

# Standard Vs Itemizing Deductions - Which Is Best For You?

The answer is that it depends on 4 variables - your age, your filing status, whether you are blind and your itemized deductions. Also, each year the standard deduction has been increasing while additional restrictions are placed on itemized deductions. For example, the medical deduction exclusion for taxpayers under 65 has been increased from 7.5% to 10% which means that medical deductions have been reduced.

To determine your filing status look at your prior year return. It can be found on page 1 of the Form 1040. If your situation has not changed your filing status will remain the same. If your situation has changed consult a certified tax counselor.

In general, to itemize deductions you must have significant expenditures in the following categories.

- Medical expenses such as healthcare insurance and out of pocket medical expenses.
- State and local taxes such as property and sales taxes.
- Mortgage interest on your main or secondary home.
- Charitable contribution

To be deductible medical expenses must exceed 10% of your adjusted gross income if you are under 65 and 7.5% of your adjusted gross income if you are over 65.

You will need written records of all itemized deductions, especially charitable contributions. For non-cash charitable contributions you will need a receipt from the charity with the charity's address indicating the fair market value of the items donated.

Your best approach is to accumulate your expenses during the year and, if you think you might be able to itemize, bring the categorized and summarized receipts to your tax counseling session.