

## **Tax & RRSP Tips - This year, turn your tax refund into savings**

There are few times of year more joyful than the day you finally hold your good ol' tax return cheque, or head into your electronic banking account and find out that the Government has made a deposit (gasp!).

However, while it's always good news to discover that you're a bit wealthier today than yesterday -- whether that's by hundreds of dollars, or by thousands -- it's also important to remember two things:

1. This is YOUR MONEY, and it always has been. The Government just "borrowed" it for a while.
2. Since this is your money, you can CHOOSE TO SAVE it if you want.

That is, you don't have to spend it on a new big screen TV or a sleek new laptop. Of course, you certainly can buy these things if you wish. But you don't *have* to. Instead, you can say to yourself: "this year, I'm turning my tax return into savings!"

And if that sounds like a good idea -- not as exciting as a big screen TV, but sometimes the best ideas come in pretty ordinary packages -- here are three ways to make it happen:

### **I. Grab some RRSPs**

Yes, RRSP deadline ended just a short while ago, but there's really no such thing as "RRSP Season." It's *always* a good time to invest in your RRSPs! And if you start contributing towards your maximum contribution amount now, you'll benefit from compounded interest, plus you'll avoid the last-minute stress when next year's deadline looms.

### **II. Invest in your TFSA**

Remember, unused contribution limits carry forward indefinitely. So if you haven't maximized your annual deposits since TFSAs first hit the scene in 2009, then you can make those deposits right now (up to your current contribution limit). And while TFSAs don't give you the same income tax benefits as RRSPs, they do offer you a reward that's just as nice: your investment earnings are 100% tax free. Now that's a formula for happy savings!

### **III. Pay down your high interest debt**

High interest credit cards debts and other high rate loans put a major dent in your savings power, because you have to pay the interest with before-tax dollars. In other words, to pay \$100 in interest each month, you have to earn *more* than \$100 -- anywhere from around \$110 to \$140, depending on where you live and how much you make. In this light, you can see why paying down high interest debt ASAP makes clear financial sense. And while you're doing some high power *kung fu* on your debt load, you might also look into consolidating your debts or transferring balances, so that more of your payments go to principal -- and you get closer each month to being debt-free.

### **The Bottom Line**

At Nelson & District Credit Union [we're here to help turn you tax refund into big savings](#). Contact us today at 1.877.352.7207 or visit us at [www.nelsoncu.com](http://www.nelsoncu.com) to learn more.