

Minding Your Money

Nichole Baker, Certified Financial Planner™



Nichole Baker, CFP
Polaris Financial



Ouch! All That Holiday Spending Leave You in a Mountain of Debt?

■ You can start to move out of debt in just a few relatively painless steps.

It really was fun – the shopping, the parties, the decorations, even the trips, hectic as they were. But now it's January and the reality sets in. You think to yourself, "Now is the time to start over, make things better, *stick to my resolutions.*" Then a week later the credit card bills come in – and then ...

Suddenly the determined optimism turns to hopelessness as you seem to fall into the abyss of debt. The average consumer has four credit cards, with an average balance of \$3,900 each, for a total of \$15,600 of debt⁽¹⁾ and spends an average of \$1.16 for every dollar earned, according to various reports⁽²⁾. Translated, that means that if you earn \$35,000 per year, you spend \$40,600 per year.

What about savings? Aren't you supposed to be saving for retirement? The average American saved a *negative* .8 percent (yes, that's negative) this past October⁽³⁾. So when you get those holiday bills coming due in January, it's only natural to feel a little bit of despair.

But the important thing to remember is that you can turn it all around. Wouldn't you like to go from having mounds of debt to mounds of money? It can be done, and believe it or not, it can be relatively painless. It takes three things:

1. **Determination**
2. **A very good plan**
3. **Self-control and/or a good coach**

If you're a homeowner, you've probably been approached by every lender that can

locate you with an offer to "refinance your home at the lowest rates in years – and pay off high interest debt, while saving on taxes." This can be achieved, but there are things to be wary of and a good financial adviser will tell you about them. Sometimes this is a good solution for people, but sometimes it can increase risk of losing money – *it's important to learn the downside risk as well as the upside potential.* I'll put money down on the fact that you're not getting all the information from the refi guys!

If you're not a homeowner, or refinancing doesn't make sense for you, there are other ways to eliminate your debt (at least the bad kind) and increase your wealth. A consolidation loan may be the best thing for you, or perhaps a well-thought out way of paying down your debt on a monthly basis. Most people haphazardly pay the minimum, or a little more than the minimum payment each month, thinking that someday they'll pay it off – but they don't have a solid plan, one that is the most effective and least expensive way to do it.



If you have questions or would like to meet with a financial adviser for a personal consultation, contact Nichole at (626) 441-0838, or through the Club e-mail: nichole@cityemployeesclub.com. Nichole is a principal at Polaris Financial, investment advisers and financial planners. Registered representatives offer advisory services through National Planning Corporation (NPC), member NASD/SIPC, a registered investment adviser. Polaris Financial and NPC are separate and unrelated companies. Polaris Financial provides discounted services to Club members.

Some people just need to restructure (or structure for the first time!) their budget, and they'll find a lot of "hidden" money available to pay off the debt.

Did you know that a coffee house grand mocha per day costs \$1,277.50 each year? Add to that a blueberry scone and the cost jumps to \$1,825 per year. In other words, you may be able to pay off one credit card simply by giving up your coffee for one year, or maybe having one just a couple times a week!

There are many options, but the important thing is to choose the option that is right for you. A financial adviser can help make that determination for you, and also inform you of the downside the "other guys" haven't told you about. *If you want to learn more about the most effective and least expensive ways to reduce your debt and grow financially independent, contact our office for a free consultation.*

To get a copy of the easy-to-understand **Choosing a Planner** information kit and checklist, contact Nichole and she'll mail one to you **FREE:** (626) 441-0838.

NOTE: When you leave your name and address, please speak slowly and clearly, and repeat it. We want to make sure we have the correct information to get you your information.

HELPFUL HINT

Some people want to be on marketers' lists for new product offers, but others don't. If you want to reduce the number of offers for credit cards and other financial products, call toll-free 888-5-OPTOUT [(888) 567-8688] to remove your name from marketing lists provided to creditors and other companies.

- (1) <http://www.moneytalk.org/mmOctober272002.htm>
- (2) <http://saintmartins.org/vision.shtml>
- (3) <http://www.bea.doc.gov/bea/newsrel/pinewsrelease.htm>

Source: <http://www.fdic.gov/consumers/consumer/news/cnfall02/guide.html>

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16530 Ventura Boulevard
Suite 209
Encino, California 91436
Telephone (818) 990-0825
Facsimile (818) 783-2617
E-Mail david@sdacpa.com