

Wealth Watch

All financial planners can offer you the same products and services. It is the relationship that exists between you and your planner that makes all the difference. We are a family business. You and your family are our business. And our business is to treat you like family."

...Mary Grace Musuneggi, President and CEO

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Now that tax season is behind us for one more year, you may be regretting that you hadn't had enough taxes withheld during the year, debating what things you can do to reduce this year's tax liability, or you are making plans for how you will be spending your refund.

It is a given that CPA's, financial advisors, and investment advisors will always caution about getting back a large tax refund. But those individuals who get the big refunds will applaud how much fun it is to get this money.

The financial people will point to the fact that large refunds equal loss of monthly income, no earnings on the money and most importantly that this is not some kind of bonus. It is only getting back what you over paid. So the "I want to get money back because I don't want to owe" comment has little value as you only owe what you owe, and that doesn't change if you get money back or you have to send money in with your return.

But you have heard this all before. And the responses remain the same:

"It is our way of forced savings."

"We use this money to go on vacation."

"We will use it to pay down our charges."

And so for some people these things are important, if not financially sound.

However, I would be remiss if I didn't mention that this "process" may work for those of you in your income producing years; but large refunds for retirees who are getting their income from retirement plans or investment assets, is a **double whammy no-no**.

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Increasing tax withholding, or overpaying taxes by taking excess money from your retirement accounts, takes these assets out of play and has a direct impact on future income. Taking taxable retirement assets to make extra tax payments just to get money back, in and of itself increases your tax liability. These are not tax strategies. This is not forced savings. This is just very unwise.

So what should you do?

If you are still working, earning an income and getting a large refund, consider why that is important and explore alternatives. If you are living off of retirement assets and getting a large refund run (don't walk) to the phone and call your financial advisor. Understand the long term impact of this strategy on your future financial security.

And what constitutes a large refund? Pretty much any amount is large if it is returned to you from the IRS.

The Ultimate Tax Planning Goal:

You don't send a check to the IRS and they don't send a check to you.



The Musuneggi Financial Group is a financial services group whose focus is planning and service. The integrity of our group is based on the philosophy that all financial advice should be in a client's best interest. We provide clients with an objective and independent approach to their planning needs.

We are able to choose from a broad array of financial resources. In doing so we take a holistic approach to a client's planning needs, bringing together new ideas, professional expertise and knowledge to work for the benefit of the client. We believe that our independent objectivity can mean a world of difference when planning for your future. Go to the "[Our Services](#)" section on our website to see how we can help you.

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