

LifeLines

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Winter 2008

Holiday Shopping, Circa 2008:

Tips from the Federal Trade
Commission

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Holiday Shopping, Circa 2008:

Tips from the Federal Trade Commission

If you've ever heard the advice, "Never go to the grocery store without a list or when you're hungry," chances are you know why: you're likely to buy more than you need and spend more, too. The same advice applies when you're shopping for the holidays. Whether you're shopping at the mall, online, or by phone or mail, the Federal Trade Commission (FTC), the nation's consumer protection agency, says that a little planning and know-how can help you deliver a holiday season that's on budget and maybe even a little less stressful.

Getting Started

By making a shopping list, creating — and sticking to — a realistic budget, and looking for good values, you may be able to avoid the headache that could come with post-holiday debt.

List the people you plan to buy gifts for, the type of gifts you plan to buy, and how much you plan to spend. Include the cost of cash gifts, holiday travel, extra food, wrappings, decorations, greeting cards, and postage. If it relates to the holiday season and it costs money, add it to your budget.

Shopping the Holiday Sale Ads

How do you decide if the deal is real? Here are some tips to help you get the most for your money.

- Shop around. A "sale" price isn't always the "best" price. Some merchants may offer a sale price on the item you want for a limited time; other merchants may offer items at a discount everyday.
- Read sale ads carefully. Some ads may say "quantities limited," "no rain checks," or "not available at all stores." Before you step out the door, call to make sure the item you want is in stock.

- Consider your time and travel costs. If an item is on sale, but the store is across town, include your time and the costs of transportation and parking in the price.
- Look for price-matching policies. Some merchants will match, or even beat, a competitor's prices.
- Go online. Check out websites that compare prices. If you decide to buy from an online merchant, keep shipping costs and delivery time in mind.
- Clip coupons. Coupons are useful when they save you money on what you're already planning to buy. Check coupons for any restrictions. For example, do expiration dates apply, or do you have to spend a certain amount before you can use the coupon? Some retailers will accept expired coupons, and even coupons from their competitors. Check with the retailer before you leave home to learn their policy.
- Ask about sale adjustments. If you buy an item at regular price and it goes on sale the next week, can you get a credit or refund for the discounted amount?

Staying on Track

Regardless of how you pay for your purchases, remember to:

- Keep track of your spending. Incidental and impulse purchases add up. Jot down what you spend after every purchase.
- Save your receipts. You need them for returns and exchanges. Check credit and debit card sales and return receipts against your monthly bills and statements, and report any problems to the credit card issuer promptly.
- Ask for gift receipts. Many retailers offer gift receipts that code the price. That way, if the recipient returns the item, he or she will get the same value even if the item has been discounted further.
- Ask about refund and return policies. Many merchants may have different refund and return policies for sale items. For example, clearance merchandise may be on final sale, meaning no refunds or exchanges.
- Keep good records. Whether you're ordering by mail, phone, or online, it's important to keep detailed information about the transaction, including your order number, shipping costs and dates, warranties, and refund and return policies. Some online merchants do not process returns at their retail locations.
- Ship early. If you're sending gifts to out-of-towners, factor in extra time for shipping. If you wait until the last minute, you may pay a hefty price for express or overnight shipping.
- Keep an eye on your wallet. Don't flash cash. Keep an eye on your credit or debit card during transactions, and get them back as quickly as possible. If your cards are lost or stolen, report the loss or theft immediately to the card issuers.



Layaway Programs

If you're not keen on paying with plastic and don't have the cash on hand, you may want to ask about a layaway program. Layaway purchase plans are designed for customers who want to buy merchandise without using credit or paying the full price immediately.

Layaways are not credit purchases. When you buy an item on credit, you take the merchandise home with you. When you use layaway, you typically make a deposit — usually a percentage of the purchase price — and pay over time until you have paid for the item in full. In exchange, the retailer holds the merchandise for you.

To avoid problems, get the store's layaway policy in writing. It should include:

- the terms of the layaway plan: how much time you have to pay for the merchandise; when your payments are due; the minimum payment required; and possible charges, like a service fee, for using the plan. Find out if there is a fee or a penalty for missed or late payments: Will your contract be cancelled? Will the merchandise be returned to the sales floor?
- the refund policy: If you decide you don't want the merchandise after you've made some or all of the payments, you may expect a refund. But retailers' policies may differ: Some give you all your money back; others may charge a non-refundable service fee; and still others may offer a store credit for the amount you paid.

Federal Trade Commission, 2008



Having Trouble Paying Your Kids' Tuition?

Keep Your Hands off Your Retirement Nest Egg

As the financial pressures of a drooping economy and rising college costs continue to squeeze parents, it's tempting to tap retirement accounts as a source of ready cash to make ends meet.

But not so fast.

There are serious financial consequences to breaking into 401(k) and other tax-advantaged retirement savings, and parents tempted to do so should look for other alternatives. A July 2007 Country Insurance and Financial Services survey found not only that 25 percent of respondents thought it would cost less than \$50,000 to send a child to a four-year college (by now, averages have surpassed that), but that nearly half believe that saving for college is more important than their retirement, which most qualified experts advise against.

Before you pick between yourself and your child, here's what you should know: you'll escape an early distribution penalty, but any withdrawals from an IRA you might take for your child or grandchild's education (as well as your own or your spouse's) can be taken out without the usual 10 percent penalty on early distributions before age 59 ½. But you really need to talk with a tax advisor or a financial planner to determine whether your IRA withdrawals will have to be reported on your Form 1040.

You might hurt your kid's chances for financial aid: The entire withdrawal from an IRA – whether taxable or not – must be included as income on the following year's application for the Free Application for Federal Student Aid, or FAFSA. Family income does more to influence financial aid than the size of the family's assets, and dipping into your IRA can potentially damage your child's potential financial aid. Check with a financial planner who specializes in financial aid strategy before you make a move.

Don't even consider a 'hardship withdrawal' from a 401(k) plan. Earlier this year, the Transamerica Center for Retirement Studies reported an increase in workers taking loans from their 401(k) and other work-based retirement savings. Eighteen percent of those surveyed reported they took loans from their retirement plans in 2007 compared to 11 percent in 2006. Yet keep in mind that while most plans provide an option for hardship withdrawal for emergency medical or funeral expenses, the IRS restricts use of those funds for home purchases or tuition expenses.

So what do you do?



Besides talking to a tax professional, it makes sense to find time to speak with a financial planner who can take a look at your overall financial situation and determine alternatives to raiding your retirement. A financial planner can help you take a comprehensive look at spending, saving and investment decisions you've made so far and seal up the leaks – then you can discover whether you have smarter options to pay your child's tuition.

They include:

- Starting a search for scholarships and grants with your kid: See if there are sources of grants and scholarships not only in your community, but also within your industry. Understand what a prospective student's college choices might offer in terms of aid from its endowment. Also, some employers offer scholarships for their employees' kids. Start searching online, at the office and by phone for such aid. Go online and do a general search for such aid.
- Fine-tuning your negotiating skills: Parents need to become more aggressive about negotiating tuition, room, and board at colleges where either they or their children have been accepted. A financial planner with expertise in college planning can help parents understand where those savings might be against the student's qualifications for getting into the program of their choice.



Green Up the Holidays

The holidays are a time for families to get together and celebrate, but they bring with them a lot of extra waste. Here are some simple tips for you and your family to “green up” the holidays:

Reduce Waste With These Gift Ideas

- No need to buy gifts—why not make them at home? You can bake cookies or breads for all the neighbors, or invite them to your house for a home cooked meal.
- Give tickets to local events or movies. Make a donation to a favorite charity in someone’s name. Use reusable tote bags when shopping.
- When you do buy gifts, how about good second-hand items or things that have been made from recycled products?

Give Items That Help Others Go Green

- Canvas tote bag
- Energy saving light bulbs
- Power strips to plug energy zapping appliances into

Use Recycled or Reusable Materials for Gift Wrapping

- Use old calendar pages to make envelopes or to wrap small gifts.
- Use cloth bags that can be reused.
- Use reusable gift boxes that won’t easily be damaged.
- Reuse ribbons and decorations from last year’s holiday cards.
- Use real unbuttered popcorn in packages instead of Styrofoam peanuts.
- Bubble wrap and Styrofoam peanuts can be recycled by dropping them off at shipping companies.

Wrapping Paper

- Use lightly colored paper with white backgrounds. This is more easily recycled.
- Choose recycled gift paper.
- Avoid metallic and foil papers which cannot be recycled.
- Make your own wrapping paper from paper.

The Christmas Tree

- Live trees help the environment and can be replanted after the holidays. Make sure you purchase one that can survive in your climate.
- If you buy a cut tree, make sure you check with your local waste agency to see where it can be recycled.
- Don’t buy a flocked tree—they can’t be recycled.
- Christmas trees can be used for mulch in the garden.
- Pine needles are a great ingredient for potpourri.

Leftover Food and Candy

- Check with your local shelter or food bank to see if these can be donated.





Healthy Holiday Eating

If calendars had a place for calorie counting, what would December look like for you?

Friday: School holiday party with assorted baked goods—1,000 calories

Saturday: Office holiday party with buffet dinner—1,900 calories

Sunday: Neighborhood caroling with hot chocolate and cookies—800 calories

Monday: Fruitcake arrives in the mail—600 calories

Food is an important part of the holiday season. Whether your taste runs to old standbys or to something new, it's easy for normal eating patterns to take a backseat at this time of year. By following a few tips on holiday eating, you and your family can enjoy special foods while keeping a balanced and healthy diet.

Choosing Well

There are no “good” and “bad” foods, only good and bad eating habits. Choosing foods such as grain products, vegetables, fruits, low-fat milk products, lean meats, fish, poultry, and dry beans all have a place in a healthy diet. A diet that is balanced to reflect these items provides a steady stream of energy, repairs and restores the body, and helps manage stress and prevent mood swings.

What matters most is the total amount and types of food you eat over several days. We should choose fewer foods that are high in fat or sugar, while selecting more fruits and vegetables, which are packed with important vitamins and minerals. Excess weight gain during the holidays often comes from eating too many high-fat or high-sugar holiday foods.

Taking Control

Before a holiday event, eat a snack or light meal. Foods high in protein, like chicken or cottage cheese, help you to eat less later. Fasting ahead of time to leave room for a big meal or extra trips to the buffet may lead you to overeat.

It's important not to let kids eat whatever they want during this festive time of year. In particular, limit the number of sodas your children drink. Soda has little or no nutritional value and is loaded with caffeine and sweeteners. Weight gain isn't just an adult issue. Too many children are obese, so don't let your child's holiday fun add excess weight.

If you are hosting a holiday event, do your guests a favor by including nonalcoholic beverages and healthier items such as vegetables, salad, and fruit on the menu.



Look for healthy substitutes for ingredients when you whip up your favorite holiday fare. You may be able to use low-fat or skim milk products instead of whole milk products in some dishes. In some baked goods, you can swap applesauce for oil. Switching ingredients can create tasty results without the high calories that often come with rich foods.

Keeping Your Balance

People usually run into problems with weight gain during the holidays when they enjoy more high-sugar or high-fat foods. So what to do? Enjoy yourself! Eat tempting holiday foods, but use a bit of restraint. Eat small portions to keep yourself from indulging too much.

At the same time, be sure that you and your family members are getting enough of the nutritional foods your bodies need. Snacks and desserts are fine, but they're not meals. See that everyone keeps his or her nutritional balance with servings that include fruits and veggies.

Washing It Down

What you drink during the holidays can add calories. Look at all of your options. Alcoholic beverages and many fruit punches can be long on calories but short on nutrition. Instead, look for hot cider, diet sodas, and flavored waters.

Playing It Smart

Here are a few more tips for healthy holiday eating:

- Eat smaller portions of food. This is especially important at a buffet, where you may want to try everything. Choose the items you want to try the most, and eat a small portion of each.

- Eat slowly. Many times, people eat so fast that their stomachs don't have enough time to register that they are full. Savor each bite and enjoy the taste of the food, chances are you will eat less.
- After a meal, go for a walk with your family to see holiday displays in your neighborhood.
- Offer to bring a low-calorie dish to holiday parties. Your host might appreciate it, and you'll know that at least one healthy item will be on hand.
- Don't park yourself in front of the buffet at a party. Mingle! If you stand by the buffet, you'll eat more than you would if it was across the room.
- Avoid fast food. The holiday season can keep you on the go with little time to prepare meals. Fast food may be handy, but often is high in fat. Prepare and freeze quick, healthy meals ahead of time to stay out of the fast food trap.
- Be realistic. Don't try to diet during the holidays; just aim to maintain your present weight.
- If you've been exercising, keep it up during the holiday season. If you aren't getting enough exercise, it's a great time to start. With a dash of discipline and a pinch of planning, you'll have a great recipe for holiday fun without the regret that many of us feel the next time we step on a scale.



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