

## **68% Expecting a Tax Refund Say It's Important to their Financial Well-being**

*Women depending on tax refunds significantly more than men*

New York – March 4, 2020 – About 7 in 10 Americans (68%) who expect a tax refund this year say the refund is important to their overall financial situation, according to a new study from CreditCards.com. One-third of respondents (33%) say it is ‘very important,’ and an additional 35% say it’s ‘somewhat important’. For more information, go to:

<https://www.creditcards.com/credit-card-news/tax-refund-poll>

Women are more inclined to consider their tax refund as important to their financial wellbeing than men. More than 7 in 10 women (73%) expecting refunds said it’s important (including 39% who said very important), compared to 63% of men who said their tax refund is important (and 26% who said very important).

The importance of a tax refund on financial well-being spans across all income levels. However, that number declines as household income increases. 80% of the lowest-income households (earning under \$40K/year) expecting refunds said it was important to their financial well-being, as did 71% with annual household incomes between \$40K - \$80K and 51% in the \$80K+ bracket.

Among Americans expecting tax refunds this year, the most popular way to use that money will be to save it (31%), followed by pay down debt (24%), and pay for day-to-day expenses (11%). Older millennials (ages 31-39) stood out by putting “pay down debt” ahead of savings (28% vs. 22%).

Surprisingly, 86% of U.S. adults expecting refunds prefer to receive the money in a lump sum rather than spread throughout the year.

Ted Rossman, industry analyst at CreditCards.com, notes, “The findings show that most people really need their tax refunds, yet they’re overwhelmingly in favor of giving the government an interest-free loan throughout the year. That’s not logical. While it feels great to get a windfall – the IRS said the average refund last year was almost \$3,000 – it’s almost always better to get the money a little at a time throughout the year. My advice if you receive a refund is to adjust your withholding, so you get a smaller refund but more money in each paycheck. Then, be practical about how you use it, including strategies such as automating savings and prioritizing high-cost credit card debt.”

Overall, nearly half of U.S. adults (49%) expect to receive a refund this year, 18% believe they will owe additional taxes, and 33% said neither.

Among those who expect to owe additional taxes, the most common payment method is a check (38%), followed by two cash equivalents (bank transfer, 18% and debit card, 14%). Just 12% plan to pay with a credit card and 9% with an IRS payment plan.

A frequent political discussion centers around wealthy Americans paying more taxes. More than half of U.S. adults (54%) believe the rich should pay more taxes, while 18% think the rich should pay fewer taxes. The remaining Americans (27%) think the current system is about right.

*CreditCards.com commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 2,796 adults. Fieldwork was undertaken on January 29-31, 2020. The survey was carried out online and meets rigorous quality standards. It employed a non-probability-based sample using both quotas upfront during collection and then a weighting scheme on the back end designed and proven to provide nationally representative results.*

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