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## Saving

Nearly a third (30 percent) are Unaware of the End of the Payroll Tax Holiday and Smaller Paychecks This Year

Mar. 05, 2013

The April 15th tax filing deadline is approaching and according to the latest IRS statistics, the average federal tax refund this year will be \$2,803. For the third year in a row, [Capital One Bank's](#) annual Taxes and Savings Survey found that most Americans (85 percent) expect to get a refund and more than a third (35 percent) plan to spend all or part of it.

### Navigating the Impact of the Payroll Tax

In gauging the response to the recent elimination of the payroll tax holiday by Congress—which will increase the amount of taxes taken from employees' paychecks—42 percent of those surveyed were “very aware” that their take-home pay would decline in 2013, while nearly a third (30 percent) said they weren't aware at all.

47 percent of men are very aware that their take-home pay will decline, compared to 38 percent of women 53 percent of men and 36 percent of women don't plan on changing their spending habits despite the decline in take-home pay, and Of all the respondents, 44 percent don't plan on changing their spending habits.

“At a time when people are seeing smaller paychecks, now more than ever they should take a step back, evaluate their financial goals and consider saving their tax refund,” said Mickey Konson, Managing Vice President for Retail Banking at Capital One Bank.

“People tend to think of their tax refund as free money or an annual bonus, which makes it very tempting to spend it right away, but remember, that refund is your own

money – without added interest. Tax season is a great time to plan ahead, with an eye

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returns. Of those who plan to spend all or part of their refund this year:

30 percent plan to spend it on everyday expenses and necessities, 23 percent plan to spend it on a vacation, 16 percent plan to spend it on clothing and accessories, 15 percent plan to spend it on an iPad, TV, smartphone or other electronics, and 16 percent plan to spend it on other major purchases.

### **April Anxiety**

The survey findings also showed that most people have some anxiety when filing their tax returns:

- 19 percent worry about owing taxes, 18 percent worry about not getting as much money back as expected, 17 percent have anxiety about filing incorrectly, and Eight percent are afraid of being audited.
- Only 14 percent of Americans feel no anxiety in filing their taxes.

Capital One Bank offers the following tips for consumers considering how they can boost their savings, whether it's making a savings plan for a tax refund or planning to set aside cash to pay taxes they might owe for next year:

- Pay yourself first. If you're eligible for a refund, start building your savings cushion for the year by depositing all or at least a portion of your refund into your savings.
- Strong rate, nice return. When reviewing your savings options choose the product with the best rate of return that matches your lifestyle and needs. Some checking accounts are offering higher interest rates than even CD accounts, giving more flexibility and access to your funds than a CD would. Capital One Bank's High Yield Checking account currently earns an interest rate that is five times the national average. The rate is guaranteed for one year. Make saving automatic, easy and excuse-free.

- Don't stop contributing to your savings after getting your refund. It's always a

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