

Happy New Year – Get These Dates on Your 2009 Financial Calendar

If you've made a New Year's resolution to keep better track of your finances in 2009, here's a list of important planning and execution tasks that should be on your financial calendar for the year:

JANUARY:

- *Set your credit report dates.* You are entitled to one free credit report a year from each of the three credit reporting agencies: Transamerica, Experian, and Equifax. Each year, you should check each of your credit reports from www.annualcreditreport.com. It's wise to stagger the dates you check each report because irregularities might surface at different times of the year – just split them over the course of the year.
- *Think about college aid:* On Jan. 1, kids and parents are free to start working on the Free Application for Federal Student Aid (FAFSA) for the upcoming school year (2008/09). To meet deadlines in most states, you should submit your FAFSA no later than March 1 with Feb. 15 being the optimal date.
- *Start or review your emergency fund:* Experts believe you should have 3-6 months worth of living expenses set aside. Set a fixed amount you'll save each month toward that goal.
- *Check your investment accounts on your brokerage firm's or mutual fund companies' websites and print off the December 31 statements for the previous year.* Review the earnings paid out to your account from interest, dividends, and both short-term and long-term capital gains (if you were lucky enough to have any gains in 2008!) Review the capital gains and/or losses you realized from the sale of mutual funds, stocks, and/or bonds. Use this information to begin planning for your 2008 taxes.
- *Review your checking account statements and credit card statements for the previous year and tally your spending/expenses into categories.* Compare your cash outflow to your cash inflow for each month of the previous year, and set target goals for spending in each category for the New Year based on your financial goals and values. If you want to make this process easier, consider buying a personal finance program for your computer.
- *If possible, fund your IRA contributions as soon as possible in the New Year.* Theoretically, this allows you to compound your returns and the benefits of tax deferral over the longest period possible.
- *If you have a health savings account or a flexible spending plan through your employer before the end of the plan year, total the amount of expenses filed during the previous year and compare them to the total amount you contributed.* Make sure you aren't contributing more than you are being reimbursed, because these are "use it or lose it plans."

FEBRUARY:

- *Start pulling your tax information together:* Your W2s and 1099s should be arriving – get your records ready to start your return. You might also get a ballpark estimate of your tax liability online -- <http://www.finance.cch.com/sohoApplets/Tax1040.asp>

MARCH:

- *Get ready to fund your IRAs:* April 15 will be 2009's tax deadline, and that's the last date to make a 2008 tax-deductible contribution to your traditional and Roth IRAs. Plan to make the biggest affordable contribution you're allowed.

APRIL:

- *Tax deadline:* Midnight, April 15 is the deadline for postmarking federal and state taxes.
- *Education account contribution deadline:* Don't forget that contributions to Coverdell accounts for the previous year are also due on tax day.
- *Check your insurance coverage:* If you have sufficient emergency funds, check to see if a higher deductible on home, auto or health insurance makes sense in terms of premiums savings and fewer potential claims.

MAY:

- *Talk to your parents:* If you've never discussed estate, health and long-term care planning with your parents, do it now.
- *Do a summer energy checkup:* Have your air conditioner checked to make sure it's working properly during the cooling season.

JUNE:

- *Do a mid-year financial checkup:* Take the time to do a review of your tax planning, retirement savings, home, health and life insurance needs and do a mid-year check of your spending and emergency fund levels.
- *Pell Grant Application deadline for 2007-08:* June 30.

JULY:

- *Do a beneficiary check:* Is the beneficiary information on all your investments, insurance policies and bank accounts up to date?
- *Check your will:* If you haven't checked your will in 5 years, see if your instructions are current. Make sure your powers of attorney reflect your intentions.

AUGUST:

- *Go over money issues with your college student:* Whether they're freshmen or seniors, take some time to go over financial details.

SEPTEMBER:

- *Order your last credit report:* Get your third and final credit report of the year.
- *Do a winter energy checkup:* Have your furnace checked to make sure it is working properly during the heating season.

OCTOBER:

- *Be ready for open enrollment:* Many companies set open enrollment for their benefits plans in September and October. Make sure you've done some thinking about your benefit choices for the coming year.
- *Tax extension deadline:* If you had to file for an extension on your federal taxes this year, your final deadline to file is Oct. 15.

NOVEMBER:

- *Total your potential tax losses:* Confer with your tax adviser to see if it makes sense to sell stocks before the end of the year to balance out capital gains or losses in your portfolio or to carry forward losses for future use. Plan mutual fund sales before dividend distributions for less tax impact.
- *Spend out your flexible savings account money:* Check your employer's rules, but you should spend out the amount you put in your flexible spending account by Dec. 31 or the end of the plan year. Schedule any procedures or medical expenses you'll have by then.

DECEMBER:

- *Give:* Make the charitable deductions you want to make for the end of the tax year. Also, remember you can make financial gifts of up to \$12,000.
- *Pay deductible expenses early:* To lessen your tax impact for the current year, pay mortgage interest or property tax installments early if your tax situation would benefit from it. See if alternating using standard deduction one year and itemizing the next -- called "doubling up" -- works for you.

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Don't Wait Until Graduation to Launch Your Career Strategy

Life after college isn't all about the money you'll make, but with the national average for four-year degree debt at \$21,900, it's never too early to build a job and financial planning strategy for the day you'll grab that diploma and run.

The Project on Student Debt reported last October that students graduating in 2007 (the latest year with complete data yet well before the current financial crisis) were already battling a perfect storm of bad news. Universities reported that student demographics, high tuition and low state and private endowments for higher education were forcing students to take on more debt.

Given these factors, it makes sense for today's college students to get aggressive early about determining whether they are spending smart for college and in a degree program that will pay off in the long term. Some things to consider:

- **How will your major support your career goals?** Granted, students going to the best public and private high schools tend to get a lot more college and career counseling than those who don't. And no one expects a freshman to have their career goals settled. But it's never too early to get a birds' eye view on what certain jobs are really like and what educational choices will make you most attractive as a job candidate. The Bureau of Labor Statistics Occupational Outlook Handbook is a great place to look up hundreds of careers and find such key data as:
 - Training and education needed to attract the best employers in that field
 - Average earnings
 - Post-graduation job prospects
 - What the job is actually like

Keep in mind that many fields now require graduate education at some point to assure future advancement. That's both an educational and financial priority you must consider as soon as possible.

- **Intern, intern...and then intern some more:** With the current economy, paid internships may be tough to come by in many fields, which makes it particularly tough to justify an unpaid internship against, say, a union-wage cashier's job in a supermarket or on a construction site. But if you've chosen a career where pre-graduation job experience gives you a real leg up on your fellow graduates, try to snag a few more hours of work-study employment during the school year so you can score necessary job experience in your field and build an address book full of people who will beg to hire you when you graduate.

Oh, and if anyone tells you your post-freshman summer is too early for your first internship, just ignore them – it's never too early to build that experience. Interning early also has another potentially huge benefit. If you start working in a field and realize you hate it, isn't it better to make that discovery *before* you get your degree so you can take corrective action and get the training for the career you really want?

- **Remember that minors are anything but minor:** It's definitely OK to minor in an area that has nothing to do with your major (say, biomedical engineering and fine arts), but try to think big and see if there's a way for your major and your minor to make you a more attractive job candidate. Say you're a strong left-brain/right-brain type -- like a biology major who just happens to have extraordinary skills in drawing. You just described the best qualifications for a medical illustrator, which can be a very lucrative job. Consider what unique complementary skills your major and minor might give you in a future job search.
- **Get advice managing your debt and spending throughout school:** Ask your parents to give you an unusual birthday or holiday present. Let them pay for your first visit a trained financial expert such as a financial planning professional. Make it a point to choose a planner who knows enough about college affordability to guide your decision-making while you're still in school (to find a planner with that particular skill, go to fpanet.org and click on "PlannerSearch." Planners who have expertise working with college students will keep you apprised of borrowing and scholarship opportunities you might not have time to track on your own. This will not only help with your undergraduate money burden, but as an added bonus, when you start your first job, you'll know how to manage that first paycheck so you can afford grad school if you need to.

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Everything in Moderation: The 2009 Money Diet

When it comes to overindulgence, money and food really aren't all that different. Both satisfy basic needs in our lives. Yet without boundaries, they can get us in a lot of trouble.

Maybe it's time to take a few tips from diet experts when trying to control money problems. It's all about planning and moderation. Here are some ideas you might consider when starting a money diet in the New Year:

- 1. Figure out where you are...and where you need to be:** We've all seen those charts that tell us what we should weigh based on our height and age. If only money were that simple. That's why you should get some help if you've never tried to assess your money health before. A financial planning professional can ask the right questions and develop a customized plan to figure out your starting point and, based on your age, your earning potential and new habits you need to develop, where you'll be able to finish.
- 2. Track your spending...in detail:** Whether you do it with a pen and a notebook or a computer program, make a concerted effort to track your everyday spending. Physicians say overweight people should track every morsel of food they eat; with money, it's the same thing. Knowing where every dollar goes gives a quick picture where money can be saved or invested.
- 3. Create a financial calendar:** This might be a little easier if you've tracked your spending for a year. But even if you haven't, take a big 2009 desk calendar (or an electronic calendar that allows space for lots of notes to yourself) and in each day's square where you know you'll have to make a payment, write down the reason and the expected amount. (Hint: Write very small!) That way, you'll make sure you aren't tempted to overspend around those dates. What expenses are we talking about? Everything you have to meet on a regular basis and ones you know are coming up. Here are a few examples should get you started: Monthly mortgage, auto or rent payments; student loans, monthly utilities, home, auto, life or disability insurance; retirement savings; property taxes; tuition bills; a new car payment; big home maintenance expenses; property taxes; credit card payments (with payment amounts that exceed the minimum) and yes, vacations and special treats. What will this crowded calendar tell you? That by attacking debt, making certain sacrifices and spending and saving smarter, you can eventually un-crowd that calendar and your financial life.
- 4. Write down your long-term goals:** You need to think about the things you really want to do with your life and what those things will cost. Putting goals in writing gives them a formality and a starting point for the planning you must do. If these goals require saving, make sure you put those savings dates on the financial calendar you made in #2.

5. **Permanently change your spending habits:** People who have lost a significant amount of weight – and kept it off – usually report that they’ve made slight but permanent lifestyle changes to do so. Money success requires similar dedication. For example, people who have rewarded themselves with unrestricted spending sprees should develop alternate behaviors that bring them as much satisfaction – meals home with friends or setting money aside to afford the occasional high-quality treat. It’s all about finding out what they really value and deciding whether saving for retirement or affording their child’s college education outranks buying an expensive car or clothing.
6. **Don’t go it alone:** Leading weight-loss programs like Weight Watchers have had long-term success for two reasons: affordability and easy access to information and support. Working with a financial planning professional on an ongoing basis can help you develop the right plan and stick to it.
7. **Build failure and recovery into the plan:** How many diets have failed with the words, “I can’t fail!” The fact is, with food or money, everyone goes off course at times. The important thing is to have a plan for corrective action if it happens or is about to happen. If you can minimize the damage and get back on course, your progress will continue.

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