



Why a big income tax return is a bad deal?

In the parable of the talents, the Master chided the servant who received on talent for burying it in the ground. He said he should have invested the money to receive interest. Your tax refund is an interest-free loan to the federal government. You don't earn interest.

70% of Taxpayers receive a refund averaging just under \$3,000 per year.
What can you do differently?

Seven things you can change:

1. Aim for a \$0 tax refund. Get with your HR department & change your withholding allowance. If your income will be about the same as last year, divide your refund by 12 to decrease your income tax withholding by this much each month. As a bonus, should a thief try to steal your tax refund by filing a false return on your behalf, when you haven't overpaid, there won't be much for the thief to steal. Even the IRS provides a free calculator:
<https://apps.irs.gov/app/tax-withholding-estimator>
2. What to do with that extra cash each month? Build your emergency fund to the point of having 3 to 6 months of living expenses, maybe keeping it in an online savings. An emergency fund enables you handle life's inevitable expenses without having to borrow or use a credit card.
3. If your emergency fund is funded, use the money to pay down debt after using a tiny bit as a reward.
4. After the emergency fund and getting free of consumer debt, start saving for retirement. Live on less than you earn and save the difference for a lifetime.
5. Do home repairs and improvements that increase the value of your house.
6. Invest in yourself to get more training and education to increase your value to your employer.
7. Use the money to build family relationships. Maybe this looks like a weekly date night, reading a great relationship book together or even getting counseling. No relationships are more important after Christ than your family.