

What to Do With a Tax Refund

It's tempting to blow your tax refund on an impromptu shopping spree or the latest tech gadget, but don't drop those dollars just yet. Before you spend your refund, think about where that money would really be best used.

Before you even think about splurging, put 50% of your tax refund toward paying off debt. Apply it to your mortgage principal, make a larger-than-usual monthly credit card payment, or pay off part of an auto loan.

Another option: Nail down any big-ticket items coming up. A tax return can provide a nice chunk of cash to pay for that expensive dental work you've been putting off, overdue car repairs, or a semester's worth of college textbooks. You even could use your refund as part of a down payment on a new car.

Saving money for the long term is another smart decision. Stash part of your refund in an emergency fund, share certificate, or IRA (individual retirement account) at Commonwealth Credit Union.

You also could use your return to add equity to your home. Tackle those repairs you've been meaning to get around to, or make over your yard with some landscaping. Using your tax refund as a base, you could even take out a small home equity loan from Commonwealth Credit Union to cover projects you need done now.

After you've covered your other financial bases, treat yourself. Put some of your refund toward a trip you've been dying to take, sign up for a gym membership, or enroll in a class to learn a new skill.

However you choose to use your tax return, think about it first, look at your options, and make the best financial decision you can. If you need help setting priorities, meet with a Commonwealth Credit Union financial adviser today.