

### Using Tax Refund Wisely Can Build Savings, Pay Off Debt

(KAIR)--It's the time of the year when employers are sending out the W-2 forms, signaling the start of the tax season. While you are collecting the needed forms to file, it can be tempting to start thinking of ways to spend your anticipated return. K-State Research and Extension family resource management specialist Elizabeth Kiss suggests using the 30-40-30 plan to pay off past, present, and future debt. You would use 30 percent of your refund to pay off any past debt, or catch up on any past due bills you may have. Forty percent would be earmarked for current use, which could help you with any immediate needs, and the final 30 percent can be used for any future use such as starting an emergency fund or any other long term goals.

Kiss also says there are a couple of ways to look at paying off bills as opposed to paying off debt. For example, you can make progress on any debt you may have with the most interest, but in terms of bills, it may be best to pay those that provide you with necessities such as water, heat, and cell phone use.

Some people may be thinking about putting money into savings. Kiss says this is good, but you don't necessarily have to think big while doing so. You should put any amount into a savings account that you can most afford, even if it is as low as \$10 a month, it is progress. Kiss says the majority of Americans are not prepared for a financial emergency, so she strongly recommends starting an emergency fund just in case an unforeseen expense arises.

For more tips on how to best manage your personal finances, go to the K-State extension website [www.ksre.ksu.edu](http://www.ksre.ksu.edu), or you can visit your county or district extension office.

Many Signals Communications