



NATIONAL FOUNDATION FOR
CREDIT COUNSELING

*Knowing the difference can
make all the difference.*

NFCC PRESS RELEASE

For Immediate Release
April 1, 2010

Contact:
Gail Cunningham
(940) 691-6322 - direct
(240) 672-2700 – cell
gcunningham@nfcc.org

AMERICANS PREFER MORE MONEY IN THEIR POCKET EACH MONTH AS OPPOSED TO ANNUAL INCOME TAX REFUND

Silver Spring, MD – The National Foundation for Credit Counseling’s (NFCC) March online Financial Literacy Opinion Index (FLOI) posed the following question to consumers:

Q: The average annual personal income tax refund in the U.S. is more than \$2,000. I would rather have...

- A A once-per-year income tax refund of \$2,400
- B. An extra \$200 in my pocket each month

Nearly three-fourths, 72 percent, of more than 4,000 respondents chose answer B, indicating that they’d rather have the extra money each month. Nonetheless, millions of Americans continue to receive a federal income tax refund each year, which is what 28 percent of those polled preferred.

“So far this year tax refunds are even higher, averaging close to \$3,000, up more \$200 from the same period a year earlier. Often, the very people who struggle to make ends meet on a monthly basis are the ones who overpay Uncle Sam and receive an annual refund. Adding insult to injury, they so desperately need the money that many utilize Refund Anticipation Loans, paying needlessly to receive their refund a few days early,” said Gail Cunningham, spokesperson for the NFCC.

People should understand that receiving a refund means they’ve overpaid all year long. No one wants to end up owing taxes, but there is a quick fix that will help consumers more accurately determine the number of withholding allowances to claim. Go to www.irs.gov and type the words “withholding allowances” in the search box. That will take you to a short worksheet which, once completed, will show the proper number of allowances to enter onto your W-4.

The next step is to adjust your W-4 which can be done at any time during the year. “As a matter of fact, the W-4 should be adjusted with any change to your circumstances such as a marriage, divorce or birth of a child,” continued Cunningham.

Since many states are struggling financially, they may delay distribution of the state tax refunds, providing yet another reason to not overpay the government.

A key to smart money management is keeping as much of your hard-earned money under your control as you possibly can. Further, making an interest free loan to the government makes no sense.

If you're used to receiving a refund, now is the time to make a change and put the extra money to work for you each month. The extra dollars could allow you to stop worrying over your finances each month, begin or add to a rainy day fund, make needed repairs to your home or vehicle, pay down debt, or even begin investing.

Note: The NFCC's March FLOI was conducted via the homepage of the NFCC Web site from March 1-31, 2010 and answered by 4,030 individuals.

If you need help organizing your finances, reach out to a trained and certified counselor associated with an NFCC Member Agency. To find the location closest to you, call toll-free to (800) 388-2227, or go online to www.DebtAdvice.org. For assistance in Spanish, dial (800) 682-9832 or visit www.Terminconsudeuda.org.

- 30 -

The National Foundation for Credit Counseling (NFCC), founded in 1951, is the nation's largest and longest serving national nonprofit credit counseling organization. The NFCC's mission is to promote the national agenda for financially responsible behavior and build capacity for its Members to deliver the highest quality financial education and counseling services. NFCC Members annually help four million consumers through close to 830 community-based offices nationwide. For free and affordable confidential advice through a reputable NFCC Member, call (800) 388-2227, (en Español (800) 682-9832) or visit www.nfcc.org. Visit us on Facebook at <http://www.facebook.com/NFCCDebtAdvice> and on Twitter at <http://twitter.com/NFCCDebtAdvice>.