



MAKING THE MOST OF YOUR MONEY

FINANCIAL TIPS FOR TODAY'S CONSUMER

CONSUMER CREDIT COUNSELING SERVICE OF MONTANA & WYOMING

12 steps to become a millionaire

A number of the people profiled in "Millionaires tell how they did it" made their millions as entrepreneurs. But working for the Man doesn't mean you have to be a wage slave or resort to buying lottery tickets to strike it rich. The trick is to maximize your income on the job (and know when to move on), make the most of your employee benefits and tax breaks and use that extra money to start investing.

- 1. Keep your eyes peeled for better ways to do your job.** Streamline a procedure, shave costs, create a new profit center, become an expert on a specific topic, volunteer for a company committee -- anything that will make you stand out as a prime candidate for a promotion or a pay boost.
- 2. Don't be afraid to negotiate.** In a study of master's degree graduates from her university, Carnegie Mellon economics professor Linda Babcock found that those who negotiated their first salary boosted their pay by 7.4% compared with those who didn't bargain.
- 3. Get your ducks in a row and your numbers on paper.** If possible, quantify how much your efforts add to the company's bottom line. If that's not feasible, spotlight your value with comparable salaries for workers in your position from a Web site, such as Salary.com, or from a professional association.
- 4. Plot your strategy when it's time to move on.** Create a professional-looking page on MySpace that tells prospective employers why you're an exceptional candidate. And don't neglect more conventional networking: Join a professional association or show up at school reunions toting business cards.
Milk your benefits
- 5. Contribute as much as you can to your 401(k) and other tax-deferred retirement plans.** You'll not only build a bigger nest egg, but you'll also cut your tax bill. In the 25% federal tax bracket, every \$1,000 you contribute to a 401(k) trims your taxes by \$250. And you'll save on state income taxes, too.
- 6. Flex your tax-saving muscle.** Contribute pretax dollars to a flexible spending account to pay for dependent care or out-of-pocket medical expenses. If you set aside \$1,500 per year and you're in the 25% bracket, avoiding federal income and Social Security taxes means Uncle Sam will subsidize almost \$500 of your expenses.
- 7. Review your tax withholding.** If you're expecting a refund this spring, you're having too much tax withheld from your paycheck -- and making an interest-free loan to Uncle Sam. That's no way to become a millionaire. Put more money in your pocket by using Kiplinger's withholding calculator and then filling out a new Form W-4.
- 8. Stash savings in a Roth IRA if you're eligible.** Withdrawals in retirement, including decades of compounded earnings, will be tax-free. This year, income-eligibility limits for a Roth increase to \$114,000 for individuals and \$166,000 for married couples.
Invest like crazy
- 9. Don't delay.** The quicker you get a jump on putting money aside, the easier it will be to stuff a seven-figure cushion. If you start at age 25, for example, investing \$286 per month will get you \$1 million by age 65, assuming you earn 8% annually.
- 10. Invest automatically, either through your employer's retirement plan or by setting up a regular deposit to a mutual fund or broker.** You'll never miss the money, and you'll avoid two big mistakes: buying too much when stock prices are high and not buying at all when prices fall.
- 11. Watch for fund fees.** The more you pay, the tougher it is to earn an above-average return. The typical hedge fund, for example, takes 20% of any gains, a huge hurdle to overcome. A better bet: no-load mutual funds with expense ratios of 1% or less. If you trade individual stocks, watch those commissions.
- 12. Keep it simple.** Be wary of get-rich-quick schemes or sales pitches for complex investments, such as oil-and-gas partnerships, that trade on the millionaire cachet to lure investors into buying high-fee products they don't understand. Most millionaire households accumulate their wealth over the long term by sticking to a regular investing plan in a balanced portfolio.

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7 health insurance myths debunked

Hearsay and bad information often fuel people's misunderstandings of health insurance. When was the last time someone snuggled up with a cup of coffee and her insurance policy? According to the Life and Health Insurance Foundation for Education and the Henry J. Kaiser Family Foundation, the following myths are alive and well in the minds of most folks.

Find cheaper health insurance

1. It's cheapest to buy health insurance through an employer's group plan.

If your employer offers a group health plan, you're likely experiencing annual increases in premiums, reductions in what's paid for by your employer, increases in your out-of-pocket expenses and the possibility that you're paying for lots of benefits you don't want or need. An individual health plan (the kind you buy on your own), especially for someone who's healthy and young, can offer significant savings. Unlike individual plans, group health plans must abide by state health insurance mandates, which can require coverage for everything from autism to hearing aids and from contraceptives to in vitro fertilization.

2. **Health insurance is expensive because health insurance companies are driven by profit.**

When patients use a government insurance program (such as Medicare), providers of health care shift more costs to people who have insurance. The result is higher premiums for people who purchase their insurance on the individual market and workers who receive insurance through their employers.

3. **If you're young and healthy you don't need to pay for health insurance.**

Then what happens when you break your leg in a snowboarding accident or blow out your knee while playing soccer? If you find that your tonsils need to be removed, the cost of a tonsillectomy can start at \$5,000, with an additional \$1,500 per day for an overnight hospital stay.

4. **The highest numbers of uninsured people are under age 25.**

The fastest-growing group of uninsured Americans is age 50 to 64. The difference between the younger and older people is accessibility to health insurance. While younger people who are not covered by an employer's health plan may find it easy to acquire affordable individual coverage on their own because of age and health status, older people do not have the same advantage. According to recent estimates from the Kaiser Commission on Medicaid and the Uninsured, middle-aged and older adults under age 65 (and not yet eligible for Medicare) are fast becoming the largest group of Americans without health insurance. In fact, 19 million Americans from age 50 to 64 were uninsured or underinsured in 2008. Members of this group are more likely to arrive at a doctor's office with a number of chronic medical conditions, making it difficult or impossible for them to buy individual health insurance. As baby boomers reach age 65, the sheer number of people in need of coverage has the potential of overwhelming the Medicare system.

5. **COBRA is very expensive, and a short-term health plan would be cheaper.**

The federal COBRA law allows you to continue buying your former employer's group health plan if you are laid off. The catch is that the employer no longer has to contribute to the premiums. One alternative is buying a short-term health plan on your own. Also, short-term plans generally require you pay high deductibles before coverage begins. This deductible can vary from \$250 (for very healthy policyholders) to well into the thousands. When you consider the cost of meeting the deductible before the plan pays for medical care, COBRA may be the better choice, especially if you have a pre-existing condition. In addition, a typical short-term policy lasts a maximum of six months, and the insurer is not obligated to renew your policy. Under the American Recovery and Reinvestment Act that went into effect in February, you can receive a 65% subsidy of your COBRA premiums for up to nine months. In return, the federal government reimburses the employer with a payroll tax credit.

6. **Large employers always offer health insurance to workers.**

The Kaiser Family Foundation points out that one in five workers in firms with 500 or more employees is uninsured because many companies do not offer health insurance. When workers are offered health insurance, they take it. According to the Employee Benefits Research Institute, less than 5% of those workers who are eligible for health benefits is uninsured.

7. **Canada has a better health care system than the U.S.**

The debate rages on. Canada's universal care system is fine, but there's a limit on what you can get. For example, if you happen to be a Canadian age 70 or older and need bypass surgery, the government won't pay for it. Americans may complain about the high cost of health care in the U.S., people are rarely denied care for any reason.

Personalized Pencil Toppers

What you'll need:

- Pencil eraser heads
- String
- Alphabet beads
- White craft glue

How to make it:

1. Place eraser head on a pencil.
2. Put a little white glue around the base of the eraser head.
3. Wrap string around the eraser head, smoothing out the glue as you go. Wrap enough to cover most of the bottom half of the eraser head.
4. Cut a piece of string that is about 8 inches long.
5. Tie a knot in one end and string beads on from the other end. The knot should keep the beads from falling off the other end.
6. Once all the beads are on, tie a knot after the last bead.
7. Apply some more glue to the string wrapped around the eraser head.
8. If necessary, trim the long end of the string that the beads are on so that your excess is about 3 - 4 inches in length.
9. Wrap the excess string from the beads around the eraser head, adding more glue if needed and smoothing with your finger as you go.

