

## Pay Yourself First this April 15<sup>th</sup>

“Paying yourself first” is a personal finance strategy that prioritizes saving and investing as a way to build long term wealth. In short, it means that before paying bills and making everyday purchases, you route a portion of your income to savings, investments or other avenues of wealth generation.

And windfalls—such as a tax refund—are the perfect opportunity to pay yourself first. Chances are, you are one of millions of Americans who will get money back from Uncle Sam this year. About 3 in 4 Americans receive a tax refund every year, averaging about \$3,000.

Though many will spend theirs on dinners out and other splurges, the wisest among us will put that money toward strengthening our financial future. Here are some of the best ways to use your refund this tax season.

### **1. Pad your emergency fund**

It’s not a matter of if, but when, you’ll need emergency savings. Unexpected events such as car repairs, medical or dental bills, or a flooded basement happen all the time. Start or add to your fund today, preferably in a high-yield savings account.

### **2. Pay down credit card debt**

Interest rates on credit cards average about 17%, with many lenders charging more. If you have cards with a balance, paying down that high-interest debt is one of the smartest financial moves you can make.

### **3. Invest in your professional development**

Is there a professional certification, specialized training or classes you’ve had your eye on? Building your skillset and credentials can help fast-track your career, whether that’s in your current company or a new one. And a likely salary raise will quickly surpass that refund amount.

### **4. Consider buying Flood Insurance**

Many people assume that their home insurance policy covers flood damage, when in fact it’s a separate policy. As is the case with many insurance products, purchasing a little extra coverage goes a long way toward peace of mind and protection.

### **5. Fund your retirement account**

When it comes to retirement accounts, it pays to contribute often and early. That’s when the power of compounding interest can make a big difference to your financial picture. Your future self will thank you!

### **6. Put it toward a savings goal**

For savings goals that seem out of reach—say, a down payment on a house—windfalls like a tax refund can help you reach that goal faster. Open a separate savings account so you’re not tempted to dip into it, only add to it.

## **7. Make home improvements**

Whether it's painting, installing a smart thermostat or adding new landscaping, home improvements will make you happier in your home, not to mention add value to your house!

## **8. Pay it forward**

It's no secret that helping others boosts our own happiness and well-being. Consider giving to a cause or organization that means a lot to you, and know that by helping others, you're helping your greater community and yourself. Of course, remember to save your donation receipts!

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