- Financial Focus with Kirk Camunez -

- Put Your Tax Rebate to Work -

You may not be familiar with its formal name - the Economic Stimulus Act of 2008 - but you're almost certainly aware of its key outcome: a tax rebate. Now comes the big question: What should you do with it?

If you spend it, you will do your part to help stimulate the economy. But by investing the rebate, you could help speed your progress toward your long-term financial goals, such as a comfortable retirement.

Before we look at investment possibilities, let's quickly go over the "nuts and bolts" of the plan:

• How much? You can receive up to $600, if you're filing as an individual, or $1200, if you are filing a joint return. Plus, you can get an additional $300 for each qualifying child.

However, the size of you rebate will be reduced by $50 for every $1,000 you earn above adjusted gross income (AGI) limits ($75,000 for singles and $150,000 for married couples).

• When? The IRS will begin mailing Stimulus rebate checks in MKay. If you've selected the "direct deposit" option" option for receiving your 2007 income tax refund, your Stimulus Act rebate will be placed in the same account that you've chosen for your refund.

Investment choices

Here are a few possibilities for investing your rebate:

• Traditional or Roth IRA - Suppose that you area a joint filer and did receive the full $1,200 rebate. If you put that $1,200 in an investment that earned a hypothetical 7 percent return, and that investment were placed in a traditional or Roth IRA, the money would grow to more than $9,000 in 30 years. (This figure does not include fees, commissions, or expenses, all of which would reduce your investment returns.)

Keep in mind that traditional IRA withdrawals are taxable, whereas a Roth IRA's earnings have the potential to grow tax free, provided you don't begin taking withdrawals until you're at least 59 ½ and you've had your account for at least five years. All investments within these accounts do fluctuate in price, so it is possible to have more, less, or the same amount when you sell your investments.

• Section 529 savings plan - In a section 529 college plan, you put money in a specific mix of investments.

Section 529 plans are tax deductible in some states for residents who participate in their own state's plan. All withdrawals will be tax free from federal income taxes, if the money is used for a qualified college or graduate school expense of your child or grandchild.

(Withdrawals for other reasons may be subject to federal, state, and penalty taxes. Also, Section 529 distributions will appear as income on the child's tax return, which could affect financial aid calculations.)

• Emergency fund - It's a good idea to put six to twelve months' worth if living expenses in a liquid account for use as an "emergency fund."

Without such a fund, you might be forced to liquidate some of your long-term investments to pay for such things as a costly car repair or an unexpected medical bill.

A rebate like this one doesn't come along every year - so put it to work for you.

Someday, you may be glad you did.

Kirk Camunez
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- Inside Insurance with Ken Ruth -

- Let's Talk About Bicycles -

With spring coming into full bloom, and the weather being absolutely perfect for bicycle riding, it seems like a perfect time to talk about "riding" insurance.

Let's say your family is out riding, and for some unknown reason, a child runs out in front of you and is injured. If you are at found at fault, and let's say the expenses for the child's medical treatment are found to be around $50,000 - and climbing by the day. Does your auto insurance cover this accident, or should you be looking around toward your homeowner's (or renter's) coverage?

If you guessed "homeowner's / renter's," you guessed right. The correct answer is your homeowners' liability. It will also cover many things you might never have thought of: Dog bites and slander are just two of the many on this "also covered" menu.

In either case, make sure your liability coverage is adequate. If you have a substantial equity in your home or other assets, you want to make sure they (and you) are protected. And you want to periodically verify that your coverage is keeping pace with your changing lifestyle.

I can't begin to tell you how many people come into my office from other insurance companies with their coverage at the same level as it was 20 years ago.

Ken Ruth
Farmers Insurance
989-4544

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