

# What to Do With a Tax Refund

Smart Ideas for using a financial windfall

## Pay Off High Interest Rate Debt

Paying off high-interest-rate debt (such as credit card debt) is always a good idea. Paying a lump sum down on high-interest-rate debt will allow you to eliminate this debt sooner, ultimately saving hundreds (if not thousands) of dollars in interest.

## Build an Emergency Savings Account

It's a good idea to keep between three to six months of expenses in an emergency savings account. At the very least, this account should be funded with an initial \$1,000. Emergency savings accounts are funded for just that ... emergencies. Such an account can reduce the chances that in the event of an emergency you are forced to run up high-interest-rate credit card debt or raid your retirement savings.

## Boost Your Retirement Savings

Saving for retirement now gives you more financial flexibility in retirement. Larger retirement savings balances will allow you to supplement Social Security, and other retirement guaranteed sources of income (such as a pension) to a larger

degree. This will allow you to have a better standard of living once retirement comes. To determine whether you are on track to meet your retirement goals, consider signing up for a free individual retirement planning session provided by URS.

## Invest in Yourself

Use your tax refund to pay for additional education or training. By investing in yourself, you are improving the value of your human capital. Such an investment can pay long term dividends by increased potential income and job security over the long run.

## Invest in Your Home

For most people, their home is one of their largest investments. Using your tax refund to invest in maintaining or improving your home can be a good investment. Be careful about investing too much in home improvements if you plan to sell your home soon, as it may be difficult to recapture your investment over the short term.

SEE OTHER SIDE 

## Give to Your Favorite Charity

Investing your tax refund in your favorite charitable organization not only benefits a cause you care about but can also provide the potential for a tax deduction come next tax season.

Finally, if you are getting a large refund every year, it might be time to check your withholdings. While it might seem nice to get a large refund, you are essentially giving the federal government an interest-free loan

*The information in this publication does not contain financial, investment, tax, or legal advice and cannot be construed as such or relied upon for those purposes. Please consult your own investment, tax, or legal advisors for qualified professional advice in these areas.*



Advisor Line: 801-366-7470

**Trust • Commitment**  
**Value • Innovation • Excellence**

[www.urs.org/us/finwell](http://www.urs.org/us/finwell)