



Nickels & Dimes

WELCOA'S ONLINE FINANCIAL BULLETIN

Build Your Emergency Fund

Emergency funds are necessary for financial security. They provide the funds you'll need to pay for expenses should something "unexpected" occur. Items that fall under the unexpected category include a loss of a job, disability, a large medical bill or a large bill for a home or auto repair.

3 Months & 6 Months

For singles, it's usually wise to have at least 3 months of living expenses saved in an emergency fund. For those with dependents, often 6 months of living expenses is recommended.

Accounts

Emergency funds are usually kept in savings or checking accounts. Check with your bank to find an account that pays the best interest and gives you the flexibility to withdraw funds when needed.

Home Equity

If you own a home, consider a home equity line of credit as a source of emergency funds. Since your home is collateral for any funds borrowed, make sure to use your home equity line of credit only for true emergencies.

Expect the Unexpected

Having an emergency fund will give you the cash you'll need to overcome unexpected expenses and provide you with invaluable peace of mind.



Plan a great Vacation

By Jeff Rubleski, MBA

The key to a great vacation comes down to one word: planning.

Whether you desire a vacation that is fast-paced or one that involves quiet and reflection, here are four major vacation decisions that will impact your vacation experience and the amount you'll spend on your vacation:

- 1. Transportation**—how will you travel to your vacation destination? If you drive, make sure your car is in good mechanical condition before your trip. If you choose to fly, use the Internet or a good travel agent to find the best deal on airfare. Make sure you check airfares from as many airports within "driving range" as possible. Driving a little extra to an alternative airport might save you a bundle.
- 2. Accommodations**—where will you stay? Sometimes spending more for lodging with kitchen facilities will more than offset the extra cost. Eating at restaurants for every meal can get expensive. Preparing some meals in your room can result in more healthful eating at a much lower cost than restaurant-prepared meals.
- 3. Food**—how much will you spend on food each day? Having a cooler or access to a refrigerator will help you to keep your food and beverage spending in check. If you are traveling with a family, consider lodging that includes a kitchen for meals and snacks.
- 4. Tours and Sightseeing**—are there special places you'll see on vacation? If so, check into the price for tickets and special transportation. Theme park tickets now average about \$50 per person per day! Also plan to spend money on souvenirs, especially if you are traveling with children or are planning to bring home gifts for family members or friends.

Properly planned vacations provide us with a break from our daily routines and can provide a lifetime of memories. With careful planning, you can have a great vacation that also fits within your budget.





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What's With PMI?

Private mortgage insurance (PMI) protects the mortgage lender in the event the borrower defaults on payment of the mortgage. Lenders will require this insurance when the down payment amount is less than 20 percent of the appraised value of the home or sale price. The charge for PMI is about one-half of one percent of the loan amount, or about \$41.67 per month on a \$100,000 loan. Payments for PMI are not tax deductible.

Know Your Rights

Federal law requires lenders to cancel charges for PMI when the loan to home value ratio reaches 78 percent (called the "cancellation value"). Lenders are also required to show borrowers how long it will take to reach the point of PMI cancellation in their mortgage closing documents.

If you live in an area where home values have been increasing rapidly and you think your home's market value exceeds the PMI cancellation value, contact your mortgage lender. You will probably need an independent home appraisal to satisfy the lender that your home's value exceeds the PMI cancellation value.

Source: Bankrate.com



HOME

SWEET HOME

by Jeff Rubleski, MBA

Stress-Free Home Improvements

Start With Good Planning As the old saying goes, "Investing in your home is like putting money into a big piggy bank. It's an investment in your future, and your children's future. "Home improvements can increase the functionality and enjoyment we receive from our homes and give us an overall sense of pride and well-being as we enjoy a newly renovated space. Since a home is the single largest investment for most individuals—and a purchase that can bring both joy and stress—it's important to plan carefully and consider all major improvements from a financial payback perspective.

Consider Rate Of Return—For example, adding a deck to a home will, on average, result in a 104 percent return on the total cost of the improvement. A major kitchen remodel will return about 75 percent of the initial investment. Location in real estate is everything. If you live in an area of rapidly appreciating homes, you will more than likely realize a higher return on home improvement projects.

Utilize Your Resources—Find out from local realtors which home improvements buyers seem to value and also contact local home improvement vendors to find out the types of improvements homeowners are making in your area. Find a contractor who is experienced in the type of improvement you are seeking. Get at least three estimates, check references, and inspect each contractor's work before selecting a contractor. If you can do quality home improvement work yourself, you'll save on the labor cost of the project. Remodeling Online ([http://www2.remodeling.hw.net/consumers only/](http://www2.remodeling.hw.net/consumers%20only/)) has an updated annualized cost versus value listing of major home improvement projects. This site also includes some excellent insight into the home improvement process and valuable input from experts in home remodeling.

Home improvements can add to the value of your property and improve quality of life for you and your family in countless ways. By planning carefully, and doing a little homework before your next home improvement project, you'll be on your way to making a solid home improvement decision that will enhance the value of your home and increase your measure of financial wellness.

Source: Remodeling Online

