

# There's always a next recession, so be prepared

Recessions are like natural disasters: They're inevitable, but smart preparation may reduce the impact on you.

The U.S. economy has grown steadily since emerging from the "Great Recession" in June 2009, but expansions can't continue forever, and this one is already the second-longest on record. Only the expansion from March 1991 to March 2001 lasted longer.

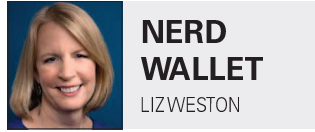
Recessions occur when growth stops and the economy starts to shrink. They vary in severity and length, but often jobs disappear, incomes decline and lenders make it harder to qualify for credit.

Knowing what may be coming can help you fortify your finances to withstand a possible slowdown. Here are some steps to consider:

## Reduce your 'must haves'

The 50/30/20 budget suggests limiting your must-have expenses to 50 percent of your after-tax income, with 30 percent allocated to wants and 20 percent to debt payment and savings. Must-haves include shelter, transportation, food, utilities, insurance, and minimum loan payments.

Limiting essential expenses ensures you have room to pay off the past, save for the future and have a little fun.



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Capping them also helps during bad economic times, when you may need to sharply reduce your spending because of job loss or reduced hours.

## Protect your credit scores

Lenders often get pickier during recessions. They may freeze lines of credit, close credit card accounts and make new loans harder to get.

People with good credit scores tend to fare better when lenders get choosy. Lenders need to stay in business, after all, so when delinquencies and defaults rise they want to cultivate customers who are most likely to pay them back.

Because high scores suggest you'll pay as agreed, protecting your scores is essential. That means paying all your bills on time, using only a small amount of your credit limits, keeping old credit card accounts open and being selective about opening new accounts.

## Increase your financial flexibility

Ideally, everyone would have an emergency fund equal to at least three months'

worth of expenses. But most people don't have nearly that much saved, and building up such a stash can take years.

In the meantime, it's smart to set up access to additional credit that you can tap if you lose your job or face other financial setbacks. If you own your home, you may be able to set up a home equity line of credit or replace your current line with one that has a higher limit. Having a few credit cards can help as well.

The key to the strategy is to keep these lines open and unused. (You'll need to make a few small charges to keep the credit cards active, but you should pay the balances in full each month.) If you have credit card debt, focus on paying that down since you'll free up available credit and save money on interest.

But don't rush to pay off student loans or mortgages, especially if you have higher-rate debt or a paltry emergency fund. Your extra principal payments typically won't reduce your required monthly payment, and you can't get that money back if you need cash in an emergency. Although being debt-free is a good goal, in a recession it can be more important to have financial flexibility.

## Update your investments

If your stock market investments include money you'll need in the next five years, now is the time to move it to a lower-risk investment such as a short-term bond fund or cash.

You should be able to leave any stock market investments alone for at least five years and preferably 10, so your portfolio has time to recover from downturns.

Now is also a good time to rebalance your portfolio to your target mix of stocks, bonds and cash. The long bull market means that you may have too much money in stocks, which leaves you more vulnerable to drops. If you're not in the habit of rebalancing at least once a year, consider using a target-date retirement fund, a lifestyle fund or a robo-advisor, which all take care of that chore automatically.

There won't be tax consequences for these moves if you're investing inside a tax-deferred account, such as an IRA or 401(k). Before making moves in a taxable account, consult a tax pro.

All of these steps make sense regardless of what happens with the economy. Taking them now can help you better handle whatever comes next.



WesCom News Service

A federal bankruptcy judge has allowed the proposed sale of the troubled Lost Valley Farm to proceed despite objections by Oregon agencies over who will clean up the dairy's wastewater and manure.

## DAIRY

*Continued from Page 1B*  
Greg te Velde declared bankruptcy in April 2018, forestalling a planned auction of his cows as part of a bank foreclosure.

Trustee Sugarman will retain the dairy's state permit, making him responsible for cleanup. The state agencies said a settlement agreement has not been finalized with Sugarman about how the cleanup will

occur.

Sugarman told the court last week the sale is necessary to move forward with cleanup.

The dairy is continuing to work with the agencies on a settlement agreement, and it is committed to cleaning up "in accordance with standards agreed to by both parties to ensure the protection of the environment," Lost Valley spokeswoman Liz Fuller said.

## BRIEFLY

*Continued from Page 1B*  
found those benefits generated a ripple effect "buying power" of more than \$333 million when members reinvested those benefits back into their local communities.

According to ECONorthwest, credit union membership has grown 14 percent since 2016 in Oregon. The study also found credit unions offer vital financial services in rural communities, such as agricultural, home, vehicle and small business loans.

## DRY CLEANING

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an American flag and reads: "In Our America, All people are equal. Love wins. Black lives matter. Immigrants and refugees are welcome. Disabilities are respected. Women are in charge of their bodies. People and planet are valued over profit. Diversity is celebrated."

Williams worked for Van Schoonhoven doing alterations briefly before opening her boutique in the summer of 2014. Williams said she had told Van Schoonhoven when she was ready to retire, she would like to buy her dry-cleaning business.

"We had just always talked about when the time was right for her to sell that I would be interested in it," Williams said.

The dry-cleaning portion of Williams' business is located in the back part of the Merri Lee storefront on Adams Avenue in what used to be her sewing room. Williams took over the dry-cleaning business on Dec. 26, and she said since then her business has been split 50-50 between the boutique and dry-cleaning.

"(It's been) super busy," she said, noting she has only one part-time employee.

While Williams and Van Schoonhoven are good friends, Williams said they don't agree on politics and

have a lot of other differing views. Merri Lee is and will remain politically neutral.

"You'll see signs in my window, but they say open for business," she said. "Everyone's welcome here ... There won't be any political anything."

Williams said she believes her lack of political affiliation at the business will help her gain customers that Van Schoonhoven may have lost. In July, 2018, Van Schoonhoven said she had a "net gain" of customers after placing the note in her window, noting she did lose some due to the sign, but she gained more for the same reason.

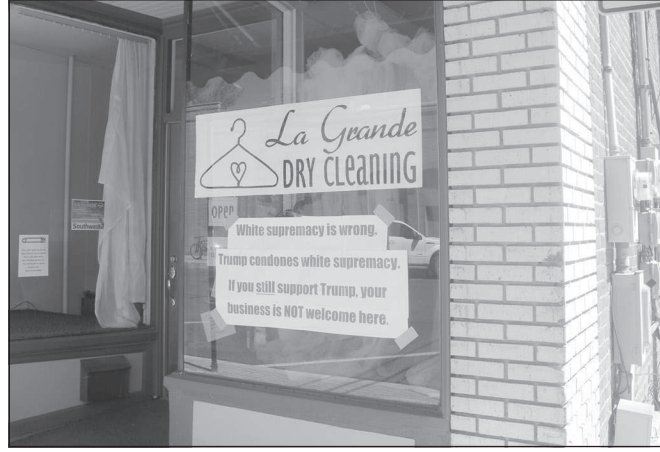
Political affiliation aside, Williams said Van Schoonhoven's presence will be missed. She noted Van Schoonhoven could often be found sitting on the couch in her business' foyer chatting with customers.

"I will never be able to fill Heidi's shoes," she said. "But I think with my own spirit and entity I'll be able to bring something to the table."

The new-dry cleaning business has gotten off to a fast start, which Williams attributes to Van Schoonhoven's assistance and training.

"That's what made (the transition) so seamless," Williams said.

Merri Lee is open from 10:30 a.m. to 5 p.m. Tuesday through Friday and from 11 a.m. to 2 p.m. Saturday.



Observer file photo

This sign was hung in La Grande Dry Cleaning's window in August 2017 by then-owner Heidi Van Schoonhoven.



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## OTEC nominating committee members appointed

**Baker City, Oregon (OTEC)** — The Oregon Trail Electric Cooperative Board of Directors have appointed the following members to the director nominating committee for Baker and Union counties:

### Positions 7 and 8 — Union County

*Seats are currently held by incumbents Greg Howard and David Baum*

- Donna Beverage 541-786-1492
- Mary West 541-910-4546
- Russell Lester 541-910-0906

### Position 9 — Baker County

*Seat is currently held by incumbent Charlene Chase*

- Diana Brown 541-523-3679
- DeeDee Clarke 541-524-1999
- Fred Warner, Jr. 541-524-2040

The nominating committee handles interviewing and recommendations of qualified candidates for the 2019 OTEC Board of Directors elections. If you are a member of the cooperative and are interested in running for the OTEC Board of Directors, please contact one of the committee members in your county.

The committee has requested any members interested in stepping forward for consideration, please contact them on or before January 29, 2019.

The nominating committee must submit its nominations to the board secretary no later than February 1, 2019.

Any member wanting to petition for placement on the 2019 Board of Directors election ballot should contact Lea Gettle (541-524-2831) for the petition and conflict of interest forms.

Nominations by petition must be filed no later than March 5, 2019, must be signed by the candidate and include at least 50 OTEC members' signatures who are qualified to vote. In addition, there must be a request that the candidate's name be placed on the ballot.

A copy of the bylaws describing the terms of office, application and qualifications needed to serve on the nine-member board, along with a conflict of interest policy are available online at [www.otecc.com/about/annual-meetings](http://www.otecc.com/about/annual-meetings)

Each director's term of office is for three years. The election will be completed at the annual meeting scheduled for Saturday, May 4, 2019, in John Day at the Grant County Fairgrounds. All OTEC members and their families are encouraged to attend.

### About the cooperative

**Oregon Trail Electric Cooperative (OTEC)** is a not-for-profit, member-owned electric cooperative that serves over 31,000 homes and businesses in four counties in Eastern Oregon. Headquartered in Baker City, OTEC has district offices in Burns, John Day and La Grande.