

Refunds Aren't Gifts

- It's common for people to view a large tax refund as a gift, and in doing so, treat it that way.
- A tax refund is earned income that is being refunded to you by the IRS. You earned it this past tax year.
- Before you spend your refund, take some time to think about how you can best use this money to help you.



Consider Adjusting Your W-4

- If all, or most, of the Federal income tax you have with-held throughout the year is being refunded to you, consider changing your W-4 .
- Many people struggle paycheck to paycheck and then get a large refund at the end of the tax year. Why not have less federal taxes withheld throughout the year? That would mean you would have more money in your paychecks—So, your refund will be smaller, but you won't struggle so much month to month.

**Just be sure that if you expect your exemptions or income to change to review and amend your W-4 accordingly (examples of how exemptions can change—children grow up and begin supporting themselves and you can't claim them anymore, divorce or separation, etc.)

Many large employers require you change your W-4 online.



VITA– United Way Lee, Collier, Glades, and Hendry

How to Stretch Your Refund



VITA
Volunteer Income Tax Assistance

Ten Ideas to Think About

1. **Start or add to an emergency fund.** Without an emergency fund, just one surprise major expense can send you on a debt spiral toward financial disaster
2. **Pay Off High-Interest Debt** After establishing an emergency fund, the next best thing you can do with your tax refund is reduce or eliminate any high-interest debt that you're carrying.
3. **Start (or supplement) a Roth IRA.** If you need to kick retirement saving into high gear, look into starting a Roth IRA. It's a great way to save money for retirement without any tax issues at all.
4. **Make your living space more energy efficient.** You can reduce monthly utility bills and save over the long run.



Ten Ideas to Think About Cont.,

5. **Plan a Budget** and apply your refund towards **itemized savings goals**—like future car purchase, vacation, college, etc.
6. **Start a business.** It's a great opportunity to turn your refund into income for years to come
7. **Spend it on things you need.**
8. **Refinance Home / Make Home improvements**
9. **Fill in insurance gaps you may have** --house, car, renter's, dental, life, medical, etc.
10. **Give to Charity**



Pay Yourself Monthly

Could you use an extra \$100 per month?

- If you put \$1200 of your refund into a savings account, you can pay yourself \$100 each month from it. (plus you will earn a little bit of interest)
- Put \$2400 in an account and have an extra \$200 per month.
- At some banks, you can have the money automatically transfer from your savings directly to your checking on a set date each month.

