

IRS

YEAR

2001
Drop-In Ads

Child Tax Credit

Education Incentives

Tax Relief

Roth IRA

Earned Income Tax Credit

**Important Tax Law
Benefits for Your Readers**

Magazine (133 Line Screen)

The Internal Revenue Service  *Working to put service first*

How do you qualify for the Earned Income Tax Credit?



If you work hard but you don't earn a high income, you might qualify for this important tax break.

It could mean you'd pay less tax, no tax or even get a refund. Yet some people who are eligible for the EITC fail to claim it.

If you have more than one qualifying child and earned under \$31,152 on the job in 2000, you may be able to claim up to a \$3,888 credit.

With one qualifying child and earnings less than \$27,413, or no child and earnings under \$10,380, smaller credits are available.

Actual amounts depend on your total earnings and other income. And you'll need to meet certain rules and file a tax return.

Note: if you expect to qualify for the EITC in 2001 and want to receive advance EITC payments, check with your employer.

Find out if you're eligible. Call 1-800-829-3676 for our free IRS Publication 596, *Earned Income Credit*.

IRS Web site: www.irs.gov

The Internal Revenue Service



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4 3/4"x4 3/4" 133 linescreen

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If you have one qualifying child and earnings under \$27,413, or no child and earnings under \$10,380, and meet all other qualifications, smaller credits are available.

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You don't pay tax on a Roth I R A



This is the big attraction of a Roth IRA—you don't pay tax when you make a qualified withdrawal, not even on the earnings and gains that build up.

You must follow certain rules, such as holding the Roth IRA for 5 years and reaching age 59½.

You can convert many traditional IRA accounts to a Roth IRA. And you can contribute to a Roth IRA after the age of 70½.

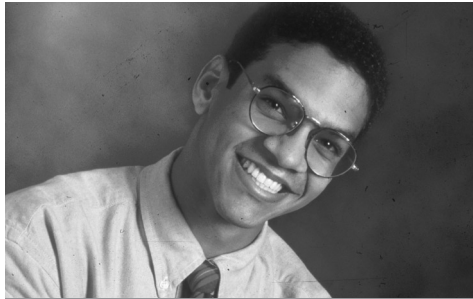
You need to meet the guidelines, compare, and examine which choice is best for you.

Other IRA options also offer tax advantages. For example, it is possible to withdraw up to \$10,000 from most IRA accounts without paying an early-withdrawal tax, if you use the funds to buy a first home or pay for higher education.

For the facts on all IRA benefits, see your 2000 IRS tax booklet. Or check our Web site: www.irs.gov

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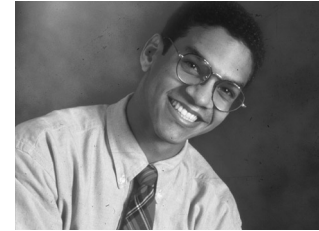
You need to meet the guidelines, compare, and examine which choice is best for you.

For the facts on the Roth and other IRA tax benefits, see your 2000 tax booklet. Or check our Web site: www.irs.gov

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4 3/4"x4 3/4" 133 linescreen

You don't pay tax on a Roth I R A



With a Roth IRA, you don't pay tax on qualified withdrawals, not even on earnings and gains. Many traditional IRAs can be converted to a Roth IRA. Of course, you must follow certain rules. See your 2000 IRS tax booklet or check our Web site: www.irs.gov

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You must follow certain rules, such as holding the Roth IRA for at least 5 years and reaching the age of 59½.

What's more, you can convert many traditional IRA accounts to a Roth IRA. And you can contribute to a Roth IRA after the age of 70½.

You will need to meet the guidelines, and make careful comparisons to determine which choice is best for you.

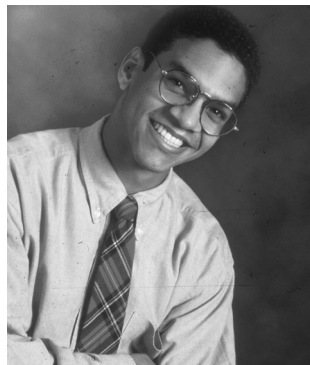
Other IRA options also offer tax advantages. For example, you can withdraw up to \$10,000 from most IRA accounts without paying an early-withdrawal tax, if you use the funds to buy a first home or pay for higher education.

For all the facts on Roth and other IRA benefits, see your 2000 tax booklet. Or check the IRS Web site: www.irs.gov

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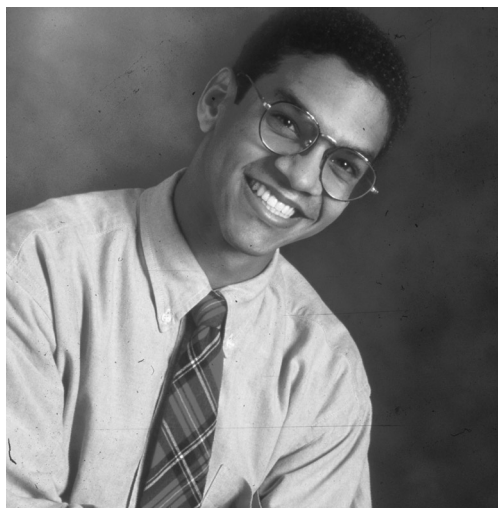
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What's more, you can convert many traditional IRA accounts to a Roth IRA.

And you can contribute to a Roth IRA even after you reach the age of 70½.

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For example, now you can withdraw up to \$10,000 from most IRA accounts without

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For all the facts on Roth and other IRA tax benefits, see your 2000 tax booklet or check the IRS Web site: www.irs.gov

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Get all the tax relief the law allows



The IRS wants you to know all the tax savings to look for this season.

You could save up to \$500 off your federal taxes for each dependent child under 17, with the 2000 Child Tax Credit.

You could save paying taxes on future gains, with a Roth IRA.

You could save up to \$1,500 in taxes for each college student with a HOPE credit. Or save up to \$1,000 with the Lifetime Learning Credit. And these are just two of the ways to help you meet the costs of higher education.

You might consider an Education IRA, or various options that can make the traditional IRAs more accessible to the needs of education, or buying a first home.

You'll need the specific qualifications, of course. So check your 2000 tax booklet for all available tax relief. Or consult the IRS Web site: www.irs.gov

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You could save up to \$1,500 in taxes for each college student, with a HOPE Credit—one of several ways to help meet the costs of higher education.

You could save paying taxes on future gains with a new Roth IRA.

Or take advantage of options that make traditional IRAs more accessible to the needs of education or a first home.

Check your 2000 tax booklet for all available tax relief. Or consult the IRS Web site:

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Get all the tax relief the law allows



The IRS wants you to know all the savings to look for. The Child Tax Credit for children under 17. The HOPE Credit and Lifetime Learning Credit for higher education. The Roth IRA. And more. Check your 2000 tax booklet or consult our Web site: www.irs.gov

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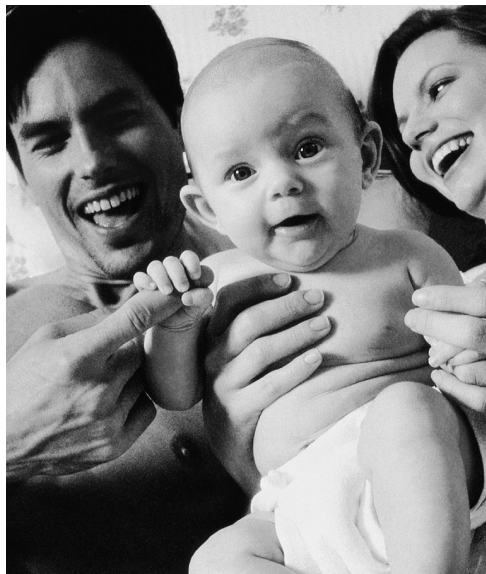
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Look into an Education IRA, or take advantage of various options that make traditional IRAs more accessible to the

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Your children are a real credit to you. \$500 each



They're your pride and joy. And what's more, they can save you up to \$500 each, subtracted right off your federal income tax. The Child Tax Credit is an important benefit of the Taxpayer Relief Act.

Who qualifies? Each dependent child, or descendant, stepchild or foster child who is under 17 as of 12/31/00. Must be a U.S. citizen or resident.

Credit is reduced when your modified adjusted gross income exceeds certain limits. Special rules may apply for three or more children.

Why wait for a refund? You can take home more money every payday, if you ask your employer to withhold less. (Be careful to withhold enough to avoid a penalty.)

For full details on how to qualify, see your 2000 tax booklet. Or check the IRS Web site: www.irs.gov

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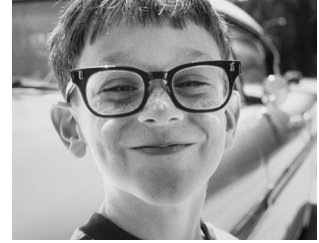
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Subtract up to \$500 right off your federal income tax, for each qualifying child under 17. Who qualifies? See your 2000 tax booklet. Or check the IRS Web site: www.irs.gov

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College credits for taxpayers. Up to \$1500



Bone up on tax breaks that can help you foot the bills for higher education.

The HOPE Credit can cut your federal tax up to \$1,500 per undergraduate student per year. Applies only to the first two years of college or other post-secondary courses.

The Lifetime Learning Credit can save you up to \$1,000 a year in taxes for graduate, professional or undergraduate study. You cannot claim both credits for the same person in the same year.

Education IRA. You can contribute up to \$500 a year per child to this account until the child turns 18.

You can withdraw funds from many IRA accounts without being charged an early withdrawal tax, if you use the funds to pay for qualified expenses of higher education.

For full details on how to qualify, see your 2000 tax booklet. Or check the IRS Web site: www.irs.gov

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The HOPE Credit or Lifetime Learning Credit can cut your federal taxes to help pay for higher education. For details on how to qualify for either, see your 2000 IRS tax booklet. Or check our Web site: www.irs.gov

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You can also withdraw funds from many other IRA accounts without being charged an early withdrawal tax, if you use the funds to pay qualified expenses of higher education.

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