

## **Tax Tip- Avoid Refund Anticipation Loans!**

Tax season is just around the corner. There are a few things you should remember to get the most money back from Uncle Sam if you plan to use a tax preparation agency. Many tax preparation agencies offer Refund Anticipation Loans or RAL's. These may seem like a a great way for you to get your refund money quick, and avoid waiting 2-4 weeks to get your money. Here's why you should just stay away from them.

### **RAL's have extremely high fees**

RAL's are simple. They are a short-term loan, whereby the tax preparation agency gives you money now, and they are repaid when your tax refund comes. But the interest rates they charge as "fees" are sometimes just as high as payday loan rates, which can be as high as 10% per week, or 520% per year. Ouch! This is too high of a fee to pay in these economic times when money is as tight as it is. Keep all of your hard-earned refund by simply waiting a few weeks.

### **RAL's are not guaranteed**

If there is a mistake on your return, you could be in trouble. A RAL is a loan, a contract. You are agreeing to pay back the tax preparation agency a set amount of money. If there is a mistake on your refund, and your refund ends up being less than you thought, you will still owe the full amount of the RAL plus fees and interest to the tax preparation agency. If you can't pay it off immediately, there could be additional interest, penalties and other charges that you owe. The mediocre benefit of RALs are just not worth the risk.

### **What if I don't have a bank account?**

When you file your taxes electronically, you will get your refund faster if you provide a bank account for the government to electronically deposit the money. If you do not have a bank account, you will have to wait an extra couple weeks to get a check. Most places will cash government checks for a very small or no fee. Here in Las Vegas, most Casinos will cash checks for no fee at all.

### **Don't waste your money**

Don't be tricked into a Refund Anticipated Loan because they are simply a waste of your money. You have worked hard for your money. You deserve to keep as much of it as possible.