



## Ask Evelyn Preston

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Evelyn's new book,  
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# Making "Ends Meet"

Like the old song, people are "bewitched, bothered and bewildered" by the 2009 downturn's drain on their dollars. Some even "cry me a river" they're so afraid to make a wrong move yet continue to watch their savings evaporate as they follow the pros' advice to hang in. How about CD's? Bonds? Cash or the mattress?

Almost everyone craves sane direction and specific steps toward saving and spending. Larry Hayes, ActiveOver50's involved publisher/editor, mirrors his readers' concerns in a conversation with *The Money Lady*.

**LH: For us Over 50's, what's the main step for bridging this recession to a secure retirement?**

ML: Start immediately to reduce or eliminate debt. Credit card balances, credit lines, high cost mortgages, etc., remain a drag on a severely reduced bottom line. As savings shrink, what you owe balloons into a larger percentage of a suddenly smaller nest egg.

**LH: How does age factor in financial planning?**

ML: Time is a major component. Got 20, 30 years? All will be fine. Only got 5 or 10? Then reducing

risk is more important than ever. When will you start to live off savings? Investments earning 8 to 12% a few years ago are not only losing up to 40% of their total value, but safer alternatives are returning as little as 1 to 2%. That's no hedge against a 6% mortgage or a 9, 13, 20% finance charge. The older we are, the less time we have to recoup, and near-term (2009-10) markets may flounder or at best remain flat. This makes reining in what goes out while rebuilding what's left much more of a priority than it was before.

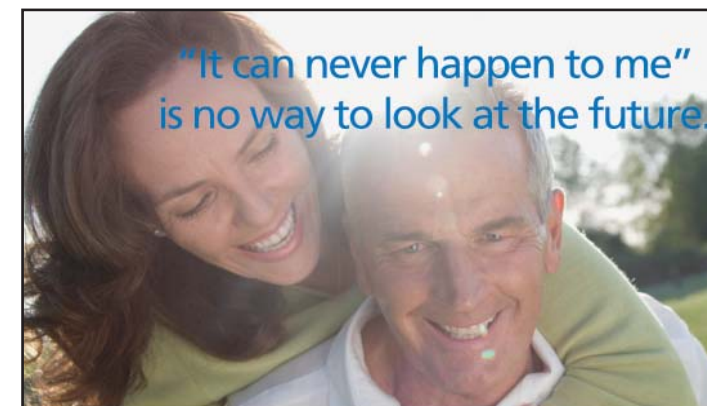
**LH: Then this is also the time to start saving more, right?**

ML: Anything from cutting costs to saving pennies. It's high time for everyone to make an important distinction between bare necessities and those things we can actually live without. Suze Orman, the high priestess of penny pinching, echoes the back-to-economic-basics touted often in this column. She emphasizes the new reality for this Now World and advises defining the difference between NEEDS (mortgage, insurance premiums, groceries, gas, etc.) and WANTS (vacations, the latest fashions,

massages, even that second car). Making that list on paper—and checking it twice, or more—will highlight those extra bucks that burn right through our bank accounts. Scratch the movies and popcorn, the pedicures and prepared foods. What's frivolous and what's practical is completely subjective, so one person's daily latte is another person's monthly mow and blow.

**LH: Some people are really strapped—lost job, fewer savings, higher costs. Any ideas?**

ML: Many! Along with cutting down, start cutting coupons. Help yourselves by helping businesses from Round Table's half-off Tuesdays to restaurant two-fers, on-line rebates and senior discounts. Get creative! Whole neighborhood's are back to bartering—one guy fixes cars while the consultant next door handles taxes. To stay healthy, wealthy...and green, add a small veggie patch in a sunny spot! And there's always eBay! There's also a great deal of saving in sharing. Grandma drives her bridge group who pay back with casseroles and kick in for gas. Swap meets, hand-me-downs, thrift shops are all back in vogue while haircuts, premium TV, cell phone plans can all be downgraded. There're freebies for the disabled; volunteers often receive perks. Cash is king in lowering costs—always ask—and Americans are the only group I know who seldom bargain.



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