

Managing Personal Debt

Fall Financial Checkup



An important part of personal finance is how you manage your debt. Ideally, you would not have any debt, but in practice, most families do. It is not likely that most persons would be able to buy a car, a house, an education, or even major appliances without having to incur some debt. Sometimes, debt may actually be desirable, especially if you could borrow money at a low interest rate to make a high-interest investment.

Debt makes everything cost more. If you saw a sign in a store window advertising "Sale —Everything 25% Off," you might be tempted to rush in and buy, buy, buy. But what if the sign said "Sale — Everything 25% More Than Marked"? That is just what happens when you pay for goods and services using debt. Moreover, you may be using debt without even realizing it.

Debt means paying for things with other people's money. Whenever you use a credit card, buy on convenient time payments, or take a loan, you are using other people's money to make a purchase. In return for the privilege, the other people are entitled to payment (interest) for the money they lend to you. Do not be fooled by 0% interest. There is no such thing. Sometimes the interest is paid up front, hidden in a higher price for such a purchase (when you see such a deal, ask how much discount you can get if you pay cash up front). If there is no discount, read the terms very carefully. You may wind up paying all the interest after the term expires.

Debt is not bad, but you must use it wisely. To use it wisely, you need to understand it.

Personal debt comes in many forms. There is long-term debt, such as a mortgage on a home that may take 10, 15, or more years to repay. Intermediate-term loans such as a home equity loan or auto loan may be repaid in five years. Short-term loans such as credit card debt or personal loans are usually paid in three years or less.

Generally, the longer the term of the loan, the lower the interest rate (%) will be. But the longer it takes to pay off the loan, the more dollars you will pay for the loan. For example, if you borrow \$1,000 and pay it back monthly over 24 months at 15% APR (annual percentage rate) compounded monthly, you will pay \$164 in interest, while the same loan amount paid back monthly over 120 months at only 5% APR would result in your paying \$273 in interest. So, a lower rate does not necessarily mean it will cost you less. Revolving credit, such as an unpaid credit card balance, can be even trickier. If you pay only the minimum amount due each month, it may take years to get the balance reduced to zero. This

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is because credit card companies only require that you pay a very small fraction (2-3%) of the unpaid balance each month while charging you a high APR on the unpaid balance. For example, the same \$1,000 purchase made on a credit card with minimum monthly payments at only 10% APR would have cost you over \$277 in interest after 5 years, and you would still have over \$275 in an unpaid balance.

All of this is not to suggest that you shouldn't use credit; it just means use it wisely.

- Never use credit (debt) for anything you can purchase outright for cash.
- If you must use a credit card, pay the entire balance when you get the bill.
- Avoid impulse purchases. If you cannot pay cash, wait 24-48 hours before making the purchase – you may find that you didn't need the purchase after all.
- If you have high-interest loans, consider consolidating them for a lower interest loan (but watch the term required to repay).
- If you cannot consolidate high-interest loans, then pay the higher-interest loans faster than the lower-rate loans.
- Never merely make minimum monthly payments on revolving credit accounts.

Even the best-intentioned folks run into financial difficulty. As a solution, there is always bankruptcy, but that is a last resort. Negotiate with your creditors for terms you can live with. If you cannot resolve credit and debt problems on your own, seek out professional help, such as a reputable consumer credit counseling agency – check with the Better Business Bureau in your area.

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Are You Getting Enough Fruits and Vegetables Daily?

What if you could do one simple thing to significantly improve your health?

Eating at least 2 cups of fruit and 2 ½ cups of vegetables daily can do just that by reducing your risk for cancer, heart disease and stroke. They appear to reduce the risk for these diseases by providing protective substances such as vitamins, minerals and fiber, as well as plant compounds called phytochemicals.

The following suggestions can help you make easy changes in your daily diet to ensure you get your five-a-day or more. Fruits and Veggies More Matters is a national program working to boost the daily consumption of fruits and vegetables. Sponsors include the National Cancer Institute (NCI), the Produce for Better Health Foundation, and more than 1,800 other organizations across the United States.

Anytime

- Put fruit and vegetables at the top of your shopping list.
- Buy many kinds of fruits and vegetables when you shop, so you have plenty of choices and you don't run out. Buy fresh, frozen, dried and canned.

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- After shopping, use soft fruits and vegetables such as bananas, peaches and tomatoes first, because they go bad easily. Save hardier varieties such as apples and acorn squash or frozen and canned products for later in the week.
- Increase portions when you serve vegetables and fruits.
- Keep a bowl of fruit on the kitchen table or counter.
- Keep packs of applesauce, raisins or other dried fruit in your car or office.
- Keep a bowl of cut-up vegetables on the top shelf of the refrigerator.
- Don't smother vegetables or fruits in high-calorie, high-fat sauces or glazes.
- Avoid overcooking or boiling vegetables, because this may reduce their nutrient content. The nutrients end up in the cooking water, which is usually discarded.

Breakfast

- Start your day with a piece of fruit.
- Add chopped fruit to your breakfast cereal. Try sliced bananas, apples or dried fruit, such as raisins or apricots.
- Top toast with mashed strawberries or bananas.
- Add sautéed peppers, onions, mushrooms and asparagus to an omelet.
- Make a fresh-fruit smoothie for a fruit-packed breakfast on the run.

Lunch

- Put at least one salad vegetable in your sandwich. Try tomato, lettuce, cucumber, grated carrots or avocado.
- Eat a piece of fruit for dessert. When fresh fruits aren't in season, choose canned fruit packed in juice or dried fruit, such as apples and apricots.
- Spoon some fresh salsa over a ham or chicken sandwich before adding the top slice of bread.
- Choose vegetable toppings for pizza.
- Add fruits and veggies to prepared salads. For example, add grapes, raisins or apple slices to chicken salad; chopped onions, green peppers and carrots to tuna salad.
- Add berries or sliced bananas to plain low-fat yogurt for a sweet treat.
- Snack on raw veggies dipped in salsa.

Dinner

- Have one or two vegetables besides potatoes with your dinner. A simple way to add vegetables is to buy frozen packaged combinations of them: succotash or peas and carrots, for instance.
- Add vegetables to soups, sauces and casseroles. For example, grate carrot and zucchini into spaghetti sauce.
- Add onions, green peppers and diced tomatoes to a bean burrito or quesadilla.
- Top fat-free ice cream, ice milk or sherbet with sliced bananas, strawberries, raspberries or blueberries.

Krames Staywell



10 Good Reasons to Try Yoga

Some yoga styles are intense and vigorous, and others are relaxing and meditative. Regardless of which type you choose, yoga is an excellent way to stretch and strengthen your body, focus your mind and relax your spirit.

“There are many branches of yoga, a 5,000-year-old discipline from India developed as a practice to unite the mind and body,” says Mara Carrico, author of *Yoga Journal's Yoga Basics* and a spokeswoman for the American Council on Exercise

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in San Diego. “All hatha yoga styles can help balance your body, mind and spirit, but they achieve it in various ways.”

For example, the different styles of physical or hatha yoga differ in how poses or asanas are done and whether they focus more on mastering and holding the posture, strict alignment, breathing or the flow of movement.

“But no style is better than another; it’s a matter of personal preference,” says Ms. Carrico. “I suggest finding a style that furthers your goals and looking for a teacher and class you feel comfortable with.” If you’ve never done yoga, here are 10 good reasons to give it a try.

More flexible

1. Increased flexibility and reduced risk for injury. Each yoga pose targets specific muscles, thereby increasing flexibility and reducing the risk for injury in your activities.
“If you’re just getting started in yoga, be sure your teacher knows about any injuries or health conditions you have and is aware and knowledgeable enough to advise you of any positions you should avoid,” says Ms. Carrico.
2. Less stress. Yoga can help soothe the mind and lower stress levels by focusing the mind on the moment and the movements rather than on external distractions.
3. Increased awareness and concentration. A primary component of yoga is rhythmic, focused breathing.
“Taking full, complete breaths makes it easier to relax and center the mind,” says Ms. Carrico.
4. Better understanding of the mind-body connection. Yoga requires you to focus all your energies on performing each movement or pose precisely. This benefits both the mind and body and teaches you to integrate the two.
5. Greater strength and stamina. More vigorous styles of yoga, such as Vinyasa and Ashtanga, promote strength and stamina as well as flexibility and relaxation.

Muscles in balance

6. Fewer muscle imbalances. Those who are new to yoga may begin to notice muscle and flexibility imbalances they hadn’t been aware of.
“Many women carry one shoulder higher than the other without being aware of it,” says Ms. Carrico. “Yoga poses can help correct these and other imbalances over time.”
7. Better balance and stability. Balancing poses require you to engage your core stabilizer muscles, which can help improve overall stability.
“This is helpful for anyone, but it’s of great benefit to older people or people with injuries or disabilities that affect their balance,” says Ms. Carrico.
8. Improved posture. Yoga poses strengthen and open tight areas of the body, such as the shoulders and muscles of the upper back, which is necessary for good posture.
9. Greater body awareness. Yoga requires you to contract and/or relax specific muscles as you stretch into each pose, thereby increasing awareness of the body’s strengths and weaknesses.
10. Cross-training benefits. Yoga combines flexibility, strength training and balance to create a mind-body activity that’s a perfect addition to any fitness regimen.

Even people who participate in different kinds of sports or physical activities find doing yoga on a daily basis provides a range of physical and mental benefits unavailable anyplace else,” says Ms. Carrico. “Once you have learned a few yoga moves and breathing techniques, you can easily integrate them into your regular fitness routine.”

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