

**Subject:** Newsletter: Successfully Lending Money + Reducing Your Expenses in One Day

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**From:** Greenleaf Financial Group

**To:** info@greenleaf-fg.com



## **Hello Greenleaf: Welcome to Our Client Newsletter**

### ***In the November Issue***

**-- How to Successfully Lend Money to Family or Friends.**

**-- My Expenses Keep Creeping Up. How Can I Cut Back?**

**-- Market News: Small Company Stocks Rise After Election.**

### **How to Successfully Lend Money to Family or Friends**

Many things can go wrong when you agree to lend money to a family member or friend. Too often, money meant as a loan turns into a gift. Moreover, your relationship can become strained when you see your borrower spend money on a vacation or other luxury instead of repaying the loan.

For the benefit of both parties, it's important to

### **My Expenses Keep Creeping Up. How Can I Cut Back?**

In the most recent issue of Kiplinger's magazine, journalist Diane Harris details how she spent one nine-to-five day seeing how much money she could save on her regular expenses. Some wins were easier than others, but her eight-hour day resulting in annual savings of \$4,466.41!

Can you equal Harris' results? Here's her best

### **Market News: Small Company Stocks Rise After Election**

After November's election results, investors piled into small-company stocks, anticipating that tariffs, lower corporate taxes, and looser regulations would benefit smaller U.S. companies. Many investors believe that tariffs will boost U.S. manufacturing and increase domestic spending and investment. In the past few weeks, the economically sensitive, small-stock segment

treat a loan as a serious financial transaction, just as a bank would.

### **1) Know Your Borrower**

If you plan to lend a large sum of money -- particularly if it is an amount that could impact your long-term financial security -- then it's important to know if the borrower will realistically be able to repay you. A good look at a credit report would be time well spent. If it shows a history of late payments or large unpaid balances, then you'll know what you may be in for.

Since a bank would look carefully at a borrower's income and assets before agreeing to a loan, you should consider doing the same. If your borrower is in a financial dilemma, but you still want to lend the money, then help your borrower create a budget. This helps your borrower get onto a sustainable financial path and could lead to a better outcome for both of you.

### **2) Agree to Terms**

To make sure both parties agree to the same set of obligations, put the details in a written contract. The length of the loan period, the payment schedule, the interest rate, and your recourse in case of default should be included and

advice:

### **Be Determined When Cancelling**

Harris downloaded a year's worth of credit card and bank charges, then looked for recurring items to cut or negotiate. She found two streaming services she'd forgotten about, an app she no longer used, and other rarely used subscriptions.

Her efforts to cancel these items followed a similar online pattern. Companies will try to entice you to stay, so be determined when your goal is to cancel.

Alternately, if your goal is to spend less, then don't take the first counter offer. Her takeaways:

- Prepare to click cancel three times to fully unsubscribe.
- If you want a better deal, hold out for the second or third enticement.

### **Talk to a Person for the Best Deals**

For services that Harris wanted to keep, she learned that the best deals required human interaction.

Typically, when you call a company to cancel a service or subscription, you will be transferred to the retention department.

jumped about 8%.

Large company stocks initially rose and the S&P 500 Index passed 6,000 for the first time ever. However, the index then dropped -2% as data showed a tick up in inflation. In addition, the nomination of Robert F. Kennedy Jr. as health and human services secretary caused stocks such as Moderna and Pfizer to decline.

During November, the U.S. dollar also reached a two-year high. While this is happy news for anyone traveling overseas soon, it was detrimental for investors holding stocks headquartered outside of the U.S. Trade threats are partly to blame, but Europe's economy is also lagging, while the U.S. economy is perking right along.

Throughout 2023 and 2024, U.S. stocks have outpaced the rest of the world due to the AI boom and expectations for multiple interest-rate cuts. While this has resulted in substantial increases in account values, it's hard to deny that U.S. stocks are now at high prices.

Still, the post-election investor sentiment is enthusiastic and market trends -- both up and

signed by both parties.

If your borrower is offended by this arrangement, that's a warning sign not to proceed without sufficient protections. A personal loan agreement will provide court enforcement through liens or wage garnishments if your borrower defaults.

## **2) Establish a Repayment Plan**

What day of the month will payments be due? How will the payments be made? Is there a grace period? And what are the penalties for a late payment?

Along with these critical details, you can include incentives that benefit the borrower. For example, you could agree to forgive one payment a year if the previous eleven payments have been on time and in full.

## **3) Determine the Right Interest Rate**

An interest-free loan is likely to disincentivize the borrower from repayment. Moreover, there could be tax implications if the loan charges a rate that is less than the Applicable Federal Rate (AFR). The AFR is the minimum interest rate that the IRS allows for private loans. The IRS publishes

The retention department -- surprise! -- will try to keep you as a customer.

Harris' advice for this category:

- Check the company's website for new-customer offers. Ask for that same price.
- Use open-ended negotiating questions, such as "What can you do to help me reduce my bill?"
- Don't be afraid to keep asking "what else can you do for me?"

## **Some Items Won't Be Easy**

Getting a price cut on her cellphone service was Harris' hardest task. She discovered that her Verizon representative's strategy was to keep her on the phone a long time, eventually wearing her down while offering different plan options with no meaningful savings.

Harris advice for difficult items:

- Be firm about saying no to new features that don't provide real savings.
- Be equally firm about what you want. If your goal is to save \$50 per month, stick to it.

down -- usually go well past the rational numbers. For now, investors are basking in expectations for increased corporate profits in the U.S.

We welcome your questions about your investment strategy and we appreciate your business. Thank you!

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different rates for short-term, medium-term, and long-term loans and these rates are updated monthly.

#### **4) Anticipate Difficulties**

Your loan contract should also anticipate difficult future events. What if the lender or borrower dies? If there is a dispute, who pays the legal expenses? Should you have the signatures notarized or witnessed?

In some cases, it makes sense to have an attorney create or review the loan document. Free templates, such as *these versions* available on the LawDistrict website, may suffice for modest dollar amounts.

Keep a running tally of the money you're saving with each cancellation or negotiation. Seeing the numbers add up will keep you going as you take on one money-savings call after another.

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