



# Consumer Sense

Information from Nusenda Credit Union and CFS\* to help keep your financial life in balance

## In This Issue:

### How to be Smart about Your Tax Refund

- Save it
- Pay down debt
- Contribute to a HSA
- Increase retirement account contributions
- Invest
- Start planning

### How to be Smart about Your Tax Refund

If you're expecting a tax refund, you've probably already asked yourself, "What should I do with it?" Before you book your vacation, you may want to consider other options for your tax refund. Here are some helpful tips while you decide what to do with your tax refund.

#### Save it

Forty percent of U.S. households live paycheck to paycheck. For many people, a drop in their income (Like a government shutdown) or an unplanned expense can hit hard. A tax refund is an annual opportunity to put money away for a rainy day. Having an emergency fund available will ease the stress over unforeseen expenses down the road.

### Have you read...

"Save Wisely, Spend Happily: Real Stories About Money & How to Thrive from Trusted Advisors," by Sharon Lechter

Please visit this source for more information:

[http://www.huffingtonpost.com/amandah-blackwell/7-ways-to-handle-your-tax\\_b\\_4557570.html](http://www.huffingtonpost.com/amandah-blackwell/7-ways-to-handle-your-tax_b_4557570.html)

<https://www.moneycrashers.com/what-to-do-with-your-tax-refund-money/>

#### Pay Down Debt

High balances and high finance charges can put a real drain on your wallet and limit your financial options. If you let those balances linger long enough, they could keep you from achieving other important goals and dreams, such as buying a home. Whatever your financial goals and dreams, paying off high-interest credit card debt is the first important step in the right direction.

#### Contribute to a Health Savings Account

Health savings accounts (HSA) are tax-deductible savings plans that allow a taxpayer to save pre-tax dollars for future healthcare expenses. It can also be used to pay for current medical expenses. Earnings, such as interest and dividends, in the HSA are tax exempt at the federal level. Contributing to your HSA plan not only allows you to save money for medical expenses but uses pre-tax dollars!

#### Increase Retirement Account Contributions

When it comes to working toward a more secure retirement, there are many strategies. However, the best way to take control of your financial future might be simply increasing your retirement plan contribution amount. Even a small contribution from your tax refund can boost your finances in retirement. How much should you contribute? Only you can decide how much the right amount is, you

may want to consult with your financial professional for assistance.

#### Invest

For many people, this year's tax refund will go to paying off debt or will be deposited into a savings account. A decent tax refund can be more than a quick fix to household finances. If you plan to retire in comfort, it's crucial to put your savings to work! Keep in mind that if you get a 5% rate of return each year, \$2,500 today turns into almost \$8,500 in 25 years, more than tripling your savings. Talk to your financial professional on some long-term investing ideas to generate a return on your tax refund.

#### Start Planning

After you've completed your 2018 tax return, it's never too early to start planning for next year. The beginning of the year is a great time to start tracking your tax-related receipts and stay organized.

**Speak with your financial professional. Find out what may be the best solutions for your situation.**



Investment Services offered through CFS\*

### Interested in learning more?

We specialize in helping people maintain a healthy financial balance and discover smart money strategies. Call us to set an appointment to review your investment objectives, and to discuss any questions you might have. We look forward to speaking with you!

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Do you have a topic you'd like to see covered in future *Wealth News* newsletters?

Email your questions and comments to us at: [jhabing@nusenda.org](mailto:jhabing@nusenda.org)

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