



Show Your Appreciation With a Gift That Appreciates

Attention holiday shoppers...

One of the most thoughtful and rewarding gifts you can give this season comes not from the mall, an e-tailer, or any store for that matter, but rather directly from your bank account or investment portfolio.

A financial gift, shares of stock, for example, or a contribution to a college savings plan is one that is likely to keep on giving, its value continuing to appreciate long after other gifts have been forgotten, discarded, digested or neglected.

While they may lack the “wow” and “now” factor of the hot new high-tech gadget, video game system or toy, financial gifts can stoke the recipient’s imagination in other ways, said Paula Nangle, CFP® at Marshall Financial Group in Doylestown, Pa. “Kids today get so many gifts they hardly or never use. [A financial gift] gets them thinking about important things like saving for the future, investing and how their money may appreciate over time to help them buy things they want or need down the road.”

A financial gift also can help open a dialogue with youngsters about smart finances. “It’s a great way to convey good values about money,” explains Nangle, herself the mother of two teenagers.

A few financial gift ideas to consider:

- Stocks or bonds. Giving appreciated shares of stock not only is generous, you avoid paying capital gains tax on the amount the stock has appreciated. Talk to a tax adviser to learn more; find one in your area via the Financial Planning Association’s online network of financial planners at www.FPAnet.org/PlannerSearch/PlannerSearch. Or, purchase shares in a company whose products cater to the recipient’s interests. Know someone who likes trains? Give them shares in a company that builds locomotives.
- Open and/or contribute to a savings account. The money is great, but kids may also like the ledger that comes with the account. It’s also cool for them to track monthly account statements to watch their little nest egg grow.
- Open a certificate of deposit. According to Nangle, a CD can be good for someone who’s saving toward a specific short-term goal such as buying a car, a computer, etc.
- Open and/or contribute to an educational savings plan, such as a 529 plan. Every state offers tax-favored 529 plans. Research them online (via a site such as www.savingforcollege.com) and consult a financial planner if you need help establishing one.
- Consider other options, such as opening a permanent life insurance policy for a child and paying the premiums, or giving a U.S. savings bond.



Ostensibly, these kinds of financial gifts come from your wallet or your account. But really they come from the heart. This will spare you another harried trip to the mall.

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Responsible Revelry: Holiday Entertaining on a Sensible Budget

What better way to ring in the holidays than by hosting some of your favorite people to socialize, celebrate and relieve some holiday stress?

When the holiday spirit moves you to entertain, don't fight it, but don't go overboard, either! Party costs can add up fast, leaving the host on the hook for a heaping helping of holiday debt.

But don't let that dampen your drive to party. With resourcefulness and some savvy social planning, it's easy to host a truly memorable holiday event that won't result in a pile of bills you'd just as soon forget. After all, as June Schroeder, CFP® at Liberty Financial Group in Elm Grove, Wis., points out, "The holidays aren't about spending money; they're about spending time with people you care about."

Here, courtesy of the Financial Planning Association, are some ideas for balancing the party spirit with wise wallet management.

- **START WITH A PLAN:** Before you go off and hire a brass ensemble, a high-end caterer and one of Santa's elves for your event, decide on an amount you can afford to spend on the party. This will dictate the shape the event ultimately takes: venue, guest list, food and drink, etc., explains Schroeder. Keep in mind, too, that the holidays will likely leave you with other additional financial burdens.
- **STEER CLEAR OF CREDIT CARDS:** Cover party expenses with cash or a debt card whenever possible so you won't face a ballooned credit card balance come the New Year.
- **CUT THE CATERER AND GET COOKING.** You don't have to be a gourmet cook to come up with crowd-pleasing and cost-effective chow for your guests. Additionally, you can always ask a friend or relative with culinary skills to help in the kitchen.
- **PARTY POT-LUCK STYLE.** Instead of doing all the cooking yourself or hiring a caterer, give people a chance to tap into their own holiday spirit by asking them to bring something to eat or drink to the party.
- **DIAL DOWN DINNER:** It wouldn't be a party without food. Instead of feeding everyone dinner, build your event around eats that won't devour your budget, like desserts, appetizers or lunch. Consider an open house with snacks instead of a sit-down meal. "Less formal can be more fun anyway," said Schroeder.
- **DO-IT-YOURSELF DECORATING:** Collect pine boughs, pinecones and other "found" items to make your own festive holiday decorations. Don't forget the mistletoe!
- **PARTY FAVORS TO SAVOR:** Planning to provide people with something to take home? Try homemade baked goods or simple holiday ornaments.

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10 Ideas for a New Year's Resolution Worth Keeping

New Year's resolutions, the skeptics say, are made to be broken. How about if you could prove the skeptics wrong by making a resolution you can actually keep, one that if kept, may drastically improve your financial outlook for 2012 and beyond?

Instead of a grand gesture, total abstinence from sweets, for example, or quitting a bad habit cold turkey at the stroke of midnight Jan. 1 try making a resolution that's ambitious yet eminently attainable: a financial resolution.

"The important thing with a resolution is how you define it," said Molly Balunek, CFP®, at Inverness Advisers in Beachwood, Ohio. "That means defining it narrowly enough that it's achievable. You want to avoid being so ambitious that it's self-defeating."

Here are 10 achievable yet impactful financial resolutions worth considering:

- 1. Track household spending.** "This is a real game-changer," said Balunek, and perhaps the most important step a person can take toward gaining control of their financial situation. Track spending the old-fashioned way, with pencil and paper, or use software systems like Quicken, FinanceWorks or Mint.
- 2. Save \$X per week/month/pay period.** Rather than merely resolving to "save more," commit to setting aside a specific amount during a specific time period. If you don't have a savings account, open one that offers a decent interest rate.
- 3. Develop and follow a spending plan.** A resolution to "spend less" is too general, said Balunek. Instead figure out exactly how much you take in and how you need each month to cover expenses. The difference determines how much you can set aside for retirement, education, etc., as well as goodies like vacation.
- 4. Establish a retirement plan** (if you don't already have one) **and commit to funding it.** It's never too early (or too late) to save for retirement. If your employer doesn't offer a 401(k) or other type of plan, open an IRA yourself.
- 5. Meet with a financial planner.** It pays to have an expert objectively examine your entire financial picture, then provide actionable ideas and advice to help you meet your goals and obligations. Find a financial planner in your area via the Financial Planning Association's national database at www.FPAnet.org/PlannerSearch/PlannerSearch.
- 6. Save for a child's education** by setting up and contributing regularly to a college savings plan. Research plans online (via a site such as www.savingforcollege.com) and if need be, ask a financial planner for help establishing one.
- 7. Develop and follow a debt management plan.** Assess how much debt you're carrying (on credit cards, etc.), then commit to paying down that debt by a specific amount each month.



8. Learn more about finances. The Internet, the library and the bookstore are full of insight and ideas you can put to work to improve your financial standing. Where to find those ideas? Ask financially savvy friends and relatives (or a financial planner) for suggestions.

9. Review your insurance needs. Ask a financial planner for help analyzing what you have and what you need in terms of life, disability, health and other forms of insurance. Also talk with the HR department at work to find out about insurance benefits offered by your employer.

10. Commit to saving just a little more for retirement. Setting aside even 1 or 2 percent more per month now, said Balunek, can add up to a much bigger nest egg later.

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