

Money Matters

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S2 Financial Consulting

Six Ways to Save in 2006

Recommended Reading

- *The Truth about Money* by Ric Edelman
- *The Number: A Completely Different Way to Think About the Rest of Your Life* by Lee Eisenburg
- *Ordinary People, Extraordinary Wealth* by Ric Edelman



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Unless you're Bill Gates, you could probably use a little extra money. Here are six simple ways to spend less of your hard-earned money:

- Don't pay unnecessary fees. Instead of paying a \$2 ATM charge, make a small purchase (such as a pack of gum) using your debit card and get cash back.



- Take a defensive driving course. There are courses available online for as little as \$40. Once you provide proof of completion to your car insurance company, they will give a discount on your premium that lasts for three years.
- Consider raising your auto and/or home insurance deductibles. Often, a small increase in deductible (such as from \$250 to \$500) can result in significant savings on your premiums.
- Lower the temperature on your hot water heater. Setting the temperature to more than 120 degrees

is unnecessary and wastes energy.

- Install a programmable thermostat so your home is heated or cooled only when you're actually there.
- Cut back on dry cleaning. Consider using products such as Dryel to stretch the time between dry cleanings. Also, simple silk and wool garments can often be hand washed with a gentle detergent (such as Woolite) in cold water. Be sure to dry garments flat rather than putting them in the dryer.

You've Heard of Phishing but What about Vishing

By now, most of you have heard of "phishing", when scammers send you a bogus e-mail in order to steal your financial information. Well, now there's a new con making its rounds - "vishing" or voice phishing.

If you receive an e-mail telling you to verify bank account or

other financial information by calling a number, watch out. It's possible that you've been targeted by a scammer.

VoIP phones allow phone numbers to be set up easily and with any area code. Scammers will also attempt to cold call people. If you get a phone call with pre-recorded



information prompting you to enter any financial or bank account information, hang up immediately. Don't fall prey to these new scams.

How to Get the Most Out of Your 401(k)

Most people realize that they should be contributing to a 401(k). However, most people don't know how to manage their 401(k). Here are a few easy rules to keep you on the right track:

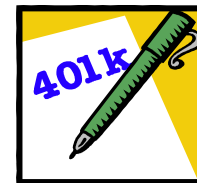
- Start saving as early as possible — Time is on your side when it comes to the power of compounding interest. Even if you're not able to contribute a lot at the start, every little bit helps.
- Location, location, location— When it comes to investing, don't put all your eggs in one basket. You want a diverse portfolio but

don't overdo it. Three or four funds should suffice.

- Remember Enron—The lesson we all should have learned from that disaster is to limit the amount of funds you have in your company stock. As a rule of thumb, don't hold more than 25% of your portfolio in your company stock.
- Less is more—Resist the urge to constantly tinker with your 401(k). Once you've chosen an asset mix, only rebalance your portfolio once a year. Any more than that

and you risk chasing yesterday's winners.

- Cash isn't always king—If you change jobs, don't cash out your old 401(k). If you're happy with your portfolio, leave the 401(k) open. If you're not happy with it, your best bet is to roll it into an IRA. You will avoid taxes and withdrawal penalties as well as



have more options and flexibility.

How NOT to Get and Keep a Great Credit Score

Lately, there has been a lot of focus on getting and keeping a good credit score. Here are a few things NOT to do if you want to maintain your good credit score:

- Make your payments late - Even one 30 day late pay can significantly reduce your credit score. Send in at least the minimum payment when you receive your credit card bill in order to avoid late payments. You can always make another payment during

your billing cycle.

- Maxing out your cards - When you use more than 50% of the available credit on any one card, that tags you as a bad credit risk. You should strive not to carry a balance at all but if you do, make it less than 50% of your credit limit.
- Too many cards - While you do want to leave open the credit card with the longest history, there is

no need to keep open every card you ever got. Take a look in your wallet and try to pare down to no more than three cards.

- Ignoring bills - If you have bills go into collections, that is a serious black mark on your credit. Whether it's a \$25 cell phone bill from college or an old store credit card with a \$100 balance, be sure to pay all bills! If you think you've been billed incorrectly, call the creditor but don't ignore it.

Sales Tax Holidays

Tax-free holidays are an annual event in many states. This year, thirteen states as well as the District of Columbia are offering shoppers sales tax holidays, most on the first weekend of August.



Here is a list of the participating states and the holiday dates:

- Alabama: August 4-6
- Connecticut: August 20-26
- Florida: July 22-30
- Georgia: August 3-6
- Iowa: August 4-5
- Maryland: August 23-27
- Missouri: August 5-7
- New Mexico: August 4-6
- North Carolina: August 4-6
- South Carolina: August 4-6
- Tennessee: August 4-6
- Texas: August 4-6
- Virginia: August 4-6
- Washington, DC: August 5-13



Helping you architect your future

Phone: 678-391-4820
Fax: 678-391-4821
E-mail: info@s2fc.com

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WWW.S2FC.COM

S2 Financial Consulting (S2FC) is a Georgia-based company providing fee-based financial planning to individuals and small businesses.

We provide cash flow management, income tax planning and preparation, education and retirement planning as well as estate planning. In addition, we can help assess your insurance and investment needs.

Whether you need budget help, a comprehensive financial plan, help making life decisions or wealth-building strategies, S2 Financial Consulting is here to help you achieve your personal and financial goals.

The process starts with an initial, complimentary consultation in order to assess your current life and financial situation as well as define your objectives. After this consultation, if you choose to utilize our services, we will formulate a plan of action crafted specifically for you as well as assist you in implementing your plan. In addition, we will review your progress with you on a quarterly, biannual or yearly basis in order to assure your financial success.

Questions and Answers

This section is dedicated to answering reader questions.

If you have a question you'd like to see answered, please submit it via e-mail to news@s2fc.com



Q: What is the difference between investing in stocks and investing in mutual funds?

A: When you invest in stock, you only have ownership in one company. A mutual fund is a collective of various stock that allows you to have ownership in several companies. Because mutual funds are diverse, they are generally less risky than owning individual stocks. For first-time or novice investors, mutual funds can be a safer alternative to stocks.

Q: I sometimes sell items on eBay for extra money. Do I have to pay taxes on this money?

A: The answer is...it depends. If you sell items for more than their original retail value (for example, vintage toys), you're supposed to declare that income. If you're merely selling clothing or household items for less than what you paid for them, you're in the clear. While a lot of people don't declare or under-report this type of income, it's better to be safe than sorry. If the IRS comes calling, more than just your current year's income tax return will fall under scrutiny.