

So far this year, about 40 million tax refunds have been issued with an average refund amount of \$3,120; according to the Internal Revenue Service. Are you anticipating a refund? Put some thought into how you use your tax refund.

It's easy to go on a shopping spree or buy something you've wanted all year long. Before giving in to unnecessary spending, make sure you are in a good financial situation. A tax refund is a great opportunity to pay down debt, build your emergency savings fund, or save toward a financial goal.

Make the most of your tax refund by following these tips:

Pay down your debt. Use at least part of your refund to make additional payments on any debt that you owe. Pay off or decrease credit card debt. For example, a \$3,000 balance at 14.4% with a minimum monthly payment of \$90 would take 11 year to pay off and cost more than \$1,000 in interest charges. Paying down debt makes your monthly budget more manageable and saves money in interest.

Save for a rainy day. It's always helpful to have a savings account to draw from when a major car repair bill, medical emergency or other unexpected expense comes along. That way, you don't have to borrow money and add to your debt-load. Personal finance experts recommend that consumers save enough to cover at least 2 – 6 months of expenses. A tax refund can be a giant step toward reaching the savings goal for your emergency fund.

Save for future financial goals. Give yourself an even bigger return on your tax refund by putting the money into a savings account, CD, or retirement fund. Your tax refund will continue to grow if you put it into savings or invest the money. Many consumers' dreams - home ownership, a college education, a new car, a secure retirement – come with a price tag. Saving is a way to achieve these goals.

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