. "There's something for everyone, and quite a lot for some people," says Brenda Schafer, an analyst with the Tax Institute at H&R Block.

Bear in mind that many savings won't be reaped until next year's tax return. Want more money in hand now? Talk to your HR department, which can adjust the income tax withheld from paychecks to reflect the savings available via the latest laws, says Eleanor Blayney, a consumer advocate with the Certified Financial Planner Board of Standards. You'll get bigger paychecks over the rest of 2009 and almost break even come tax time.

Here are specifics on new incentives that'll put more money in your pocket:

BUY A HOME SAVE UP TO \$8,000

First-time home buyers, Kate Wilkinson and her husband just closed on a two-bedroom in California — taking advantage of a stimulus tax credit available through November worth 10 percent of a home's price, up to \$8,000. "The credit pushed us to buy sooner rather than later," Wilkinson confides. To qualify, you can't have owned a home in the past three years, and must make under \$170,000 as a married couple; \$95,000 if you're single. (You can

take the credit even if you owe no tax.) Get the cash faster by filing an amended 2008 tax return claiming the credit, advises Schafer.

KEEP ON WORKING SAVE \$400

The daily grind just got a little less taxing for workers. During 2009 and 2010, the stimulus Making Work Pay Credit is \$400 per worker or \$800 for a married couple, says Blayney. For most workers, this credit means slightly higher take-home pay. You'll get a smaller credit if you make more than \$75,000 (\$150,000 for married couples filing jointly); you won't get any credit if you make more than \$95,000 (\$190,000). Those who owe no tax can still claim the credit.

MAKE YOUR HOUSE GREEN SAVE \$1,500+

Installing energy-efficient windows in 2009 or 2010 will pay off in ways beyond lower energy bills. The stimulus offers a credit for 30 percent of the purchase price for some improvements, up to \$1,500 (note: there's no cap on solar and wind energy improvements) per tax return, regardless of your income. You can split the credit over several projects and both years, says Bradford Hall, a certified public accountant based in Irvine, CA. Not just any energy-efficient purchase will do, though: Visit energystar.gov to see which projects and products qualify for the credit