

MONEY TALK *life*



What will you do with your tax refund?

The cosmic connection between you,
your tax refund and your inner self.

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Every year a mysterious message comes to you (*don't worry, it's from the government*) with your tax refund inside. No two are ever the same and peering through the plastic window of the envelope is like looking into the depths of your soul (*no, not really*). Plan or ponder, scrimp or spend, what will your tax refund plans reveal about your true personality? Read on and let your true self and future be revealed (*and yes, we're joking*)!

Full disclosure: We want you to think about what you will do with your Tax Refund. The average amount that Canadians have received from their Tax Refund so far this year is \$1,702.¹ Yet many of us regard the money we receive back from our income taxes as an unexpected windfall. Studies suggest that, because we regard this as free money, we have a tendency to spend these windfalls less wisely than we do our regular paycheques.² Save, splurge or invest, we're deliberately nudging you into thinking about your options now since, evidence shows, putting great ideas in front of individuals can often be enough for people to act on the ideas.³ So, read ahead and give it some thought. You never know — a better decision may be in the cards.



What you did

Rolled your Tax Refund into your RSP

What it may say about your personality

You are dynamic, responsible and thoughtful. In fact, you might already have a vivid picture in your mind of what your retirement might look like. You've decided, even before your refund came in, to channel it somewhere it can grow over the years through direct deposits or through extra cash like your Tax Refund. Swift move.



The future may be more secure for those who plan for retirement early.

What you did

Splurged on something fun

What it may say about your personality

You're indulgent. If you finally replaced your old TV, took a well-deserved vacation, or put the first payment on a new car — congrats. You worked hard year-round and dealt with various financial responsibilities like your mortgage and your other debts, so rewarding yourself and your family should feel gratifying. But if you have financial obligations that aren't being looked after, this may have been a good time to step back and make sure you're still comfortable with your priorities.



The future could be murky for those who don't plan for it, even if the present looks exciting.



What you did

Used your Tax Refund to pay down debt

What it may say about your personality

You are reliable and pragmatic, because you realize that saving and investing can be hard if you have outstanding debts pulling you down. Paying down commitments like your line of credit, car payments, and certainly paying off credit card bills, is one of the most sensible things to do with your Tax Refund. In fact, if you can't meet your credit card bills, you may want to think about talking to a planner or financial advisor for help on getting your spending and bills under control.



The future might look rosy because you are taking a proactive stance to clean up your debt.

Once that's done, you might consider using a disciplined approach to start saving for things you want.



What you did

Well, it just drifted into your bank account and kinda faded slowly away

What it may say about your personality

You did have vague plans for that money. And then one thing led to another and you forgot about it. And then, when you *really* needed it, it had vanished. And the *same thing happened exactly the same way last year*. Spooky.



The future may look murky. Hopefully the rest of your wealth plans are more organized. You do have a plan, don't you?



What you did

Used your Tax Refund to make an extra payment on your mortgage

What it may say about your personality

Take a bow because you are astute, forward-thinking and smart. You know making an extra mortgage payment can have a big impact, and doing it every year can shave years off your mortgage and the interest you'll pay.



The future may look very bright. Who knows what shrewd moves you'll come up with next if you keep up these enterprising habits?

What you did

Asked your employer to reduce the amount of tax you pay

What it may say about your personality

You're logical. You realized that your Tax Refund is based on the amount of tax your employer takes off your paycheck — the surplus comes back to you annually as a Tax Refund. It's your own money! Asking your employer to take smaller deductions from your pay means you get to choose what to do with the funds earlier. And you already have a plan for that extra money so it doesn't just fade away. Clever.



The future is now. You and your planner come together to make your future more secure.



Getting a Tax Refund is easy but doing something smart with it can sometimes be hard. If you're wondering what great money moves you can make with your Tax Refund, join the cabal of smart planners and commune with a wealth planner or financial advisor soon. You might get a glimpse of your future financial health. ✨

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¹ Individual income tax return statistics for the 2019 tax-filing season, Canada Revenue Agency, March 12, 2019, accessed March 12, 2019. www.canada.ca/en/revenue-agency/corporate/about-canada-revenue-agency-cra/individual-income-tax-return-statistics-2017-tax-filing-season.html

² Richard Thaler, "Mental Accounting and Consumer Choice," *Marketing Science*, Vol. 4, No. 3 (Summer, 1985), pp. 199-214, accessed Oct. 2, 2018, accessed Oct. 5, 2018.

³ Kim Ly, et al, "A Practitioner's Guide To Nudging," Research Report Series Behavioural Economics in Action Rotman School of Management, University of Toronto, p. 7, March 15, 2013, accessed March 4, 2019.

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