

How Much and What Kind, Part 4

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I know, I know. When I finished "How Much and What Kind Part Three," I said there would never be a sequel. Well, just like they said there would never be another "Star Trek" and another "Friday the Thirteenth," I lied! Your response to this series was outstanding, so I thought I would continue with at least one more. (If I run out of future ideas, you may see even more!) This one will deal with my favorite subject -- money.

Have you noticed that when you were in school making only "hamburger" money, you ate hamburger and had no money left over? Now that you are out in the real world, hopefully now making "steak" money, you eat steak but still have nothing left over. Well, if that's your problem, this one's for you. No, I'm not advocating that you become a vegetarian, even though I am one; I'm just trying to show you a more "humane" way to deal with your money.

When you write yourself a check out of your practice, where does it go? No, I don't mean which bill do you pay first. Where do you put this money? Wherever it goes, I want you to give my way a try for just two months -- 60 days. When that period is over, I would like for you to drop me a line and let me know if it has helped you in any way, or if it has been the biggest mistake of your entire life. Is that a deal? Let's continue. Start the program by depositing your income into a tax-free money market account with limited check writing privileges. This way, you will earn interest but it is not taxable to you. The "net" effect will be worth more than a taxable return. Shop around for the "best" rate on a money market account. Everybody has one, so check the rates and also which one is the most convenient to deal with. When I said everyone has one, I really meant everyone. All banks, mutual fund companies, insurance companies, etc., have them. That's step number one. This will save you some taxes and will increase your "net" return on your money.

Step two is how you pay your bills every month. This is a terrible experience, so let's limit this activity to no more than twice a month. Sit down and write out checks to pay your bills with checks from your regular checking account, not the money market account. Most money markets will only let you write a few checks per month with a minimum amount of usually \$500. Your checking account should only have enough in it so that you don't have to pay a monthly fee to maintain it. Again, shop around for the best deal. Checks are another item that you can save money on. Those little pieces of paper are expensive. There are other companies that you can purchase checks from and save more than 50%. Check it out. (Pardon the pun!)

After you have written the checks, total up the amount written and then write a check from your money market account to your regular checking account to cover the checks. That's it, very simple. No wasted space, no wasted money. That's the whole idea. Money is kept in the money market earning tax-free interest until it is needed to cover checks written. You will be amazed in just two months how much money will begin to accumulate in your account. The other real advantage to this arrangement is the fact that the money is slightly "out of reach" so it does take a little effort to get to it, thus you have a tendency to not spend it quite as fast. Some of you may consider this a disadvantage. Once you start to see the dollars accumulate, I think you will have a change of heart. If not, at least you will have some extra money so that you can afford to write me a lot of nasty letters telling me how bad my idea was!

There are further steps to this plan, but at this point I don't think it's worth going into them. Let's get through the first 60 days and see how well you do, then we will go on from there. Major points for you to remember: (1) Use a tax-free money market account with limited check writing facilities. If you are in a lower tax bracket, use a taxable account. (2) Shop for the best rates, and make sure it is a no-load account. (3) Pay your bills no more than twice per month. You have a grace period, use it; that's what they are there for. It will not put a black mark on your credit record. It will add some interest to your money market account. (4) Remember that you have "limited" check writing from this account, so plan ahead. (5) Shop for a "cheap" regular checking account, and only keep enough in it to avoid monthly fees. (6) Consider checks from an alternative company to save on check fees. (7) Drop me a line in 60 days to let me know how it is working.

There you have it. The Greenfield method for the care and feeding of your money. We celebrated "Earth Day" and talked about preserving our planet. I hope soon we will sponsor a "Money Day!"

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