

So Blessed!

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IN THIS ISSUE

EDITOR'S CORNER

ARTICLE: Ten Ways to Spend Your Tax Refund

GUEST ARTICLE: Emergency Savings Accounts

TOOLS & RESOURCES

“Many men owe the grandeur of their lives to their tremendous difficulties.”

--Charles H. Spurgeon

EDITOR'S CORNER

Greetings,

It's T-Day and the IRS is looking to receive your annual report on the state of your finances. Are you one of those people who've put off filing a tax return until the last minute because you know you're going to owe Uncle Sam money? Or perhaps you expect a refund but procrastinated about taking care of your paper work. Whatever your case, don't neglect filing this important financial document, or at the least, filing for an extension on your return.

If you've ever been blindsided by unexpected expenses that you really didn't have the funds for, take a look at the article *Emergency Savings Accounts* by guest author John Cook to help with planning for future financial emergencies.

Also, do you have a story to share about your family's finances? Have you found an innovative way to get your family's spending under control or to teach your children about good stewardship? I'm looking for people to talk about ways they communicate (or don't communicate) about money with their spouse and children for my next book. If you'd like to be interviewed, please e-mail me and place Interview for Book in the subject field.

Blessings!

Francine L. Huff
Editor & Publisher

Do You Need a Fresh Financial Start? ***The 25-Day Financial Makeover: A Practical Guide for Women*** by **Francine L. Huff** will start you down the road to a brighter financial future. With advice on paying down debt, retirement planning, tithing & giving, goal setting, shopping smarter and more, this indispensable guide will help you take control of your financial future. ***The 25-Day Financial Makeover*** has been featured on At Home Live on FamilyNet, Our Lives on News 12 in Connecticut, Money Matters with Steve Moore, Crown Financial Ministries, Good Morning Texas in Dallas, and the WWRL Morning Show in New York City and in the Star-Ledger of New Jersey. Available at bookstores nationwide or www.Huffwrites.com.

ARTICLE

Ten Ways to Spend Your Tax Return

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1. **Begin a college fund for your child.** The sooner you begin saving for your child's education, the better. The average cost of a four-year public college for 2004-05 was \$5,132, up 10.5% from a year earlier, according to the College Board. But students attending private universities paid an average of \$20,082, up 6% from a year earlier.
2. **Pay for classes to improve yourself or further your education.** Many communities have a variety of adult continuing education programs in subjects ranging from gardening to improving writing and speaking skills to starting a business. If you don't have time to attend classes, consider checking out an online learning program.
3. **Contribute to your retirement account.** If you don't have a retirement plan through your employer, consider opening an IRA. Depending upon your income, contributions to IRAs may be tax deductible.
4. **Make an extra mortgage payment.** Paying extra on your principal will not only cut the length of your mortgage, but will help you build equity in your home. Prepaying on a mortgage may also help you get rid of private mortgage insurance, or PMI, on your loan. Check out www.mortgagecalc.com to find a calculator to help you figure out how much you can save by prepaying on your mortgage.
5. **Pay your auto insurance policy for the rest of the year.** If you make monthly payments on your auto insurance policy consider paying off this bill through the end of the year. It's one less monthly payment to worry

about and you won't have to worry about being short of funds when this important bill comes due.

6. **Pay off credit cards, auto or home equity loans.** Paying off such loans will slash your debt, improve your credit rating and free up some of your monthly income for other purchases or to build a savings.
7. **Save toward a down payment for a house.** The more money you pay as a down payment, the less your monthly mortgage payments will be.
8. **Invest in a mutual fund.** Have you paid off debts and begun a regular savings plan? Then perhaps you're ready to begin a regular investing plan. The Mutual Fund Education Alliance at www.mfea.com is a not-for-profit trade association of the mutual fund industry that provides articles, tools and resources on these investments.
9. **Make needed repairs to your home.** Whether you hire professional help or decide to become a weekend warrior and fix it yourself, take advantage of your windfall to spruce up your home. For home improvement and repair guides, take a look at <http://doityourself.com/>.
10. **Start an emergency savings fund.** You never know when you'll need to pay for unexpected car repairs, medical bills or a leaky roof. For tips on setting up a fund, take a look at this month's guest article *Emergency Savings Accounts*.

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Do you have a financial tip you'd like to share with other *So Blessed!* readers? Send an email to Francine@Huffwrites.com and you might see your suggestion in an upcoming issue of *So Blessed!*

GUEST ARTICLE

Emergency Savings Accounts

By John Cook

Unexpected expenses sneak up on the best of us. Paying these unexpected expenses looks impossible when you are in debt and barely making the payments from month to month. If you're like most, you have to reach for the credit card and then find yourself deeper in debt and farther behind.

What do you do about this?

The answer for paying unexpected expenses is an emergency savings account.

An emergency savings account is a sum of money set aside in an account that is only used for paying any unexpected expenses.

Unexpected expenses come in many varieties and range from a roof leak to a job layoff.

There is no hard and fast rule to determine how much you need in an emergency savings account, only rules of thumb.

If you are still paying off your unsecured debts it is generally accepted that \$1,000 is an appropriate amount until you have become "bad debt" free.

If you have nothing more than a mortgage payment or perhaps are completely debt free the common recommendation is that you have 3 to 6 months living expenses put aside. Now this is where it gets tricky. Everyone will have different requirements for 3 to 6 months living expenses. The general rule of thumb is to have at least \$10,000 available.

This is just a rule of thumb and you will have to do some thinking for yourself here. If your mortgage payment is \$2,000 each month, then \$10,000 surely will not cut it. On the other hand, if you are debt free, \$10,000 may be a nice cushion. Once you are living on a monthly budget it will be easy to determine how much you will need for your emergency fund. Make sure that you do not skimp on this account.

Your emergency savings needs to be readily available; money market accounts are usually the best choice.

Unfortunately money market accounts and other short-term savings vehicles are not big moneymakers, but you can access your money quickly and do not have the threat that it will decrease in value.

The reason that I like money market funds is that they will make a return comparative to other accessible investments, most have check writing capabilities, and your investment is safe from downturns in the stock market.

There are other options such as interest bearing checking accounts, savings accounts and possibly other savings vehicles in various banks, investment institutions and credit unions. Choose the investment that is available to you and fits the criteria.

One thing to be aware of when choosing a money market or any investment option is the expenses. Expenses will vary widely among investment firms. Ideally you want to find an account that lets you invest in the money market with no up front or back end fees and minimal yearly expenses. Since a money

market does not appreciate quickly it would take a long time to make up for high expenses.

An up front fee is a percentage of your money that you have to pay when you initially invest it. For example if you invest \$1,000 and the fee is 5%, they will take \$50.00 out of your account and you will only end up with \$950 invested.

With a back end fee they take a percentage when you withdraw your money.

All investment firms will charge an annual expense on your invested money. Just pay attention and choose one that has a low expense. Be careful, since some will lure you in with a low initial expense that will be raised after a specified number of months. Look at the track record going back a few years to make sure that the expense ratio has stayed consistent.

Make sure that you have an emergency savings account so that paying unexpected expenses does not chase you back in debt; it is a vital step in living without debt.

John Cook is the author of FinanceForFamilies.com, a website designed to assist families in making smart financial decisions. The burden of seemingly insurmountable debt is destroying too many families. You can read more at <http://www.financeforfamilies.com>.

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TOOLS & RESOURCES

1. www.finaid.org – This website offers a calculator to estimate the cost of a college education.
2. www.mortgagecalc.com – Calculators to figure out mortgage payments.
3. www.crosswalk.com – This Christian website offers articles, reviews, devotionals, chat rooms and a Bible search feature.
4. www.summercamps.com – Descriptions of summer camps focusing on a variety of interests.

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