

Jerry Manor:

Welcome to the SeaComm Podcast, your place for the latest on what's happening at SeaComm, and helpful tips on saving and protecting your money. Jerry Manor here. Income tax season is here too. Now, you may be getting a larger refund this year due to tax changes brought on by the so-called Big Beautiful Bill. So today on SeaComm Money Matters, some smart things to do with the cash. Now, it can be tempting to rush out and spend the money, and if you're in good shape financially, certainly you can have some fun with it, but you can also use some or all of it to help improve your financial status in the long run. If you're one of those millions of Americans expecting a refund, here are some ways to make it work for you.

One of the smartest things you can do with your refund is to pay down high interest debt, like credit cards, which will help you save a potentially significant amount of money over time. Another smart use of your refund is to beef up your emergency savings account. Experts typically recommend an emergency fund with enough to cover three to six months worth of living expenses. Your refund could also make a big difference in your golden years if you use it to make an extra contribution to your retirement account. Contributing to your Roth or traditional IRA or making an additional contribution to your company's 401k can really make a difference, especially if your company offers a match.

If you're self-employed, you can also contribute to a simplified employee pension, or SEP IRA. If you have some time before hitting retirement age, money compounding in one of these accounts can really grow. Be sure to pay attention to contribution limits for these accounts before choosing how much of your refund to direct there. The IRS makes it easy for taxpayers to save the refunds. By opting for direct deposit, you can deposit your refund for free in up to three US financial accounts by using Form 8888. You can divide the money in any proportion, such as sending part to a checking account for immediate use and part to a savings account and part to a retirement account.

Now, if your credit card debt is low and your emergency and retirement accounts are in good shape, you might want to use part of your refund to make some home improvements. If you own a home, investing in it can pay dividends down the road when it's time to sell, but do some research. Some renovations don't really affect your home's value. If you've been thinking of developing new skills or getting a degree, this could be your chance. You might want to invest your tax refund in yourself by signing up for continuing education courses, advanced degree classes, or maybe a professional certification program, which could lead to a better job and a bigger paycheck.

No matter how you use the cash from your refund this year, take some time to evaluate and adjust your withholdings to prevent a substantial refund next year. Yeah, I did say that. Remember, a refund might seem great, but in reality it means you overpaid on your taxes over the course of the year, in effect, an interest-free loan to Uncle Sam. It's money you might otherwise have used during the year to pay your bills, invest or reduce your debt. Instead, you paid that money to the government. For many taxpayers, figuring out how much to pay in taxes throughout the year to avoid either getting a refund or owing a large sum of money is a difficult task.

Some people deliberately withhold too much from their paychecks using this tactic as a forced savings plan. Many others, though, experienced changes in their life that impact tax status like getting married or divorced, having a child or changing jobs. But if you can help it, you might be better off forgoing the refund and using the extra cash from each paycheck to keep up with debt throughout the year, rather than letting the government hang onto your hard-earned money interest-free.

Now, the deadline to file your personal income tax return is Wednesday, April 15th, 2026. Well, that's it for today's edition of SeaComm Money Matters. Thanks for listening, everyone. I'm Jerry Manor. Thank you for joining us for this edition of the SeaComm Podcast. We hope you'll listen in again.