

The Meridian Median

This Month's Advice

An excerpt from Kiplinger's "Financial Lessons for College Students" by Janet Bodnar

Forget tuition. Once that bill is taken care of, the biggest financial challenge you face when sending kids off to college is making sure they don't overdraw their checking account or run up a credit-card bill they can't pay off. Here's how to help boost their financial GPA (and save big bucks on fees).

Open a low-cost checking account in your child's college town, especially if his current bank doesn't have branches there. Pay close attention to the bank pitches you've been getting in the mail so that you can spot the best combination of low balance requirements and low (or no) fees. With a host of new regulations squeezing bank revenues, totally free checking will be harder to come by and may come with strings attached, such as a minimum number of required debit-card transactions. For help in searching for an account, go to www.checkingfinder.com. Extra credit: Choose a bank with a network of ATMs that's convenient to your child's dorm or favorite hangouts. College kids are
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*To My Clients:
A Message from
Jim*

I hope everyone is enjoying their spring break. The markets in March showed signs of approaching summer with a roller coaster ride for the month. We weathered the storm of a political uprising in the Middle East and a terrible earthquake in Japan. If the equity markets ever had a reason to fall, last month was it. Fortunately for us our trade with Japan is very one sided as we import far more than we export. When the dust settled we ended where we began with the S&P 500 closing at 1325.8, flat for the month. For the year the S&P is up 5.4% with similar gains in the Dow 30 up 6.4% and the NASDAQ up 4.8%. The market has had every reason to decline during the last two months and continues to remain resilient. This bodes well for the future and I continue to expect the averages will be up 10 - 12% for the year. The economy continues to improve with signs that unemployment
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Money beats: Year to Date Performance Percentages

Domestic Indexes

Dow Jones Industrial Average PR	6.4
NASDAQ Composite	4.8
Russell 2000	7.9
Standard & Poor's 500	5.4

Foreign Indexes

MSCI AC Far East ex Japan ID	1.6
MSCI EAFE NDTR_D	3.4

Bond Indexes

Barclays Aggregate Bond	0.4
Barclays Mortgage-Backed Bond	0.6

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notorious for running up ATM fees by going to the closest machine, even if it's not in their bank's network. Set up an overdraft strategy. Students are also prime candidates for racking up charges by overdrawing their accounts with small purchases at the drugstore or coffee shop. As a result, they're particularly affected by new rules that prohibit banks from automatically enrolling customers in pricey overdraft-protection programs. Now you have to actively select such a program or choose a less-expensive option, such as linking your child's checking account to a savings account -- or letting him suffer the embarrassment of having his purchase declined (see *Closing the Door on Overdrafts*).

Extra credit: Have your child sign up to get balance alerts via e-mail or text when his balance is low.

Downplay credit cards. New rules require that young people under 21 have a co-signer when they apply for a credit card. Don't be too quick to sign, or even to make your child an authorized user on your card (see *Debit vs. Credit Cards for Kids*). Your student should first be responsible enough to manage a checking account. If he doesn't overdraw his account, he may be mature enough to handle a credit card. But don't rush it.

Extra credit: Regardless of whether your child uses a debit or credit card, he shouldn't get in the habit of picking up the check for group pizza or beer and expecting to collect from everyone else. That's another big money pit for college students; even with the best of intentions, their buddies will never pay up.

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is falling and job growth is on the rise. The only significant negative is housing as home prices have recently renewed their fall. It will take another two years for the home market to stabilize and see prices begin to rise.

The fixed income market also stabilized in the month and bond prices are virtually flat for the year. I still expect rising interest rates as the economy improves and have taken a defensive position in our fixed income investments. We are focusing on floating rate securities and convertible bonds to limit exposure. Floating rate securities interest payouts will rise when rates increase and the convertible bond market will improve as the stock market continues to rise. The Federal Reserve holds the key to rising interest rates and continues to hint that they will support the market and keep interest rates low in the short term.

The strategy for aggressive clients is to increase exposure to the stock markets, limit investments in fixed income to those described previously and have a strong position in alternatives, especially commodities. For moderate risk clients: to hold a slightly more aggressive position in equities and limit interest rate exposure by remaining short in bond maturities and floating rate securities while maintaining a well diversified portfolio. For my conservative clients: remain moderate in maturities and maintain a small exposure to the equity markets. Industries I continue to focus on going forward are technology, health care and oil and gas.

If you have any questions or would like to discuss your account please call me at 231-237-9715 or email at jamescar@meridian-advisory.com.