

SMART AND FUN WAYS TO USE YOUR TAX REFUND

You may already have big plans for spending your tax refund. Many think of this extra money in black and white terms – you either do something responsible with it or you frivolously spend every last cent of it. Here are a few suggestions for making the most of your tax refund while still having a little fun.

Pay off consumer debt. This is generally one of the best uses for extra cash. Try to pay off those debts that carry the highest interest rate first. If you have a car loan, you may want to pay it off next. Make sure your lender does not impose an early payment penalty.

A little fun: You can reserve most of your tax refund to pay off consumer debt, but if you have had your eye on that pair of shoes or you need to upgrade your cell phone, treat yourself if you can afford it.

Save for retirement. Even if you already contribute to a 401(k) through your work, you might consider purchasing or adding to a Traditional or Roth IRA. The contribution limit in 2016 and 2017 for either IRA is \$5,500 (\$6,500 for those 50 or over).

A little fun: If you have specific goals for life in retirement, start by putting funds into a specific savings account. Beginning now may make your retirement dreams seem a little closer.

Invest in yourself. Now that you have some extra cash, spending it on yourself may be the best investment of all. Consider new training courses or skill-building seminars. You also may be entitled to a tax deduction for education expenses that are required by your employer or that improve the skills required in your current job.

A little fun: Sometimes investing in yourself means just getting away from it all. If you keep putting off that fishing trip with your buddies or spa day with your sisters, now may be the time to invest in your mental health.

Start or add to an education fund. Consider starting or adding to a child's 529 Plan. Ask for help in deciding whether your education fund should be held in your name, your child's name, or in trust.

A little fun: Perhaps there's an extracurricular activity or class your child would like to take but you have been putting it off because of the cost.

Using a little moderation in deciding how to spend your refund might just give you more financial security and let you have some fun at the same time.