

WOMEN & MONEY

Get more for (and from) your money in tough times

BY SUZE ORMAN

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There's no market that isn't giving us a hard time right now. The stock market is faltering, the housing market is slumping, and prices at the supermarket, gas station and everywhere else you shop are on the rise. With all this pressure on your finances, let's review how you can stretch your stressed-out dollar.

Pay off debt with those IRS checks

Now that we're in the tax-season crunch, it's time to decide what to do with those fat checks many of you are about to get from the IRS. Last year, the average federal tax refund was more than \$2,200. And thanks to the recent economic stimulus package, many people are also in line for another check from the IRS this spring. In some instances, the family check can top \$1,500 or more.

Pay off high-interest debt with any money you receive from the IRS this spring. If you have an unpaid credit card balance that charges 18 percent interest, wiping out that debt is an automatic 18 percent gain for your personal balance sheet.

Buy more family protection for less money

According to AccuQuote, the cost of term life insurance continues to plummet. Prices have fallen so far that if you took out a policy in the past few years and remain in good health, you should check into refinancing. Price the current cost of a new policy and you could save yourself some serious money, or comfortably increase your death benefit without increasing your out-of-pocket costs. Just remember to never cancel an existing policy until your new one is up and running.

Say no to a 401(k) loan

While it's not surprising that more people are leaning on their 401(k) accounts in these jittery financial times, it's nonetheless a costly mistake: You pull out pretax dollars but pay it back with after-tax money. Then, when you retire and withdraw the money again, it gets smacked with taxes one more time.

This makes no sense, and given the weakening economic outlook, where job security is a concern, a 401(k) loan becomes extra-risky. When you're laid off, you typically have just three months or so to repay any loan amount.

I also don't think it makes much sense to raid your 401(k) as a long-term solution to a mortgage reset that's made your home too expensive. Better to try and sell your house and leave your 401(k) untouched. It happens to be one of the few valuable assets that can't be taken from you in bankruptcy proceedings.

Squeeze more from your employer

Just because you participate in your company's 401(k) plan doesn't mean you're automatically getting paid every penny you're entitled to in a company match. In fact, if you left it to your company to sign you up through an auto-enrollment plan, there's a good chance your contribution level — typically 2 percent or so — is too low to

qualify for the maximum company matching contribution. Check in with your company's human resources department to make sure your contribution level is high enough to get you that maximum company match.

Get a great deal on cheap(er) stocks

Don't get discouraged by the fact that the stock markets are on a losing streak. Market corrections are just part of the investing process. Keep in mind that by continuing with periodic investments in your 401(k), you're buying shares of stock through your plan's mutual funds that are selling at a discount. In fact, your money goes further today in the sense that you're able to buy more shares.

When the markets rebound — and if you have a long-term perspective, rest assured that they will — you'll have more shares that rise in value. That's a winning formula. But it takes the resolve to continue with your investing plan while the markets are weak.

Be an anti-fee fiend

It's time to get serious about what you throw away each year on all sorts of financial fees. When you can buy a no-load index fund with an annual expense ratio under 0.30 percent, there's no reason to fork over 4.5 percent in a sales load for a fund that also charges you an annual expense ratio of 1 percent or more. Low-cost mutual funds and exchange-traded funds are the smarter move for this — and any other — market.

You can also end up saving \$200 or more this year if you're diligent about the small nuisance fees that financial institutions sneak into statements. For instance, think twice about paying your car and home insurance premiums on a monthly or quarterly basis. Fork over the money in one annual premium, and you'll avoid the \$10 or so "handling" charge that's often levied with the periodic payments.

Don't let yourself fall into the bank or credit card fee trap, either. Late payments on credit cards will set you back an average of \$39 per missed payment. Remember, all you need to do is pay the minimum balance due on time to avoid the fee. And those "courtesy" overdraft protection plans at your bank typically end up costing you \$25 or more for each overdraft. ■

— Suze Orman is a best-selling author and Emmy award-winning TV host whose new book, "Women and Money," was published in March 2007. For details, please visit www.suzeorman.com.

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