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FEDERAL DEPOSIT INSURANCE CORPORATION consumer news



Tax Refund Time!

Manage your refund safely and easily

Here are a few tips to ensure that your money arrives as quickly and safely as possible, once you have submitted your federal taxes and know you have a refund coming to you. It is also a good time to consider how to get the most out of your money.

The refund process

The fastest way to get your tax refund is to have it electronically deposited into your bank account through the IRS Direct Deposit Program irs.gov/refunds/get-your-refund-faster-tell-irs-to-direct-deposit-your-refund-to-one-two-or-three-accounts#:~:text=The%20IRS%20program%20is%20called,filed%20after%20their%20due%20date. It's free to consumers, and it allows you to deposit your refund into as many as three separate accounts. Here are Steps to Take Now to Get a Jump on Your Taxes at irs.gov/individuals/steps-to-take-now-to-get-a-jump-on-next-years-taxes.

While you can still receive your refund in the form of a paper check, there are several advantages to direct deposit. Not only is it faster, direct deposit is also more secure. Refund checks sent through the mail can be lost, stolen, or returned to the IRS, if

undeliverable. If you don't already have a bank account, this might be the perfect time to open one.

#GetBanked

Banking relationships generally begin with a checking or savings account and may lead to low-interest loans and mortgages. A number of banks offer low-fee accounts and no overdraft or nonsufficient funds fees (NSF), such as a BankOn Certified Account visit joinbankon.org/resources/. In addition, these accounts may provide free ATM and branch withdrawals.

Banks offer many different types of accounts and programs to fit your needs. To help you choose an account based on what is important to you, use our checklist: How to Pick a Bank Account at fdic.gov/coronavirus/economic-impact-payments/how-to-pick-bank-account-checklist.pdf.

To find an FDIC-insured bank in your area, visit banks.data.fdic.gov/bankfind-suite/bankfind. A number of organizations have compiled lists of banks that offer affordable accounts that can be opened online. You can find those organizations as well as some additional tools and resources at fdic.gov/getbanked/index.html.

Prepaid cards

Another option is to have the IRS deposit your refund onto a prepaid card. If you use a prepaid card, read the fine print and make sure you know how to deposit money onto the card and any fees involved. Cards differ in the types of deposits allowed, the process for receiving government deposits, and the fees charged for certain transactions. If you set up a new prepaid card account for your refund, you may be required to provide information (consumerfinance.gov/ask-cfpb/why-am-i-being-asked-for-personal-information-to-activate-or-register-a-prepaid-card-en-443/) to validate your identity, such as your Social Security number and date of birth as with opening a bank account (files.consumerfinance.gov/f/documents/cfpb_adult_fin_ed_checklist_for_opening_an_account.pdf).

It is important to note that if you choose this option, be careful with your prepaid card and pin. If they are lost or stolen (consumerfinance.gov/ask-cfpb/what-should-i-do-if-my-prepaid-card-or-pin-is-lost-or-stolen-or-i-see-unauthorized-charges-en-425/) you could be subject to replacement card fees or risks associated with unauthorized charges.

Tracking your refund status

Whichever refund delivery method you choose, you can track the status of your federal tax return from the time the IRS received it by visiting the IRS Tools at sa.www4.irs.gov/ and filling out the appropriate information, or by downloading the IRS2Go Mobile App at irs.gov/newsroom/irs2goapp.

Protect your money from tax scams

Be sure your refund is protected. If your personally identifiable information (PII), such as your name, address, and Social Security number, is stolen, scammers can use your information to open credit card accounts and loans or file a fraudulent tax return in your name. This information also allows a thief to claim your refund. If you suspect that your information was stolen, contact the IRS by calling 800-908-4490 or visiting the IRS website for identity protection at irs.gov/identity-theft-fraud-scams.

Identity thieves have also been known to pose as IRS agents, providing fake names and IRS badge numbers. Some even create fake phone numbers that appear on your caller ID as coming from the IRS. These thieves often threaten people with audits, deportation, and other legal action or promise checks for unclaimed funds. The IRS initiates most contacts through regular mail delivered by the United States Postal Service. Before acting on any phone call or email purportedly from the IRS, call the agency at 800-829-1040 or check their website at irs.gov/newsroom/how-to-know-if-its-really-the-irs-calling-or-knocking-on-your-door. IRS agents can verify whether the IRS is, in fact, trying to get in touch with you.

If you are certain the contact was part of a scam, report it to the Treasury Inspector General for Tax Administration by calling 800-366-4484. You can also report unsolicited emails by forwarding them to phishing@IRS.gov.

If you decide to get assistance with preparing your tax return, be sure to find a reputable tax preparer. While most tax preparers are recognized professionals

who can be very helpful, it is important to find a professional and avoid scammers. Be wary of tax preparers who advertise with fliers or posters, promising large refunds or special inside knowledge of little known tax credits and rebates, or those volunteering to come to your home to prepare your taxes. These scammers make money stealing your personal information for later use and collecting fees. If you aren't sure, ask for the tax preparer's PTIN, which is the IRS tax preparer identification number that all legitimate preparers must have. Also, ask the preparer for references. Learn more on the IRS website at irs.gov/tax-professionals/choosing-a-tax-professional.

What to do with your refund

Many people use tax refunds to make large purchases they might not have the cash for at other times of the year. It can also provide a great opportunity to start a new savings option, contribute to your emergency fund, or reduce outstanding debt.

Did you know the IRS also allows you to divide your federal tax refund into two or three additional bank accounts? By splitting your refund, you have a convenient option for managing your money – sending some of your refund to an account for immediate use and setting some aside for savings. For example, you could have part of your refund deposited to your checking account and the remainder sent to your Individual Retirement Account, or you might use some of your refund to purchase U.S. Series I Savings Bonds. For more information on purchasing Savings Bonds with your tax refund, visit Treasury Direct at treasurydirect.gov/.

You may want to consider using your refund to start or augment emergency savings. Having emergency savings provides peace of mind when something unexpected occurs, such as a major car or home repair. The amount to set aside for your emergency fund will depend on factors such as your income, expenses, and the number of people in your household. The general recommendation is to try to keep three to six months' worth of expenses in your emergency savings fund: playmoneysmart.fdic.gov/tools/12.

For more consumer resources, visit FDIC.gov, or go to the FDIC Knowledge Center. You can also call the FDIC toll-free at 1-877-ASK-FDIC (1-877-275-3342). Please send your story ideas or comments to ConsumerNews@fdic.gov. You can [subscribe](#) to this and other free FDIC publications to keep informed!

If you are carrying a credit card balance, think about using your tax refund to pay it down or even pay it off. To get the most from your money, it may make sense to pay off a credit card with a high interest rate, which is compounding month after month. Going this route allows you to have more money every month once that credit card payment vanishes from your list of bills, and it can help build your credit as you reduce your debt.

Making extra payments on your mortgage is another way to use your refund, saving you money over the long term. Since so much of your mortgage payment goes toward paying interest, using your tax refund to make an extra payment or two against the principal will go a long way to reducing the debt and overall cost of the loan.

If you are getting a tax refund this year, remember to take steps to keep your refund safe, know the refund options available to you, and consider different ways to make your money work harder for you.

Additional Resources

FDIC Cybersecurity Information
fdic.gov/consumers/assistance/protection/idtheft.html

IRS #GetReady
youtube.com/watch?v=tl1N5p_Rn6g

IRS Where's My Refund
irs.gov/refunds

Consumer Finance Protection Bureau (CFPB)
Tax refund tips: Understanding refund advance loans and checks
consumerfinance.gov/about-us/blog/tax-refund-tips-understanding-refund-advance-loans-and-checks/

FDIC How Money Smart Are You?
playmoneysmart.fdic.gov/games