

BLOG

It's time for the spring ritual of eagerly awaiting our income tax refund!

There are so many exciting things to spend that money on – a vacation, a flat-screen television, a new toy for the garage; however, there are much better options for your refund.

Early Bird RRSP Contribution:

Use your income tax refund to make next year's RRSP contribution. Why wait until the last minute once again? The earlier you contribute, the more time for your money to grow.

Tax Free Savings Account:

Open a TFSA to save for a family vacation, a new car, your child's education or your retirement. You'll earn interest tax-free on your annual contribution of \$5,000.

Lump-Sum Mortgage Payment:

If your mortgage terms allow, use your refund to pay down your mortgage. Any additional payments applied directly to principal can make a big difference in the life of your mortgage, and the amount of interest you pay.

Pay Down Debt:

Getting rid of high-interest debt can take a weight off your shoulders. When you use your refund to pay down or pay off a credit card, you not only save money on interest, you also reduce your monthly payments.

If you're fortunate enough to be receiving a large refund, you may be able to do more than one of the above. It's always smart to increase savings while reducing debt. Your net worth will thank you!