

Stop, Think, and Save...At Least Once a Year!

By *Kathy Jo Pollack*
On *February 18, 2014*

If you will be receiving an income tax refund, have you considered how you will use it?

Before you give in to the pressure from family, friends, and retailers to spend your refund, why not buy yourself a little time. Think of this refund as a financial **opportunity for you** ! Then, think **maximize**. Ask yourself how it can bring the most benefit to you.

Here are some points to consider:

1. **Treat** yourself! Yes, I said treat yourself. Is there something you have had your eye on for a while? If so, consider taking a small part of your refund and treat yourself. It is okay to be good to yourself, and you should, as long as it does not break the bank. Also, this may satisfy your urge to spend, freeing you to now think about maximizing the remainder of your refund.
2. Look at your **emergency** savings. Do you have an emergency fund to cushion you when (not if) you are hit with an unexpected expense? Can you easily cover a bounced check, furnace repair, or deductible on your home, auto or health insurance policy? If you cringe at the thought of these things, you may need to make a deposit to increase this account. Make sure you have at least \$500 in your savings account for an unexpected expense and then continue building it to the recommended amount of three-six months of after-tax income. You will breathe a bit more easily and sleep even better with this newfound peace of mind!
3. How about boosting your **retirement** and other forms of long-term savings? Consider opening or contributing to a CD, IRA (traditional or Roth), or college fund for your child. If you are not getting the maximum match from your employer for your 401K account, consider adding additional funds.
4. Look at your **debt**. Paying down debt can save you in the long run. If you are behind on a payment, get caught-up! If you are caught-up, make an extra payment, or two, focusing on the debt with the highest interest. Can you pay off a credit card? Paying off a credit card that has an interest rate of 18% is like saving 18%! Ultimately, it is the interest that robs you of your hard-earned money.
5. What are you **putting-off** ? Make a list of the things that you need to do, but have not done because you lack the funds. Pay close attention to your home, transportation, and self. Prioritize that list. Is there a house or auto repair that needs done? Do you need tires or a furnace tune-up? How about your health? Have you been avoiding the dentist because you don't have the money? Invest in your own well-being as well as maintaining your home and auto.
6. **Share**! If your finances are in good order, consider donating. Is there a tax-deductible charitable organization that you have been wanting to support? Now may be the time!

7. Lastly, if you are not sure, you don't have to immediately make up your mind. Deposit it in your savings account and think about it until you have carefully reviewed all of your options. Remember, you can only spend it once!

One final word. If you are receiving a substantial refund, consider adjusting your withholding so that this money is in your regular paychecks instead of having to wait for an annual refund. The government is returning your money to you, with no interest added. Can you put your money to better use?

Copyright © 2014 Kathy Jo Pollack

Author's Bio:

Kathy Jo Pollack is a certified life coach, trainer, and speaker with a focus on finance, relationships, and etiquette. She has worked with thousands of people from all walks of life as the training specialist for Consumer Credit Counseling Service and has taken her passion and expertise to the next level as a coach and writer. She also offers various teleclasses and seminars. Please visit her at: www.kathyjopollack.com. You may also contact her directly at 1-724-224-6619 or mycoach@kathyjopollack.com.

Source URL: <http://www.selfgrowth.com/articles/stop-think-and-save-at-least-once-a-year>