

4 SMART WAYS TO USE YOUR TAX REFUND

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ANCHOR ALYSSA TAGLIA: 9:19 a.m. Welcome back. If you filed your taxes already, you'll be seeing those refunds soon. Here with the four best ways to use that money, we have financial advisor, Galen Bargerstock of Government & Civil Employee Services. Thanks for joining us.

GALEN BARGERSTOCK, GOVERNMENT & CIVIL EMPLOYEE SERVICES: Thanks for having me.

ANCHOR TAGLIA: Alright, so a lot of people looking forward to hopefully getting a check. So, let's get to it. How should people spend it?

BARGERSTOCK: Multiple ways that you can spend it.

ANCHOR TAGLIA: Okay.

BARGERSTOCK: But I recommend doing a mixture of everything I am going to talk about today because, really, you have to spread it all out and have a plan. But, the first one I would tell you would have to be pay off debt.

ANCHOR TAGLIA: Yeah.

BARGERSTOCK: And debt, when I say debt, I specifically mean credit card debt. So, you're buying products and goods all year long and you're buying it on-time. But the average interest rate is around 17 percent.

ANCHOR TAGLIA: Wow.

BARGERSTOCK: So, if you're buying all that stuff and you rack up, maybe, \$1,000 or \$2,000, on credit cards, that's going to add up in the interest that you're going to pay back. So, really chucking a portion down to pay off that debt is going to help you – the biggest bang-for-your-buck.

ANCHOR TAGLIA: Yeah and I guess it's situational, right, because some people may not have a situation where they are in debt. So, what's another option? What's another way to spend this refund?

BARGERSTOCK: Well, savings. And savings is broad as well because it depends on what stage of life

you're in to what you're going to spend the money on.

ANCHOR TAGLIA: What you're saving for, right?

BARGERSTOCK: Correct. Yeah, but rule of thumb, save about \$500 - \$1,000 just in a savings account for emergencies.

ANCHOR TAGLIA: Okay.

BARGERSTOCK: That's going to help you to avoid using that credit card once you've paid that debt down.

ANCHOR TAGLIA: True, yeah.

BARGERSTOCK: And then traditional IRAs, that is going to help you for the next tax year if you are itemizing deductions to get you a larger refund back in the following year. Roth IRAs, any kind of investing or savings that you can do, just speak with a financial professional and figure out what's appropriate for you.

ANCHOR TAGLIA: Yeah, okay, so we're talking about paying off debt, saving –

BARGERSTOCK: Yeah.

ANCHOR TAGLIA: There has to be a little fun in there, too, right?

BARGERSTOCK: Yeah, you have to have fun. So, splurge. You have to splurge. You paid all of this money. You worked for all of this, so, you owe yourself a little treat.

ANCHOR TAGLIA: Yes, of course.

BARGERSTOCK: So, buy something that you want to buy that you're going to think about buying for six months and put it on a credit card anyways, just buy it now and get it out of the way.

ANCHOR TAGLIA: True.

BARGERSTOCK: You know, treat yourself.

ANCHOR TAGLIA: Alright, three steps, so what's the fourth?

BARGERSTOCK: Charity.

ANCHOR TAGLIA: Oh, I love it.

BARGERSTOCK: So, I am huge on charity. I believe that the more you give, the more that you're going to get back in general. So, if you can afford – you guys mentioned The United Way earlier – I had the opportunity this year to witness and see what The United Way actually does for communities. So, whether it's \$100 or \$1,000, every dollar helps because you never know when you'll need it.

ANCHOR TAGLIA: Absolutely. And you know, those are all four great ideas on how to spend or use your refund.

BARGERSTOCK: Yeah.

ANCHOR TAGLIA: But you and I were talking in commercial break how it's odd to say you don't really want a refund. What do you mean by that?

BARGERSTOCK: You don't want a refund back and the reason being is because if you're getting a refund back that's meaning that you paid more money than you should have and their holding it, the IRS, and creating wealth. Where if you're maximizing all of your 401(k)s, everything that you're doing yourself and getting back a little return, that's actually better for you because you have more in your household through the year.

ANCHOR TAGLIA: And that's sometimes where the expertise of someone like yourself, a financial advisor, comes into play.

BARGERSTOCK: Yep.

ANCHOR TAGLIA: Helping you decide what is appropriate for what you're making, what you're saving and what not to take out.

BARGERSTOCK: Yeah. When I started doing this, I threw the rulebook out the window because every single individual is so unique and different on how they spend money. So, there's no right or wrong answer. It's pretty much save, pay off debt and be kind.

ANCHOR TAGLIA: Yeah. Again, so situational. Thanks so much for being here this morning. A lot of great tips. We really appreciate it.

Galen Bargerstock, president of Government & Civil Employee Services, LLC (GCES), is concentrated on navigating federal and state employees through financial and retirement planning. Galen holds a Pennsylvania Life, Health and Annuity License, as well as Series 6 and 63 licenses.

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