

Diversity Article – April 2010

## Personal Finances

At tax time many of us realize that we don't really have control of our financial lives.

Who really understands their own tax return, and what they might be able to do (legally) to minimize their taxes? What's the difference between dividends and capital gains? How about your 401(k) or 403(b), do you understand your investment options and have a strategy that will help you build your retirement fund effectively? Do you have any idea what companies you own within those retirement funds? Do you know how much you are going to need in order to retire (or send your child to college, or change careers, or...)? Are you familiar with the difference between a traditional IRA and a Roth IRA, and which one might make the most sense for you? Do you have any idea what would happen to your "stuff" (financial accounts, jewelry, house, car, personal journals, CD collection) if you were in a car crash and became incapacitated or died?

Are you thoughtful about what products you buy and businesses you support, and how you get around town, because you care about your community and environment? Have you been able to apply these same concerns to the financial products you use, like where you bank and how you invest?

As much as we might try to avoid thinking about it, we live in a very complicated financial world. And, for better or worse, we live in a country where each person is pretty much responsible for his or her own financial well-being, with a little government help.

If you are a same sex or unmarried couple, your financial life is even more complicated because our laws are not designed to accommodate you like married couples. And, if you are an unmarried couple with a child, you have an additional layer of things to figure out.

The purpose of this new column is to begin to provide guidance on some of these issues. Even if we don't like to think about money or finances, it's important. The decisions you make now determine what options you will have in the future. And if we don't deal with financial decisions thoughtfully and rationally, we end up dealing with them emotionally, which can lead to very bad choices.

I will try and pick one financial planning or investment topic of broad interest for each column, and provide some general guidance and resources. I will also address how it applies to same sex couples. Some of these topics will be boring but necessary (like taxes), while others might pique your interest a bit more (understanding your own feelings about money, socially responsible or sustainable investing). I encourage you to

let me know what your pressing issues are by emailing me at: DIVERSITY EMAIL ADDRESS.

My goal in writing this column is to help you (readers) manage your personal finances so you are comfortable with where you are, comfortable with where you are going, and comfortable with what your money is doing. None of us has total control over our finances. Who wouldn't like to earn more at work, or have had their investments grow over the last 10 years instead of stagnate? But, understanding your own situation and options can relieve a lot of anxiety and help you make better decisions, decisions that help you live a fulfilling life and reach your personal goals. Whether your goals are to retire and travel, become a yoga teacher, buy a house, donate more to your favorite cause, or send a child to college, being thoughtful about your finances can help you achieve those goals. After all, that's what money is for.

*Kathy Stearns is a fee-only financial planner and investment advisor in Boise. She sells no products and earns no commissions. She is an Investment Advisory Representative of First Affirmative Financial Network (SEC File #801-5687), which serves socially conscious investors and has more than \$500 million under management. Prior to becoming a financial planner she spent more than 20 years working in the nonprofit sector to increase economic opportunities for the disadvantaged in developing countries and the US. Her website is: [www.arcadvisers.net](http://www.arcadvisers.net)*