WTNS Radio OSU Extension Update for March 20, 2023
Healthy People. Healthy Finances. Healthy Relationships.

On today's OSU Extension update for Healthy People, Healthy Finances, & Healthy Relationships we'll talk about what people do with their tax returns, and as always look at some upcoming programs from OSU Extension.

The "Real Money. Real World." program is back in our local schools. Last week I met with 35 students at the Coshocton Opportunity School. For almost 20 years, the Opportunity School has been a part of our community. It is an independent school designed to meet the needs of at-risk students ages 16-21. This gives non-traditional students a chance to attain a high school diploma, meeting the same criteria for graduation as other high school students in the state of Ohio.

We covered all the topics we usually cover in the financial literacy program, but this time I posed an additional question. We talk a lot about taxes and other deductions coming out of our paychecks. So I asked, "If you received a $2500 tax refund (which is a bit smaller than the average over the past decade), what would you do with it?"

They discussed this in groups and shared their answers. For the purposes of "Real Money. Real World." they are imagining they are 27 years old. A feat, I might add, that is very challenging for a 17-year-old to imagine. I was proud of their answers. Several said they would pay off debt or save the money. Some said they would use it to take their family on a vacation or make a larger purchase they couldn't afford before, like appliances or furniture.

I asked them this because of an article I read last week in the Stanford Social Innovation Review by Timothy Ogden, managing director of the Financial Access Initiative at New York University. His views about using the tax refund as a mechanism for saving gave me a new perspective. I have long heard from financial experts that it is unwise to have too many taxes withheld from your paycheck. This means that you are not able to utilize that money throughout the year, either to pay for needed expenses or to save, especially in ways that could be earning interest.

But this doesn't necessarily consider the needs and challenges of those with low income. According to Ogden, "More than 80 percent of filers making less than $50,000 a year get a refund. Those refunds are more than $2,000 on average." This article was written in 2015, so the

average went up significantly during the pandemic. But this year the average is declining again with the end of stimulus payments and other credits.

His perspective is to recognize that many low income earners view tax withholdings as a savings plan. Which is why the last thing they may want to do is place their refund into another, longer-term savings account. He believes a better strategy is to focus on helping people "become better spenders of their short-term savings: what debt to pay down, what to spend on to reduce the likelihood of future emergencies, figuring out the best down payment amount on a vehicle purchase or what repairs are likely to pay off."

This can also help provide payday loan alternatives. I appreciate his perspective to view the tax refund as successful savings and then encourage strategies for viewing it as savings with specific opportunities to spend strategically.

So, what's your plan for your income tax refund? The most important place to start is to be honest with yourself. Prioritize the needs and wants you have (emergency fund, home maintenance, family vacation, vehicle maintenance, etc.) If you don't tell your money where to go, then you may never know where it went.

And now let's look at some upcoming programs from OSU Extension.

OSU Extension is wrapping up a three-part free webinar series on "Starting a Food Business," to help producers wanting to sell home-produced and farm-raised foods directly to consumers and retailers. The last session will be next Tuesday, March 28 at 7:00 PM about Selling Meat and Poultry. OSU Extension Beef Field Specialist, Garth Ruff, and Ag and Research Law Program Director, Peggy Hall, will take a look at the economics of selling meat and poultry, meat processing options, and labeling and licensing laws. Find details and the registration link at go.osu.edu/foodbusiness . You can also view recordings of past webinars at go.osu.edu/startingafoodbusiness .

In closing, at OSU Extension, we are proud to work for Coshocton County to help educate and improve our families, farms, and businesses. Please feel free to contact OSU Extension for more information at 740-622-2265 or visit our website at coshocton.osu.edu. Make it a healthy day!