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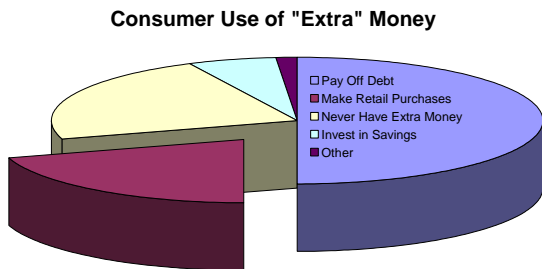
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## FOR IMMEDIATE RELEASE

# Tax Preparation is Easy. The Refund is the Consumers' Conundrum

## *- Refund Recipients Should Avoid the Urge to Splurge -*

(Richmond, Va., February 24, 2005) – Despite their best efforts, those solicitors clad in Uncle Sam and Statue of Liberty costumes offering roadside tax preparation services are met with a collective groan from consumers. “Ughh, tax time again, already?” But, Credit Counselors suggests tax season represents a rare opportunity to millions of taxpayers in debt.



In its 2003 fiscal year, the IRS refunded over \$220 billion in taxes, or about 11 percent of the consumer debt total. Consumer debt continued to rise, however, despite consumers' ability to reduce burdensome debts.

Additionally, research conducted by Credit Counselors revealed that only half of respondents use “extra” money, like tax refunds, to repay their outstanding debts.

“While not everyone receives a tax refund, those fortunate consumers have the rare opportunity to receive a check to spend however they like,” said Amida Mehta, Marketing Director for Credit Counselors, a national, nonprofit consumer credit counseling organization based in Richmond, Va. “Many consumers with debt dream of winning the lottery to get back on the path to financial recovery without ever realizing their 1040-A might actually be a winning ticket.”

For those taxpayers planning on using their refunds for debt reduction, Credit Counselors offers the following advice:

***Start small, win big:*** Pay off the smallest balances first. It will get the ball rolling and give you a much-needed boost in confidence.

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**Higher interest deserves higher payments:** The higher your interest rate, the less you are paying toward the principal balance each month. By paying down those debts with the highest interest rates first, you will ensure that larger portions of your payments are actually reducing your debts, rather than going toward high interest fees.

**Set goals:** Write down your financial goals and keep the list in your check book. You’ll be reminded of them every time you make the decision on whether or not to pay a little bit extra to your debtors.

**Establish an emergency expense account:** You never know when you might need a new appliance for your home or discover a bill you forgot to pay. It is a good idea to have money to fall back on so you don’t have to rely on credit cards to cover these unexpected costs.

**Remember, it’s a marathon, not a sprint:** Once you start, always stay focused on the finish line – financial freedom. Don’t get discouraged if you are not debt-free overnight. It always takes longer to pay off than to accrue.

**Seek help:** If you are having trouble managing your debts, work with a credible consumer credit counseling agency that can provide reliable references and demonstrate success of others. Certified Counselors are able to help with budgeting, financial planning and, in some cases, debt management programs. Make sure the agency is a member in good standing with your local Better Business Bureau, and that it is a member of the National Foundation for Credit Counseling (NFCC).

So, this tax season, if you are one of the lucky recipients of some “extra” money from the IRS, avoid the urge to splurge and take the first step on the road to financial freedom.

*Established in 1980, Credit Counselors, a nonprofit credit counseling agency, has helped more than 500,000 clients achieve financial security. Free and confidential consultations are available in person, by phone or online. Credit Counselors is a System Wide Member of the Better Business Bureau, and one of the largest members of the National Foundation for Credit Counseling (NFCC). Each counselor at Credit Counselors is required to be NFCC certified. Headquartered in Richmond, Va., Credit Counselors has branches in Virginia, Maryland, North Carolina and South Carolina. Visit Credit Counselors at [www.RepayDebt.org](http://www.RepayDebt.org) or call 1-800-REPAYDEBT.*

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