



Practical Tips To Enhance Your Financial Freedom

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New Law Encourages Saving

In late 2006, The Pension Protection Act was signed into law, making saving money a whole lot easier for many Americans. Well over 900 pages in length, the law not only protects pensions, it makes permanent many features introduced in the Economic Growth and Tax Relief Act of 2001 (EGTRRA), which were set to expire in January, 2011. This includes enhancements to 403(b), 457(b), and 401(k) plans, IRAs, and 529 college savings plans. With pension plans becoming more and more rare, and the uncertainty surrounding the viability of Social Security, consumers need to take advantage of what many financial experts call "generous" benefits designed to hold Americans accountable for their own retirement planning.

For instance, maximum 2007 contributions to 401(k) plans and IRAs not only increase to \$15,500 and \$4,000 respectively, these limits will be linked to an inflation index and could increase significantly in the future. For taxpayers fifty years and older, the contributions limits to their 401(k)s and IRAs increased to \$20,500 and \$5,000, respectively. There's still plenty of time to make the most of the new tax laws for 2007. Schedule an appointment with a CPA or a Certified Financial Planner, and start preparing for your retirement today.

Passport Perplexities

In January, the Western Hemisphere Travel Initiative (WHTI) imposed new passport requirements on American travelers visiting Mexico, the Caribbean, and Canada. In June, the new initiative was revised temporarily, but only for those travelers with passport applications in place. If you think this is confusing, just wait. This was just the first phase of new border security measures the State Department will introduce in the next few years.

If you're planning to travel any time in the near future, save yourself the time, money, and hassle and get your passport application or renewal in early. According to the US Postal Service, applicants can expect to wait at least 10 to 12 weeks to get through the entire process. And, considering the fact that less than 20% of Americans actually have valid passports, this problem isn't likely to go away any time soon. Even expedited service at the Post Office, which adds \$60 to the current \$97 price tag, may not result in your passport being processed in time to make your flight. Although private expediting services do exist and can produce passports relatively quickly, expect to pay up to \$300 or more!

Outrageous Airline Fees

Once your passport finally does arrive and you're ready to book your flight, prepare yourself for a flood of new and increased fees from the airlines – especially if you don't make arrangements online.

According to CNN research, a fee of up to \$75 could be added to the price of your flight if you choose a paper ticket over an e-ticket. Buy your paper ticket at the counter, and you can add another \$5 to \$20 fee just for talking to an agent. While you're there, don't change your flight. Rebooking could cost up to \$250, depending on the airline and class of service you use. Do, however, be choosy about where you sit. A fee to reserve an aisle or exit-row seat could add a hefty \$15 to \$75 in fees before you even check your bag. And, speaking of that, exceed the 2 bag/50 pound bag limit at some airlines and you'll be charged anywhere from \$50 to \$200 in fees, depending on the price of your flight.

If you're not feeling thoroughly nickled-and-dimed yet, rent a car at the airport in some cities, and not only is insurance mandatory (even if your personal insurance covers rentals), but mandatory excise taxes can increase your bill 2%–5%, depending on which city you visit. According to Travelocity, these taxes are typically higher at airport car rentals as opposed to surrounding neighborhood companies.

Put Your Money Where Your Heart Is

Hurricanes Katrina and Rita sparked a remarkable wave of philanthropy in the U.S. Not only were billions of dollars raised for relief, investors like Warren Buffet and others gave some of the largest single financial gifts in recent history.

While few can afford to give that much away, charity of any amount can not only make you feel rich, it can also pay off in tax deductions against your income if you itemize. Be it money, clothes, furniture, vehicles, or even stocks, donations of all types can benefit you on your tax return. If you'd like more control over how your donations are spent, ask your Tax Specialist about a charitable gift fund. Immediately tax-deductible, your initial gift is liquidated and the resulting "donor-advised" account is invested tax-free and distributed over time. You then, just like Bill and Melinda Gates, give grants to any public charities of your choice! Gift funds start at about \$5,000, too, so you don't need to be a billionaire to give like one.

