

CLIENT TELL

Raising Money-Saving Kids

by Mary Ann Hewitt

Understanding how money works for you can make a tremendous difference in the life of you and your family. It can add to your financial well being and increase your sense of control. The following statistics will make you a believer in the importance of financial literacy for children:

A *Consumer Reports* survey of 12-year-olds found that 28 percent didn't know that credit cards are a form of borrowing. Forty percent didn't know that banks charge interest on loans.

33% of employees increased their contributions to their retirement savings plan after having received financial education.

Children's spending has roughly doubled every ten years for the past three decades, and tripled in the 1990s.

More than 1 in 5 youth ages 12-19 have their own credit cards, have access to parents' credit cards, and 14 percent have debit cards.

Thirty percent of youth report that their parents rarely or never discuss saving and investing with them; 47 percent say their parents rarely or never discuss household budgeting with them.

What Parents Can Do:

Examine family attitudes about money.

Kids at a very early age sense the power of money. They see or hear their parents show off the latest purchases or save and invest their money.

Become financially literate.

Check out books from the public library on financial matters. Find a free class to attend. Camps where money is the theme may even be available in your area.

Involve children in appropriate family financial decisions.

As a family look at the positive and negative points of a financial decision that affects (Continued on Page 3)

BECOME A MESSENGER !

Do you remember how you found out about CCCS? Can you recall what prompted you to make that first call? Nearly 15 percent of our clients were referred by family members or friends. Another six percent learned about our services from a previous client. By providing information about CCCS, these amazing messengers helped people they know take a step toward financial freedom.

If you know someone who needs help with budgeting or debt problems, why not lend them a helping hand? Tell them about CCCS's services and encourage them to call 1-800-642-2227 for an appointment. The advice you offer could change somebody's life for the better. All you have to do is spread the word.

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FROM THE PRESIDENT
Jim Godfrey

As a CCCS client, you probably are more aware of how debt problems can affect a person's financial well-being than many consumers. That said, have you taken the time to teach your children to use credit wisely? Today, creditors market to an increasingly young audience, so it's never too early to start — and education continues once they leave to live on their own. If you haven't already discussed the pros and cons of credit with your college student, do so the next time he/she is home.

Does your student know how credit and debit cards work? Teens who understand basic money management principles are more likely to make smart credit decisions. Make sure your child recognizes the difference between credit and cash, how credit works, and the negative consequences of a bad credit history. Stress the importance of only using credit for essential items and of paying monthly bills in full. Also discuss why it's wise to pay (Continued on Page 3)

Client Tell

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HELPING AGING PARENTS WITH THEIR FINANCES

At one time or another, many of us will be called upon to oversee the finances of the very people who taught us to budget and save – our parents! In a recent survey, over 40 percent of those polled said they had never talked to their elderly parents about their finances. This lack of communication ultimately may result in problems if a parent suddenly becomes incapacitated or dies, and family members are called upon to reconcile his/her accounts or estate. If you have aging parents, you can avoid this situation by planning and preparing together. Here's how:

Talk with your parents. Older adults who fear losing their financial independence or confronting their own mortality may find it hard to discuss money with their children. So be sensitive, objective, and respectful in your approach. Help your parents make an inventory of their current finances. What income do they have? What bills do they owe? Do they have investments or liabilities that will aid or hinder their quality of life in the future?

List and locate financial records. Help your parents to list assets and important documents such as bank addresses; safe deposit box numbers; home safe combinations and keys; pension, annuity, and investment information; life, property, and casualty insurance policies; birth certificates; tax returns; and burial instructions. Write down where each item is kept. Also include the date of purchase and cost of any assets – this information may be needed to establish a tax basis in the event the assets must be sold.

Help make life decisions. Encourage your parents to make provisions for their future needs. For example, they may wish to set up a *durable power of attorney* for their property. This document will allow you (or whoever's appointed) to make financial decisions for them if they ever become incapacitated. They may also wish to create a durable power of attorney for their healthcare and to sign an advanced directive. If a parent suddenly becomes ill, these documents will save your family money and emotional stress— not to mention the inconvenience of court intervention. Also suggest that your parents see an attorney who specializes in estate planning. This professional can help them set up their wills or living trusts, prepare essential documents, and show them how to reduce their estate taxes.

Prepare for the long term. It's financially and emotionally draining when parents require long-term care. But for many families this is a reality. If you're faced with the expense of supporting an aging parent, research the options. There is a host of services available to elderly citizens depending on their situation and the degree of care needed. You may likewise qualify for tax breaks. For example, you may be able to claim a parent that you support as a tax exemption and write off much of his/her medical expense, or pay for a certain amount of care each year with pretax dollars through a flexible spending account (FSA). The responsibilities of caring for an aging parent are often emotionally overwhelming, so don't try to go it alone. Reach out to family members (siblings), friends, and outside support groups for help.

The LEARNING ROOM

Kids & Money: Giving Them the Savvy to Succeed Financially. Jayne A. Pearl's book offers tips to help financially prepare kids ages four to 18. It discusses how to set a fair allowance, save and invest, and much more. Credit tip: When Laura leaves home for the first time, help her apply for a prepaid debit card like VISA Buxx instead of a traditional credit card. That way, you can load the card online or over the phone, monitor her spending, and discuss purchases with her. This will help teach her the discipline that's needed for using credit.

NEFE Teen Resource Bureau. This colorful, interactive website was developed by the National Endowment for Financial Education to educate young adults on personal finance topics ranging from budgeting and saving to buying a car. The website is located at: www.ntrbonline.org. It's so cool, you may even decide to visit it yourself!

Is Your Teen's ID Protected? Young adults are increasingly targeted by identity thieves. This web page sponsored by the Stanford Federal Credit Union offers tips to help ensure that your child doesn't fall victim to this problem. To learn more, visit: www.sfcu.org/home/security/security/teens.

Talking with Aging Parents About Finances. This online article developed by the Montana University Extension Agency offers advice on how to approach money topics with elderly parents and includes a set of discussion questions to help you frame your discussion. You can access this information at their site: www.montana.edu/wwwpb/pubs/.

FROM THE PRESIDENT'S DESK

(continued)

more than the minimum payment each month.

Offer constructive input. If your teen is close to maxing out his/her card, don't nag or explode. Instead, calmly discuss the repercussions of this action. Offer concrete examples of how a poor credit history can affect a person's ability to own or rent a home, buy a car, or get a job.

Practice tough love. Despite your best efforts, if your child overextends his/her credit limit, take a firm hand. Don't sugar coat the situation or provide a bail out. Instead, write down CCCS's appointment number (1-800-642-2227) and tell your child to bite the bullet and make the call.

RAISING MONEY SAVING KIDS

(continued)

the family. Some examples could be where to vacation, what activities kids choose, etc. It's important for children to know that for every decision, something is given up.

Set a good example with responsible buying and credit.

Get a copy of your credit report and go over it with your children. The depth of your explanation will depend upon the child. Stress the **IMPORTANCE** of your payment history. Explain how it affects your ability to obtain future credit.

Model good saving habits.

Talk to your kids about the family's savings plan. What to save for, how to decide how much to save, where to put the savings. Look for a Stock Market Game for the family to play.

Teaching your children financial literacy skills is a critical part of their education. The above financial tips will help prepare them for the decisions they will make later in life.

Mary Ann Hewitt is Executive Director for the Maryland Council on Economic Education, which provides programs for teachers, students and the community at large in economic and financial literacy.

FROM THE TRENCHES

by Kathy Skidmore-Williams

I am astounded at the dozens of cleaning products that line the aisles at my local discount store. Last time I checked, there were at least 20 different brands just to clean the bathroom! They all probably do a fine job, but at a not-so-fine price. And these products are not environmentally friendly at all. I've learned that most of the items I need to clean my house are available in my kitchen and laundry room. My favorite is plain old white vinegar.

For instance, equal parts vinegar and water make a great window or glass cleaner (and use newspaper instead of wasting paper towels). I've used vinegar to clean my automatic coffeemaker (fill the reservoir with vinegar and run it through the brewing cycle, then rinse thoroughly with water); refrigerator, microwave, and bathroom tile (equal parts vinegar and water sprayed on surfaces); and washing machine (run the machine through the warm wash cycle empty and then add a gallon of vinegar in the rinse cycle). It deodorizes as well as cleans. There are lots of other "recipes" you can find on the Internet (Google "green cleaning"). Different sites use different formulas, and some work better than others, but using the ingredients we have at home is better for the environment—and our pocketbooks. Oh, and as well as being an excellent—and green—household cleaner, vinegar is also great in salads!

Kathy Skidmore-Williams is CCCS of MD & DE's client reporter. She joined our program in October, 2006.

Ask a Counselor

A: I am not able to use the telephone at work. How may I obtain information about my account?

Q: If you can't reach us during business hours, you may gain information regarding your account by visiting our website at www.cccs-inc.org. Click on Client Services and access your information through Client Creditor / Accounts. Log in using your Client ID and PIN Number located on your client statement.

Sounding Board

More Resources. CCCS has produced two videos to help educate teens about personal finance. *How to Spend the Rest of Your Life* examines the financial realities young adults face when they leave home to live on their own. *Money Matters* explores saving, checking, and credit accounts and discusses how to budget and develop a financial plan. These programs are available at libraries throughout MD and DE. If you would like to receive a copy on loan from CCCS, please call or email Nancy Stark at 410-357-0614 or nstark@mind2medias.com.

Payment Practices. CCCS offers three ways to make monthly payments on your debt management plan (DMP). Use the online system, ACH EASY PAY, or mail in or drop off a money order. If you use a money order, please print all information legibly. Write CCCS of MD & DE in the "Pay to Order Of" blank, place your address and phone number below your signature, and list your client number in the corner of the money order. Sign the money order and include the top portion of your statement. Keep a receipt for future reference. Also please send us copies of your creditor statements each quarter. Without this information, it's impossible for us to keep you account up-to-date. For questions about your DMP account, please contact Branch Operations at **1-800-571-2227**.

A personal finance education advocate since 1966.



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