

Money for thought

Shoppers contemplate how to spend rebates

By BOYD FLETCHER

THE AURORA SENTINEL

AURORA | With nearly \$100 billion in checks coming to Americans as part of an economic stimulus plan to ramp up spending in a slowed economy, people around Aurora are figuring out just how they want to spend their government-issued cash — if they are spending it at all.

At Southlands Mall in Aurora, shoppers plans ranged from big spending to big saving.

Melissa McLellan, 26, was out window-shopping on Friday at the mall. She said she had already spent her check, and then some, upgrading the decor of her Denver home.

"I spent mine on furniture," she said. "I just paid off a little bit of it."

U.S. Treasury Secretary Henry Paulson said May 9 that financial markets are "considerably calmer" now than they were two months ago. He predicted the economy will be rebounding by the second half of this year.

In a speech to business executives in Washington, Paulson said the drag from housing, which he characterized as still the biggest risk to the economy, will soon be lessened by nearly \$100 billion in economic stimulus payments to U.S. households.

For 19-year-old Lindsey Cross, stimulating the economy means a new look to her house.

Cross, said she planned on spending her money on furniture for her new home in California. The University of Southern California student said after years of

sleeping on dorm beds and uncomfortable couches, it's time to get a new bed and mattress.

Cheryl Nelson was in town shopping with family from Elbert Lee, Minn. She said her stimulus check went to gas for her trip to Colorado.

"We are spending our money on gas to drive here to be here for a wedding," she said with a smile.

Still, others are justifying larger purchases for themselves.

Carrie Gurd, 29, said she planned on using the money to buy a cheaper means of conveyance around town.

"I am buying a scooter," she said. "It'll save me some gas (money)."

And while she says the roughly \$600 won't be enough to get a stylish, trendy Vespa scooter, she says she isn't going to skimp and buy a cheaper scooter.

"Why would I want to put the money in the Chinese (economy) when our government gave us the check," she said.

Vespa scooters are manufactured by Piaggio in Italy.

The economy has been pushed to the brink of a recession by a prolonged housing slump, a credit crisis, soaring energy prices and more than a quarter-million job layoffs over the past four months.

"The fiscal stimulus will provide support to the economy as we weather the housing correction, capital markets turmoil and higher energy and food prices," Paulson said in his prepared remarks.

In his remarks, Paulson never used the word recession, al-

though many private economists believe the country is in one.

But he did forecast that the stimulus checks going to 130 million households would help spur growth in the second half of the year. He said that those checks along with business tax breaks in the \$168 billion stimulus package would add 500,000 jobs by the end of the year over what would have been created without the stimulus boost.

"Although we are still working through housing and capital markets issues, and expect to be doing so for some time, we also expect to see a faster pace of economic growth before the end of the year," he said.

Paulson said that both the ability to obtain loans and investor confidence are gradually improving, raising hopes that the financial market crisis which hit last August was beginning to recede.

"We are seeing signs of progress as capital markets and credit markets stabilize," Paulson said. "The markets are considerably calmer now than they were in March."

In March, the credit crisis claimed its biggest victim with the near-collapse of Bear Stearns, the country's fifth largest investment bank.

Paulson said "some bumps in the road ahead" are to be expected, but that he believes significant progress in dealing with the credit crisis has been made.

But those bumps are exactly what some say they are preparing for by depositing the checks in the bank or pay off existing debt.

Steve Lassow, 36, said he didn't

plan on spending his check frivolously.

"That is going to the bank man," he said. "I'm doing the smart thing with it."

Deb Worby of Parker said she planned on paying off credit cards.

However, according to at least one financial analyst, investing the money or simply holding onto it might not be the best use of the unexpected coin.

"Wall Street and the media are caught up in the quick-trade — investing \$50 and getting \$100 back," said Jason Clark of Clark Brothers Investments in Aurora. "So is investing that money a great idea? Probably not. Spending it might be the best thing you can do — and I know that doesn't sound like something a financial person would say."

And while spending the money on a new Playstation 3 or whatever expensive toy seems attractive at the time is one way of spending it, Clark suggests using the money to hire a financial advisor for their existing funds.

"I know it sounds a bit self-serving," he said. "But it's not something people would think to do. And instead of this money just being a one-time thing, you can hire someone to better manage what you already have."

"In my judgment, we are closer to the end of the market turmoil than the beginning," Paulson said. "Looking forward, I expect that financial markets will be driven less by the recent turmoil and more by broader economic conditions and, specifically, by the recovery of the housing sector."