

What would you do with \$1,000 free and clear? While you'd think the first instinct might be to run to Vegas, two thirds of U.S. adults would put \$1,000 they got 'free and clear' today into savings, while over a quarter (28%) would pay down debt - only 2% would use it to splurge on something; according to a recent survey by the National Endowment for Financial Education.

Tax season is the time when many people can expect \$1,000 (or more) free and clear. The average refund last year was \$2,797 and 70% of filers received refunds. Here are three ways to make the most of your tax refund savings:

1. Save for a rainy day. It's always helpful to have a savings account to draw from when a major car repair bill, medical emergency or other unexpected expense comes along. That way, you don't have to borrow money and add to your debt-load. Personal finance experts recommend that consumers save enough to cover at least 2 – 6 months of expenses. A tax refund can be a giant step toward reaching the savings goal for your emergency fund. Make saving easy. Use IRS Form 8888 to direct deposit part of all of your tax refund into up to three bank or credit union accounts.
2. Pay down debt. Use at least part of your refund to make additional payments on any debt that you owe. Get those pesky payments off your back and save money on interest. Pay off or decrease credit card debt. For example, a \$3,000 balance at 14.4% with a minimum monthly payment of \$90 would take 11 year to pay off and cost more than \$1,000 in interest charges. Paying down debt frees up breathing room in your monthly budget.
3. Save at least \$50 and qualify to enter the Save Your Refund contest. There are weekly prize drawings and a grand prize of \$25,000. Sign up at [www.saveyourrefund.com](http://www.saveyourrefund.com).
4. Save Your Refund is a promotional campaign sponsored and funded by two nonprofit organizations - America Saves and Doorways to Dreams. The purpose of the Save Your Refund campaign is to inspire tax filers to save all or part of their refund.

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