



Your Bottom Line

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Photo provided by Southwestern Oklahoma State University

Build Up or Pay Down?

Is it best to save or pay off credit debt in a down economy?

Financial guru Suze Orman recently turned heads when she advised Americans to only make the minimum payment on their credit cards—a complete departure from her typical advice about getting out of debt quickly. Her reasoning? In this economic downturn, it's more important to build your emergency savings so you have a financial cushion to fall back on if you lose your job, face a health crisis or experience other unexpected circumstances.

In personal finance, this seems to be the million dollar question. Which is better in our current economy: building up your savings account or ditching debt? Unfortunately, there's no cookie-cutter approach for everyone and both are important steps in reaching financial success.

According to Jennifer Wallis, vice

president of Consumer Credit Counseling Services of Central Oklahoma, it's best to give both efforts equal billing.

"In these challenging economic times, a good cushion of money in savings is more important than ever before. However, with the changes that credit card companies are facing, it isn't a great time to be in debt either. When you're in debt, you're somewhat at the mercy of the creditors you owe," said Wallis.

Wallis goes on to say that Americans should sock away extra money to help with life's emergencies while still paying down excessive debt.

"To best navigate this financial

uncertainty, it's critical to get out of debt while still having some money available to help you when you need it," Wallis added.

So, what's your first step? A good place to start is keeping \$1,000 cash in the bank for small emergencies. Once you have this money in place,

you can decide which you're more comfortable taking on: beefing up your savings or paying down debt.

If you have high levels of debt, you may want to focus primarily on paying it down, contributing a small

portion of your disposable income to savings. If reducing debt is first on your list, consider the method some professionals call the "debt snowball." Begin by listing your debts in order from the smallest balance to the largest. Then, dedicate a set amount of money to debt removal each month, like \$200. While



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Vacation Victory
Reader Responses
Cheap Landscaping



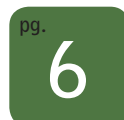
Home Buying Tips
Cheap Landscaping, Cont.



OKMM Freshman Orientation
Sending a Money Smart Student to College



Go Green, Save Green
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Partner News and Events
Calendar

Vacation Victory

Economic woes have forced families and corporations to cut back on unnecessary travel expenses, which can lead to big savings for you! Here are some tips for enjoying your vacation without blowing mega bucks.

1

Europe or bust. According to SmarterTravel.com, roundtrip flights to Europe, which averaged \$1,200 to \$1,400 in peak season during the past couple of years, can now be found for half the price. Now's your time to see Mona Lisa smile!

2

Don't wait. If you find a great deal, jump on it! In the past, waiting until the last minute to book a trip guaranteed additional savings. With airlines cutting costs by flying smaller and fewer planes, the cheapest seats tend to fill up quicker. Consider signing up for low-fare e-mail alerts from online sites like FareCompare.com or Airfarewatchdog.com to ensure you find the cheapest seat.

3

Members only, please. Review your special discounts through personal affiliations, like alumni associations, home-based businesses or nonprofit organizations. You could save a significant amount on hotel stays, rental cars and meals using these perks.



Reader Response

“What was the most memorable Mother’s or Father’s Day gift you gave or received?”



Penny Gandy, 44
Midwest City

My five-year-old daughter “re-gifted” some jewelry from my own jewelry box. I still told her it was the most beautiful present I had received.



Hien Tran, 39
Mustang

I'll always cherish plaques of my children's hand prints they each made in elementary school.



Angela Plummer, 30
Edmond

My daughter, McKenzi, was born on Mother's Day; couldn't ask for a better gift than that!

Want to be featured in the next newsletter? Tell us your favorite way to save on back-to-school items. Send your response, name, age, town and a recent photo to lmeyers@ogslp.org.

Landscaping on the Cheap

It's that time for working hard in the yard. Landscaping doesn't have to cost an arm and a leg. Follow these tips to help take the financial bite out of landscaping.

Do it yourself. Being your own landscaper can significantly reduce your costs. For complex jobs,

contact your county extension office for tips and ask friends or family for help with your project.

Plan ahead and space out your costs. Planning ahead helps you avoid costly mistakes, like planting \$100 worth of fall shade plants in

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We asked realtor Nancy Morgan with The Real Estate Center, Inc. (www.livinginokc.com) important questions current sellers and buyers need answered to navigate the current housing market.

When updating a home, where should sellers spend their money first?

Kitchens and baths are the place to begin. A nice, clean, fresh look is always very appealing. Also remember that good workmanship is always better than glitter. Remove and replace countertops and flooring; don't try to cover them up, and keep in mind that the amount spent is not the amount returned.

If a seller is on a tight budget, are there any simple updates that have a big return?

Don't get caught by exposing your property to deferred maintenance. Repair all broken windows, window locks, torn or missing screens, leaking faucets, running toilets, missing outlet covers and anything else that's not in normal working order. You'll also want to replace toilet seats and lids as well as deep clean and remove clutter. Make the front entrance appealing by painting the front door and replacing the

closure on the storm door. Also, do some minor landscaping. A few flowers do wonders for your curb appeal.

When buying a house, what are some important details to watch out for?

The big thing is the number of layers of roofing material. More than two layers is very difficult to insure without the cost being prohibitive. Mold is also a concern; however, mildew from moisture or a previous leak is often mistaken for mold. Also, if the house has been totally remodeled, be sure the price remains consistent with the neighborhood.

Before the house hunt begins, what can buyers do to prepare themselves for the purchasing process?

The first thing is to know if they are "credit worthy." They must have a history of paying all their monthly obligations on time, all the time. The next thing buyers should do is select their realtor representative very carefully. Interview several to be sure there's a match and don't be afraid to ask questions. Then always, before looking at houses, get financing in order. A reputable lender will "pre-approve," not "pre-qualify." It's

Q & A

Your Home Buying Answers with Realtor Nancy Morgan



important to know the difference. In addition, buyers should know their housing budget and look at properties in that payment range. There are also costs involved in the purchase of the house and they'll want to be sure they can secure the necessary funds from resources available to make the purchase. Don't count on the seller discounting the property price and paying their closing expenses!

Cheap Landscaping, Cont.

full summer sun. Try making a five-year landscape plan and take on one major project each season. You'll have time to let your plants mature and you'll spread out your costs.

Go eco. Most green gardening solutions also translate into major savings. Try these eco-friendly approaches to help you save money:

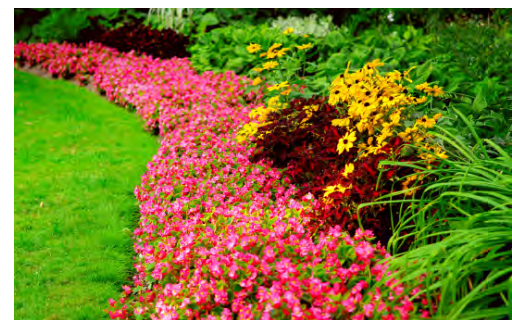
- ✿ Start a compost pile and create your own organic matter to help plants thrive and keep waste out of landfills.

- ✿ Set up barrels beneath your gutters to collect rain and save money on your water bill.
- ✿ Some plants thrive best when planted together. Companion planting can eliminate the need for expensive pest control products.

Divide and conquer. Plants are designed to propagate themselves, so don't spend money at a nursery each year for plants that already grow in your neighbor's yard. Partner with friends, family and neighbors to exchange cuttings, seeds and extra plants. In no time, you'll have

a diverse, unique landscape without spending a dime.

Maintenance saves money. What starts as a weed can soon become invasive and even dangerous to your existing plants. Keep your landscape well-maintained to avoid the costs of unwanted trees, plants and shrubs.



Sending a Money Smart Student to College



Sending a child off to college can be both exciting and overwhelming for a parent. To ease a little bit of the chaos, here are some tips to make sure you're sending off a money-smart child, whether it's hundreds of miles away or just across town.

Be honest. Sit down and have a conversation about money with your child. Tell him about your first experiences with money—positive or negative. Money can be a taboo topic in some families, but children can learn from a parent's success and missteps.

Talk it up. Let your child know about the importance of good credit and explain that credit mishaps early in life can follow her for years. You may feel more comfortable knowing your child has a credit card in case of an emergency. If so, help her shop around for the card with the lowest, fixed interest rate.

Make an outline together. Sketch out the educational expenses you're willing to pay for and what you expect him to cover so both parties know what's expected of the other. Talk about who's responsible for tuition, living expenses, school supplies, transportation, insurance and fun money. Then decide how your contribution will be exchanged. Do you want to pay expenses directly? Will the money be divided monthly in the form of an allowance, or will you provide a lump sum each semester?

Hold her accountable. If you don't currently have one, you may consider opening a joint checking account. This makes exchanging money easier and helps you monitor your child's spending. Look for a financial institution with locations in your home town and near her college or university.

Enroll in a class. Encourage your child to enroll in a personal finance class offered by a local educational institution. Learning about budgeting, saving, consumer credit, student loan management, identity theft and other important money management aspects will give your child a firm foundation. Can't find a class in your area? Ask OKMM for resources and materials.

At Your Service

OKMM Freshman Orientation

Freshman orientation is an exciting time for new students and an essential tool to prepare them for success in college. However, many orientation and life skills programs are missing a key ingredient for student success: savvy financial decision-making.

We understand that orientation programs are already jam-packed with information that students need to succeed on your campus. However, financial concerns are the number one reason many students leave school.

OKMM offers relevant, entertaining and educational freshman orientation workshops that give students the opportunity to learn the skills necessary to manage their money, complete their degrees and achieve success after graduation. We can also help you partner with departments on campus that organize orientation events and create a strategy to help you gain administrative support.

Here's what Camille Phelps, Dean of Students at Southeastern Oklahoma State University, said about our freshman orientation workshop.

"One of the most valuable gifts you can give a student is an education. As we consider the average cost of a private or public education, we know that the best way to help give this gift is to teach students to be fiscally responsible. Oklahoma Money Matters helps our university do this in an effective way."

For more information about how OKMM can help you plan orientation events or to schedule a workshop, call 800.970.OKMM (toll-free) or e-mail oklahomamoneymatters@ogslp.org. We're here to help!



Build Up or Pay Down, Cont.

While continuing to pay the minimum payments on all debts, add your extra lump sum to your regular payment for the debt with the lowest balance. Once this balance is completely paid, add the total amount you were paying toward that bill to the regular monthly payment for the account with the next smallest balance. Continue this process until all your debt is paid.

If your debt is manageable, you may want to focus on building a larger savings net to fall back on. Experts recommend saving three to six months worth of living expenses in case you experience an emergency like an unexpected illness or job loss.

Designate a set amount each month to building savings. Start making paying yourself a priority and consider cutting back on luxury items in order to meet your savings goals. Set up direct deposit through your employer because you can't spend what you can't see! If you receive gift money, get a rebate or earn a raise, put that money into savings, too.

Whichever route you choose, it's important to look at your situation realistically and map out a plan that's most beneficial for you. Only you know what's right for your current situation and your family.

Go Green, Save Green

Did you know that making your own household cleaner is greener for the environment and in your wallet? There are plenty of make-it-yourself recipes online. Consider this version from Mary Hunt's "Cheapskate Solutions" booklet.

All-Purpose Spray Cleaner

2 cups rubbing alcohol
1 tablespoon liquid dishwashing detergent
1 tablespoon non-sudsing household ammonia
1 tablespoon white vinegar

Mix in a gallon jug, fill with warm water and shake. Put solution in spray bottle and keep away from children.



On Our MIND

What's on the mind of OKMM staff? This month Staff Assistant Nicole Mills talks about preparing for her first child, due in September.

As soon-to-be parents of a baby girl, my husband, Kasey, and I recently found out first hand how easy it is to fall in love with all the cute, little baby-related details. Bows, lace and tiny pink dresses ... oh my! It's really hard to stay focused on the necessities.

Before becoming pregnant, my husband and I truly didn't acknowledge how much a new addition would actually cost. Of course, we anticipated the obvious expenses like buying a crib, food and clothing, but it's the costly doctor visits, prenatal care and pricey labor and delivery expenses that really caught us off guard.

Now with a few months to go, we're scrambling to get things organized and ready to welcome home our first child. We're learning new ways to save money, but also making sure we're not economizing at the expense of important safety items.

In my opinion, preparing for a new baby should really begin the moment you consider expanding your family. Based on my personal experience, here are some helpful tips want-to-be parents need to consider prior to their nine month adventure.

Review your health insurance benefits. If you're not pregnant yet, but are planning to become pregnant soon, now's the time to look deeper into your health care coverage. Find out what prenatal care, labor and delivery expenses your plan covers. Plan and save now for costs that aren't covered or switch insurance providers to get the best coverage for you and your baby.

Take it easy on the baby buys. Those adorable little outfits, strollers and top-of-the-line baby furniture add up very quickly. While you should never cut back on safety items, there's no reason to spend a ton on an outfit your child will outgrow in a month. The baby industry is huge, so by doing your research, finding a quality product for less is very doable.

Resolve financial conflicts now. Having a baby is stressful enough—the last thing you and your partner need are disagreements about money. If you haven't already, take the time to discuss and agree on your spending priorities and long-term financial goals. A family budget could be just the thing to keep you both on track.

Partner News and Events



Plan to attend the next Oklahoma Jump\$TART Coalition meeting!

Wednesday, May 20

11:30 a.m. until 1:00 p.m.

Federal Reserve Bank,

Oklahoma City Branch

226 Dean A. McGee Avenue, Suite 300

Oklahoma City, OK 73102

The Federal Reserve Bank will host the next Oklahoma Jump\$TART Coalition meeting at the Branch and cover the cost of lunch.

The speaker will be Chad Wilkerson, vice president and branch executive of the Oklahoma City Branch of the Federal Reserve Bank of Kansas City. He will talk about the state of the U.S. and Oklahoma's economy, as well as provide some information on the outlook.

This would be a great meeting to bring a friend, as we all know people who are concerned about our local and national economy.

There is parking available at several locations around the building. Parking is \$5 at the Dowell Parking Garage, which is north of Harvey and McGee, at 443 North Harvey.

RSVP by e-mailing Pamela Gutel at pamela.gutel@kc.frb.org, or 405-270-8617.

Have News to Share?

Let us feature it! Do you have a contest, educational workshop or other personal finance event you'd like us to highlight in a future edition of the newsletter? Send a note to lmyers@ogslp.org today; space is limited.



Oklahoma Money Matters (OKMM) is a personal finance education program that helps K-12 schools, higher education campuses, businesses and community partners develop or expand educational services that empower Oklahomans to make positive financial choices.

OKMM is an initiative of the Oklahoma Guaranteed Student Loan Program and Oklahoma State Regents for Higher Education.

Visit us online at

www.oklahomamoneymatters.org.

To ask questions or share comments regarding this newsletter, e-mail oklahomamoneymatters@ogslp.org.



OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION

Improving our future by degrees



May

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3	4	5	6	7	8	9
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June

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