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In The LOOP

Your Magazine of Personal Finance

Maximize Your Investment Property Income

Wait! Don't Spend that Tax Refund—

Until You Read This!

All About Saving—

America's Saving Crisis

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When to Splurge

Quiz: Are You a *Spender or Saver?*

PLUS

Curb Appeal!

Home Improvements that Pay Off

From the Firm

Spring is Just Around the Corner—

and for many of us, with it comes the hope of a tax refund and maybe even the desire to undertake some new projects that will refresh us after a long winter.

In this issue of *In the Loop*, we've gathered the information you need to not only make the most of your tax refund, but also to tap into your motivation to recharge your savings account, update or upgrade your home, or even explore whether real estate investments are right for you. So take a look through this issue with an open mind about what you can achieve with a well-devised plan, dedication, and some sound advice from your trusted advisors at our firm.

When it comes to sound advice, if your tax bill was a little (or a lot) more than what you were expecting this tax season, we encourage you to make an appointment with our firm so we can take a renewed look at your tax situation and put a plan in place to minimize your tax obligations for the rest of this year.

In closing, we thank you for your business and look forward to continuing to work with you to achieve your financial goals.

Sincerely,

Your Trusted Accounting Advisors

In The LOOP

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Ten Smart Ways to

Maximize Your Tax Refund

Put Your Tax Refund to Work For You—After All You've Earned It!

For most taxpayers, the light at the end of the tax season tunnel is the hope of a refund. Many of us view a tax refund as 'bonus' cash; however, it really should be utilized just as any of your other income would be and managed purposefully. So if you're anticipating a tax refund this year, make sure you have a plan in place for your money. Maybe you already have your return funds earmarked for some special splurge—but before you fritter them away, remember that you earned the money—it is not a gift from the government. In fact, if you're receiving a sizable refund, you're probably having too much tax withheld, so consider revisiting your W-4 form and adjust your federal income tax withholding amount.

Prior to receiving your return, think about your personal financial situation to determine what your needs are. The following ten ideas can help you prioritize your financial picture and help you plan how to use your refund wisely.

1. Start or Increase Your Emergency Fund

Although it may not seem like a very exciting way to use your refund, the peace of mind that establishing or adding to your emergency fund will give you is priceless. Financial experts advise that your fund should have about six to eight months worth of savings in an easily-accessible interest-bearing account. Your refund is the perfect vehicle for making a lump sum deposit into this type of financial cushion.

2. Pay Off High-Interest Debt

After putting money away for a financial emergency, consider paying off any high-interest debt that you may have such as credit card balances, payday loans, title loans, debt consolidation loans, high-interest private student loans, and car loans.

3. Take Care of Essentials

Of course, if there is some necessity that you desperately need such as repairs on your vehicle, winter boots for your children, or dental work, a refund can provide the 'extra' funds to cover the costs. Just be sure that any spending you do is on essential items.

4. Refinance Your Mortgage or Upgrade Your Home

With relatively low mortgage rates now available, you may want to consider refinancing your mortgage to save money each month with a lower mortgage payment. Your refund can be helpful in providing funds from which to pay your closing costs and fees when you refinance your mortgage.

If you feel that you have the best available mortgage rate, using your refund to do a few home improvements can be a smart move. For example, renovating your kitchen could help you increase your home value. Or, perhaps there is a must-do project like putting a new roof on your house. Your refund could also help you save money in the future if you use it to purchase new energy-efficient appliances that save you money on your utility bills.

5. Make a Budget and Fund It

If you don't already have a budget, receiving your refund may be the incentive you need to create one. Once you have your budget organized, consider breaking your refund into pieces to seed separate bank accounts for key purchases such as Christmas spending, car down payments, and the like. Putting your refund toward specific savings goals will help you avoid debt down the road when you need money for the items in your budget.

6. Top-Up Your Tax-Sheltered Accounts

Using your tax refund to start or top-up, a traditional or Roth IRA (Individual Retirement Account) or to contribute to a 401(k) or a 529 college savings plan offers you a double bonus: not only will you be compounding dollars and interest for your future retirement or college tuition needs, but you may be creating a tax deduction as well.

7. Invest in a Taxable Account

If you have already contributed the maximum to your tax-sheltered accounts, be proud! Then consider investing in stocks, bonds, and mutual funds either independently, if you feel that you have the financial acumen to manage your portfolio well, or through a financial advisor who can guide you. Try to choose more conservative and diversified investments with low expenses. Check out some mutual funds. Index funds or ETFs may be a good choice for you, especially if you are not interested in actively managing your stock portfolio. They offer instant diversification and very low expenses.

8. Make a Meaningful Charitable Gift

When you are on a tight budget, donations to worthy causes can become a low priority on your list. However, if you have taken care of some of the other items above, and you have some extra money, contributing to a good cause that you feel passionate about is an excellent use of capital. It provides something priceless to those who will benefit from your generosity and offers you a tax deduction.

9. Turn a Vision into Reality

Do you sometimes daydream about what you would do if you had the money to…? Is there something you would like to do personally or professionally, but you just never seem to have the money to do it? If you have some funds leftover from your refund after taking care of savings, debts, and necessities, perhaps this is the year to stop dreaming and actually do what it is you want to do. If your dream happens to include making a purchase for, or an investment in, a business, it is likely you can also claim a few more small business tax deductions as well.

10. Go Ahead… Splurge a Little

If you have checked tips one through nine off of your list, you deserve a treat. Just make sure your splurge is a) planned and b) within your budget. So whether it is a fancy dinner for two or a getaway to a longed-for destination—enjoy it thanks to your tax refund, after all, you earned it! ■

Don't Miss These Tax Deadlines 15

Keep these dates handy to avoid paying penalties:

Business Tax Deadlines

- **March 17, 2014**
  Filing Deadline
- **Sept. 15, 2014**
  Extension Deadline

Estimated Quarterly Tax Payment Deadlines

1st Quarter:
April 15, 2014

2nd Quarter:
June 16, 2014

3rd Quarter:
September 15, 2014

4th Quarter:
January 15, 2015

Individual Tax Deadlines

April 15, 2014
Filing Deadline

Oct. 15, 2014
Extension Deadline

IRA Contribution Deadline:

April 15, 2014

Please visit **www.irs.gov** for additional information.

Income Property Tax 101

A Simple Primer to Maximize Your Income and Minimize Your Tax Burden

Buying an investment property can be a great way to earn income. However, if you're not well-versed in the tax obligations surrounding real estate investments, you may not know how to manage your tax bill and maximize your after-tax return on them.

The following article explains the primary ways in which investment real estate portfolios get taxed. However, you may also need the help of a tax professional to help you understand the nuances of your own unique situation. Please contact our office if you have questions after reading this information.

The Basics of Rental Income Taxation

The Internal Revenue Service (IRS) taxes the real estate portfolios of living investors through income tax and capital gains tax. Rental income is taxable as ordinary income tax, which means it is declared as income on your tax return. However, unlike income earned from wages, rental income is not subject to FICA (Federal Income Contributions Act) taxes.

According to the IRS, rental income includes everything you get from rents and royalties on the property, minus any deductible expenses such as mortgage interest and the cost of repairs you make that restore the property to its original minimally functional condition. Capital investments, like new buildings, additions, or renovations, cannot be deducted.

The Basics of Capital Gains Taxation

The IRS also taxes property owners on any net profits they receive from selling their real estate. If you "flip" properties and you own a property for less than one year, you pay short-term capital gains, at the same rate as your marginal income tax rate. If you own a property for more than 12 months, your capital gains tax rate will be more favorable.

In real estate, capital gains are realized when there is a difference between an asset's purchase price and its selling price, if the selling price is greater. The tax basis of the property is generally the amount of your capital investment in it. When a property is sold, the gain (profit) or loss for tax purposes is determined by subtracting its basis on the date of sale from the sales price (less sales expenses, such as real estate commissions). The larger the basis, the smaller the profit will be, reducing the tax liability.

This means that if you sell your investment property for less than its basis, you'll have a loss—and losses incurred on the sale of an investment property are tax deductible. If your basis is higher than your sale, you have a capital loss. You can subtract the losses from a given year from any gains to reduce your taxes. You can "carry forward" these losses that exceed your gains into future years to cancel out capital gains and up to $3,000 of income.

Section 1031 of the Tax Code Can Help You Defer Capital Gains Tax

Real estate investors can avoid paying taxes on capital gains by following the IRS Section 1031 exception, which allows a property owner to sell their property at a profit and then roll the money into another property purchase within an IRS-appointed window of time without having to pay any capital gains taxes. One stipulation: The property has to be of "like kind"—meaning that you cannot benefit from selling a rental property and then use the money to purchase a personal residence.

Additional Tax Deductions for Investment Property Owners

Be sure to check whether you can take deductions for these common real estate investment expenses:

- Mortgage interest
- Tax advice and preparation fees
- Legal fees for business purposes
- Mileage
- Business use of your home
- Advertising fees

How Does Depreciation Affect Investment Property?

Over time, the tax basis of your investment property will decrease. This is commonly known as depreciation, and real estate property owners can claim a deduction to compensate for the decrease in a property's value during the year. If you own land, it doesn't depreciate. However, if you are extracting oil, minerals, wood, or other resources from the land, you can account for the gradual loss in value through a process called depletion.

Passive Activity Rules and Investment Property

A passive investor is defined as someone who is not working regularly in the business of managing their real estate investments. As such, passive investors are subject to passive activity rules, which state that passive losses can only be deducted to the extent that they cancel out gains from passive activities. These rules restrict your ability to use passive activity losses to offset capital gains elsewhere in your portfolio.

Don't Forget About Property Taxes

If you are considering purchasing investment property, be sure to factor in the fact that you will pay property taxes to local and county governments each year, as well as the federal government. Locally, the government will assess the market value of a property at its "highest and best use," and charge a percentage of that value each year. Property taxes can be deducted against rental income, as long as the property tax is uniformly assessed throughout the jurisdiction and is not a special assessment. ■

Discover the Secrets of

Super Savers

Easy Ways to Trim Your Budget without Feeling Deprived

If being more budget-focused in 2014 is a priority, but the thought of penny-pinching yourself into misery doesn't hold much appeal, you will want to read this article! To help you keep more money in your wallet without feeling deprived of some of your favorite luxuries, we've compiled the following list of "super saver" secrets to help you cut back in areas where you'll hardly notice it.

One big secret that successful savers know is that to be fiscally savvy you don't have to take an all-or-nothing approach. In fact, one of the most important elements in adhering to a long-term savings strategy is to pick only the frugal techniques that appeal to you and implement them into your daily life. For example, if you just can't be happy without your morning drive-through coffee fix, don't give it up—simply come up with other ways to cut your expenses by using some of the following savings strategies.

Become a Do-It-Yourselfer

While not everyone is skillful at home maintenance, the more things you can do around the house on your own, the more you will save. So whether you fix a leaky faucet instead of calling in a plumber or clean your own home instead of hiring a cleaning professional to do it, your bank account will benefit from your do-it-yourself attitude.

Keep Calm and Walk On

If you tend to make impulse purchases when you shop, there are a few ways to remedy the situation. One way, of course, is abstinence—don't go to a mall or visit online e-commerce sites and you won't be tempted. However, in the real world, we must also learn how to live with temptation when we do encounter retail situations involving non-staple items. A great way to handle an impulse-buying decision is to take a deep breath and walk away from the situation. Research shows that when people walk away from items they're considering, 90% of the time they don't return to make a purchase.

Leave Home without Your Credit Cards

Do you remember the iconic American Express slogan urging credit card holders, "Don't leave home without it." This is bad advice for those on a mission to keep their budget in check. For many people, leaving the credit cards at home helps them cut way down on impulse spending. Studies have shown that people spend at least 30 percent or more when they're using credit cards rather than cash.

Want a Discount? Just Ask!

Many of us simply pay the going rate for utilities, mobile phones, credit cards, and even professional service fees. There are ways to lower these fees and usually it is as simple as asking. But first, you need to do a little homework to find out what the market rate is for these types of services and what competitive companies are offering. This will put you in a much better position to negotiate with the companies you currently do business with as well as with others who will happily compete for your business. So make a few calls to current providers and ask if what you are paying is the best deal.

While there are many other ways to save money, hopefully the strategies outlined above will help you not only cut some expenses, but also think twice about making future impulse purchases. By becoming more conscious of your spending habits, asking for discounts whenever possible, and remembering that every penny you save can take you closer to your ultimate financial goals, you will feel empowered rather than deprived when it comes to your budget. ■

For Your Protection:

Five Security Tips for Mobile Money Management

While the convenience of mobile banking and money management is certainly appealing, there is also some uncertainty among the general population about how secure it really is. This isn't surprising given that high-profile online scams and security breaches often make the news. So how secure is mobile banking? Can using an app, text messaging, or visiting a mobile website put you at risk? Read on to learn how a few practical tips can help you take advantage of the convenience of using mobile money management tools while keeping your financial information secure.

Fortunately, mobile banking and other financial services portals are, to a certain extent, intrinsically secure because there are so many variations of apps and methods available. This means that it is more difficult for would-be scammers to predict which tools are being used by a specific user. This doesn't mean that you shouldn't take precautions to keep your money and personal information safe. Start by reviewing the following advice.

Don't Be Fooled by Phishing

Phishing refers to the practice of tricking someone into revealing private information by using "bait" such as a text message or email, or even a fake or "spoofed" website designed to mimic the official site of a bank or other financial services providers. With this in mind, you should never follow a link related to your bank or your finances sent to you in a text message or email. These links could potentially lead you to a spoofed website. If you enter your information into such a site, thieves can access it. In addition, never send your bank or other financial information or password via text message or email. This is a common phishing tactic, so be aware!

Get to Know Your Passwords

On many mobile devices, the ability to store passwords exists so that when you activate an app, it launches directly into a program without the need for logging in each time. While this does make accessing apps faster, remember that it is not as secure as entering your username and password each time.

Use Official Apps and Download with Care

If you are going to use a mobile app to do your banking, manage your investments, or exchange information with your accounting firm, make sure you are using your service provider's "official" app before you download and install it. Taking the time to ensure the app that you are using is legitimate will reduce the chance of downloading apps that put you at risk of being affected by a virus, malware, or a key-logger program (a program which records keystrokes.)

It's 11 p.m.—Do You Know Where Your Mobile Device Is?

One of the greatest risks of mobile devices is also one of their greatest advantages—the fact that they are mobile. Smartphones and tablets are easy to take with us everywhere we go which also makes it easy for them (and all of the information on them) to be left behind in places where they can be readily picked up by potential thieves. To minimize your risk in this regard, use a digital locking mechanism if it is available on your device.

The growing usage of mobile devices will undoubtedly continue, and with it, more and more organizations will be offering their customers the opportunity to use apps and other tools to take care of their needs, including money management. By taking the precautions outlined above, you can take advantage of the convenience and ease of mobile money management— knowing that your finances and personal information are secure. ■

Healthcare Savings Accounts and Flexible Spending Accounts

Which is Best for You?

Healthcare Savings Accounts (HSAs) and Flexible Spending Accounts (FSAs) are used by many Americans to prepare for potential future healthcare costs, while also offering a tax-saving benefit. But what are the differences between the two options, and which one is the best for you or your employees? HSAs and FSAs both allow workers to have a portion of their income deducted before taxes are withheld—with funds being deposited into an account that can be used to pay for a variety of medical expenses. The similarities end about there.

Contribution Eligibility

For flexible spending accounts, employers set the eligibility level and generally have primary control over the account. This means that employees with high deductible insurance plans may only be able to set aside funds for specific purposes, such as dental, vision or other non-medical expenses. For health savings accounts, employees maintain primary control over the account, and individuals can contribute if they have high deductible insurance that meets IRS guidelines. These deductibles can be as little as $1,250 for individuals and $2,500 for families.

While both plans help people prepare for deductibles and generally anticipated medical expenses, it used to be required that the funds in flexible spending accounts had to be spent by the end of the year, or the money would be forfeited. Starting in 2014, however, employees can roll over up to $500 of funds not used. Funds in either an HSA or FSA that are spent on non-qualifying expenses are subject to a 20% penalty.

Contribution Limits

Flexible spending accounts are limited to $2,500 per individual. Healthcare savings accounts, have higher limits and have also been increased slightly for 2014—with single coverage limits of $3,300 and family limits at $6,550 when it comes to the pre-tax benefits.

Using the Accounts

Health savings accounts generally include a debit card that gives individuals the ability to spend the funds as needed for qualifying medical expenses. HSAs limit spending to the amount currently in the account at the time an expense is incurred, while FSAs usually allow users to spend their full annual amount even before the funds have been deposited through the year.

Whether using the health expense debit card or not, it is important to keep track of what the funds were spent on, and also to maintain receipts for all of the expenses to help prove those costs if necessary.

Tax Benefits for Employees and Employers

Since pre-tax contributions made to either an HSA or an FSA reduce the taxable income for an employee, it not only can help save the employee on their taxes, but can also reduce the employment taxes that the business pays on behalf of their employees.

For employees, the tax-saving benefits can be noticeable. "You're effectively buying health-care services at a significant discount,"said Wayne Farlow, a certified financial planner with the firm Financial Abundance LLC in Westminster, Colorado. ■

Does America Have a Savings Crisis?

Are *You* Saving Enough?

Yes, Benjamin Franklin told us many years ago that, "A penny saved is a penny earned," but Americans' spending and saving habits haven't come close to the ideal of that famous forefather.

In fact, when compared to the saving patterns of those in other western and industrialized nations, the United States ranks near the bottom. While the recession made it harder for millions of us to save, even before the economic troubles hit, Americans were trailing their peers around the world, and there have only been mild fluctuations in saving rates over the past decade.

In 2006, for example, Americans saved an average of only 2.6 percent of their disposable income, according to the U.S. Department of Commerce and the Organization for Economic Cooperation and Development (OECD)—an international nonprofit that promotes policies that can improve economic development and security.

That rate has risen to an estimated 4 percent for 2013, but saw its highest peak of the last 15 years in 2008-2010 when it fluctuated between 5.1 percent and 5.4 percent. That compares to household savings rates above 10% in France, Spain, Switzerland, Germany, and Portugal. Saving rates in Canada are about 3 percent 5.4 percent in the United Kingdom, and about 1 percent in Japan.

Americans are far from the worst, however. Saving rates are negative for 2013 in Denmark, and have recently been as poor as negative 13 percent in Estonia, New Zealand, and Finland. A negative savings rate shows that the average household spending is more than its regular income and is increasing debt.

To come up with the figures, the OECD divided household savings by household disposable income. The numbers have fluctuated significantly for some of the above nations, particularly.

In 2006, for example, Americans saved an average of only 2.6 percent of their disposable income

How Much Should People Save?

There are many "rules of thumb" that are offered as advice, but according to retirement and personal finance expert Robert Powell, the "10 percent rule" could be too low or too high for some, depending on their income and circumstances. This is especially true of those with large, regular income differences from year to year. To address this, Americans should take a dynamic approach, says Marlena Lee, vice president of research for Dimensional Fund Advisors. Lee offered some tips on how to calculate how much you will need, what rate to set as a goal, and additional advice on saving strategies.

A key is determining how much you will need in savings or retirement plans when you stop working, which is often estimated at 40-50 percent of the income they needed while they were actively employed. The research Lee performed showed that higher income earners need to save the most, as a percentage of their income.

To reach a 90 percent likelihood of having at least that much savings by the age of 65, a person/household with income of less than $25,000 would only need to save about 2.2 percent of their income during their age 25 to 65 working years. The rate would need to be about 8.8 percent for persons with income around $50,000, while those earning $100,000 or more should save at least 18 percent, according to the data.

The bottom line is that Americans need to save or invest more for their retirement, to start saving early, and make it a part of their financial routine. Saving over time and tracking performance is also important. ■

Ten Home Improvements that Won't Put You in the Poorhouse

Looking to sell your home or just enjoy it more? Here are ten of the best ways to upgrade your abode and realize real return on your investment.

Traditionally, spring is one of the busiest times for real estate sales and home improvement projects. Once the snow melts and warmer temperatures return, it seems everyone is ready to get moving…whether that means actually relocating to a new home or getting busy on the upgrades that will make their existing house more functional and enjoyable.

A common question many homeowners have is which home improvements will actually pay-off in the long run—especially if they have plans to sell their home eventually. To answer this question and to provide some inspiration for the home improvement season ahead, we've compiled ten of the best projects for adding value to your property—without breaking the bank.

Kick It Up a Notch in the Kitchen

The kitchen is often the hub of a home, so potential home buyers usually head to this room first when they view a home for sale. Ensuring that your kitchen looks clean and reasonably updated is important when you are thinking of selling. Some easy and inexpensive updates include replacing the kitchen faucet set, adding new cabinet door handles, and updating old lighting fixtures with brighter, more energy-efficient ones. If you have a little extra money, you can also update your cabinets by resurfacing them, rather than replacing them entirely.

Spiff Up the Bathroom

Next to the kitchen, bathrooms are some of the most important rooms to update in a house. Simple things like a new toilet seat and a pedestal sink are relatively easy to install and can make a big difference in the look of a bathroom. In addition, an old, discolored bathroom floor can easily be renewed with easy-to-apply vinyl tiles or a small piece of sheet vinyl. Dingy tubs and showers can be freshened up simply by re-grouting or adding a prefabricated tub or shower surround.

Give Your Appliances a Makeover

Appliances can be another selling feature, plus new appliances will allow you to enjoy some added features if you are planning on using them over the long term. If your kitchen appliances don't match, you can order new doors or face panels for them. This is similar to the idea of resurfacing cabinets.

Add Storage Space

If your house lacks closet space, adding do-it-yourself wire and laminate closet shelving systems to bedroom and hallway closets and the kitchen pantry can help to sell your home by increasing its storage capacity. It also offers you more space to stow your own items and keep your home clutter-free, which can also increase its appeal.

Add More Living Space

While you may not want to undertake a major addition or renovation if you plan to sell your home, adding a walk-in closet or a small bathroom to an existing room may pay dividends when it comes to selling. If you have a finished basement without a bathroom, you may be able to add one with minimal cost if basic plumbing is already installed. Adding a walk-in closet to a bedroom can also increase the market value of your home with minimal effort or expenditures.

Pay Attention to the Details

From both safety and home-improvement perspectives, it can be worthwhile to hire professionals, such as an electrician or a plumber, to perform a review of your home's wiring and plumbing. This will help you identify and resolve potential issues such as loose wires, faulty outlets, and water leaks. By taking care of these details, not only will your home be safer and more functional, but you will also be able to show potential buyers that your home has been well-maintained.

Illuminate the Positives

Look around your home and make sure that your lighting is bright, but not overpowering. Lamps can often add a nice glow to a room and make it look warm and inviting. Updating your kitchen lighting to make it easy to see in corners and above appliances is also a good investment for both your own daily use and if you are planning to sell your home. If you do plan on updating lighting fixtures make sure to keep them relatively neutral if you are looking to appeal to potential homebuyers who may wish to choose their own.

Upgrade Your Flooring

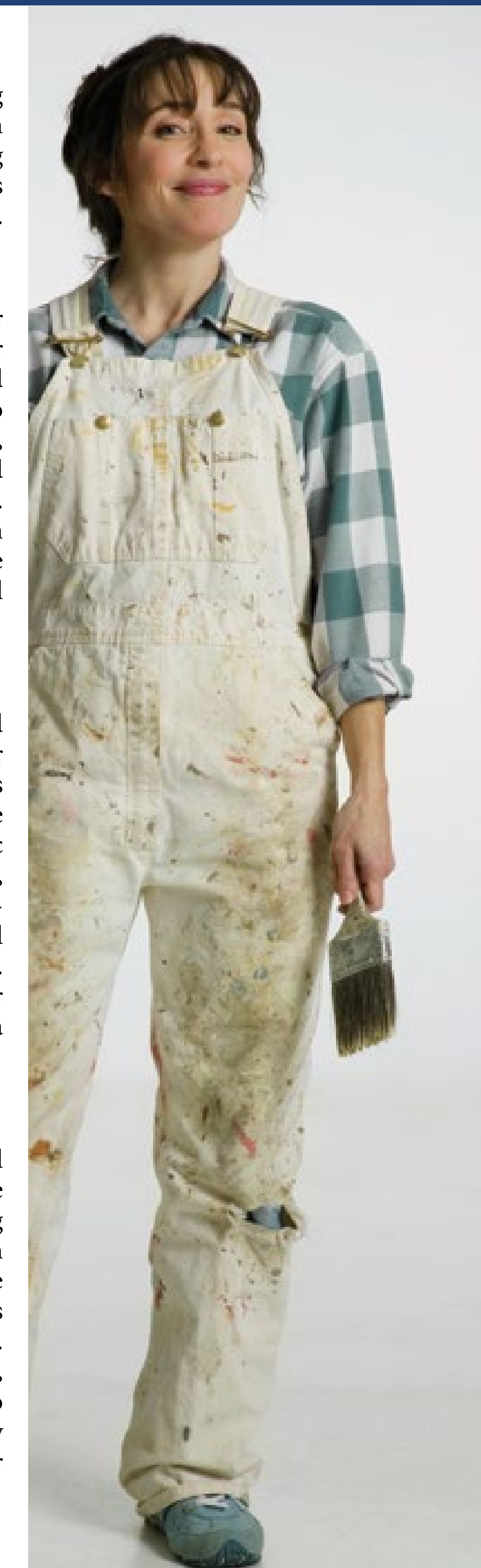
Refreshing your carpet is another way to quickly update your home and make it look clean and attractive. If you don't need to completely replace your carpet, having it professionally cleaned is an inexpensive investment. Strategically placed area rugs can also help to improve the appearance of your floor space with minimal cost.

Make a Grand Entrance

Your front door and the area around it will be the first thing that your visitors and potential homebuyers see, so make sure it sets a positive overall tone. If you have a basic knob on your main entry door, adding an upgraded handle-and-lock set can make your home feel more sophisticated and well-built. You can also add appeal to the door itself by painting it or by adding a faux finish.

Create Extra Curb Appeal

While most homeowners will agree that yard work can be time-consuming and upgrading landscaping can be expensive, both can make a tremendous difference in the perception of your home's value and its overall curb appeal. If you don't have a green thumb, consider hiring a landscaper to install some new sod, plant a few evergreen shrubs, and give your front yard a good clean-up. ■



Smart Splurges

When Should You Spend Extra Money?

Throughout this issue of *In the Loop*, we have focused on strategies for smart saving and being financially prudent. It may leave you wondering if it is ever okay to splurge—or whether looking at the lowest price or the bottom line is always the best way to evaluate how you spend your money. According to financial experts, there are certainly some areas that warrant spending a little extra, including:

Healthcare

Health insurance and related premiums are certainly hot topics. However, ensuring that you have adequate medical coverage truly is priceless. Playing Russian roulette with your health by not having the coverage you and your family needs is not a sound financial strategy. With the introduction of the Affordable Care Act, opting out of health insurance can also mean that you are paying not only out-of-pocket expenses for routine healthcare but tax penalties as well. And, if you are uninsured and experience a health crisis, the associated medical bills could force you into bankruptcy.

Education

There's no doubt that the prevalence of student debt is a serious issue facing Americans—especially the younger generations. However, avoiding college for the sake of saving money is not a smart decision. Instead, it may be worthwhile spending a little more on tuition (and doing research on potential grants, scholarships, and work-study opportunities) to ensure that a graduate will be able to work in a field he/she enjoys and can also earn a good living.

Insurance

Like health insurance, while it is always possible to lower your home or auto insurance bill, it may not always be prudent. For example, if you live in a flood zone, you can opt to save some money by skimping on flood insurance. If flooding does occur, however, will the few hundred dollars a year you saved on insurance premiums really be worth it when you are faced with thousands of dollars in flood damage? Spending a little more to get the coverage you need makes good financial sense—and protects you from a potential financial disaster down the road.

Eating Well

Saving money at the grocery store is a good thing—but skipping over "expensive" healthy foods is not. While many people still perceive purchasing produce and other healthy foods as "pricey," in the long run, buying fresh, tasty foods that you can prepare at home will save you money. How? When you cook at home, you generally spend less (and get more to eat) than when you dine out. Plus, by eating healthier foods, you're less likely to suffer the health consequences of a poor diet and have to pay more for health-related needs.

While the items we've addressed here are not the only items that you want to make sure you purchase based on quality and with your specific needs in mind, they are a good reminder that when it comes to budgeting and taking care of your finances, saving money is not the only factor to be considered. The ultimate goal of money management is to make the choices that will support the life you want to live now, balanced by a sound plan that will help secure your financial future. ■

Quiz: Are You a Spender or Saver?

Do dollars burn a hole in your pocket? Or do they gather dust in your savings account? Take this entertaining quiz to see what kind of spender or saver you are.

What Do Your Answers Mean?

If you chose mostly A's, then you likely have more qualities that associate you with the Spender personality. This may mean that you need to pay more attention to your spending habits so they don't get out of hand. If you chose mostly B's, you likely have more of a Saver personality, which can put you in good stead for your financial future.

1. When it comes to saving money:

A. I know I should be saving, but I never seem to make it happen.

B. Saving is like a hobby to me. I make sure to come up with ways to ensure I save regularly.

2. My relationship with credit cards is best described by the following statement:

A. I have trouble paying my credit bills – I either don't have the money or I forget to pay by the due date.

B. I use my credit card instead of cash to get bonus points and I pay the bill off every month.

3. When I want something that costs more than I can afford:

A. I'll buy it and figure out how to pay for it later.

B. I save for it first; then I buy it.

4. When I'm feeling blue:

A. Spending money always cheers me up—who doesn't feel better after a trip to the mall?

B. Spending money does not make me feel better, but coming up with new ways to make money does.

5. If I won millions in a lottery, I would be:

A. Very happy. I would immediately start thinking about what to do with it.

B. Totally overwhelmed. I would be stressed out about how to invest the money.