
GivingGrinch.com

BudgetFree for Life!
April 2009 Newsletter
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Blog: www.GivingGrinch.Blogspot.com

Website: www.GivingGrinch.com



Blog Update: I've updated the Blog (www.GivingGrinch.BlogSpot.com) to include topic links to past newsletters.

Win a Prize: Tips 'n' Grammar Contest: The first newsletter subscriber to submit two BudgetFree tips on how you fulfill a need for less or find two grammar errors will win a 2 oz pack of coffee. Email me at advice@givinggrinch.com. Please include your name and address.

Congrats to Ankoor Lalaji of Walnut Creek, CA for being the first reader to submit two grammar errors from my April newsletter!

Your Tax Refund: A BudgetFree Approach

This year the Internal Revenue Service reports an average tax refund over \$2,700. Use the principles of the BudgetFree for Life System to prioritize how to use your refund.

Survival Needs: *Food, Warmth, Water, Shelter...*

Utilities: If you're having trouble fulfilling critical survival needs (electric, water and heating, for example) your refund should be used to address these matters.

Mortgage: For those without debt and job insecurity consider lowering monthly housing payments. Refinancing isn't for everyone – you need home equity, a high credit score to qualify for the lowest rates and \$2,000 - 3,000 for closing costs. To figure out whether refinancing is right for you, try this online calculator: www.bankrate.com.

Safety Needs: Are you protected against uncertainty or disaster (insurance, home security, etc)? Do you have an emergency fund? Is your job secure? Do you have the skills necessary to compete in the market place? Are meeting your long-term retirement objectives?

Emergency Fund: If your survival needs are met, building a cash fund should be a priority. My September 2008 Newsletter "[Your Emergency Fund](#)," discusses the importance of maintaining a 6-month emergency cash fund.

Tip: Beyond security, a cash fund allows you to save money. Insurance deductibles are one example. According to the Insurance Information Institute raising your deductible from \$200 to \$500 can cut 15-30% off your premium. Increasing your deductible to \$1000 can bring up to 40% in savings. If disaster strike, your emergency fund will cushion the blow of a higher deductible.

Credit Card Debt: Putting money in the bank when you are paying a higher interest on debt doesn't make financial sense. If your job situation is secure and you're carrying credit card debt use your refund to pay down high interest obligations. Start by addressing the cards with the highest interest.

Long Term/Retirement Investing: The correction in the stock market has created an investment opportunity for those with a long-term horizon. If your credit card debt is paid off, you have an emergency fund and don't have a need for your refund money for the next 3-5 years put it towards your long-term/retirement goals.

Retirement versus College Fund: There are many ways to fund a college education (loans, scholarships, ROTC, work study, etc), but saving is the only way to fund your retirement. Make certain your retirement plan is on track before addressing a college fund.

Social Needs:

If you're on top of your debt, secure in your job and up-to-date with short/long-term financial planning focus some of your refund on personal aspirations – vacation, membership, whatever lifts your sense of belonging and acceptance.

Esteem Needs:

Invest in Yourself:

- Hire a career coach or personal trainer
- Attend classes that enhance knowledge and skills
- Attend a conference to network, increase knowledge and possibly find your next job

Tip: Adjust your withholding so next year's refund isn't so large. The IRS provides a [withholding calculator](#) so you can fine-tune your taxes to get more in every paycheck. Make sure to automatically transfer this extra money to a savings account so it's put towards your goals, not your whims.

Updates: Columns related to recent newsletters (January 2009 Newsletter "Grocery Tips & Organics"), Eco-Driving (July 2008 Newsletter "Car Talk/Gas Talk") and selecting a financial adviser (April 2009 Newsletter "BudgetFree Investing").

Eco-Drivers Cut Emissions, but Stir Up Hot Air
<http://online.wsj.com/article/SB123992647807427447.html>

How Much Can A Garden Save You <http://online.wsj.com/article/SB123983924976823051.html>

Seven Questions to Ask When Picking a Financial Adviser
<http://online.wsj.com/article/SB123913983139498483.html>

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