

PERSONAL FINANCE FEBRUARY 8, 2017 1:47 PM

## Blow it, mow it and grow it: Tax refunds and other windfalls

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There are a lot of ways to get money, but surprises are the best.

There's almost nothing better than a surprise gift or unexpected bonus. Sometimes a tax refund or inheritance might be larger than expected. Maybe a long-shot lottery ticket or game show winnings can add some welcome left to your wallet or purse. No matter the source, extra money is a welcome guest in any family home.

If you are the fortunate beneficiary of a tax or other windfall, I suggest that the money should satisfy your basic human instincts as well as accomplish some good. I believe people do best when they splurge a little and save a little. I suggest three destinations for the money:

- **Blow it.** This is the fun part — the splurge. Take a weekend vacation or even a cruise if that appeals to you. Using some of the money to pursue pleasure is a piece of the American Dream ... and the memories will bring you joy for years to come. We all need some joy in our lives. A lot of financial plans fail because they ignore the need for joy. Where's the joy in receiving a tax refund or bonus if it all goes toward paying off the credit cards or replacing the furnace?
- **Mow it.** Think of this as financial lawn maintenance. If you have a leaky roof, debts to pay, or need to establish a fund for emergencies, use some of the money to address issues that are holding you back. Enroll in a class if you need budgeting help. Order some software to track expenses or balance your checkbook. Few people succeed financially without occasionally mowing or doing maintenance on their financial lawn.

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- **Grow it.** An obvious choice is to reroute a chunk of the money into your retirement account or college funds. For maximum growth, plant seeds that can prosper over a decade or two. Jim Stowers, founder of the American Century family of mutual funds, once noted that the “perfect time to plant an oak tree is twenty years ago. The next perfect time is today.”

But financial growth isn't the only option. In fact, it may not even be the best option.

Perhaps a few college classes or a new certification at work might boost your career. A time management consultant could help you carve that essential chunk of space into your week to start that book you've been pondering. A public speaking coach could inject some bells and whistles into your business presentations. Personal growth often offers a faster and healthier return than financial investments. Hey, learning to play the guitar might be a lot of fun! (And spur creativity in other areas of your life you didn't know you had).

Personal growth is a powerful use for money. Books, lessons, seminars and experiences all bring lasting value for the dollars spent. Some of that value might translate into increased earnings or lower expenses. Some might add substance to life or lead to better use of precious resources. In almost every case, the value created exceeds the money spent.

I reject the notion that personal finance has to be boring. In fact, one reason many people fail is because they envision it as boring, and it very likely has been drudgery most of their lives. So the remedy to the boredom challenge is to add some spice toward accomplishing goals.

No disrespect for the boring stuff, which has been well-documented when it comes to personal finance. Every bookstore and library is crammed with “how to” financial books. Countless internet sites offer advice. Much of it is relevant and helpful, but knowing something isn't the same as doing it. That's where most people come up short.

For windfalls, blow it, mow it, and grow it. And this year, look at money — both the expected kind and the unexpected kind — as genuine freedom and a path toward getting “unstuck.” You’ll be surprised by the differences a thought shift will make.

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