

## Minding Your Money

Nichole Baker, Certified Financial Planner™

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### 6 Options for Spending Your Check From Uncle Sam

■ Now that you have that refund check, what should you do with it?

**With the stock market in chaos, wouldn't I be better off paying off debt, or investing in bonds?**

According to the IRS, the average tax return in 2001 was \$1,740. It's a good day when you open your mailbox and find a check from Uncle Sam. It's important to remember, however, that this is money you loaned to the government. It is not a gift, but rather a loan repayment.

When you look at it this way, it changes everything.

When you receive a check as a gift you generally buy something that you want, such as clothing, electronics, etc. That is what you do with a gift. However, when you are repaid a loan you generally don't go shopping. Usually those funds were earmarked before you loaned the money, and therefore, upon repayment you would re-earmark those funds. Usually loans are made from savings accounts.

So then, what should you do with your refund?

Well, that depends on your situation. Do you have a savings account set up for emergencies? If not I recommend you put this into a money market account. Keep this money

safe (minimum risk) and liquid (immediate, penalty-free withdrawals).

If you have a sufficient emergency account, then look at your debt situation. Do you have credit cards that carry balances with high interest rates? If so, pay them off. The most important part of this cycle, however, is not to charge the card up again! If you do, then you are essentially "spending" your refund like it was a gift – you're just fooling yourself by doing it over time.

So, if you have sufficient savings and a handle on your debt consider an investment. Remember that you can invest in anything from stocks, to bonds, to mutual funds, to real estate to home improvements. Let's take a look at the alternatives.

**Home improvement:** This refers to an improvement that actually increases the value of your home, not a decorating project. Depending on how much you have you could, add a bay window, build an addition, install sprinklers, repave the driveway, etc. This allows you to "spend" the money while simultaneously investing it. Remember, however, that in most cases adding a bay window to your kitchen will not bring your retirement date any

closer or provide for higher retirement income.

**Stocks Investments:** Yes, the market has been brutal over the last three years. But the concept is actually very simple – stocks are on sale. When you buy a pair of shoes would you rather buy them at full price? 25 percent off? 50 percent off? 65 percent off? Exactly. The same goes for stocks.

If you're interested in buying stocks at this time consult with an adviser to make sure you're choosing good companies and that you understand the risks.

**Bonds Investments:** Bonds are one of the few investments that have been performing well over the last few years. Bonds are more conservative than stocks and are good for those who have low risk tolerance, or foresee needing the funds within the next five years. Be aware, however, that bond prices



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may drop as the economy gets better. It is best to consult with your adviser if you're considering this type of investment.

**Real Estate:** If you're buying your first home, use your refund if you need it. If you're buying investment real estate, such as a rental property, be very cautious about using your refund. You may be better off

keeping your refund in an emergency account for the property, in case significant repairs need to be made unexpectedly. Again, the best course of action is to discuss your situation with a trusted adviser.

This is just the tip of the iceberg. For other options, or to discuss these options more in-depth please consult with a financial planner so that you feel certain you're making the best choice for you. ☺

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.

**POLARIS FINANCIAL** 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.

## Newsbriefs

### Around the City

#### MAYOR HAHN, DWP DEDICATE NOTED FUEL CELL POWER PLANT



Last month, Mayor Jim Hahn and DWP officials unveiled North America's largest, most efficient commercial design fuel cell power plant.

The John Ferraro Building (JFB) Fuel Cell Power Plant, manufactured by Danbury, Conn.-based FuelCell Energy Inc. and located at

the LADWP's headquarters in downtown Los Angeles, provides 250 kilowatts of environmentally clean electricity, enough power to serve about 250 households.

The plant, which sends electricity to the city's power grid, uses up to 50 percent less fuel per kilowatt-hour than the average conventional power plant and produces nearly zero emissions of pollutants.

The JFB Fuel Cell Power Plant is the latest in a series of LADWP programs designed to address air quality in Los Angeles. "The unveiling illustrates a new generation of clean energy production," Hahn said. "This advanced hydrogen-powered fuel cell technology exemplifies the Los Angeles Department of Water and Power's commitment to reducing dependence on fossil fuels. The DWP continues to set the standard for excellence in public power."

U.S. Secretary of Energy Spencer Abraham commended the City of Los Angeles and its Department of Water and Power for "their willingness to be on the leading edge of tomorrow's technology."

"The fuel cell not only brings a new source of power to the city, it shows how investing in new energy systems can lead to a

cleaner, healthier urban environment," the secretary said. "The citizens of Los Angeles are seeing a preview of our energy future – clean, efficient power generated from hydrogen by innovative technology." ☺

#### REYES WANTS CITY TO SUPPORT RIVER REVITALIZATION FUNDING



The Los Angeles City Council adopted a resolution introduced by Councilmember Ed P. Reyes to sponsor and support any state or federal legislation that would bring funding to the often neglected Los Angeles River. The resolution was adopted unanimously.

As chairperson of the City Council's first ever Ad Hoc Committee on the LA River, Reyes has held a series of meetings since August of last year that included presentations by representatives of cities including Denver, San Jose, Kansas City and Tempe, Arizona, who have successfully revitalized their own respective rivers. The presentations were part of Reyes' effort to allow Angelenos to view how other municipalities have successfully transformed their rivers into community assets.

"For decades, we chose to place freeways, sewer systems, rail lines and junk yards along the river essentially poisoning that which gave our city life," Reyes said. "Our aim is to set a higher standard for the way in which the Los Angeles River is treated."

Since the inception of the Ad Hoc Committee on the LA River, Reyes has created an internal management task force comprised of key city departments that will evaluate opportunities for large-scale projects along the river's path. Reyes also

instructed the city's departments to begin research on a management structure to ensure a long-term focus on the river, as well as the creation of a community outreach effort aimed at reintroducing residents to the Los Angeles River.

"The task force is important because as a City we've not given the river the attention it deserves. Now, we've essentially put it on every departments' radar screen," Reyes said.

While this is a project that should have been dealt with years ago, the fact remains that we have a tremendous opportunity to create something positive for our entire city and for the region."

Reyes also noted that his committee will provide framework report by year's end that will serve as a blueprint for future decisions on the river. ☺

#### HAVEN'T PAID PARKING TICKET? YOU HAVE ONE LESS EXCUSE



Technology is coming to every corner of life. Now there's a new way to pay your parking citations — on the Internet.

"This new online service gives our residents and visitors another easy and quick option for paying a parking ticket," Mayor Jim Hahn said about the system.

The new online service allows parking citation payments to be made with a credit card via a secured website on the Internet. This service can be accessed through the Department of Transportation's Website at [www.lacity-parking.org](http://www.lacity-parking.org).

"While no one likes to pay a parking ticket, we hope the online service will at least make it more convenient to pay the fine," said Department of Transportation General Manager Wayne Tanda.

The new Website offers users another payment option and complements the existing Pay-by-Phone service that allows payment of parking citations by credit card via telephone. ☺