

Don't Be a Bore in '04!

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Are you tired of always being behind? Running "behind the pack," your view of life never changes. Are you ready to move up to the front? If you are, here are a few things you can do to help you stay up front and take control of your financial future.

Your Friend, the IRA

You still have time to set up a qualified retirement plan and get a nice tax deduction for the previous tax year. At least you could put \$3,000 into an IRA and save yourself up to \$1,200 in taxes. Better yet, why not set up a "nonqualified plan" and put away as much as you want, without having to put away a nickel for any employees! That could save you thousands in fees per year that you would have had to pay on any qualified plan. You have a choice: You can set up a plan, put some money away and save some taxes now; put away lots of money and have access to it at any time, with no taxes or penalties to pay; or just pay more taxes. What's it going to be?

Taking Stock

Have you ever evaluated your debt? Maybe it's time to sit down and make a list of all your debt, including what that debt is costing you. You need to do the following:

1. Make a list of all debt and all balances on credit cards.
2. Write down the interest rate you are being charged on each outstanding balance.
3. On credit cards, write down your credit limit on each card, and how much you have outstanding on that card.
4. Write down the "800" number for all credit cards.
5. So, what are you paying each month on each debt?

Armed with this information, it is time to sit down and see which loans are "high" interest loans, and which are "low" interest loans. Do the same with your credit cards, too. Now it's time to use that list of "800" numbers you got from each credit card. Call them and see if they will:

1. lower your interest rate, and
2. increase your credit limit.

It's now time to look at the credit cards that will give you a decent rate. If you haven't exhausted your credit limit, or the credit card company agreed to raise your limit, transfer some "high" interest credit card debt to this card and get rid of the other card. You might even be better off doing this with some of your loans, too. Sometimes, you are better off with the loan under a credit card. This simple exercise can save you a great deal of money. For example, if your debt is \$10,000 at 18 percent, and you are able to get it to 10 percent, that saves you \$800 per year. Again, you have a choice: Get your rates lowered and save some money - or sit back and pay all that interest and continue to complain. What's it going to be?

More Ways of Trimming the Fat

I-Bonds: Do you still have money in a savings account at your bank or credit union? Why? It pays you next to nothing in interest - and the interest is taxable! You get nothing, and after taxes, you end up with half of nothing! Check out the "Series I" Savings Bonds at www.savingsbonds.gov. Their rate is more than 4.5 percent, and the return is not taxable until you cash them in. Your current net interest is not even keeping up with the inflation rate! At that rate, if you live long enough, all your money will just disappear! It sounds like a wake-up call for you.

Your kids - your employees: Are you still trying to figure out how you are going to be able to pay for your kid's education? Does it look like an uphill battle, and do you just keep sliding down that hill? Let's jump right to the top of that hill! Put your kids on your payroll, and quit playing around with all those other gimmicks that just don't work. This way, Uncle Sam will pay up to 40 percent of their education. You say you like that idea? Again, what are you waiting for?

Your kids - your lessors: Want to really scale that mountain? Why not lease your equipment from your kids? You can do that, and again, get Uncle Sam to pay 40 percent of the payments to your kids, so you can really sock away some money for college. If your equipment is worth around \$20,000, you could save over \$2,000 in taxes this year.

Insurance: When was the last time you reviewed all of your insurance policies? Have you ever done it? It's time! Consider raising all the deductibles on your policies. That could save you as much as 25 percent. Maybe it's time to consolidate and get rid of some overlapping coverage. A good review is definitely in order at this time, and should be done at least every other year. Save money and have better coverage. It sounds good to me!

Human resources evaluation: It's also time to review all "employees," not just the ones who work in your office. This includes everyone on your "payroll," including your banker, attorney, accountant, insurance agent, financial planner, stockbroker - anyone you write a check to or who earns a commission on you. This little exercise can show you who is "earning their pay" and who is not. Bad advice can cost you money, so you can really save a bundle here!

These little exercises can save you many thousands of dollars each and every year. It's time you took control and became the CEO of your financial future! Looks like '04 is going to be a great year!

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