

Many Americans have recently received, or will receive soon, a refund from Uncle Sam. If you're one of the millions of consumers who received a check from the IRS, here are a few smart ways to use that money:

Get Rid of High-Interest Debt

If you're currently carrying a balance on high-interest debt, like a credit card or payday loan, using your refund to pay off some or all of that debt off can save you thousands in the long run. While high-interest debt can be a quick and easy way to get by in the short term, carrying a long-term balance on these credit products will have a serious (and negative) impact on your finances.

Start an Emergency Fund

The extra cash from a tax refund is a great source of funds to jump-start an emergency fund, if you don't already have one. Whether it's unexpected car repairs, home maintenance, or a medical emergency, being prepared will make it easier to pay for an unplanned expense this year. Building up an emergency fund with your tax refund is a smart way to get ahead of those financial pitfalls.

Get a Will

If you've been procrastinating hiring an estate planning attorney to draw up the legal documents, now is a good time to move forward. Having a current will, revocable living trust, power of attorney, and advance directive documents may cost up to \$2,500, but the peace of mind you'll have makes this a good way to invest your tax refund.

Treat Yourself, Within Reason

Maintaining balance between saving and spending is difficult, but never treating yourself or your family can actually make it harder to save. The key is to determine, in advance, how much of your refund will go toward leisure purchases. Before you spend a dime of your tax refund, make a plan for where the money will go. For example, you might put 80% of it toward your debt and other finances and spend 20% on yourself. Another strategy is to immediately divide your refund by 12. That gives you a budgeted amount that you can spend each month, which can remove some of the temptation to splurge.

