

Practical Tips To Enhance Your Financial Freedom



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Tax Documents: How Long Should You Keep Them?

Tax season is over, and what a relief! But what do you do with all of this paperwork? For years, the rule of thumb for individual tax filers has been to keep federal tax returns and all supporting documents for three full years. This is based on the principle that the IRS can audit your last three returns only if they believe that you made a good-faith error. However, be aware that the IRS can audit your returns for up to six years if they suspect that your income was misrepresented on any tax return by 25% or more. Therefore, to be completely safe, keep tax returns and supporting documents for seven years before shredding them. In addition, it's a good idea to keep a permanent copy of all 1040 forms from each year's return in one file.

Gas-saving Tips

With oil prices reaching record highs, the price of filling up the tank is becoming more and more challenging for many American households. Here are a few simple tips to help you save money at the pump this spring:

Use the octane level recommended by your owner's manual – According to the Federal Trade Commission, "Using a higher-octane gas than the manufacturer recommends offers no benefit in most cases." So, as long as your engine's not knocking or pinging, you can save up to 40 cents a gallon in many cases simply by switching to lower-octane fuel. If you're convinced that super unleaded is the best choice for the life of your engine, use lower-octane fuel every other time you fill up just until peak gas prices drop to more manageable levels.

Slow down and plan ahead – In most cars, gas mileage decreases at speeds above 60 mph, so leave early and take the slow lane to save a few bucks on fuel costs. Also, you can avoid costly extra trips and traffic by carefully planning out your route in advance. Why not go to the grocery store on your way home from work? While you're there, use the store's ATM and avoid another trip to the bank.

Don't pay more for the same gas – Before you fill up, go online and look for consumer gas-saving sites like www.GasBuddy.com. Sites like these reveal which stations in your neighborhood have the lowest rates each day. Some even offer maps and directions! You'd be surprised at how much you can save sometimes at a gas station just three blocks away.

IRS Warns of Scammers:

Thanks to the Economic Stimulus Act of 2008, the US Treasury will send out rebate checks (not to be confused with tax refund checks) to more than 130 million households this spring. Eligible taxpayers will receive up to \$600 (\$1,200 for married couples), and an additional \$300 for each eligible child younger than 17. However, with so much money floating around at one time, the IRS is warning taxpayers about new telephone and email scams designed to steal your stimulus rebate check and your identity.

With this in mind, there are two important things you need to know to avoid becoming a victim:

1. **The IRS does not send unsolicited, tax account-related emails to taxpayers.** Scammers are using words like "rebate check" or "audit" in the subject lines to entice you to open their emails. Some of these emails have links to fake IRS sites. Don't fall for it.
2. **There is no "rebate check" application of any kind.** The IRS relies solely on the 2007 tax return you've already filed to see if you qualify for a stimulus rebate check. Scammers are calling people asking for personal or tax information over the phone claiming to be from the IRS or the Treasury Department. Don't give it up.

Increased Loan Limits This Year Only

The Economic Stimulus Act of 2008 did more than just authorize rebate checks. It also increased loan limits for Fannie Mae, Freddie Mac, and FHA-insured mortgages in many regions throughout the country. For those looking to purchase real estate in a "high-cost region," these loan limit increases could help you avoid the higher interest rates associated with jumbo loans. For current homeowners looking to refinance into a new "conforming loan," this could be your best chance in all of 2008.

What's the catch? This legislation is a temporary tool designed to stimulate the economy and the housing market through 2008. This means qualifying mortgages or refinances under this plan must be in place before the end of the year. If you or someone you know would like more information on how to take advantage of this rare opportunity from the government, give us a call right away. We'll run the numbers and show you how much you can save.

