



MONEY PERSONAL FINANCE BUSINESS

Expecting a tax refund or work bonus? Here's ways to make the cash last

It's not uncommon to receive an unexpected windfall this time of year thanks to a bonus from work or a tax refund. Whatever the circumstances, it's easy to make costly mistakes.

By Beth Braverman | For the Sun-Times | Jan 8, 2024, 7:00am EST

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Make unexpected cash from a bonus, tax refund or other windfall last longer. | Elise Amendola/AP file

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MONEY
We break down complex business news to help you understand how money moves in Chicago and how it affects you.

The holidays were extra merry for at least two lottery players in the Chicago suburbs, who each won \$1 million on scratch-off tickets last month.

While most folks can only dream of such luck, it's not uncommon to receive an unexpected windfall worth a few thousand dollars this time

of year thanks to a bonus from work or a tax refund. Others might receive an unforeseen inheritance or legal settlement.

Whatever the circumstances, such payouts can present an important opportunity to improve your financial security, but people often don't know the best way to handle their newfound funds — and it's easy to make costly mistakes.

If you're suddenly managing an influx of cash, the following steps can ensure your newfound wealth doesn't disappear as quickly as it arrived.

Don't make any big decisions right away

If you've come into a large sum of money, it can be tempting to quit your job or give extravagant gifts to family members. Before moving forward, it's important to take a step back and consider the short- and long-term implications of any financial decision you make now.

It's especially important to consult with a professional financial advisor who can help you think through

emergency fund rather than turning to credit cards or borrowing from a retirement account.

Pay down high-interest loans

One of the most effective ways to use extra cash is to pay down existing debts, particularly on high-interest loans, such as credit card balances. As interest rates have risen over the past year, credit card debt has gotten even more expensive, so eliminating such debt will not only allow you to spend less on interest but also free up cash flow going forward.

"Credit card is like dead weight around your ankles that can sink anyone's finances," Neerukonda says.

Consider your medium- and long-term financial goals

Whether you're looking to replace a car, put a down payment on a house or save for your kids' college education, a windfall can provide an opportunity to accelerate your progress toward that goal. You might use the cash to offset an increase in contributions to tax-advantaged retirement accounts, such as an Individual Retirement Account or increasing your contributions to your workplace 401(k).

"A lot of times when people get an unexpected windfall, they just want to spend it, but it really is an opportunity to use that money to make a significant impact on their finances on a long-term basis," McGrath says.

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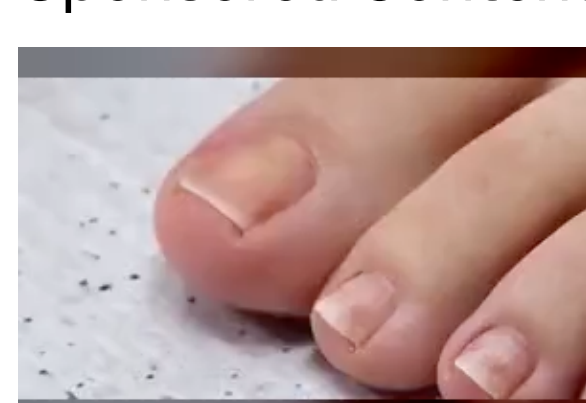
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CRIME

A list of every known Illinois resident charged in the U.S. Capitol breach

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By Jon Seidel | Jan 25, 2024, 11:04am EST

COMMENTARY

Winners and losers of Jim Harbaugh's decision to leave Michigan for the Chargers

Justin Herbert and Ryan Day should be pleased with the move. The Chiefs and Wolverines ... not so much.

By Nate Davis | USA Today | Jan 25, 2024, 11:03am EST

EVENTS

WBEZ Presents: RuPaul - The House Of Hidden Meanings

Pop culture icon and international drag superstar RuPaul invites you to a spiritual awakening to celebrate the release of the highly anticipated memoir, "The House of Hidden Meanings" on March 12.

By Sun-Times staff | Jan 25, 2024, 10:00am EST

EAT WELL

How to prevent a hangover? Hydrate, hydrate, hydrate

While the only sure way to avoid a hangover would be to not drink an excessive amount of alcohol, there are some things you can do to reduce the odds of experiencing one.

By Delaney Nothaft | USA Today | Jan 25, 2024, 9:30am EST

TRANSPORTATION

3 Metra lines running with significant delays after Amtrak signal problem

Trains on the Milwaukee District North, North Central Station and Union Pacific Northwest lines were temporarily halted near Union Station.

By Mary Norkol | Jan 25, 2024, 9:08am EST