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NEWS RELEASE

Credit Advisors Foundation

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FIX FINANCIAL TROUBLES WITH TAX RETURN MONEY

Americans are anxiously awaiting the arrival of their tax return/rebate money. The 2007 tax return is estimated to be \$2,500 per person and the rebate check will be \$600-\$1,200, which adds up to approximately \$3,000 to \$5,000 for each American. The first temptation may be to go out and spend that money, which is what the government expects, but Lisa Cameron, Director of Education for Credit Advisors Foundation has some other suggestions.

- ◆ **Pay off credit cards with high interest rates.** The average American household owes \$9,000 in credit card debt. Use some of the money to make a large payment, or even completely pay off credit cards with high interest rates. A large payment could significantly lessen credit card burden.
- ◆ **Create an emergency fund.** The economy is teetering on a recession, so it's a good idea to put aside money into a savings account. A good rule of thumb is to have at least six months worth of living expenses available, in case of an emergency such as job loss.
- ◆ **Set money aside for the 2008 Holiday Season.** In 2007, the average American family spent \$900 on Holiday presents; that figure doesn't even include all other expenses associated with the Holidays. Save a portion of the tax return/rebate money to pay for holiday expenses. That way, the financial burden of the Holidays can be avoided.
- ◆ **Make a double mortgage payment.** Foreclosure is the word of the day, but it doesn't have to be, "On a \$150,000, 30-year mortgage with a 7% interest rate, \$5,000 in interest and six years of payments can be saved by making just one extra mortgage payment a year," Cameron said.
- ◆ **Splurge, but just a little bit.** Just like with a diet, it's almost impossible not treat yourself once in a while. Go out to eat, buy a new pair of shoes, or purchase a new, reasonably priced, electronic gadget. Then take the rest of money and use it wisely.

Two options that should be completely avoided are, taking out a new loan in anticipation of the money or spending it frivolously. These are financially irresponsible moves. Since every American has a different financial situation, there is no cookie cutter plan to best use the money. Discuss options available with a trusted source before acting upon a financial plan.

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