00:00:07:12 - 00:00:29:21

Speaker 1

Hello, everyone, and welcome back to another episode of Share the Wealth. During this time of year, we shift our focus towards tax season. We spend the previous year meticulously planning for this time of year, so there are no surprises. We do this in order to mitigate large tax liabilities and underpayment penalties. I think almost everyone would rather see a refund than owe a ton of money. Do you think so?

00:00:29:23 - 00:00:38:20

Speaker 2

I agree.

00:00:38:20 - 00:00:38:12

Speaker 1

That brings us to our topic for this episode. Ways you can maximize your tax refunds this year.

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Speaker 2

But before we begin, let's start with our disclaimer. This is being recorded on March 19th, 2024. The contents of this podcast are strictly for informational purposes only, and nothing said should be taken as investment, tax or legal advice. It is important to discuss your situations with a professional before making any financial decisions, as the strategies discussed may not be suitable for you.

00:01:06:02 - 00:01:16:29

Speaker 1

So let's get into it. Now that you have worked with your financial advisor or a CPA to file your taxes, now you're either waiting for your refund or you might have already received it. So let's talk about next steps.

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Speaker 2

First thing to keep in mind is to prioritize your needs versus wants.

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Speaker 2

You might want that vacation, but do you really need it? Leyah, let's take a look at a few more alternatives.

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Speaker 1

Yeah, Lyndsey and I think that depending on which stage that you are in your life, this might look a little bit different if you're in the early stage of reaching your financial goals versus if you're already at that point where you've reached most of them.

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Speaker 1

But you want to save a little bit more. Here are a few things that you can prioritize for this tax season.

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Speaker 1

Number one, save for emergencies. As we discussed in one of our earlier episodes, building that emergency fund is crucial.

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Speaker 1

If you have not done so already, look to use your refund or a portion of your refund to put towards your emergency fund. For more details, check out the podcast episode “Savvy Financial Resolutions for Ladies in the New Year”.

00:02:26:01 - 00:02:26:01

Speaker 2

Another way you can use your tax refund wisely is paying down high costing debt. Maybe you have some student loans leftover that you need to pay down with some high interest rates or maybe even your at the end of your mortgage and you just want to be done. Contributing those additional amounts to that will be very useful.

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Speaker 1

Another way that you can use your tax refund is by investing in your career building and education. If you have just began your career and you're looking to get that promotion, it might require a little bit more training or education. Using your funds towards building your career is a great way to use your tax refund.

00:02:43:25 - 00:03:04:25

Speaker 2

Another great way to use your tax refund is towards your retirement dream. Maybe you're just starting out and opening a Roth to contribute towards that retirement dream or perhaps maybe you are already retired and want to put that money towards investing in a new retirement home. Whatever the case is, this is a great option to take.

00:03:04:25 - 00:03:25:29

Speaker 1

As Lyndsey began mentioning, if you have retired, you might be thinking what's next? Often time retirees plan to travel or travel more. This usually comes with traveling to the same area multiple times. This then can lead to wanting to purchase a home down in that retirement area. Using your tax refund to help purchase this retirement home is a great way to do that.

00:03:26:01 - 00:03:44:18

Speaker 2

Another fun way to use your tax refund is to spruce up your own home. Lots of times we know that home improvements can cost you tens of thousands of dollars. Maybe you're dreaming of that new kitchen that you want to put in. Using this to remodel could be a fun way to use your tax refund.

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Speaker 1

As I mentioned before, depending on what stage of life that you're in, your refund might be used for different purposes. For example, if you have child care expenses this year, maybe you have little ones at home or you have grandchildren using your tax refund to get ahead on some of those expenses might be advantageous for you and your family.

00:04:02:29 - 00:04:17:13

Speaker 1

As we were on the topic of discussing financial planning for families, another way to use your tax refund this tax season is by contributing to a 529 for those little ones. Maybe it's your grandchildren, maybe it's your children. This could be a great opportunity. What do you think, Lyndsey?

00:04:17:13 - 00:04:25:27

Speaker 2

Yeah, this is a really great opportunity. You can use this money down the line for expenses such as tuition, housing, books.

00:04:25:29 - 00:04:41:04

Speaker 2

There's a whole list, you name it. If you don't, however, use off the money moving forward, there is a new rule where you can roll that money into a Roth IRA. But again, that's way down the line in something that we’ll cover in future episodes.

00:04:41:04 - 00:04:43:17

Speaker 1

Yeah, but how great is that?

00:04:43:17 - 00:04:58:10

Speaker 1

So now you have a couple of great options to use your tax refund this tax season. However, no matter which option that you choose to spend your tax refund, make sure you're always looking towards the future. Use your refund on something meaningful towards you.

00:04:58:12 - 00:05:10:11

Speaker 2

There is a rule of thumb that you are always allowed to use 10% of your refund towards yourself. Whether that's investing in, say, a spa day escrowing into an account for maybe a year down the line.

00:05:10:11 - 00:05:22:18

Speaker 1

Yeah, I'm going to try that new restaurant as Lyndsey mentioned, a new spa day, buying some new candles, maybe cozying up with a good book.

00:05:22:18 - 00:05:22:18

Speaker 2

Or maybe even picking up a local bottle of wine to just go home and sit near the couch.

00:05:22:23 - 00:05:24:20

Speaker 1

Yeah, all great options.

00:05:25:12 - 00:05:29:29

Speaker 2

We hope you enjoy this episode and stay tuned for the next. And as always…

00:05:29:29 - 00:05:33:09

Speaker 1 and Speaker 2

Don't forget… Share the Wealth!

Speaker 1: Leyah Dauber

Speaker 2: Lyndsey Payne, MBA