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5 Smart Uses for Your Tax Refund

Hastings City Bank offers consumer tips for putting tax refunds to good use

Hastings, Michigan – Nearly eight out of ten U.S. tax filers will receive a federal tax refund this year. As millions of Americans await reimbursement from Uncle Sam, Hastings City Bank has highlighted five tips for making the most of your tax refund.

“Smart use of your tax refund can start you on the path to long-term financial security,” said Nancy Goodin, Assistant Vice President, Marketing Director. “Instead of going on a spending spree, take a moment to evaluate your financial situation and decide on where those dollars will make the most difference.”

Hastings City Bank recommends the following tips for consumers looking to put their tax refund to good use:

- **Save for emergencies.** Open or add to a high-yield savings account that serves as an “emergency fund.” Ideally, it should hold about three-to-six months of living expenses in case of sudden financial hardships like losing your job or having to replace your car.
- **Pay off debt.** Pay down existing balances either by chipping away at loans with the highest interest rates or eliminating smaller debt first.
- **Save for retirement.** Open or increase contributions to a tax-deferred savings plan like a 401(k) or an IRA. Where can you get one? Your bank can help set up an IRA, while a 401(k) is employer-sponsored.
- **Put it toward a down payment.** The biggest challenge that most first-time home buyers face is coming up with enough money for a down payment. If you intend to buy a new home in the near future, putting your tax refund toward the down payment is a smart move.
- **Invest in your current home.** Use your refund to invest in home improvements that will pay you back in the long run by increasing the value of your home. This can include small, cost-effective upgrades like energy-efficient appliances that will pay off in both the short and long term. If you have more substantial renovations in mind, your bank can help with a home equity loan or line of credit.

For more tips and resources on a variety of personal finance topics such as mortgages, credit cards, protecting your money and saving for college, visit aba.com/consumers.

Hastings City Bank is a 5 Star Superior Rated Bank by BauerFinancial and operates seven conveniently located branches in Bellevue, Caledonia, Hastings, Marshall, Middleville, Nashville and Wayland.

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