

—MicroEconomics—

The Economics Of Community

We, in Orangevale, live in what most urban planners would consider a small city—this might be true if we weren't sandwiched in the middle of a large contiguous metropolitan area. What we really are, thanks to years of development planning under a County Master Plan, is a bedroom community; one which is made up, primarily, of commuter residents. If you doubt this, just stand on the corners of the major cross-streets along the "Hazel Corridor" between 7:00 and 8:00 in the morning or 3:30 and 5:30 in the afternoon on any "normal" work day.

I don't think I have to list the many problems that cause this designation and situation, and which are part of our everyday lives. We already know these all too well. What I would like to do in this section of MicroEcon is take a look at some possible solutions we at which we might look to improve our general quality of life.

Cut back on debt; decrease it instead of increasing it. The first step in doing this is to

spend cash instead of plastic. Buy only what you NEED, and defer spending on things you would like to have unless you have the CASH to buy it. I learned about 15 or 20 years ago that it is a lot less expensive to fix an older car that it is to buy a new one. With the tightening economy, I don't have to worry about making car payments of \$300 and more. It may not be as stylish to drive a seven-year-old (or 12-year-old) car, but our cars are still delivering 22 to 26 miles per gallon.

DO NOT cut back on pleasurable family activities—especially when they are readily available within ten to 15 miles of home (and there are a lot of them around here). Rent movies instead of going to a theatre—a buck or two is a lot less than \$15 or \$20 for theatre tickets. (Actually, the video rentals are probable lower than the gas you will spend driving to the movie house.)

Take part in community activities at our

many parks. Stop by the Community Center—or check out our Community Calendar page—and find out what is available. Local churches, Community Service clubs, the VFW and American Legion halls, Grange, and dozens of other similar organizations almost have something going on. And while you're at it, give some thought to volunteering yourself—it is usually a rewarding way to fill a spare hour or two and most people who try it wonder what took them so long to get involved. Get the whole family involved in something—a lot of today's kids are over-organized, under-served, and just plain bored.

Learn to enjoy your homes ... plant gardens, do a little personalized landscaping ... this does not mean to hire a landscaper or undertake an entire grounds project. Tomatoes, beets, strawberries, and even small fruit trees can be planted in an hour here and an hour there for very little money (and they can even cut back on your grocery bill).

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Top 10 Tips for Living in Retirement

*Provided by Kirk Camunez
Edward Jones*

Like everyone, you hope for a comfortable retirement. That's why you should put money away in your 401(k), IRA and any other retirement plan available to you. But once you reach retirement, which financial and investment strategies should you follow to help yourself enjoy the lifestyle you've envisioned?

Consider these "top 10" tips:

1. Map out your goals. You'll find it helpful to write down your goals for retirement - travel, volunteer, pursue hobbies, etc. Then, list those factors that can affect your ability to achieve those goals. These factors include your income sources (such as your 401(k), IRA, Social Security and savings accounts) and your expenses (such as mortgage, utilities, food and travel). Once you have all this information on paper, you're on your way toward creating a "blueprint" for your retirement.

2. Plan for a long retirement. You could spend two, or even three, decades in retirement. Keep this type of longevity in mind when you create investment strategies for your retirement.

3. Don't spend too much in your early retirement years. Obviously, you don't want to outlive your resources. During the first few years of your retirement, don't go overboard on spending. Also, try to determine how much you can reasonably afford to withdraw from your financial assets.

4. Don't forget about inflation. If you spend 25 years in retirement, prices could more than double, assuming a three percent annual inflation rate. To make sure you stay ahead of inflation, you'll probably need at least some growth-oriented investments, such as stocks. Of course, stock prices will always fluctuate so it's possible to lose money, but by investing in quality stocks, and making them a part of a diversified portfolio, you may be able to help combat inflation. (Keep in mind, though, that diversification, by itself, cannot guarantee a profit or protect against a loss in a declining market.)

5. Prepare for the unexpected. Unexpected financial issues relating to your family or health can crop up during your retirement years. To prepare for them, make sure you have set aside adequate "cash" reserves in easily accessible accounts.

6. Don't "reach" for high yields. To boost your cash flow, you might think about investing in high-yield bonds or in stocks that promise abnormally high dividends. Try to resist this temptation - you can find other, more prudent investment strategies for adding to your income during your retirement years.

7. Protect - and insure - your health. Health-care costs are a major concern for retirees. Take steps, such as exercising and maintaining a healthy diet, to keep yourself in good shape. At the same time, strive to maintain adequate health insurance.

8. Get help with your taxes. Many of the withdrawals from your retirement accounts will be considered taxable income. To manage your tax situation effectively, consult with a tax advisor.

9. Define your legacy. Work with a qualified legal advisor to make sure your estate plans and the appropriate documents and arrangements - beneficiaries, will, living trust, power of attorney, etc. - are up to date.

10. Get a "financial checkup" each year. Consult with your financial advisor at least once a year to make sure your investment strategies are still on track.

As you near retirement, or if you've just retired, put these suggestions to work. It will take some time - but it's worth the effort.

* Edward Jones, its financial advisors and employees do not provide tax or legal advice. You should consult with a qualified tax or legal professional for advice on your specific situation.

Insurance Talk

*Ken Ruth
Farmers Insurance*

In this week's Insurance talk we are going to talk about deductibles and insurance.

Your deductible is the one area of insurance coverage that offers the easiest way for policyholders to get their premiums lower. With your homeowner's Insurance, I would recommend basing your deductible on the highest amount you can afford to bear, reasonably, in case of a loss or other claim.

Twenty years ago, it was not uncommon to have a \$250.00 or \$500.00 deductible on a homeowner coverage. Today, the average homeowner really doesn't want to file a claim for less than between \$1000.00 to \$2000.00. For my personal coverage, I use a \$2500.00 deductible. This means

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KNOW WHO TO CALL

WHEN YOUR BONDS ARE CALLED.

Reinvesting after your bonds are called can seem overwhelming if you're not prepared. That's why it makes sense to call Edward Jones. We can help you find the right investment to fit your needs. All it takes to get started is a quick call.

Call or stop by today.

Kirk Camunez
Financial Advisor

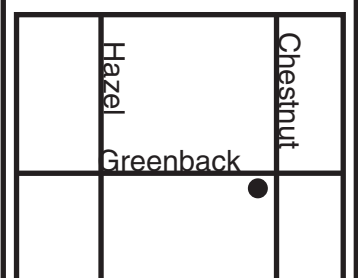
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