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revenews

Ideas to help small businesses and individuals maximize income while minimizing taxes.

2nd Quarter 2008

## 10 Tips for Recession Protection

### How to Hang onto Your Money in a Crazy Economy

Yes – we may be in a recession and the media will certainly let you know it on a daily basis. But your trusted Honeck●O'Toole team is here to calm your fears, help you look at the bright side, and give you some practical tips on how to take charge and be proactive so you can protect your money.

**1. Don't panic!** While the media would have you running for the hills, be sure to look for signs of economic strength in your daily life. For example, new businesses are opening up every day, and many are thriving in several "recession-proof" industries such as the food industry, pet care, health care, financial products, home improvement, technology, "green" products, and many others. If you own a business, take this as a reassuring sign that people are still willing to spend money on great and/or necessary products and services.

**2. Convert a variable mortgage loan or home-equity line of credit to a fixed-rate loan.** Right now, 30-year mortgage rates aren't bad at all. This would be a great time to shop for the best fixed rate. Wouldn't it be a relief to know you have a fixed payment that won't change with the economic tide?

Mary Miller, Senior Vice President of Sales for the First Financial Mortgage Corp. in Portland, offer this tip about lending rates:

**3. Know your FICO credit score.** Conventional home loans are being rated on FICO score (a credit score developed by Fair Isaac Corporation) and down payment. The less you put down, the lower your FICO score and the higher the rate. There are other programs, such as FHA (Federal Housing Administration) loans, that are not currently raising the rate based on down payment or credit score. Speak with a mortgage professional about your FICO score ahead of time. It could save you 1/2% on your interest rate. (Call Mary at 207-775-4200 ext 251 if you have questions.)

*Recession - Continued on Page 2*

## U.S. "Rebate Check" FAQs

Under the Economic Stimulus Act of 2008, more than 130 million American households will receive economic stimulus payments beginning in May, and that may include you. According to the IRS, "The only way to get one is to file a federal tax return for 2007. But if you have obtained a valid six-month extension to file or if you are filing to establish your eligibility for the stimulus payment, filing by Oct. 15 means the IRS can process your return and issue a stimulus payment before the end of the year."

To estimate the amount of your payment, use the IRS's online Economic Stimulus Calculator accessible at http://www.irs.gov/app/espc/. Here are some of the more common questions we've heard, and the answers found on the IRS Web site.

**Q: How will I get my check?**
"If you qualify, the IRS will automatically figure it and send it to you. The IRS will also send you a notice showing the amount of your payment."

**Q. How is my payment amount determined?**
"Essentially, there are two parts to the stimulus payment: a basic amount based on tax liability, filing status or other qualifying factors if there is no tax liability; and an additional amount based on whether a qualifying child is reported on the return.

**Q. When will I receive my check?**
"The Treasury Department will make payments starting in early May. Early filers, especially those who choose direct deposit, will get their payments first. If the IRS finishes processing your return by April 15, you will most likely get your payment based on this schedule. If you choose direct deposit, this means your payment will arrive on May 2, May 9 or May 16. If you do not choose direct deposit, checks will be mailed between mid-May and mid-July. For this initial batch of stimulus payments, the payment date will be based on the last two digits of your Social Security Number."

*FAQ - Continued on Page 2*

## ◄RECESSION continued...

**4. Do your best to pay down credit card debt.** While this is always a good idea, it's especially important to pay down or eliminate credit card debt while rates are fairly low. You never know when rates may climb higher.

**5. Take a hard look at your spending, and cut back.** This may seem obvious, but so many of us buy items on impulse or don't hunt for the lowest price on purchases. It might be fun to challenge yourself and become a frugal bargain-hunter and make some changes to help build your savings (and even retirement funds). Most financial experts say you should have at least three to six months' living expenses available in a safe and available savings account such as a money market account. So, by spending less, you can build up this safety account. Small changes can really add up.

**6. Take charge of your career.** Your job may be super-solid, but why not be prepared for the worst by building your network of contacts, updating your resume, or even diversifying your job skills? This can be valuable even if you run your own business. You can never go wrong if you learn a new technology, for example. Online classes and local adult ed programs offer a wide range of professional development courses.

Chad Weber, Financial Advisor, Financial Planning Specialist for The Casco Bay Group at Smith Barney (800-442-6722 chadwick.a.weber@smithbarney.com), refers to this economic climate as a "market correction" and he offers the following two tips for investors.

**7. "Revisit your asset allocation strategy.** Employing this type of diversification is meant to reduce your portfolio volatility, but it should also be done keeping in mind your time horizon (when will you need the money), and your risk tolerance…and done in conjunction with a well thought out plan that identifies your future needs. This plan is what justifies the allocation and the 'required' rate of return to meet your goals. Discuss these items with your financial advisor if any of them have changed."

**8. "Rebalance your portfolio.** We all know about asset allocation and diversification, but what few people do is look at how this diversification can be used to your advantage during market corrections. A discipline of proper rebalancing ultimately forces you to add to the underperformers with new cash or by taking some money from assets that have had a great run. This is buying low and selling high."

Rusty Pillsbury, of RE/MAX By The Bay offers the following two tips regarding real estate.

**9. Unless you are an investor or speculator, you should not buy property just to "get a deal."** People should be looking for a home and a place they want to enjoy, spend time and raise a family. In today's market, you are probably buying low. There will certainly be people falling through the cracks and letting their house go for cheap over the next year or so, as it takes time to do "work outs" and "short sales" with banks and lenders.

**10. If you're selling in this market and you want to maximize your sale, make sure your property is ready to show!** This means your property is de-cluttered, thoroughly cleaned, well landscaped (with a picked up yard), and clean windows. Eliminate any reason for buyers to lower their offer.

We hope you'll find comfort in some of these tips. If you'd like to have us review your current financial picture and help you develop a smart plan for the future, please give us a call right away. Now that our busy tax season is over, we're available to help you become more "recession-proof." ■

## ◄FAQ continued...

**Q. Will I be taxed on my Stimulus Payment?**
"No. You will not owe tax on your payment when you file your 2008 federal income tax return. But you should keep a copy of the IRS letter you receive later this year listing the amount of your payment. In the event you do not qualify for the full amount this year but you do next year, you will need to have the letter as a record of the amount you previously received." ■

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## SIXTH ¢ents MONEY

### CLASSES START MAY 17

**What do you wish for your financial future?**
Now you can finally discover what financial "well-being" means for you…and how to attain it. Jane Honeck is offering an exciting new series of **Sixth ¢ents** money classes to help participants remove the barriers that limit a healthy relationship with money.

"It's really a 1-day workshop that could change your life," said Jane. If you sign up, Jane will guide you to:

- Examine your money relationship and the beliefs behind it
- Pinpoint ways to enjoy your money (instead of worrying too much about it)
- See money as a productive and supportive part of your life
- Turn your financial vision into a powerful action plan to make it happen!

Jane noted, "I've been doing tax and financial planning for over 30 years. I developed this program not only from my years of experience working with clients on their finances…but more importantly, from my training with the pioneering Empowerment Institute's program with David Gershon and Gail Straub, who have trained thousands of people over 25 years."

In these times of economic uncertainty, Jane would like to help you take charge of your finances and enjoy having more money. Her first series of sessions is free as an introductory offering, and then they'll be fee-based at a later date. She has already presented a session to young adults.

**Sessions Coming Up in May!**
A Couples session is scheduled for May 10; and a Baby Boomer women (45-62) session will be held on May 17, 2008 (see our announcements on this page). Other group sessions will be announced throughout the year. She can also create a personalized session for your group or organization.

Jane encourages you to take advantage of these empowering events and spread the word about them. Please call 774-0882 or e-mail jhoneck@honeckotoole.com for details, whether you want to attend the Couples session, Baby Boomer session or request a customized session for your group or organization. ■

## UPCOMING Sixth ¢ents SESSIONS

### COUPLES

Saturday, May 10, 2008 9:00 a.m.-5:00 p.m.
925 Sawyer Street, South Portland, Maine 04106
**Cost: FREE!**

### BABY BOOMER WOMEN

Saturday, May 17, 2008 9:00 a.m.-5:00 p.m.
925 Sawyer Street, South Portland, Maine 04106
**Cost: FREE!**

Space is limited in these small-group workshops.
Sign up now!
207.774.0882

**How to Reach Us**

**T: 207.774.0882**
**F: 207.773.2047**

**info@honeckotoole.com**

## CLIENT IN THE NEWS

### Kitty Collopy
### Best of Maine Hairdresser

Once a year, Down East magazine's editors pick their "best people and places in the Pine Tree State." Hairstylist Kitty Collopy was quite flattered when she read this profile: "When you sit in Kitty Collopy's chair at Envyhair in Portland (also a Honeck•O'Toole client!), a strange confidence overcomes you. You trust her. And crazily enough, with no evidence of her skills other than a friend's casual recommendation, you mention that you're sick of the hairstyle you've had for the last several years, and does she have any ideas? Thirty minutes later, you walk out looking entirely like yourself — but a better, more stylish, younger version of yourself." Kitty said this honor was quite a surprise and very unanticipated. You can reach Kitty at Envyhair, 255 Congress Street, Portland 207-775-4959.

### For Sale: Tavecchia

Judith Parker is a long-time client of Honeck•O'Toole's. She's also been the owner of Tavecchia in Portland for 25 years. Her unique women's apparel and accessories shop has been a retail success in Portland, thriving on Exchange Street as other stores have come and gone. But Judith recently told us that she's ready to reinvent herself and explore the world. So now it's time for her to sell Tavecchia. Her customers have been coming to Tavecchia for many years because they want something a little unusual with a lasting, distinctive appeal. Local residents and tourists have always counted on Tavecchia to offer something special that no-one else seems to have in this area, and the following is quite loyal. If you're intrigued at the idea of owning this wonderful business, contact Judith at the shop: 772-1699.

### Tick Tactic

[Product photo]

Tick Tactic®, a new product made by Maine-based Lyme Alert, has been launched by Jane Honeck and friend Mo Babicki to help address an alarming health threat to people and animals; Lyme disease. It is estimated that 30-60% of deer ticks carry Lyme disease and other dangerous co-infections. Every year, hundreds of people don't even realize they were bitten by a deer tick…until it's too late and they become very ill. The Tick Tactic® tick identification and removal kit is a unique new solution that can help people protect themselves, their family members and their pets from being stricken with this serious disease. Cleverly packaged in a three-inch metal "mints-style" tin, Tick Tactic® offers a complete source of tips and tools to identify tick bites and remove them correctly. It includes a "How To" booklet, deer tick identification guidelines, tweezers, alcohol disinfectant, magnifier, bag for tick disposal or sending to a testing facility, pencil, a symptom record and resources for learning about Lyme disease. Tick Tactic® is manufactured in Richmond, Maine and is offered at the suggested retail price of $5.99. It can be found in convenience stores throughout New England and New York, and is also available at www.lymealert.com.

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Fifty Portland Pier
Portland, Maine 04101

INSIDE

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