



## 8 Ways To Use Your Tax Refund Wisely In an Uncertain Economy

Compiled from Information received from Northwestern Mutual Life Insurance Corporation

Soon you will receive your yearly tax refund. In these uncertain economic times, making the most of your refund is especially important. So consider the following ways you could use your refund to improve your financial future.

1. **Create or add to an emergency fund** - An emergency fund should be at least three months of income to assist in times of unexpected expense or job loss.
2. **Wipe out debt** – If you already have an emergency fund, one of the best uses of your tax refund would be to pay down some credit card debt. If you have several cards, pay off the one with the highest interest rate first. Remember, paying off a balance is a good start, but committing to not use the cards in the future if you cannot pay the balance at the end of the month is the key to long term success over credit card debt.
3. **Invest in an IRA** – If you do not have a 401(k), or you already contribute the maximum amount, determine whether or not you are eligible to contribute to an Individual Retirement Account. The contribution limit for 2009 is \$5,000.00. Individuals 50 and over can contribute an extra \$1,000.00
4. **Contribute to a college fund** – Education is always a good investment. So consider investing in an education IRA, or a 529 plan for you children’s education. Since tuition, room and board continue to rise each year, it is never too early to start saving.
5. **Continue your own education** – In today’s competitive marketplace, you need to keep you job knowledge and skills up to date. So consider taking a class that will assist you in this area.
6. **Donate to charity** - Give a portion of your refund to charity. Not only will you be helping someone in need, you will also receive a tax deduction on your 2009 return
7. **Manage your risk** – If you have not adequately protected yourself and you family against the potentially financially devastating impact of a disability, extend illness or death, you could use your refund to increase your insurance protection in one of these areas.

Given the uncertainty of our current economic condition, you should also consider adjusting you withholding so you will not get a refund on your 2009 tax return, but come out as close to even as possible. Your paycheck will go up immediately, so that extra money can work for you all year instead of waiting until next year’s refund.

