

Making Good Use of Your Tax Refund Feels Great

Getting a refund?

What will you use it for? Paying bills, buying a large-screen TV, buying an iPod or buying a car?

Whether your tax refund is \$500 or \$2,000, it can make a big difference. Before you spend it on a big-screen TV or iPod, think through your options, even ones that aren't especially exciting or glamorous.

While you're deciding what to do *Think - Do I Need It?*

Plan ahead before you spend your refund. Without a plan, you may use the money on the first thing that comes to mind, and then later realize something else was more important. Planning ahead and involving the household increase the chance you'll identify all the possibilities and think about which are most important.

Save Some

Use part of your tax refund to build a savings account for financial security or start an Individual Development Account (IDA). An IDA helps you quadruple the money you save to buy a home, pay for college, develop a small business, buy a car, or, in some cases, make home repairs. Every dollar saved through the NH IDA program up to \$2,000 is matched at a 3:1 rate, providing participants with as much as \$6,000 on top of their own savings. To learn more, call the NH Community Loan Fund at (603)224-6669 or 1-800-432-4110.

Avoid Fees

Don't throw away part of your refund on loan fees - "quick refund" companies are just giving you a high-cost loan! With an e-filed return and direct deposit you'll get your refund in 8-14 days.

Smart Uses for Your Money

Pay Off Bills

Your first priority is regular monthly bills (utilities, phone) if you have gotten behind.

Prioritize other bills with the highest interest rates to pay off first.

Bigger Emergency Savings Fund

Save for needs in the coming year - try to have enough to cover a couple of months should you have an emergency, such as a medical expense or car repair, or lose your job. By saving you'll keep small emergencies from becoming big threats to your financial picture.

Start Small.....Think Big

Small amounts add up! Putting \$500 a year into an Individual Retirement Account can yield \$68,100 after 30 years and you may qualify for a retirement savers credit on your next tax return.

Special Purchases

Once you take care of the basics or your needs, consider that new refrigerator, iPod or large screen TV. These can be delayed until you have saved for that specific item. If you are planning a major purchase, decide what you want and shop around for the best deal. Plug the product into your favorite search engine and the word "discount" or "coupon" to see if there are online savings or printable coupons.

Build a Habit!

Tax refund season is not your only opportunity to make financial progress toward your goals. Every week you have opportunities to improve your financial well-being.

If you don't think you can come up with any extra money each month, look again. You may be able to plug a few spending leaks and "find" some money!

For more information, visit the Managing Money Web site at <http://extension.unh.edu>

Get Free Help to Prepare Your Taxes

To find the free tax preparation sites with IRS certified tax preparers, go to <http://www.nheic.org> or call the UNH Cooperative Extension Education Center toll-free at 1-877-398-4769 or call 2-1-1.