

Money Matters

Tips On Securing A Safe And Timely Tax Refund

(NAPSA)—There's good news for people expecting a tax refund this year. Getting your refund safely and quickly doesn't have to involve costly refund anticipation loans. Direct deposit lets you get all of your refund within days, straight from the Internal Revenue Service at no extra cost.

Expensive Options

Some tax preparation firms promise quick access to cash before or when the tax refund is processed. But the deal may be more expensive than you expect. Be cautious about the following financial products:

- Refund anticipation loans. Tax preparers working with financial institutions offer short-term loans for the anticipated tax refund, which must be paid back when the refund comes. The interest rate and fees charged while waiting for the tax refund can be costly, and if the refund is less than expected, you will have to repay the full amount of the loan—often at high interest rates. Failure to repay could harm your credit rating.

- Stored value or debit cards. Your tax refund—or a loan in anticipation of your refund—can be transferred to a card you can use for purchases or cash withdrawals. The cards help customers who lack access to bank accounts, but the cards can come with fees when issued or when used.

- Refund anticipation checks. Here, a tax preparer creates a temporary bank account so that the IRS can deposit the refund directly into the account. Once deposited, the tax preparer issues you a check and then closes the account. While generally less



Experts say that unlike tax refund checks, which can be lost or stolen, a direct deposit refund is a secure and convenient transaction.

expensive than refund anticipation loans, fees are charged for this service, and you may have to pay additional fees to cash the checks.

A Fast, Secure Alternative

Unlike refund checks that can be lost or stolen, direct deposit is a secure and convenient transaction, say experts at the Office of the Comptroller of the Currency. Any taxpayer with a savings or checking account can use direct deposit. To sign up, enter your bank routing information and account number at the end of IRS Form 1040 and state tax forms. For more about direct deposit, visit the IRS Web site at www.irs.gov.

Shop Around for the Best Deal

To avoid problems, experts suggest that you compare the deals offered by tax preparers and ask about costs and risks. Get the information in writing, before paying a nonrefundable fee or committing to a transaction. To learn more, visit www.HelpWithMyBank.gov.