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Home Matters

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Saving for College In Today's Economy

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With market volatility and investor angst, many investors are questioning whether they should save for college, retirement, or any other purposes right now.

The answer to that question is the same as it has always been, which is **yes**.

College costs continue to escalate, typically at a rate greater than inflation. As parents and grandparents, we know the great advantage our children and grandchildren will have once they receive their college degree. Saving now, even during these trying times, will help in reaching our long-term goals.

The Markets Concern Me. What Should I Do?

No one has the magic answer or date as to when the markets will hit their low point and turn around. It could be awhile. However, when you visit with the experts, the one thing they point out is that the U.S. markets have provided quality long-term returns.

Does market volatility mean you should change your investments to cash-type investments? If you need to pay college expenses in the near term, possibly. If you can't sleep at night, possibly. But, please read on before doing so.

For many of us, the toughest thing to do right now may be to increase what we are saving. Some may say, "Times are tough, I'm going to scale back or stop what I am

currently saving." The benefit of saving a set amount each month is dollar cost averaging. Dollar cost averaging is the strategy of buying a fixed dollar amount of a particular investment on a regular schedule, regardless of the share price. During times when the market is in a down cycle, investors benefit because their investment dollars are able to purchase more shares than when the market is substantially higher.



PODcast

Check out the College Savings Podcast, and many other topics, at www.ubt.com

Try not to scale back or stop investing. Why? We probably all saw quite a fair amount of market value go away in our investment accounts this past year, including our 401(k), 529 college savings or IRA accounts. If we are not getting great market returns, we can only control how much we are saving. So, consider tightening the belt in tough times and doing the opposite of what would be easiest to do – and do your best to increase your monthly savings amount and save more.

Some concerned investors wonder whether they should change how they are invested. Again, the easy answer is to go

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A Message from Veronica...

I think you would all agree 2008 has been a year of uncertainty. In the mortgage world, lenders have received a lot of press because of the mortgage crisis, which has substantially changed the criteria for qualifying for a loan. Many loan programs that were available a year ago are no longer an option. Most of our loan programs now require you to have a down payment and a fairly good credit score.

With all the changes in the industry, it is essential to have an experienced lender working with you. If you have a family member, friend, relative or co-worker concerned about financing a home, please have them contact me. I would be happy to guide them through the loan process.

As I reflect on 2008, I want to thank all of my loyal customers that have entrusted me with their home financing needs. I truly appreciate each and every one of you and hope you have a wonderful 2009.



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Take Action for Financial Success

Nothing happens unless and until we take action and follow through. Your goals may be entirely achievable given your current income, expenses and investments. You may already be on track but it's more likely, in these times, that you will have to make some adjustments in your approach.

There is no magic trick for escaping today's facts and realities of personal finance, unless you win the lottery, or have some other windfall. But your Financial Road Map is about financial planning and not financial fantasy, and this is where the rubber meets the road. Consider where you are now in the areas of cash reserves, debt, risk management and growth. How much money do you have in cash reserves? Is your insurance sufficient? How much debt are you carrying in relation to your assets? These are known quantities. What remains is to calculate the future, either through your own research or with the help of a professional. Once you've prepared yourself, the real results will come from going forth and doing.

You must take action. You probably already know exactly what your next steps should be financially, but you may be putting yourself through mental gymnastics to avoid the very things that will take you where you want to go. The sooner you take action, the sooner you will be on your way to achieving your goals, fulfilling what is important to you (your highest values), and actualizing your financial dreams.

~ Bill Bachrach, author of Values-based Financial Planning

Protect Yourself From Debt

Tough economic times have a way of focusing attention on simple ideas that can easily be overlooked in good times. Consider these steps to avoid troubles caused by falling too deep into debt:

Prepare for the worst-case scenario. For example, consider a mortgage you can afford to pay on one income, even if both spouses currently work.

Keep an emergency fund of at least six months' worth of expenses.

The above information is provided for informational purposes only and it not to be considered legal advice.

Lower your credit card interest rates. Ask your card company for a better deal or take advantage of a 0% balance-transfer offer.

Pay off your mortgage before retiring. Ending that debt can give you more flexibility, especially if your investments are down and your other expenses have increased.

Teach Kids the Value of Saving

According to Teenage Marketing Unlimited teenagers have been spending over \$104 per week totaling \$172 billion in the past year. When several financial advisors were asked what monetary wisdom should parents pass along to their children, here are some of their suggestions for instilling savings habits:



For young children, introduce them to savings by giving them a piggy bank and then later help them open a savings account when the piggy bank is full.

For older children or teens, offer to match every dollar they save up to a specific dollar amount, thus encouraging them to save.

Raising Money-Savvy Teens

Encourage them to work.

Part-time jobs such as baby-sitting or mowing lawns allow teens to cover more of their own expenses. People who work in high school are more likely to achieve their financial goals and be knowledgeable about money than those who don't.

Help them learn to wait. Getting things they have to wait for is more gratifying than getting things immediately.

Give an allowance.

Parents can tell kids with discretionary money that they have to buy music and clothes rather than coming to mom and dad.

Encourage direct deposit.

If your child's paycheck goes into a bank account, it's more likely to stay there.

Sources: [Money](#); [Kiplinger.com](#)



Winter Wellness

The winter months are a popular time for people to get sick. An estimated 5-20% of Americans will get the flu (influenza) and even more will catch the common cold. By taking a few precautions, you can improve your chances of staying healthy. The Mayo Clinic offers these simple tips for staying healthy during the long winter months:

- **Get an annual flu vaccination.**
The best time to be vaccinated is October or November. This allows your body time to develop antibodies to the flu virus before peak flu season, which in the Northern Hemisphere is usually December through March. However, getting a flu shot later in the flu season may still protect you.
- **Wash your hands.**
Thorough and frequent hand washing is the best way to prevent many common infections. Scrub your hands vigorously for at least 15 seconds, rinse well and turn off the faucet with a paper towel. Or use an alcohol-based hand gel containing at least 60 percent alcohol.
- **Eat right, sleep tight.**
A poor diet and poor sleep both lower your immunity and make you

more vulnerable to infections. A balanced diet that emphasizes fresh fruits and vegetables, whole grains, and small amounts of lean protein works best for most people. On the other hand, the amount of sleep needed for a healthy immune system varies from person to person. In general, adults seem to do best on seven to eight hours of sleep a night. Older children and teens need more rest — between nine and 10 hours every night.

- **Exercise regularly.**
Regular cardiovascular exercise — walking, biking, aerobics — boosts your immune system. Exercise won't prevent infection, but if you do come down with the flu, you may have less severe symptoms and recover more quickly than do people who aren't as fit.
- **Avoid crowds during flu season.**
Flu spreads easily wherever people congregate — in child care centers, schools, office buildings, auditoriums and public transportation. By avoiding crowds whenever possible during peak flu season, you reduce your chances of infection.

Plug Your Home's Leaks

As winter nears, the price of heating your home is likely to raise your temperature. To curb rising utility bills, do a home energy audit.

Start by visiting Energy Star's Home Energy Yardstick (www.energystar.gov) for ideas. For a rigorous evaluation, you'll want an on-site visit from an auditor, which will most likely cost \$250 to \$600. Most energy auditors are co-sponsored

by a utility company or state energy office. Visit www.energystar.gov and click on "home improvement" and "home energy audits".

Or consider the Residential Energy Services Network, which audits and rates new homes for Energy Star certification (www.natresnet.org; click on "consumer information" and "find a certified rater").

Heating Safety

During the "Heating Season" in our homes, there is a danger you cannot see, smell or feel. Carbon Monoxide (CO) is a colorless, odorless and toxic gas. Sources are unvented gas heaters, leaking chimneys and furnaces, auto/truck fumes from attached garages, floor furnaces, generators, water heaters and portable kerosene heaters.

The best prevention includes professional inspection, cleaning and repairs of furnaces, flues and chimneys and installation of UL-approved CO detectors on each floor near sleeping areas.

Budget Travel

Travelers who hunt for good airfares might want to add some lesser-known websites to their list:

Airfare Watchdog

www.airfarewatchdog.com

Known for fast posting of time-sensitive, last-minute bargain fares.

Farecast

www.farecast.com

Predicts airfare price changes.

FareCompare

www.farecompare.com

Provides free e-mail alerts when prices drop.

Inspiring Thoughts

"For the resolute and determined there is time and opportunity."

- Henry David Thoreau



Saving for College, *continued from page 1*

to the most conservative options. Many professionals suggest the opposite; that instead, “we need to stay the course”.

From the Great Depression, to the S & L crisis and 9/11, the market has proven its resiliency, compensating the long-term investor in turn. We understand that pulling out of the market during times of heightened volatility may seem like a good solution in the heat of the moment. However, history has shown us that staying patient and invested through crises pays off in the long-term, rewarding investors for their fortitude when the market invariably turns around.

Additional Information for College Savers

The State of Nebraska has a highly regarded 529 college savings program. The flagship plan is the College Savings Plan of Nebraska. If you are looking to start a savings program or for additional information to increase your savings level, please visit us online at www.PlanForCollegeNow.com or call (888) 993-3746.

With tax-advantaged accounts like this you can also generate tax savings up front and on an ongoing basis, which can potentially help to mitigate the impact of the markets. The same holds true when investing in a tax-advantaged 401(k)-type account. Do not stop investing and lose out on these beneficial tax incentives.

To recap, these are very difficult times and there is no guarantee that we will see a fast recovery. We may have difficult times for a number of years to come.

As investors and college savers, we can make the easy decisions, or we can step back, retrench, and decide that we are going to buckle down and continue to invest. During tougher times we should consider the following:

1. From an investment standpoint: stay the course;
2. From a contributing standpoint: do not stop investing. Rather, scratch and claw, and do your best to increase what you are saving; and
3. We all need to continue to believe in our great country. Looking back, we have persevered through tough times before. Continue to focus long-term, as after prior tough economic times, better times have followed.

We wish we had the magical silver bullet. The best things we are hearing, is when times get tough, we need to buckle down, scale back our spending, stay the course, and never lose focus on our long-term goal – helping our children and grandchildren obtain the American Dream that can be attained with a college education.

Investment products: Not FDIC Insured - No Bank Guarantee - May Lose Value.

**Current rates as low as
the year 2003 - Call now!**



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