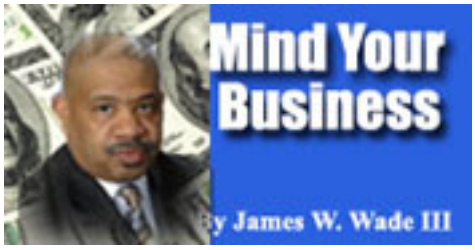

In addition to the explicit increases in taxes, some old provisions are back that will have the same tax-increasing impact. In particular, two separate rules that phase out certain deductions for high-income taxpayers came back this year after having been absent from tax law since 2009.

Time for a financial tune-up

With all the activities we just witness, it seems as if this month have flown pass. All in one weekend, we saw the Baltimore Ravens and San Francisco 49ers win their way to the Super Bowl, celebrated Dr. Martin Luther King Jr.'s birthday, and witnessed the first Black President Barack H. Obama sworn in for the second time.

Not making any special resolutions is always the best practice in getting ready for a new year, to do what I call a major tune up. Just like a car and your house need repair work, so does your finances.

Most jobs are open for new medical enrollment. If you need to add or change anything make sure you take care of this. Make sure you have the best possible coverage you can get.

If you itemize for tax purposes, you can deduct expenses you paid for such as unreimbursed medical and dental care
for yourself, your spouse, and your dependents. But you can only deduct expenses for the year that exceed a certain percentage of your adjusted gross income. For tax year 2012, it was 7.5 percent. For tax years beginning after 2012, the percentage benchmark jumps to 10 percent.

I should not have to remind everyone to get your free credit report. In general, most negative

information that is more than 7 years old from date of last activity (10 years for bankruptcies) must be removed from your file. Also, please remember that the negative information in your credit report does not come from Equifax. Any negative information is reported to Equifax by others who have granted you credit and is included in public record information or reported by collection agencies. Equifax is merely a repository for the information that your credit grantors report, collection agencies report, or is in public records.

No matter what you hear about credit reports some things are just false. A credit report does not include information about your checking or savings accounts, bankruptcies that are more than 10 years old, charged-off debts or debts placed for collection that are more than seven years old, gender, ethnicity, religion, political affiliation, medical history, or criminal records. Additionally, your credit score is generated by information on your credit report but is not part of the file itself.

If you are getting social security, make sure you know all the changes that are taking effect. Look for a number of changes in this benefit program. Almost 62 million Americans receiving monthly Social Security and Supplemental Security Income benefits will see a positive change. They will see an increase of 1.7 percent this year, according to the Social Security Administration. It's a modest increase compared with the 3.6 percent cost of living increase received last year.

There were no cost-of-living adjustments the previous two years. High-earning individuals won't be rejoicing in 2013. That's because the maximum amount of earnings subject to the Social Security tax will increase from $110,100 to $113,700.

Of the estimated 163 million workers who will pay Social Security taxes in 2013, nearly 10 million will pay higher taxes as a result of the increase in the taxable maximum. By March, everyone getting Social Security benefit payments by paper check will need to sign up for electronic payments
. If you don't choose an electronic payment option before the deadline, you'll receive your money on a debit card.

I have often said single mothers with kids always seem to make out around tax time. With Congress finally getting it together to stop us from falling over that fiscal cliff, they still help to prevent massive tax increases from taking effect that many feared would destroy the economy. Yet even with the compromise, several new taxes in 2013 will raise tax bills for millions of

Americans.

I notice my last check seemed to be less than what I had been bringing home. For the past two years, just about everyone who has a job got a tax break of 2 percentage points on the Social Security taxes withheld from their paychecks. But on Jan. 1, the rate of tax withheld from employee paychecks rose from 4.2 percent to 6.2 percent, representing about a $1,000 tax increase for typical families earning $50,000.

Already, anyone who's received a paycheck in 2013 has likely seen the impact of this tax, with those who get paid twice a month having about $40 extra taken out under the FICA on their paychecks.

The biggest news from the fiscal cliff compromise was the return of the 39.6 percent tax rate for singles earning more than $400,000 and joint filers with income above $450,000. This rate is a carryover from the old rate structure that existed before the tax cuts of the early 2000s and represents a 4.6 percentage point rise from the old 35 percent rate.

In addition, taxpayers whose earnings are above these thresholds will see their taxes on dividends and capital gain income rise from 15 percent to 20 percent. Given that dividend rates could have risen as high as the 39.6 percent ordinary income tax rate, investors were fairly pleased with the eventual outcome.

In addition to the explicit increases in taxes, some old provisions are back that will have the same tax-increasing impact. In particular, two separate rules that phase out certain deductions for high-income taxpayers came back this year after having been absent from tax law since 2009.

These new taxes for 2013 – I am sure – do not make anyone happy but, by knowing about them in the beginning of the year, you can start planning for them right away. Doing so may not let you reduce your tax bill too much, but it'll at least get you prepared for the hit to your paycheck and your tax refund next year.

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Comments and questions are welcome but, because of the volume of mail, personal responses are not always possible. Please note that comments or questions may be used in a future column.