

ACHIEVEments

For Members of the Louisiana Association for Personal Financial Achievement

APRIL 2012

Savings

You know it's important to save money, whether it's for an emergency fund, your retirement, or to buy something special. But it's not always easy to stash any spare cash.

To Do:

- ✓ Consider yourself a creditor. When you pay your bills, write a check to yourself. Decide on a realistic amount. Deposit the money into a savings, investment, or retirement account. Then, pay your other bills as usual. If you find that you don't have enough money to cover all your expenses, write down the amount you are short and look for ways to trim your budget: Borrow books from the library rather than buying new; brew your own coffee rather than buying it; consider raising the deductible on your auto insurance; buy store brands instead of name brands; cancel subscriptions to magazines you don't read or can find at the library or online.

Once you establish a regular savings plan, consider increasing your monthly deposit if you get a pay raise, or when you pay off a debt. For example, once you pay off your car loan, student loan, or other installment debt, deposit that amount into a savings account. Once your toddler is out of diapers, deposit the amount you spent on diapers into savings. You won't miss the money if it's put into savings, but more than likely, you'll find a way to spend it if it's in your checking account.

- ✓ If you need some fast cash, consider selling items around the house you no longer use, either online, at a garage sale, or at a local consignment shop. When

you sell online, you may use an auction or classified ad site. Check the sites for policies and procedures. When you agree to consign items to a shop, you're a consignor. You still own your stuff, but you give the shop the right to sell it. The shop becomes the consignee. When the items sell, you get a percentage of the selling price that you agreed to in advance. A profit split of 50/50 or 60/40, with the higher percentage going to the shop, is typical.

- ✓ Avoid payday lenders. A payday loan is a cash advance secured by a personal check or paid by electronic transfer. It is very expensive credit. How expensive? Say you need to borrow \$100 for two weeks. You write a personal check for \$115; \$15 is the fee to borrow the money. The check casher agrees to hold your check until your next payday. When that day comes around, either the lender deposits the check and you redeem it by paying the \$115 in cash, or you roll-over the loan and are charged \$15 more to extend the financing 14 more days. If you agree to electronic payments instead of a check, here's what would happen on your next payday: the company would debit the full amount of the loan from your checking account electronically, or extend the loan for an additional \$15. The cost of the initial \$100 loan is a \$15 finance charge, which works out to an annual percentage rate of 391 percent. If you roll-over the loan three times, the finance charge would climb to \$60 to borrow the \$100.

Information from the Federal Trade Commission

<http://www.ftc.gov/bcp/edu/microsites/moneymatters/managing-your-savings.shtml>

**Don't
Forget!**

**Louisiana Individual Income Tax
Filing Date: May 16th, 2012**



April is Financial Literacy Month!

Share a savings tip with us and you'll have a chance to win a \$50 gas card.

E-mail us a unique tip on how to save money, on or before April 30, 2012, and your name will be entered into the gas giveaway drawing.

Improving the lives of individuals through personal financial training

Investment Advisers: What You Need to Know Before Choosing One

The Securities and Exchange Commission (SEC) receives many questions about investment advisers—what they are and how to go about choosing one. This document answers some of the typical questions we receive from investors about investment advisers. This Q&A is for the benefit of investors. You should not rely on it to determine if you need to register as an investment adviser.

Q: What is an investment adviser?

A: An investment adviser is an individual or a firm that is in the business of giving advice about securities to clients. For instance, individuals or firms that receive compensation for giving advice on investing in stocks, bonds, mutual funds, or exchange traded funds are investment advisers. Some investment advisers manage portfolios of securities.

Q: What is the difference between an investment adviser and a financial planner?

A: Most financial planners are investment advisers, but not all investment advisers are financial planners. Some financial planners assess every aspect of your financial life—including saving, investments, insurance, taxes, retirement, and estate planning—and help you develop a detailed strategy or financial plan for meeting all your financial goals.

Others call themselves financial planners, but they may only be able to recommend that you invest in a narrow range of products, and sometimes products that aren't securities.

Before you hire any financial professional, you should know exactly what services you need, what services the professional can deliver, any limitations on what they can recommend, what services you're paying for, how much

those services cost, and how the adviser or planner gets paid.

Q: What questions should I ask when choosing an investment adviser or financial planner?

A: Here are some of the questions you should always ask when hiring any financial professional:

- What experience do you have, especially with people in my circumstances?
- Where did you go to school? What is your recent employment history?
- What licenses do you hold? Are you registered with the SEC, a state, or the Financial Industry Regulatory Authority (FINRA)?
- What products and services do you offer?
- Can you only recommend a limited number of products or services to me? If so, why?
- How are you paid for your services? What is your usual hourly rate, flat fee, or commission?
- Have you ever been disciplined by any government regulator for unethical or improper conduct or been sued by a client who was not happy with the work you did?
- For registered investment advisers, will you send me a copy of both parts of your Form ADV?

Be sure to meet potential advisers "face to face" to make sure you get along. And remember: there are many types of individuals who can help you develop a personal financial plan and manage your hard-earned money. The most important thing is that you know your financial goals, have a plan in place, and check out the professional you chose with your securities regulator.

For more information:

<http://www.sec.gov/investor/pubs/invadvisers.htm>

Young Entrepreneurs Participate in Lemonade Day



Visit **southlouisiana.lemonadeday.org/about** for details

Saturday, May 12, 2012

Prefer to receive ACHIEVEMENTS via e-mail? Just send your e-mail address to achieve@lapfa.org with the subject line "Go Green."

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