

7 WORTHWHILE WAYS TO USE YOUR TAX REFUND

According to the Internal Revenue Service, more than 70 percent of the nation's taxpayers received a tax refund averaging nearly \$3,000 in 2017 and will get a similar amount this year. As Americans receive their refunds along with additional benefits coming from the Tax Cuts and Jobs Act passed in December, Foothills Bank & Trust has highlighted seven tips to help them use their money wisely.

"Tax season is the perfect time to hit the reset button on your finances," said Mark Loudermilk, CEO. "Your refund can help put you on the right path towards reaching your financial goals. Consider using it to pay off debts or creating an emergency fund."

To help consumers make the most out of their money, Foothills Bank & Trust has highlighted the following tips:

- **Save for emergencies.** More than 60 percent of Americans are not prepared for unexpected expenses. You can prepare by opening or adding to a savings account that serves as an "emergency fund." Ideally, it should hold about three-to-six months of living expenses in case of sudden financial hardships like losing your job or having to replace your car.
- **Pay off debt.** Pay down existing balances either by chipping away at loans with the highest interest rates or eliminating smaller debt first.
- **Save for retirement, your child's education or future health expenses.** Open or increase contributions to a tax-deferred savings plan like a 401(k) or an IRA. Your bank can help set up an IRA, while a 401(k) is employer-sponsored. Look into opening a tax-advantaged 529 education savings plan to ensure school expenses will be covered when your child reaches college age. Or save for future health expenses with tax-free dollars by investing in a Health Savings Account.
- **Pay down your mortgage or student loans.** Make an extra payment on your mortgage or student loans each year to save money on interest while reducing the term of your loans. Be sure to inform your lender that your extra payments should be applied to principal, not interest.
- **Invest safely with U.S. savings bonds or municipal bonds.** The U.S. Treasury allows for savings bond to be purchased using your tax refund for as little as \$50. Savings bonds earn interest for a maximum of 30 years.
- **Invest in your current home.** Use your refund to invest in home improvements that will pay you back in the long run by increasing the value of your home. This can include small, cost-effective upgrades like energy-efficient appliances that will pay off in both the short and long term – and with tax credits (as long as Congress continues to renew the program).
- **Donate to charity.** The benefit is two-fold: Giving to charity will make a difference in your community, and you can also claim the tax deduction, if you itemize.

Foothills Bank & Trust also stressed the importance of lower-income workers filing a tax return—even if their income is too low to trigger any federal tax liability—in order to potentially claim the Earned Income Tax Credit (EITC). Depending on a recipient's income, marital status and number of children, the EITC can result in a refund of up to \$6,318 to help them achieve financial goals.