HEALTH. WEALTH. WISDOM.

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Put Your Tax Refund to Work for You

It's tax season, the time of year when millions of Americans rush to file their returns and then eagerly wait for the refund check to arrive in the mailbox. Most of us have grand plans for how we'll spend our tax refund—some may book a Caribbean vacation, others might buy that new set of golf clubs they've been eyeing. After all, the extra money can be fun to spend. Yet, it's important to take a step back and ask ourselves, *Could I make smarter choices with my tax refund money?* Usually, the answer is yes!

The practical suggestions below are great ways to put your refund dollars to work for you. Although these ideas may not be as glamorous as a flat-screen TV or a designer handbag, the feelings of accomplishment and satisfaction you will experience can boost your long-term financial outlook.

- **Start a rainy day fund.** Having a stash of cash to help you through unexpected emergencies—such as a damaged roof, car repairs, or other life surprises—isn't just good for your financial health; it can also help you breathe easier during stressful times. An emergency fund should have enough accessible cash to cover three to six months of essential living expenses (such as rent, car payments, child care, utilities, and so on). Your tax refund can go a long way toward building up those reserves, potentially sheltering you from an unforeseen financial storm.

- **Chip away at credit card debt.** According to a 2016 study by NerdWallet, the average American household is saddled with more than $16,000 in credit card debt and pays approximately $1,200 annually in credit card interest. How liberating would it be to wipe out that credit card balance that ballooned over the holidays? If it's not feasible to pay it off all at once, you could still use your tax refund to make a sizable payment. By putting a significant dent in the balance, you'll begin to see the light at the end of the credit card tunnel.

- **Open a Roth IRA.** What better way to put your after-tax refund dollars to work than to grow your retirement nest egg? In 2017, eligible individuals can contribute as much as $5,500 (or $6,500 if you're over age 50) to a Roth IRA. In a Roth IRA, your contributions grow tax-free, and you can generally make tax- and penalty-free withdrawals after you reach age 59½. Whether you've just started to save for retirement or you're a longtime contributor, taking advantage of a Roth IRA is an invaluable retirement savings strategy.

- **Give your home a facelift.** Home improvement projects come in all shapes, sizes, colors, and price ranges. Using your refund to renovate an outdated bathroom, replace an inefficient furnace, or spruce up walls with fresh paint is a win-win proposition—you'll enjoy the comfort of your new surroundings, and your home's resale value could increase! Real estate experts say that kitchen renovations tend to offer the most return on investment when you sell, but making several minor improvements over time can put profits in your pocket, too.

➡ **Invest in yourself.** Make no mistake, a tax refund is money that you *earned*. It belongs to you; the government just borrowed it for a little while. So why not reap the rewards of your hard work by making an investment in yourself? Enroll in a course that will help you take the next step in your career. Sign up for a fitness program that will refresh your body and mind. Cultivate new interests by enrolling in a cooking class or learning to play the piano. You may find that personal growth brings you just as much gratification as financial growth.

Earn Extra Credit (on Your Taxes)!

When it comes to saving for retirement, it makes sense to capitalize on every available advantage, incentive, and edge that will get you closer to realizing your retirement aspirations.

Did you know that the Internal Revenue Service (IRS) offers a tax incentive called the Saver's Credit? This tax break rewards American workers who contribute to workplace retirement plans—including 401(k)s, 403(b)s, and SIMPLE IRAs—or to traditional or Roth IRAs. The amount of the credit depends on a few factors, such as your age, marital status, adjusted gross income (AGI), and tax filing status.

How it works

You are eligible for the Saver's Credit if you are:

- Age 18 or older;
- Not a full-time student; and
- Not claimed as a dependent on another person's tax return.

If you meet these requirements, use the table below to determine the credit rate you can receive, based on your tax filing status and AGI.

Married Filing Jointly	Head of Household	All Other Filers	Credit Rate
AGI not more than $37,000	AGI not more than $27,750	AGI not more than $18,500	50% of your contribution
$37,001–$40,000	$27,751–$30,000	$18,501–$20,000	20% of your contribution
$40,001–$62,000	$30,001–$46,500	$20,001–$31,000	10% of your contribution
More than $62,000	More than $46,500	More than $31,000	0% of your contribution

Other important pointers to keep in mind:

- **The credit isn't given automatically; you have to claim it.** The Saver's Credit is woefully underused—only 30 percent of workers are aware of this important benefit, according to a 2016 survey by the Transamerica Center for Retirement Studies. To claim the credit, you must submit Form 8880 with your tax return.
- **Be sure to use the proper tax forms.** In addition to Form 8880, you'll need to file Form 1040, Form 1040A, or Form 1040NR to report your AGI. Most do-it-yourself tax preparation software will calculate the credit for you, but you may wish to consult a tax professional for help.
- **Rollover contributions are not eligible.** Only new contributions that you deposit into your retirement plan or IRA will qualify for the credit.
- **Pay attention—there are multiple deadlines.** Contributions to workplace retirement plans must be made by the end of the calendar year in order to qualify for the credit. The deadline for IRA contributions is the tax filing deadline (April 18, 2017).

Your Hydration Transformation

The sight of people toting around colorful water bottles has become commonplace. And with good reason—the benefits of drinking water are well known. Regular water consumption can boost energy levels, combat fatigue, promote weight loss, and lubricate muscles and joints. Oh, and it's free! Yet many people still turn to beverages like soda, coffee, and energy drinks—which are often loaded with sugar and chemicals—before reaching for a glass of H2O.

To make water your beverage of choice, try a few of these thirst-quenching tips:

- Start gradually by replacing one soda, juice, or energy drink per day with a glass of water. Forming positive habits takes time, and building up to your goal will help you stay on track.
- Drink a glass of water when you wake up in the morning and before you go to bed at night. Placing it on your nightstand ahead of time will serve as a great reminder.
- Each time you eat a meal, or even a snack, have a glass of water.
- Make a water bottle one of your must-have accessories—keep one at the office, at home, and in your car. Water bottles come in a variety of styles and colors, so have some fun with it!
- If you're craving flavor, try adding berries, sprigs of fresh mint, or lemon, cucumber, or orange slices to your glass or bottle.

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