



A Program with the  
Colorado Attorney General  
and the AARP Foundation



Colorado Attorney General  
John W. Suthers



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# Tax Refund Anticipation Loans Beware!

## Refund-anticipation loans carry a high price

***Tax Refund Anticipation Loans (RALs)*** are short-term cash advances against a customer's anticipated income tax refund. You may get your refund a little bit earlier, but you will get a lot less money. These loans are offered at very high interest rates, ranging from about 40% to over 700% APR. Also, they speed up the refund process by as little as one week, compared to what consumers can expect by filing online and having their refunds deposited directly into their banking accounts.

### According to consumer groups:

- Be patient. If you file your taxes electronically and have your refund directly deposited into your bank account, you will get your refund in just two weeks.
- If you are considering a RAL, make sure the company offering the RAL clearly explains all the free options to get your refund. Look for a company that has upfront, clear, and simple disclosure of the loan costs.
- Beware of companies that call RAL's a "refund" or "instant money." It's not; it's a loan!
- Watch out for companies that charge extra for cashing your tax refund check.
- Think about places that offer free tax-preparation so you are not pressured to take a RAL, such as AARP Tax-Aide. To find a location near you log on to [www.aarp.org/money/taxaide/](http://www.aarp.org/money/taxaide/)

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