

5 Ways to Use a Bonus, Gift or Tax Refund



It's that time of year again. Many people will be getting tax returns (or already have) and are looking for the best ways to use that money as well as other "extra" money they have received.

Many of us hope for a windfall or a large gift or bonus. However, more than likely, most of us will be hoping for a tax refund this time of year. Here are five ways to consider using your tax refund (or gift or bonus).

- 1. Add it to your Savings.** Whether you are saving for a particular item or event such as a vacation, new baby or retirement, your savings account is a great place for any extra money you receive. Powerpay.org can help you set savings goals, help you with steps to reach them and also find resources to help you with overall financial goals.

2. **Reduce Debt.** If you have any debt, this is also an important category to pay attention to. Powerpay.org can be an especially useful tool to help you power your way out of debt. There is also an iOS app for PowerPay. These tools will help you determine which debts should be paid first and outcomes if you pay different amounts on each debt.
3. **Contribute to your Posterity's Future.** Set up or contribute to a college fund, wedding plans or other event for your children or grandchildren. The Utah Educational Savings Plan can be a tool for college savings. Be sure you understand the details before participating.
4. **Charitable Giving.** If you decide to contribute to a charity, be sure to check a website such as Charity Navigator or Charity Watch before donating.
5. **Create or Add to an Emergency Fund.** If you don't have one, do what you can to get one started. This can be a useful tool to help keep you out of debt. Any amount can be helpful to start with and add to. A minimum to aim for should be \$1,000, and recommended is three to six months of your income.