

MONEY NOW OR LATER?

Family Foundations Shows How to Put Tax Refund Money in Your Pocket Each Month



What would you rather have—a lump sum of \$2,600 or monthly payments of \$216 for a year? If you're one of the 46.5 million consumers who is receiving an income tax refund this year, that's the choice you have, as the average refund totals \$2,637.

Family Foundations suggests that consumers review their withholding allowances to make sure that the proper amount is taken out of each paycheck. "You don't want to end up owing Uncle Sam, nor do you want to give him more of your hard-earned money than you need to each month. I don't like to see anyone receive a refund." said Gail Cunningham, spokesperson for the National Foundation for Credit Counseling.

Many people are excited to receive an income tax refund, but what they don't realize is that the government is simply giving them back their own money. It's not a windfall, and it's not winning the lottery. Not only have they paid in too much money, the government is returning it to them without benefit of interest.

The very people who look forward to an income tax return are often those who have struggled all year long financially, falling behind on critical payments such as rent and vehicles. An extra \$200 per month would have given them great relief throughout the year.

The goal is to have your withholding match your actual tax liability. If not enough tax is withheld, you will owe tax at the end of the year. If too much tax is withheld, you will lose the use of that money until you get your refund.

The remedy is simple. Go to www.irs.gov and type "withholding calculator" in the search box. This will take you to a program similar to a W-4 worksheet, but most people find the calculator to be easier and more accurate. Consumers can use the results to complete their W-4 before submitting to their employer.

Workers need to be aware that they can change their W-4 at any time during the year, and certainly should do so if they've had a personal or financial change in their life. Examples of personal changes are divorce, marriage, birth of a child, the purchase of a new home, or retirement. Financial changes would include you or your spouse starting or stopping working.

It's always fun to receive a big check in the mail, but not if you've struggled all year. For help getting your financial house in order, contact Family Foundations at (904) 396-4846 or www.familyfoundations.org

Family Foundations stands ready to help. To reach us, call (904) 396-4846 or go online to www.familyfoundations.org.

About Family Foundations

You don't have to solve your financial problems alone. Family Foundations has trained and certified credit counselors who offer financial management and debt reduction services. Family Foundations is a nonprofit, community-based organization and a Member of the National Foundations for Credit Counseling (NFCC). For more information on Family Foundations, call (904) 396-4846 or visit www.familyfoundations.org.