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WEALTH.  
WISDOM.**

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## 6 Ways to Make a Tax Refund Work for You

Whether we like it or not, tax season is upon us. And as millions of us scramble to file our tax returns, we are likely motivated by the prospect of a refund check that will arrive in our mailbox or bank account a few weeks after we've filed.

Most of us have grand plans for how we'll spend our tax refund. Some of us may book a much-needed vacation; others may buy that new fishing rod we've had our eyes on. After all, spending that money can be fun. On the other hand, is there something more useful we could do with that money? Could we make another, perhaps smarter choice? Typically, the answer is yes.

The suggestions below are great ways to put your refund dollars to work for you. They may not be as emotionally gratifying as a new flat-screen TV or designer handbag, but they can boost your feelings of accomplishment, as well as your long-term financial outlook.

### 1 Start an emergency fund

Having a stash of cash to cope with unexpected emergencies—such as a leaky roof, car repairs, or job loss—isn't just good for your financial health. It can also help you breathe easier during stressful times. As a rule of thumb, your emergency fund should have enough accessible cash to cover three to six months of essential living expenses, such as rent, car payments, child care, utilities, and that leaky roof. Your tax refund can go a long way toward building up your emergency fund.

### 2 Chip away at credit card debt

How liberating would it feel to wipe out the credit card balance that ballooned over the holidays? According to a [2018 study by NerdWallet](#), the average American household is saddled with more than \$15,500 in credit card debt and pays more than \$1,100 annually in credit card interest! If it's not feasible to pay off your entire balance, you could still use your tax refund to make a sizable payment. If you have multiple credit cards, dedicate your money to the card balances with the highest interest rates. By putting a dent in what you owe, you'll begin to see the light at the end of the credit card tunnel.

### 3 Open a Roth IRA

What better way to put your after-tax refund dollars to work than to grow your retirement nest egg? In 2019, eligible individuals can contribute as much as \$6,000 (or \$7,000 if you're older than 50) to a Roth IRA. In a Roth IRA, your contributions grow tax free, and you can generally make tax- and penalty-free withdrawals after you reach age 59½. Whether you've just started to save for retirement or you're a longtime contributor, taking advantage of a Roth IRA is an invaluable savings strategy.

## 4 Give your home a facelift

Home improvement projects come in all shapes, sizes, colors, and price ranges. Using your refund to renovate an outdated bathroom, replace an inefficient furnace, or spruce up walls with fresh paint is a win-win proposition. You'll enjoy the comfort of your new surroundings, and your home's resale value could increase. Real estate experts say that kitchen renovations tend to offer the most return on investment when you sell, but making minor improvements over time can also put profits in your pocket.

## 5 Invest in you

Make no mistake, a tax refund is money that you earned. It belongs to you; the government just borrowed it for a little while. So why not reap the rewards of your hard work by making an investment in yourself? Enroll in an online course that will help you take the next step in your career. Sign up for a fitness program that will refresh your body and mind. Enroll in a cooking class or learn to play the piano. You may find that personal growth brings you just as much gratification as financial growth.

## 6 Give back

Donating to your favorite charity may not be at the very top of your list—particularly if you live on a fixed budget. But donating to a charitable organization has numerous benefits. You'll delight in helping those who need it most and in giving your community a boost. You may also reap a healthy dose of personal satisfaction. Plus, you can claim the donation as a tax deduction if you itemize when you file next year.



## Earn Extra Credit (on Your Taxes)

When it comes to saving for retirement, it makes sense to capitalize on every available advantage, incentive, and opportunity that will get you closer to realizing your savings goals.

Did you know that the IRS offers a tax incentive called the Saver's Credit? It rewards workers who contribute to workplace retirement plans—including 401(k)s, 403(b)s, and SIMPLE IRAs—or to traditional or Roth IRAs. The Saver's Credit can also be taken for your contributions to an Achieving a Better Life Experience (ABLE) account if you are the designated beneficiary.

Depending on your adjusted gross income (AGI) and filing status, you can claim a 10-percent, 20-percent, or 50-percent credit for the first \$2,000 you contribute to a retirement account during the year. If you are married and filing jointly, the maximum eligible contribution is \$2,000 each for you and your spouse. Therefore, the Saver's Credit can be worth as much as \$1,000 for individuals and \$2,000 for couples who save in retirement accounts.

**How it works.** You are eligible for the Saver's Credit if you are:

- Age 18 or older;
- Not a full-time student; *and*
- Not claimed as a dependent on another person's tax return

If you meet these requirements, use the table below to determine the credit rate you can receive based on your tax filing status and AGI.

2019 SAVER'S CREDIT ELIGIBILITY GUIDELINES			
Credit Rate	Married Filing Jointly	Head of Household	All Other Filers
50% of your contribution	AGI of not more than \$38,500	AGI of not more than \$28,875	AGI of not more than \$19,250
20% of your contribution	AGI of \$38,501–\$41,500	AGI of \$28,876–\$31,125	AGI of \$19,251–\$20,750
10% of your contribution	AGI of \$41,501–\$64,000	AGI of \$31,126–\$48,000	AGI of \$20,751–\$32,000
0% of your contribution	AGI of more than \$64,000	AGI of more than \$48,000	AGI of more than \$32,000

Other important pointers to keep in mind:

- **Participation in a retirement account is key.** Remember, to qualify for the Saver's Credit, you need to be contributing to one of the above-mentioned retirement savings accounts.
- **The credit isn't given automatically; you must claim it.** The Saver's Credit is woefully underused—62 percent of workers are unaware of this important benefit, according to a 2018 survey by the Transamerica Center for Retirement Studies. To claim the credit, you must submit Form 8880 with your tax return.
- **Be sure to use the proper tax forms.** In addition to Form 8880, you'll need to file Form 1040, Form 1040A, or Form 1040NR to report your AGI. Most do-it-yourself tax preparation software will calculate the credit for you, but you may wish to consult a tax professional for help.
- **Rollover contributions are not eligible.** Only new contributions that you deposit into your retirement plan or IRA qualify for the credit.
- **Pay attention—there are multiple deadlines.** Contributions to workplace retirement plans must be made by the end of the calendar year in order to qualify for the credit. The deadline for IRA contributions is the tax filing deadline, April 15, 2019.

## Prevent Screen-Time Eyestrain

In this digital age, it's almost impossible to avoid looking at a screen of any type. And constantly gazing at the contrast of text against a background, the rapid-fire changing of images, and the glare of computer, tablet, or smartphone screens can cause eyestrain, which can lead to dry eyes or headaches. But making a few simple adjustments can help alleviate the symptoms of eyestrain at your home or office:

- **View your computer screen at a comfortable distance.** A good rule of thumb is to be about 25 inches, or approximately an arm's length, away from the screen.
- **Follow the 20-20-20 rule.** Every 20 minutes, focus on an object that is about 20 feet away for 20 seconds.
- **Be sure that the environment you're working in is brighter than your computer, tablet, or smartphone screen.** That is, your screen should not be brighter than the light in the room.
- **Use a protective screen cover** to reduce light and glare, thus reducing eyestrain.
- **Take a break.** Step away for about 15 minutes for every 2 hours that you're focused on your computer screen.

*Investing are subject to risk, including loss of principal. Talk to your financial advisor before making an investing decision.*

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