



**DIVISION OF AGRICULTURE**  
**RESEARCH & EXTENSION**  
*University of Arkansas System*

## **Make the Most of Your Stimulus Check**

Many Americans are set to receive money from the government in the form of a third stimulus benefit. Plan now to use this money wisely - pay bills, pay down debt, and save for emergencies.

**Build savings.** An emergency savings fund is more important now than ever. Most personal finance experts recommend an emergency fund with enough to cover at least 2 months and up to 6 months of expenses. An emergency savings fund is your best protection in times of economic uncertainty.

**Pay bills.** Prioritize bills that are most critical. Some households may need the additional income to meet basic needs. Missing payments on installment loans, like a mortgage or car note, may lead to foreclosure or repossession. Check with your lender to see if payments can be deferred without penalty. Student loans may also be deferred. Late and missing payments can lower your credit score, making future credit more expensive and more difficult to obtain.

**Pay down debt.** Credit cards are high interest debt. Paying off credit card debt can free more money in your future budget and save money on interest. If you are still struggling to make even the minimum payment, contact the credit card company to ask if you can arrange an easier payoff plan.

Stimulus payments will be distributed as checks or direct deposits. The amount is based on income and family size. The American Rescue Plan directs the \$1,400 direct payments to individuals earning up to \$75,000, but cuts off eligibility for single people earning more than \$80,000. For couples who file a joint federal income tax return, the phase-out begins at those making \$150,000 and ends at \$160,000. People who file their taxes as head of household will receive the full \$1,400 if they earn less than \$112,500, while the payments will be cut off for those earning more than \$120,000. Most families will get \$1,400 per individual from the third stimulus check. An additional benefit for families with children is the increased child tax credit of \$3,000 per child.

If you didn't get any Economic Impact Payments or got less than the full amounts, you may qualify for the Recovery Rebate Credit and must file a 2020 tax return to claim the credit even if you don't normally file. Visit <https://www.irs.gov> for more details.

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