



**An Accountancy Corporation**

### **Put your tax refund (or any extra cash) to good use**

Did you recently receive an income tax refund? Or do you expect to have some extra cash in the near future, thanks to a bonus, inheritance, or savings? Whatever the source of extra cash, here are some suggestions for making the most of it.

Pay off consumer debt. This is generally one of the best uses for extra cash. For example, if you typically carry a credit card balance and pay 16% interest, you'll realize a 16% return if you pay off that debt. You probably won't save quite as much by paying off other types of loans, but you should consider that as well.

Contribute to an individual retirement account (IRA). A contribution to an IRA is a good idea whether it's tax-deductible or not because IRA earnings grow tax-deferred. If you're self-employed and show a profit for the year, you can also make a tax-deductible contribution to a Keogh plan.

Start or add to an education fund. Consider investing your extra money in stock or bond mutual funds earmarked for your child's education. The younger your child, the more you might want to tilt your college savings toward stock mutual funds. They have performed better than bonds over the long term. We can help you decide whether your education fund should be held in your name, your child's name, or in trust. We can also make sure that you don't get snared by the "kiddie tax."

Invest in yourself. While planning for your family's education, don't forget yourself. Have you put off training for new job responsibilities or a new career because you couldn't afford it? Now that you have some extra cash, spending it on yourself may be the best investment of all. You also may be entitled to a tax deduction for education expenses.

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