



BUILDING ASSETS WITH YOUR TAX RETURN

GROW YOUR MONEY AT TAX TIME

It is easy to be tempted to splurge once you receive your tax return, but think twice before you go out and buy a new car stereo or go on a shopping spree at the mall. Spending your tax return foolishly will only leave you in the same financial situation as you were in before. However, investing your tax return wisely and learning how to make your money grow more money can improve your financial health as well as the quality of life for you and your family.

If you receive a tax return (especially one of significant size) you have the opportunity to create wealth for yourself and your family. Here are some ways to build assets with your tax return:

1. Pay off Debt.

Debt, whether it is from credit cards, title loans, or payday loans, can be a real drain on your monthly income. It is easy to overextend yourself financially by taking on too much debt, and interest rates and fees can cause your debt to keep increasing. Additional monthly payments can cause a hardship for families on a tight budget. Use your tax return to reduce or get rid of your debt once and for all. This will free up some of your monthly income and leave you in a much better financial position.

2. Open an Individual Development Account.

An Individual Development Account (IDA) is a special savings account where you receive match dollars for every dollar you deposit. You can grow your tax return by thousands of dollars and then invest it into assets such as higher education, a new home, or your own business. Several members of the Great Plains Native Asset Building Coalition offer these programs. Visit the Matched Savings Program page on the Great Plains Native Asset Building website to find a program near you.

3. Invest.

Rather than depositing your tax return into a bank account, there are several other ways to invest your money to make it grow. For example, you can invest in a Certificate of Deposit and earn interest or you could open an Individual Retirement Account and start saving for your future. For more ways to invest your money visit the Investing page on the Great Plains Native Asset Building website.

4. Start an Emergency Savings Fund.

When you are on a tight budget, it is easy to get into financial trouble if some kind of emergency, such as a car breaking down or an unexpected hospital stay, comes up. It is common for individuals or families to turn to predatory lenders, such as payday lenders or title loan companies, to help make ends meet during a financial crisis, but this only thrusts them into a never ending debt cycle with excessive interest rates and fees. Instead, start an emergency savings fund now to avoid unnecessary debt later.