

Dollar dazzlers

Put that tax refund to good use with these smart tips and savings

Yes, those new Christian Louboutin pumps would look *fabulous* on you, but there might be one or two more sensible ways to invest that incoming tax cheque. And while you're at it, why not take the opportunity to shop around for the best financial deals?

TAX REFUND

According to Bankwest's *Taxing Time* survey, 81% of taxpayers expect to get a refund from the tax office this year. If you're one of them, you're probably already fantasising about what you can buy with the cash, but here are a few smart (if not exactly sexy) ways to spend your refund.

- Pay off any debts, whether it's a high rate credit card or your mortgage. If you have a \$300,000 mortgage at 7.5% interest over 25 years and you made a \$1500 lump sum payment in year five, you'd save nearly \$5150 in interest.
- Use it to kick-start your savings by placing it in a high-paying savings account and then making regular contributions.
- If you earn less than \$61,920 a year, make a contribution into super so you can take advantage of the co-contribution offered by the Federal Government. For more information, visit www.ato.gov.au.

HIDDEN FEES

If you have an investment in a managed fund, superannuation fund or insurance, you might be forking out hundreds in hidden fees each year. The fees are in the form of trailing commissions that can range from 0.25% per annum to 20% per annum of the total value of your investments. The industry average on funds is 0.5%, so if you have \$100,000 worth of investments, that adds up to approximately \$500 a year.

The theory behind these trailing commissions is that they're a fee paid to planners to provide ongoing advice

and administration services. But you might still be charged trailing commissions even if you invested directly through the financial institution and have never met the planner.

The good news is that you might be able to retrieve at least part of these fees with the help of cashback providers such as www.yourshare.com.au, www.refundeasy.com.au and www.irefund.com.au.

The amount you'll possibly get back depends largely on the number of investments you have and their value, as well as the fees charged by the cashback provider.

EXPENSE TRACKER

The best way to work out where your money is going is to write down everything you spend. In the past that might have meant carrying around a pen and notepad, but iPhone users don't have to worry about that. There are a range of apps to choose from that can help you track your

spending. One highly rated expense tracking and budgeting app is iXpenseIt, which lets you enter expenses, store receipts in digital photo form and produce reports to get a complete overview of your spending. It costs \$5.49 but there's also a 'lite' version you can try for free – it's limited to 100 expenses.

