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April 28, 2011 - April 18 was the deadline for filing your individual tax return. But that wasn't the only event that occurred this tax season. Although you might not have been aware of it, Tax Freedom Day fell on April 12.

Tax Freedom Day, calculated annually by the Tax Foundation, is the day on which Americans have earned enough money to pay this year's federal, state and local taxes. Of course, Tax Freedom Day is something of a fiction, because most people pay their taxes throughout the year, via their paychecks. Furthermore, when you pay taxes, you help fund public education, the police, the fire department, highways, college scholarships and many other important elements of society. Nonetheless, you may want to use the concept of Tax Freedom Day to look for ways to reduce the taxes associated with your investments.

Here are a few suggestions:

Fully fund your IRA. For 2011, you generally can contribute up to $5,000 to a traditional or Roth IRA, or $6,000 if you're 50 or older. When you invest in a traditional IRA, your contributions may be tax deductible, depending on your income level, and your earnings can grow on a tax-deferred basis. With a Roth IRA, your contributions are not deductible, but your earnings can grow tax free, provided you've had your account at least five years and you don't start taking withdrawals until you're 59-1/2.

Increase your 401(k) contributions. When you contribute to a 401(k), you can receive two main types of tax benefits. First, you typically put in pre-tax dollars to your 401(k), so the more you contribute, the lower your taxable income. And second, your earnings can grow on a tax-deferred basis. For 2011, you generally can contribute up to $16,500 to your 401(k), or $22,000 if you're 50 or over. (The same contribution limits apply to 457(b) plans, for state or local government employees, or 403(b) plans, for employees of schools or other tax-exempt organizations.) So, whenever your salary goes up, you many want to consider boosting your contributions to your 401(k) or other employer-sponsored retirement plan.

Invest in a 529 plan. If you have children or grandchildren whom you'd like to help through college, you may want to invest in a 529 plan. Your earnings grow tax-free, provided they are used for qualified higher education expenses, and your contributions may be deductible from your state taxes, depending on your state of residence and the plan in which you choose to participate.

Be a "buy-and-hold" investor. By holding investments at least one year before selling them, gains on your investment will generally be taxed at a rate of 15 percent. If you sell an appreciated investment you've held less than one year, the tax rate will be the same as your individual tax rate, which could be as high as 35 percent.

Look for dividends. You can potentially increase your cash flow by purchasing investments that pay dividends. For 2011 and 2012, individual investors also benefit from a maximum tax rate of 15 percent on qualified dividends. If you don't need the extra cash, you can reinvest the dividends and increase your ownership shares -- which is a key to building wealth. (Keep in mind, though, that companies can decrease or eliminate dividends at any time.)

As mentioned above, Tax Freedom Day is more of an idea than a reality. But by following these tax-smart investment tips, you can potentially gain some benefits for years to come.

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