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### **Tax Refunds Should be Used Wisely**

Although it seems like the holiday decorations just now made their way back into the attic, Oklahomans are preparing for tax season. Many Oklahomans will be receiving a refund check from the IRS. It's a good idea to make plans now how that money will be spent. For some tax payers, once that check arrives it seems to get spent quickly if a plan isn't in place.

Consumers who carry credit card debt should consider paying off or paying down their balances with the refund. Credit cards with the highest interest rate should be paid off first. As balances are paid in full, consider closing those accounts. Keep only a card or two that feature a low interest rate.

Consumers who would like to see how much a one-time additional payment will save on interest charges should visit [www.powerpay.org](http://www.powerpay.org). This Web site will calculate how much interest can be saved if a consumer makes a one-time large payment, or if additional funds are added to the minimum monthly payment. You may be surprised at how much money you can save in interest charges alone. For the future, set a goal to pay the entire balance before the grace period ends. An even better option is to develop a budget so you can pay cash for your purchases.

Tax refunds could also be used to start or add to an emergency fund for unexpected expenses. Try to add to this account each pay period to build up savings.

Homeowners who have been putting off major home repairs due to poor finances could use their tax refund for this purpose. Or invest the money in an IRA.

It is also a good idea to invest in yourself. Take a course or other job training to improve your knowledge and marketability. Money spent on education could lead to raises or promotions that would pay back your tuition investment many times over.

Tax payers who routinely receive a large refund should review their withholding statements. Determine if the refunds resulted from excess withholdings. A one-time refund may have been the result of unusual deductions. If the refund was due to excess withholding, reduce the amount held from your pay. This will result in more money each pay period and could eliminate the need for using credit cards to cover expenses. The extra money also could be put in a savings or money market account where the taxpayer gets the benefit of the interest instead of the government.

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