

Fruitful & fun ways of blowing a refund

By DORI PERRUCCI

Heard the phrase "five easy pieces?"

OK then, here are five smart ways to use this year's tax refund.

Three out of four taxpayers got average refunds of nearly \$2,000 last year, a figure that's likely to inch up another 10 percent in 2003, the Internal Revenue Service said.

"Most taxpayers think money is coming from heaven, but it really came from their pocket all along," quipped spokesman Don Roberts.

So get smart:

1. Pay off credit-cards.

"Consumers carry too many cards, pay too much for them and, worst of all, they're not tax deductible."

2. Find a tax shelter.

That means saving for the future: college for your kids and retirement for you.

For them: New York's College Savings Program, a "529" plan that works like a tax-deferred investment, is a choice of four investment options, from fixed income to equity, with contributions tax-deductible up to \$5,000 (\$10,000 joint) and distributions used for qualifying expenses exempt from

state tax at eligible schools in or out of state, at public or private schools.

For you: Max out the company 401(k) or set up your own automatic plan at a bank to fund a Roth IRA.

And don't overlook the IRS' Retirement Savings Contribution Credits, which offer tax credits up to 50 percent. Example: Couples filing jointly with incomes from \$32,500 up to \$50,000 get a \$200 credit on the first \$2,000 of an IRA contribution.

3. Spend more with local merchants.

"Most businesses are off 30 percent to 50 percent, and inventory-based businesses as much as 75 percent," said Ginger Broderick with the New York Society of Certified Public Accountants.

4. Donate a part of your refund.

Giving a little, even \$20, to help some of the city's worthier charities adds up. Contributions are way down in the city, especially food pantries, which are staring at emptier shelves.

5. Have some fun.

Take the train to the Bronx for a Yankees game, or take a cruise to Ber-

Refund check

Here are five strategies that planners say will put your tax refund to good use:

- Pay off credit-card debt.
- Find a tax shelter.
- Spend more with local merchants.
- Donate a part of your refund.
- Have some fun.

muda, depending on the size of your refund. Even a good Botox injection counts — hey, you're doing your bit to beautify the city.

But if you're really smart, get a head start on next year by adjusting your W-4 form now.

Don't wait: You could be earning interest for yourself through the year instead of giving it to the IRS. Run, don't walk, to your human resources department or contact the IRS for Publication 19, "How Do I Adjust My Tax Withholding?"