

Tax Refunds: Use Them Wisely

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Tax refunds in 2011 have averaged \$2,985, according to USA Today. What should you do with your new influx of cash? The article offers suggestions on how to maximize your gains.

A Capital One Bank survey found that 37 percent of Americans are planning to spend some or all of their refunds, while only 31 percent said they would save it, and 19 percent plan on paying down debts. **Tony Ogorek** of Ogorek Wealth Management in Buffalo, New York says your refund is a golden opportunity to make smart investments.

"Everyone has financial weaknesses," Ogorek said. "People need to ask themselves, 'What are my weaknesses, and how can I use this money to strengthen my financial position?'"

To get the most bang for your buck, consider paying off that high-interest credit card debt. The money you will save via the interest you won't have to pay later cannot be undervalued. While the average credit card interest rate comes in around 14.5 percent, the average money market account yields a paltry 0.62 percent, making it a much wiser decision to pay down the former balance than to start a new investment in the latter.

If you plan to invest for the long-term, Ogorek recommends large-company index funds, whose return of 9.8 percent over time makes them a potentially lucrative investment. If you are in your forties or fifties, invest more conservatively; if you are approaching

retirement, be sure to concentrate on short-term bond funds and put the rest in a stock index fund filled with large, dividend-paying stocks.

Investing in yourself or your property can also prove a wise use of your tax refund dollars. Energy savings and increased home value can make home improvement expenditures pay off more than you might think. If you find yourself out of work, putting yourself through training courses or an advanced degree program can make you more valuable to the job market.