



## This Year's Tax Refund — Use it Wisely

As you organize your documents in preparation for tax day, you may be dreaming about spending your tax refund on a trip, a new TV or a new computer. Although it may be tempting, think twice! Accel counselors recommend that you make the most of your tax refund by practicing some good-sense tips intended to help you get closer to your financial goals and a fit financial future.

Here are some smart ways to use your refund:

- **Pay off any late utility or housing expenses.**
- **Pay down your credit card.** Use your refund to pay the highest interest rate obligation. If you can wipe it out completely, even better.
- **Pay periodic expenses.** Get a head start on expenses that arise once or twice a year, such as insurance premiums, property taxes, and automobile registrations. Tax refunds can be used to pay these expenses or put into a savings account for when they are due.
- **Set up an emergency fund or add to your current one.** Your goal is to save enough to cover three to six months worth of critical expenses.
- **Pay extra on your mortgage.** Using your refund to reduce your mortgage debt can lead to long-term savings. You will pay your mortgage off faster and pay less in interest.
- **Fix up your home.** Increasing the value or safety of your home adds quality to your life.
- **Service your car.** Make certain you have reliable transportation; don't put off that tune-up or oil change.
- **Schedule a visit to the dentist.** If you have been putting off your regular check-ups because of the expense, now's



the time to make an appointment. Being proactive can save your pocketbook (and your teeth!) in the long run.

- **Start investing.** People often mistakenly believe that they need a large amount for an initial investment. All you really need is a few hundred dollars to get started.
- **Fund your children's education.** Putting money into an education savings plan will allow you to lay the groundwork for your child's college education.
- **Expand your horizons.** Take a course, start an education fund, or train for something that will help you get ahead at work.

If you're disappointed with the advice because you really wanted to treat yourself or your family to something special, don't despair, compromise! Consider spending 80 percent of the refund wisely and splurging with the remaining 20 percent. Turn a week-long vacation idea into a nice long weekend away, a fantastic night on the town, or a day at the spa. Also consider putting it towards a membership that your family

can use for the upcoming year, such as a zoo or athletic club membership. You'll feel good knowing you made a great financial decision, while still being able to enjoy yourself.

Although it is nice to receive a large refund, it really means that you overpaid the government through the taxes that you had withheld from your paycheck. You may want to consider changing the number of exemptions you have withheld on your W-4 Employee's Withholding Allowance Form. Making this change will add a little bit extra to your paycheck each month. But make sure to use this money wisely, rather than spend it frivolously. Putting it towards debt, building your emergency fund or contributing more to your retirement will positively contribute to your financial future.

## Schedule a Money Date with Your Valentine

Accel recommends that this Valentine's Day, couples treat themselves to a "money date." This is a great opportunity to step back and discuss the big-picture financial issues.

"Accel counselors are always advising clients that they should work together as a team, and this is a perfect way to get started in that direction," says Candy Wright, Accel group manager and financial counselor.

Start with the fun things – what are your dreams and goals for the future? Before the date, have each partner make a list of his or her financial goals, then compare them over dinner. This is a chance to look beyond your daily finances and think big. Would you like to start a business? Go back to school? Take time off to be with young children?

The next step is to set those priorities. What are you willing to give up in order to reach those goals? Be sure to include both long-term and short-term goals.

It's important to keep a positive tone to the discussion. For example, if you are in credit card debt and one of your goals

is to get out, avoid blaming your partner. Work together until you're in agreement and respect each other's ways of reaching that goal.



It's also a good time to discuss what you would do if something were to happen to one of you. Follow up with some administrative work a few days later: Make sure your wills, insurance, beneficiary designations and other legal documents are up to date. In addition, review your budget and investments to make sure they're on track to help you reach the goals you discussed.

Have another money date again next year to assess your progress and talk about other goals. This might not sound like a romantic way to celebrate Valentine's Day, but you'll be surprised at how much you can accomplish when you share your dreams and goals.

## Saving to Succeed in the New Year

Whether you are looking for immediate financial security or plan to build a retirement nest egg, the New Year is an excellent time to focus on savings.

So how can you begin to save? Start by setting aside a certain portion of your salary to an emergency fund.

Here are 10 ways you can get started building your emergency fund.

1. **Find money to save.** Devote any windfalls to savings, including raises, bonuses, birthday checks and tax rebate checks issued by the government.
2. **"Walk the Talk."** Commit to putting 10 percent of your take-home pay into an interest-bearing account each month and forget it's there.
3. **Treat it like a bill.** Give yourself a due date and a minimum payment and include this critical payment to yourself in your monthly budget.
4. **Pretend it was never yours.** Set up an automatic deposit to your emergency fund from your weekly paycheck. If you don't see it, you won't spend it!
5. **Pay yourself for dinner.** Skip lunch or dinner out and put what you would have spent in the bank instead.
6. **Leave yourself a tip.** Every time you tip a server, pay yourself the same amount. It may seem small, but it adds up quickly!
7. **Get cash back.** Round up to the nearest ten when you cash out at a grocery, pharmacy or retail register and slip the small amount into your savings jar when you get home.
8. **Keep paying it off.** If you recently paid off a big loan, like a student or auto loan, keep paying it, but to yourself. You've lived without it this long; you won't even miss it.
9. **Invest in CDs.** You'll earn higher interest and keep your emergency savings just beyond reach, in case you are tempted.
10. **Start today.** It doesn't have to be a large sum, as long as it's something. Small amounts really do add up fast.