**What Should I Do with a Windfall?**

This is the month when taxpayers begin dreaming of refunds. [The average federal tax refund in recent years has been around $3,000](http://www.forbes.com/sites/kellyphillipserb/2016/03/03/irs-reports-few-tax-returns-received-higher-average-refund-as-tax-season-rolls/#751717e26c33), according to the Internal Revenue Service. Whether it’s a refund, an inheritance or a bonus, there are many windfalls that can change your financial situation. The \_\_\_\_\_\_\_\_\_\_\_ Society of CPAs has some smart tips for people who want to get the greatest benefit from a cash jackpot.

**Don’t Act Too Soon**

Getting a nice check in the mail is exciting, and your first impulse may be to treat yourself with a big splurge. Before you do, CPAs recommend depositing the check in the bank and giving yourself a cooling off period. You’ll be better able to make a good decision when you’ve had a chance to get some perspective. You may ultimately decide that splurging just a little is a better decision and one you’ll be less likely to regret later. Consider limiting any splurges by buying a prepaid debit card that you can use for impulse spending.

**Don’t Talk about It**

If you get a [windfall](http://www.360financialliteracy.org/Topics/Investor-Education/Sudden-Wealth/Could-You-Handle-a-Financial-Windfall/%28language%29/eng-US), even a relatively small one, you may be approached by friends and family seeking loans or financial help for a variety of reasons. With that in mind, once again, it’s probably best to hit pause and keep your good news to yourself, at least until you’ve had time to create a plan for what you’re going to do with the money. Having a plan in place will make it easier to stick to your priorities. If you do decide to lend money to friends or family, be sure to set up a clear, realistic repayment plan with deadlines to help avoid misunderstandings or hard feelings in the future.

**Solve Your Biggest Financial Problems**

Make your most pressing financial concerns your priority. If you’re carrying a lot of debt, behind on some of your payments or haven’t gotten around to starting a savings account, address those issues first. [Getting rid of debt](http://www.360financialliteracy.org/Calculators/Accelerated-Debt-Payoff) can reduce your monthly cash outflow, lower your stress level and leave you better able to create a balanced household budget. And putting at least some of your windfall into a savings account will help you reach your financial goals—such as a new home, college for your kids or a comfortable retirement—more easily.

**Make Smart Purchases**

Create a wish list and then spend some time deciding which items are really most important to you. Try to give added weight to the ones that offer long-term benefits. Everyone loves a tropical vacation, but instead consider spending your money on things like making needed car repairs, sprucing up your kitchen or upgrading your aging furnace. You will benefit daily from these types of improvement projects while also increasing the value of your assets.

**Consult Your Local CPA**

[Your CPA can help you understand any tax implications of your good fortune](http://blog.turbotax.intuit.com/income-and-investments/how-are-gambling-winnings-taxed-8891/), as well as help you create a plan to make the most of your windfall. Whether you win the lottery or simply have questions about your day-to-day finances, your local CPA can help. He or she can provide the answers you need for all your financial decision making. Visit [360finlit.org](http://360finlit.org/) for more personal finance tips and resources.