



Knowing that over 40% of Americans receiving a tax refund want to impact their debt with the money, the challenge for a collection team is to contact the member early and to get the debtor committed to pay their balance due once they receive the refund. Conversely, for members who have decided to use their tax refund to pay debt, the biggest challenge is to figure out who to pay and how to pay off or settle as much of their debt as possible. Ultimately, the member will respond to the debt collector most willing to work with them and give them the best deal. The good news is that most people are planning to use their refund wisely.

Here are some unvarnished facts:

1. The IRS issued more than \$302 billion in refunds to individual taxpayers for their 2016 federal income taxes. It is expected to be at similar level for the 2017 refunds.
2. The average refund amount for the 2016 return was \$2,782. Again, expected to be at a similar level for the 2017 returns and Americans have already made plans on how to spend that money.
3. Tax refund season begins in mid-February and continues through the end of May.
4. With money in hand consumers are less apprehensive (and defensive) about paying off debts.
5. Member contact can be expected to increase by 20 to 40 percent during this time-period.
6. Collection volume will also increase between 20 and 40 percent compared to other months during the year.
7. If the member can't pay the debt off in full, they will look for an opportunity to reach a settlement agreement.

Here's where refund cash will go, according to a newly released TaxSlayer survey:

Ways of Spending	Percentage of Filers With That Plan
Put the money into savings	43%
Pay off debt	42%
Buy a physical luxury	13%
Buy an experience	13%
Fund a retirement plan	9%

Money management articles wisely council that a priority is to pay off high-interest debt, such as credit cards and/or past-due debt that is in collection.

Here are some tax season insights from the professionals at CU Recovery:

- February through May are historically the highest recovery months for collections.
- Is your credit union given more flexibility during tax season when it comes to accepting a settlement? Many credit unions use this tool and have found value in doing so.
- Your response time while the member has cash in hand is crucial – it is best to pre-plan how you will respond to a settlement offer and let collectors know your policy during the tax refund time-period. Waiting even a day can mean that the money has been used elsewhere.

CU Recovery wants to work with you to maximize recoveries, contact your Client Service Representative to discuss a debt settlement strategy.