



## Holiday Gift Ideas

In anticipation of the gift-giving season, here's a list of useful personal finance gifts, both large and small:

### **Piggy Bank**

Our favorite gift for young children is the Money Savvy Pig, available at [http://www.msgen.com/prod/assembled/money\\_savvy\\_pig.html](http://www.msgen.com/prod/assembled/money_savvy_pig.html). This piggy bank is made of clear plastic -- which means kids can see their progress -- and is divided into four categories to teach kids about the different uses of money: Save, Spend, Donate and Invest. The Money Savvy Pig is the winner of a Parents' Choice Foundation award; according to them, *"this product is original, educational, and morally commendable. And yes, it inspires creativity. It provides kids with the tools and the opportunity to see how dollars are spent."* We concur. The manufacturer also sells a Money Savvy Cow and a Money Savvy Football, should those be more appealing!

### **Roth IRA**

Funding a Roth IRA for your teenager or grandchild is a wonderful gift, and a great way to teach them about investing, and the tremendous power of saving early in life. You can gift funds to the child, and they in turn can fund the Roth IRA. This gift is only appropriate for kids who have earned income (money earned from working as opposed to money earned from investments), as that's a requirement for funding a Roth IRA. The 2008 contribution is limited to the smaller of \$5,000 or the child's total earned income. The child won't get a tax deduction for funding a Roth, but most kids don't have a tax liability anyway, and a Roth provides for tax-deferred earnings over the child's lifetime, and nontaxable distributions in retirement.

### **Basic Personal Finance**

Our favorite personal finance book for people just starting to plan for a family, buy their first house, or save for retirement is Jane Bryant Quinn's "Smart and Simple Financial Strategies for Busy People". It's a shortened version of her classic "Making the Most of Your Money", which is the first personal finance book I ever bought (unfortunately, it's now outdated). "Smart and Simple" is just that; she prioritizes and simplifies financial issues, which makes for a very digestible 256 pages. Her advice is always sound, and she has an easy and clear style of writing which makes her an excellent guide for those who are learning. This book also makes a great graduation gift.

## Organizing Your Records

Any of you who have gone through the comprehensive financial planning process with us in the last few years will recognize this product: the Homefile organizer at <http://www.homefile.com/>. The "Financial Planning Organizer Kit" is a great way to get one's paper files organized, and organized financial records can be the first step on the way to an organized financial life. The guts of the kit are a series of file folder dividers by topic. The dividers display what to file behind here, what not to file behind here, and when you can archive or shred these records. We've gotten very positive feedback from this tool.

## Planning for Retirement

Here's a gift for the baby boomer who has come full circle. I and many of my siblings used the career-planning guide, "What Color is Your Parachute?" way back when to help identify and articulate a career path after graduating with a liberal arts degree. Now many of us are approaching retirement age, and can benefit from the new version: "What Color Is Your Parachute? For Retirement: Planning Now for the Life You Want" at [http://www.tenspeed.com/store/index.php?main\\_page=pubs\\_product\\_book\\_jph1\\_info&products\\_id=2347](http://www.tenspeed.com/store/index.php?main_page=pubs_product_book_jph1_info&products_id=2347). This is a good gift for someone who likes to complete worksheets as a way to work through the decision-making process in a methodical fashion.

For people who hate worksheets, a better choice would be Lee Eisenberg's "The Number". This book, which is terrifically fun to read, is appropriate for people who are within 5-10 years of retirement. It covers both the basics (The Number refers to how much each person needs to walk away from their job, forever) and beyond, including a very strong section on the importance of figuring out what you're retiring to. The New York Times Book Review's Neil Genzlinger said: "*The Number ends up being a useful, entertaining general tour of the subject, full of points to ponder for all those procrastinators who have been entrusting their long-term future to the Retirement Fairy.*" Highly entertaining!

-- Therese Govern. Posted 11/17/08.