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Feb. 19, 2013

Perhaps this should be categorized as “best laid plans of mice and men.”

According to a survey by the Texas Credit Union League (League), 65.6 percent of Texans who participated in a recent League survey said they plan to use their tax refund to pay off debt. Similarly, 45.9 percent of Texans plan to use their refund to jump start their savings.

Only 7.3 percent of Texans are using their tax returns for large purchases, while a small number have designated the funds to take a vacation (4.3 percent).

How can people make the most of their tax refund, and how can they determine which investment option is right for them? Courtney Moran, executive director of the Texas Credit Union Foundation, suggests that consumers who don't already have one might consider using their tax refund to establish an “emergency fund.”

“While it's important to save for those short and long-term financial goals, it's equally important to have a savings account that is used exclusively for those unexpected emergencies,” notes Moran. “Keeping these funds separate from a regular checking account will discourage spending.”

Moran points out that the IRS has made it easier for consumers to save their tax refund for a “rainy day” by allowing recipients to have the refund deposited in up to three different accounts. This gives consumers the option to earmark portions of their refund for spending and/or saving.

Moran advises people to save as much of their refund as possible, suggesting, “If you

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