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PRESS RELEASE

MAKING YOUR TAX RETURN WORK FOR YOU
How to Use Your Return Productively During An Unstable Economy

SAN DIEGO, March 26, 2009: The inevitable tax time is upon us yet again, and there is no doubt that 2008 was a year very different from any other when it comes to finances. Because of the rocky state of our economy and skyrocketing unemployment numbers (to name just a couple things that happened in 2008), filing your tax return could be more complicated than in years past.

If you were one of the 2.6 million who lost their jobs in 2008, the highest yearly job-loss total since 1945 according to the *U.S. Labor Department*, there are deductions that you won't want to overlook to get the most out of your return. So make sure you not only double-check your return, but ask yourself the following questions:

What will you do once that check arrives?

What is the most advantageous way to use the money in this uncertain economic climate?

When you first receive the extra funds, you may be tempted to splurge on that HDTV or other extravagance you've been eyeing, but it's important to curb your initial impulses. It is now more important than ever to effectively utilize the extra money that may come your way in light of the uncertainty of the times.

San Diego Metropolitan Credit Union offers the following advice for making your tax return work for you and getting the most out of your return if you were unemployed in 2008:

What If You Were Unemployed In 2008?

According to the *U.S. Labor Report*, the unemployment rate is currently at 7.2 percent. Even if you lost your job, the IRS requires anyone who received a W2 from their employer, and made at least \$8,950 (if you're single and under 65), file a tax return. But don't overlook certain deductions pertaining to your job search.

Many of your expenses incurred while looking for a job may be a deduction. Be sure not to overlook:

- Any expenses for creating, printing and/or mailing your resume
- Expenses for a career coach
- Transportation costs directly related to your job search (mileage, bus, taxi, plane, etc.)
- Parking costs
- Hotel costs if the interview was out of town

Also, if you had to relocate to get a job, you may be able to deduct your relocation expenses if you were not reimbursed by your new employer. The new job site just has to be 50 miles further than your old residence from your old job.

Still Unemployed and Can't Pay Your Tax Bill? You can work out a payment plan with the IRS. The IRS interest rate is currently at 5 percent, so this is a much better option than taking out a loan or using a credit card. *Remember:* filing an extension only defers filing your tax return, it does not defer payment. If you cannot pay by April 15th then you need to set up a payment plan.

What Do You Do With Your Return When It Comes?

Think Short-Term: Although most financial planning is directed toward long-term investing, it is also recommended that you keep a portion of your assets in liquid accounts, such as CDs or money- markets. This is especially important in a recession-prone economic environment, where extra-money can be hard to find. Having liquid assets will provide you with an emergency fund that cannot be accessed in other types of financial accounts, such as in stock accounts.

Reduce Debt: Instead of splurging on a car or new wardrobe, consider paying off any debts you may have incurred. If you have too many to choose from, start with the one that has the highest interest rate. Generally, credit cards fall into this category. Paying off credit card balances can help ease your financial burden, as they usually have the highest interest rates and high monthly payments, which results in a greater “bite” out of your monthly budget. If you overspent during the holidays, or made an unusually large purchase that is taking much longer to pay-off than expected, this is an opportunity to put your return to good use, and pay down or off unsecured and high interest debt.

Save for the Future: With the extra money from your refund, this is an ideal time to start building up or adding to your nest egg. You may want to open a retirement account, or contribute to the one you already have. For those families with children, it is a good idea to put a little something aside for college, possibly in a 529 plan. With the volatile economy, it is a good idea to set extra money aside for a rainy day.

Invest in Yourself: The financial world will always be risky, so why not invest in a sure thing — yourself! Enhance your resume by taking a few special skills courses at a local community college. Learn a new language or become an expert on the latest computer software. The results will be useful in more ways than one.

San Diego Metropolitan Credit Union (SDMCU) is committed to its community and members and provides services to families and individuals to manage their personal finances. SDMCU has been in business since 1934 and serves over 20,000 members. SDMCU's corporate headquarters are located in San Diego and information about SDMCU is available on the worldwide web at www.sdmcu.org.

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