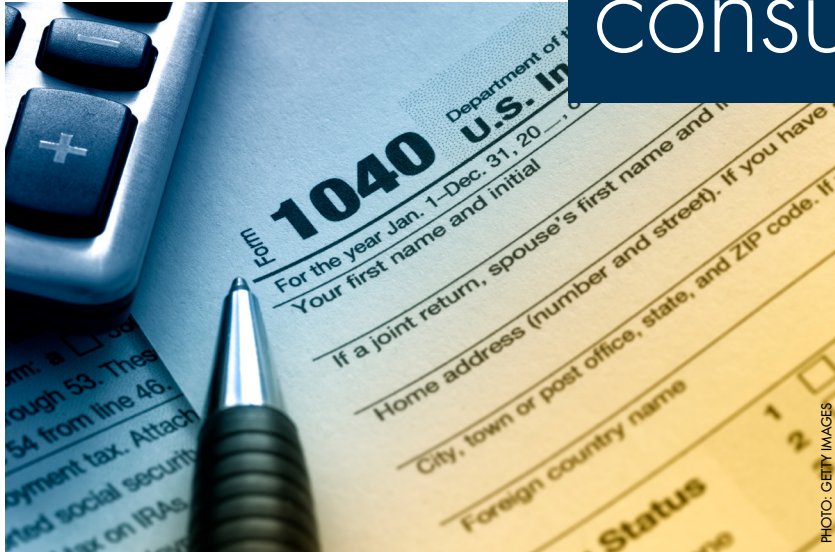




January 28, 2019

FEDERAL DEPOSIT INSURANCE CORPORATION consumer news



Tax Season and Your Refund Options

Changes in banking technology make managing your refund safer and easier than ever

Here are a few tips to ensure that your refund arrives as quickly and safely as possible as well as some ideas on how to get the most out of your money when it does.

The Refund Process

Once you have submitted your federal taxes and know you have a refund coming to you, the fastest way to get your tax refund is to have it electronically deposited into your financial account through the IRS's Direct Deposit Program. It's free to consumers, and it allows you to deposit your refund into as many as three separate accounts.

While you can still receive your refund in the form of a paper check, there are several advantages to direct deposit. Not only is it faster, direct deposit is also more secure. Refund checks sent through the mail can be lost, stolen, or returned to the IRS, if undeliverable. If you don't already have a bank account, this might be the perfect time to open one.

Another option is to have your refund deposited onto a prepaid card. If you use a prepaid card, read the fine print and make

sure you know how to deposit money onto the card and any fees involved. Cards differ in the types of deposits allowed, the process for receiving government deposits, and the fees charged for certain transactions. If you set up a new prepaid card account for your refund, you may be required to provide information to validate your identity, such as your Social Security number and date of birth.

Whichever method you choose, you can track the status of your federal tax return from the time the IRS received it by visiting <https://sa.www4.irs.gov/irfof/lang/en/irfofgetstatus.jsp> and filling out the appropriate information, or by downloading the mobile app IRS2GO at <https://www.irs.gov/newsroom/irs2goapp>.

For more information on tax refunds, visit <https://www.irs.gov/refunds>.

Protect Your Money from Tax Scams

If your personally identifiable information (PII), such as your name, address, and Social Security number, has been stolen, the information can be used to open credit cards and loans or file a fraudulent tax return in your name, allowing the thief to claim your refund. If you suspect that your information was stolen, contact the IRS by calling 800-908-4490 or visiting the IRS website for identity protection at <https://www.irs.gov/identity-theft-fraud-scams>.

Be wary of phone calls and emails from anyone claiming to be from the IRS. Identity thieves have been known to pose as IRS agents, providing a fake name and IRS badge number and even creating a fake phone number that appears on caller ID as coming from the IRS. These thieves often threaten people with audits, deportation, and other legal action or promise checks for unclaimed funds.

The IRS typically does not initiate emails to individuals asking for personal information. Before acting on any phone call or email purportedly from the IRS, call the agency at 800-829-1040. An agent will be able to verify whether the IRS is in fact trying to get in touch with you. If you are certain the contact was part of a scam, report it to the Treasury Inspector General for Tax Administration by calling 800-366-4484. You can also report unsolicited emails by forwarding it to phishing@IRS.gov.

Some people use tax preparers to assist them with preparing their tax return. While most tax preparers are recognized professionals who can be very helpful, some preparers are scammers. Be wary of tax preparers who advertise with fliers or posters promising large refunds or special inside knowledge of little known tax credits and rebates or those volunteering to come to your home to prepare your taxes. These scammers make money stealing your personal information for later use and collecting fees. If you aren't sure, ask for the tax preparer's PTIN, which is the IRS tax preparer identification number that all legitimate preparers must have. Also, ask the preparer for references.

For more information on protecting your tax refund, visit:

<https://www.irs.gov/newsroom/tax-scamsconsumer-alerts>

<https://www.fdic.gov/consumers/assistance/protection/idtheft.html>

What to Do With Your Refund

Once you have received your refund, you need to decide what to do with it. Many people use tax refunds to make large purchases they might not have the cash for at other times of the year. It can also provide a great opportunity to start a new savings option, contribute to your emergency fund, or reduce outstanding debt.

The IRS allows you to divide your federal tax refund into two or three additional financial accounts. By splitting your refund, you have a convenient option for managing your money – sending some of your refund to an account for immediate use and setting some aside for savings. For example, you could have part of your refund deposited to your checking account and the remainder sent to your Individual Retirement Account, or you might use some of your refund to purchase U.S. Series I Savings Bonds. (For more information on purchasing Savings Bonds with your tax refund, visit <https://www.treasurydirect.gov/>.)

You may also want to consider using your refund to start or augment emergency savings. Having emergency savings provides peace of mind when something unexpected occurs, such as a major car or home repair.

For more help or information, go to www.fdic.gov or call the FDIC toll-free at **1-877-ASK-FDIC (1-877-275-3342)**. Please send your story ideas or comments to Consumer Affairs at consumeraffairsmailbox@fdic.gov

The amount to set aside for your emergency fund will depend on factors such as your monthly expenses and the number of people in your household, but the general rule of thumb is to save at least three to six months' worth of expenses.

If you are carrying a credit card balance, think about using your tax refund to pay it down or even pay it off. To get the most from your money, it may make sense to pay off a credit card with a high interest rate, compounding against you month after month. Going this route allows you to have more money every month once that credit card payment vanishes from your list of bills, and it can help build your credit as you reduce that debt.

Making extra payments on your mortgage may be another way to use your refund, saving you money over the long term. Since so much of your mortgage payment goes toward paying interest, using your tax refund to make an extra payment or two against the principal will go a long way to reducing the debt and overall cost of the loan.

If you are getting a tax refund this year, remember to take steps to keep your refund safe, know the refund options available to you, and consider different ways to make your money work harder for you.

