

Financial Gifts That Pay Off

Be a savvy Santa this holiday season by throwing away your usual list. Instead, make your gifts the kind that keep on giving for years.

Story by S. Kay Bell

IT HAPPENS EVERY HOLIDAY SEASON. YOU CAN'T QUITE FIGURE OUT WHAT to get Aunt Barb or Cousin Kate. This year, quit worrying about finding them the perfect gift. Think financial.

The adage is true: Money always fits and everyone looks good in green. Heck, with the pastel-highlighted \$10s, \$20s and \$50s, cash nowadays is even more complementary. If you're looking for something with a bit more fiscal finesse, no problem. There are several other financially savvy gift options, some of which will keep on giving for years. So sharpen your pencil. It's time to make your money holiday gift list.

Say It With Cash

OK. Cash isn't right for everyone, but some gift recipients will definitely welcome currency. Head to your bank for some crisp new bills that you can tuck into a "Season's Greetings" card. You can even mix it up a bit. If you have folks on your list who enjoy international travel, they'll appreciate the appropriate coin of the realm for their journeys. Sure, credit cards are accepted worldwide, but it never hurts to have some local money on hand for taxis and tips.

Give a Gift Card

Is cold cash just a bit too crass? Then give a gift certificate or a prepaid gift card. If you go with the plastic option, you can select from a myriad of retail establishment cards. A better bet, though, might be a Visa, MasterCard or American Express gift card. These pieces of prepaid plastic offer your recipient more flexibility. They can be used at any store that accepts the brands' regular charge or debit cards.

But there's one thing to keep in mind. Some cards, particularly bank-issued ones, have strings attached. Be on the lookout for fees and expiration dates. If your gift card has these restrictions, make sure your recipient knows. That'll avoid a not-so-merry surprise when using the card months later. >>



Count Your Coins

It's a great year to have a numismatist on your gift list. Forty-nine of the 50 state quarters are circulating; Hawaii will be issued in 2009. For the last few years, kids of all ages have had a ball inspecting change to see whether a yet unseen quarter is in the mix. For the collector who's been stashing the commemorative coins in a jar, consider a map with slots for the appropriate 25-cent piece. In addition to making sure you have them all, it's a great way to help a young coin collector learn U.S. geography.

If you are missing a quarter or two, the United States Mint has proof sets of each state's coin. Check them out at the Mint's website (www.usmint.gov). The Mint also offers an impressive collection of other proof-condition coins, such as the Presidential \$1 coin uncirculated set and the Double Prosperity set containing a one-half ounce American Eagle and American Buffalo gold uncirculated coins. Depending on which denomination you choose, they are fairly inexpensive. And if the recipient hangs onto the coins for a few years, they may be worth more than their face value.

Stuff Stockings with Savings Bonds

Uncle Sam continues to play the role of holiday elf, this time with some financial gifts from the U.S. Treasury. The most common present in this category is savings bonds. Series EE bonds pay a fixed rate of interest for up to 30 years. Series I bonds offer the earnings some protection against inflation through a combination fixed rate, set for the life of the bond, and one based on the current inflation rate and updated every six months. The earnings on savings bonds are

exempt from state and local income tax. That's not an issue here in Texas, but it could be a blessing if your gift goes to a friend or relative in another state with such levies.

You can purchase either type of bond at most financial institutions or, if you set up an account at Treasury Direct (www.savingsbonds.gov), you can buy them online. If you go straight to the Treasury, you won't get a paper bond; the process there is totally electronic. In that case, you'll need to get a nice card in which to include a note about your gift that will give for years.

Give the Gift of Education

The holiday season is the perfect time to help out someone who is saving for college. Contribute to the student's Coverdell Education Savings Account or a 529 tuition plan. These accounts offer tax-saving ways to pay for higher education expenses, as well as some pre-college costs in the Coverdell's case.

A gift to either account would probably be welcome, by the student as well as his or her parents. You will, however, need to check with the family for account details and to coordinate your gift to ensure that contribution limits and other guidelines are met.

Contribute to a Charity

This is, after all, the season of good will toward all. So when you start sharing your good fortune with others, consider taking it one step further. Donate in the name of someone on your gift list. These types of gifts often are made as memorials when a loved one passes, but the contributions are just as readily accepted in happier times.

Kerri Qunell, vice president for communications with the Capital Area Food Bank in Austin,

said the option to dedicate a gift to the food bank via its holiday gift card program has been available for about a decade. Last year such donations accounted for more than \$14,000.

When you go to the nonprofit's website (www.austinfoodbank.org) to contribute, you designate the person in whose name you're making the gift. The Food Bank will mail you confirmation of your gift for tax purposes, along with the card that you can send to the person in whose name you donated. The amount of your gift isn't shown, so you can decide whether you want them to know that. "It isn't a huge money maker (for us)," said Qunell, "but it's a great opportunity to keep our mission in front of people. And it's a great way for companies or individuals to send something that's meaningful during the holidays."

Remember Reading Material

Everyone enjoys settling down with a good book. This year, instead of a mystery or romance novel, consider giving a volume that will help your recipient get a better handle on personal finances. Robert T. Kiyosaki's *Rich Dad, Poor Dad* books are always popular. Suze Orman's *Women and Money* is still flying off the shelves. *The Millionaire Next Door* is a financial Bible for millions. And self-proclaimed Bogleheads swear by the investment advice offered by Vanguard mutual fund company founder John C. Bogle in his many books. If your reader prefers financial advice in smaller installments, then a gift subscription to *Kiplinger's*, *Money*, *Forbes* or *Portfolio* magazines, just to name a few, is just the ticket.

And now that you've taken care of everyone else, don't forget about yourself. If any of these options appeal to you, make sure you let your personal Santa know that, too! ★

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