

# **FREE LOANS TO UNCLE SAM**

## **FEBRUARY 2006**

I happened to overhear a conversation at the gym this past month when two young executive types were getting themselves all excited about the sizeable tax refund they were expecting this year. When I hear peoples joy regarding their pending refunds I have to shake my head in frustration. To everyone out there that is expecting a refund this year, your Uncle Sam would like to thank you for the nice tax-free loan that you provided him. Would you put money into an investment account that guarantees you a zero rate of return? Why give your hard earned dollars to the government for nothing?

If you are expecting a refund for 2005 it is now time to adjust your withholdings for 2006 to make sure you will get everything that is coming to you on payday. For example, adding dependents will lower the amount of taxes that are withheld from your check and decrease the likelihood of you giving your Uncle Sam a free loan.

Unlike most generous Americans who give their Uncle Sam a free loan, their Uncle does not reciprocate the favor. If you owe your Uncle Sam money, and happen to pay late, you will be paying interest and penalties!