

Green industry demands low-carbon dollars

COPENHAGEN, (Reuters)—Top executives from companies likely to win from climate change policies demanded on Tuesday that governments turn away from fossil fuels when they sign a new climate pact, expected in December.

Seven months before the world meets to try and thrash out a new global treaty to replace the Kyoto Protocol, executives and investors called for tough targets to slash carbon emissions at a green business conference in Copenhagen.

Denmark's Prime Minister welcomed a statement drawn up by top executives from pro-green business, including wider industry comments, calling for aid to help clean technologies replace fossil fuels.

"There's only one way forward and that is low-carbon growth, our world should no longer depend on fossil fuels," said Lars Lokke Rasmussen, prime minister of a country which gets a fifth of its power from wind, and which hosts the UN-led climate negotiations in December.

"You hold in your hands the key to reshaping the world by bringing low-carbon products to the markets," he told more than 500 executives attending the May 24-26 World Business Summit on Climate Change.

A "Copenhagen Climate Council" of 12 chief executives, as well as academics and development groups wrote a final statement which called for greenhouse gases to peak within a decade. They included the chiefs of DONG Energy, Vestas, Duke Energy, Virgin Group, Suntech Power and others.

"The new climate treaty must push the development of new technologies through public funds," said the statement in its "Copenhagen Call." "Governments should strive to end subsidies that favour high emissions transport and energy infrastructure."

Old industry
On Sunday UN Secretary-Gen-



A man walks at a solar farm in Kibbutz Kvutzat Yavne, Israel. An Israeli energy company launched the solar farm using new technology it says can produce cheap and efficient electricity while supplying hot water to homes. URIEL SINA/GETTY IMAGES

eral Ban Ki-moon told business leaders at the meeting to lobby governments for low-carbon support instead of against high-carbon penalties, saying green technology was an opportunity.

European Commission chief Jose Manuel Barroso said on Monday: "Achieving a 20 percent share for renewables could mean more than a million jobs in this industry by 2020," referring to an

EU energy target.

Some executives at the conference doubted the motives of big business, saying they talked green while carrying on as normal, for example investing in fossil fuels.

The chief executive of U.S. utility Duke Energy, James Rogers, said on Tuesday he may be building his last two coal plants, to bet instead on nuclear power.

Cleantech entrepreneurs called

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for more money for them, and less to pay big oil to clean up.

"We need to support the innovators," said Shai Agassi, chief executive of electric car infrastructure company Better Place.

Australian scientist and campaigner Tim Flannery, one of the conference organizers, said climate change was harming his home country. "Water resources have dried out to the point where they're now affecting the future of some of our cities. I've seen our agriculture wither and decline."

In Paris, major economies including the United States, China, the European Union, Russia, India and Japan, met earlier this week to seek common ground ahead of the December gathering.

Rounding up debt payments

By TRENT HAMM
TheSimpleDollar.com

One technique that I've always used to make my personal finance management easier is to round up regular debt repayments to the nearest \$10 or \$100. I do this for two reasons. First, a round number is much easier to handle for simple calculations. With a nice round number it's easy to just glance at my checking account balance, subtract those nice round numbers from that total, and get a good grasp of where exactly I'm at with my money. Second, the extra bit that I pay from the rounding usually chops a payment or two at the end, saving me a bit of money over the long haul.

The dollars and cents

Let's walk through three examples that demonstrate quite clearly how rounding up can directly save you money:

The scenario

You've just taken out a \$150,000 mortgage to buy a home. It's a thirty year mortgage, locked in at 5%. Thus, your monthly mortgage payment is \$805.23.

Rounding up to the nearest dollar

If you decide to round the payment up to the nearest dollar, you'll just submit a payment each month for \$806 - an overpayment of just \$0.77. Your final payment would be reduced to \$165.16, and your total savings over the lifetime of the loan would be \$363.64.

Rounding up to the nearest ten dollars

If you decide to round the payment up to the nearest ten dollar increment, you'll submit a payment each month for \$810—an overpayment of \$4.77. Your payments would end four months earlier and your final payment would be only \$112.15. This would result in a total savings over the life of the loan of \$2,220.67.

Rounding up to the nearest hundred dollars

If you decide to round the payment up to the nearest hundred dollar increment, you'll submit a payment each month for \$900—an overpayment of \$94.77. Your payments would end six years and four months earlier and your final payment would be only \$2.95. This



By utilizing the method of rounding debt payments up to the nearest \$10 or \$100, you can save substantial amounts of money and reduce the total number of payments on your debts. PHOTOS.COM

would result in a total savings over the life of the loan of \$34,605.19.

The savings numbers are actual savings - the amount that the total interest on the loan would be reduced. I did these calculations using Bankrate.com's excellent mortgage calculator.

The psychological benefits

For me, there are big gains from this method beyond the mere dollars and cents. As I mentioned above, it makes personal finance calculations much easier. With rounded payments, I can easily do calculations in my head that without rounding would require a spreadsheet or a calculator. That convenience comes through time and time again, from thinking about ATM receipts to doing some basic budgeting on a piece of scratch paper. Rounded payments save time.

Second, I feel good in the realization that I'm paying ahead on the debt. While it's not a large amount, it is an amount that's going straight against the principal, and with each month's overpayment the interest burden is going down faster and faster. It feels quite good to see that each time on the account statement.

Third, the overpayment amount is small enough that I don't "miss" it. If I make an \$8 overpayment, those \$8 are not going to make the difference in my personal finances.

I'll silently make up the difference throughout the month with better buying habits at the store or an impromptu decision to not splurge on something. The "downside" of the early payment is small enough that it has no real impact on my finances - until, of course, the bill goes away earlier than expected.

Automation

Having said that, it's worth pointing out that automating your finances changes this pattern somewhat. Instead of worrying about a round overpayment on each of my automatic bills, I instead make sure that the total amount of the bills I pay automatically each month is rounded to a nice even number.

Here's how I do it

Each month, I have a payment due for my student loan, my car, and my mortgage. When I add these together it comes up to a very odd number. That's the number I round up to the nearest hundred, then beyond that I contribute several hundred more in an effort to pay down the debt early. In the end I have a nice flat number I use each month in my calculations - \$2,500, to be exact.

Since I pay all of these bills on the same day automatically it's easy for me to look at my balance and do the mental math necessary to make sure everything is in proper order.

Your personal finance advisor: Funding private school

By ELAINE RACHLIN, CFP

There are more than 28,000 private schools in the United States, serving more than 5 million students. While public school is paid by tax dollars, private school attendance can be a costly endeavor for families. As college costs loom in the future, parents need to carefully weigh an investment in private school education to determine if it is the right fit for your family.

The cost for private school tuition varies widely. While some students qualify for free or reduced tuition based on need, the majority pay full tuition for attending a school independent of the state. Research shows schools with religious affiliation can cost less, with annual tuition averaging \$2,500*. Private schools without religious affiliation can be as expensive as a private college or university, with annual tuitions averaging \$15,000. With that kind of annual tab, it's important to do research and talk with your financial advisor to determine your options.

There are benefits to attending to private school. For some parents, religious instruction is a priority that public schools cannot address. Parents may also want their kids to benefit from smaller class sizes or more access to extracurricular activities.

Some may view a private education as college preparation. The reality is, a private school education is no guarantee of admission into an Ivy League University. Admission to most colleges and universities is based primarily on grades and test scores. The ability to pay tuition is becoming more desirable as the limits of scholarship programs and endowments are tested by the growing number of need-based applicants.

Parents with sparse savings accounts or who suddenly find themselves unemployed may need to rethink funding private education for their children. If paying for private school will prohibit your ability to pay for college, then you might want to save your money and have it available later in life. Evaluate the cost of private school to ensure you are able to realize your financial



Elaine Rachlin, CFP, Financial Advisor, Ameriprise Financial Services, Inc. AMERIPRISE.COM

goals, such as retirement, medical treatments, mortgage payments, or other priorities.

*Characteristics of Private Schools in the United States: Results From the 2003-2004 Private School Universe Survey, National Center for Education Statistics, U.S. Department of Education Institute of Education Sciences, March 16, 2006.

Stick to your financial goals

To evaluate the financial impact of a private school education, add up the annual cost of attendance and multiply by the number of years until graduation. Compare this to the cost of attending public school (school lunches, before-and-after care, etc.) It may seem affordable to spend \$2,500 on annual private school tuition at the elementary school level, but keep in mind, tuition typically rises at the junior high and high school levels. Also, while you may get a discount for enrolling more than one child at a private school, your annual expenses will go up considerably if you're paying for siblings. Your true appraisal should consider what your life would be like if you could tuck that money into an interest-bearing account and have it available for the future.

If paying for private school will prohibit your ability to pay for college, then you might want to save your money and have it available later in life

Talk to a financial advisor to get an objective perspective on funding your child's education. The important thing is to make sure you are looking at the big picture and taking into account all of your financial obligations along with your dreams. Carefully weigh the benefits and costs of both private and public education.

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