

CLIENT TELL

Financial Education Offers Crucial First Step to the Future

By Peter Franchot, Comptroller of Maryland

Financial literacy is an issue I've become involved with in the last few years. Frankly, it's an issue we all should have been focusing on for years but haven't been.

As we struggle to regain our nation's financial footing following the collapse of our housing and financial markets, there is plenty of blame to be shared -- from predatory lenders and reckless Wall Street financiers to a failed federal regulatory framework and partisan politicians. However, we must recognize the fact that far too many people lacked an understanding of the fundamental principles of

personal finance and purchased financial products that they didn't fully understand, made financial commitments that they certainly couldn't afford, often to buy things they really didn't need.

In fact, members of Generation Y — today's teens and 20-somethings — are likely to be the first generation in US history to end up financially less well-off than their parents.

We must do something to prepare people to make smart decisions and safely navigate an increasingly complex financial marketplace. In the wake of

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FROM THE PRESIDENT
Jim Godfrey

For many years, college students were greeted on campus by credit card providers proffering tee-shirts, chocolate and other freebies in return for credit card applications. This practice changed last year when the federal Credit Card Accountability, Responsibility, and Disclosure Act took effect.

This law limits how credit card companies market on campus and makes it more difficult for students age 21 and younger to obtain a credit card. Before applying, these students must now prove that they have the income to pay back the debt they charge or have their parents co-sign on the application.

Despite the new law, the *Washington Post* reports that college students graduated this past spring already owing a record average of \$22,900 due to credit card (Continued on Page 3)

365 DAYS & WAYS

Right now, many of us find it hard to just put meat on the table, let alone put money aside each month. But savings provides a financial safety net, especially in times of economic uncertainty. That's why CCCS of MD & DE kicked off **365 Days & Ways** this past month.

The 365 Days & Ways campaign will highlight the value of saving by providing daily tips on how to stretch a dollar for a year. To become involved, visit our Facebook page (**CCCS of Maryland and Delaware**), become a fan, and post your own ideas. This is a chance for us to learn from each other and become more financially secure.

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NEW TOOLS YOU CAN USE

CCCS of MD & DE recently launched two helpful online financial education tools on its website (www.cccs-inc.org). Visit the Resources section on the site to take advantage of these new E-Learning and podcast courses. They're completely free to use!

CCCS E-Learning: We now have E-Learning courses on *Preventing and Managing Identity Theft* and *Managing Your Checking Account*. Both courses offer a wealth of information and are interactive. And because they're self directed, they're available to view anytime day or night.

CCCS Podcasts: This past month, we also posted audio podcasts on *Preparing for Homeownership*, *Managing Your Checking Account*, *Understanding Credit Reports and Credit Scores*, *Successful Money Management*, and *Regaining Financial Control*. These range from 10 to 23 minutes in length and can be streamed or downloaded for later use.

If you have ideas for future educational programs or just want to comment on those already there, please contact **Lori Jankalski** at ljankalski@cccs-inc.org. Your feedback will help us create responsive, effective projects down the road.

THERE'S AN APP FOR THAT — AND MORE!

Want to teach your children or grandchildren the value of a dollar? If so, you're in luck! There are a wealth of age-related resources out there to show them how to manage money and that teach valuable financial skills. Many are free or available at your local public library.

For young children, the Berenstain Bears books series offers a number of titles like "Dollars and Sense" and "Trouble with Money" that teach financial lessons. Middle schoolers may enjoy Gary Paulsen's "Lawn Boy." Young adults are likely to learn from Virginia and Kenneth Morris's "Welcome to Your Financial Life."

Websites like Consumer Jungle (www.consumerjungle.org) offer kid-friendly information and interactive games that encourage financial awareness. Warren Buffet even has a cartoon and online community devoted to money called the Secret Millionaires Club (www.smckids.com).

Free smartphone apps also teach money skills. For example, The Shopping Calc, teaches kids how to shop for groceries and stay on budget. Players get a set amount of money and shop in a virtual store, but have to get all the required items and still be within budget to advance to the next level.

BEWARE OF FINANCIAL SCAMS AGAINST SENIORS

Financial elder abuse is when someone improperly or illegally makes use of a senior citizen's property or money. This is the fastest growing form of elder abuse. Most states now have laws to protect older people from this crime, but only one in every 25 cases is reported.

A recent AARP study underscored the qualities that make people age 50 and older easy targets for financial abuse: People within this age range are more likely to view the marketplace as honest and are less likely to fully understand their consumer rights. Retired seniors also are more likely to be at home and make easier marks if they are lonely, physically or emotionally disabled, have recently lost a spouse, or are unfamiliar with handling their own finances.

To prevent financial elder abuse, be alert to early warning signs such as:

- If someone suddenly becomes you or a senior family member's "new best friend."
- Large or unusual withdrawals or transfers from bank accounts or large, unexplained credit card charges.
- Changes in account beneficiaries or authorized signers.
- Newly executed documents, such as a will or power of attorney, that the older person doesn't seem to understand.
- Missing property or large numbers of unpaid bills.

To learn more about common financial fraud scams and how to report this type of abuse, visit the National Committee for Preventing Elder Abuse website at www.preventelderabuse.org.

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the nation's fiscal meltdown, I've been pushing for improved financial education --particularly in our schools. I believe all high school students should be required to take a financial literacy course as a graduation requirement. Allegany, Talbot and Carroll counties currently require it in Maryland.

Of course no amount of financial literacy education could have prevented our nation's economic crisis, but I believe that if people from my generation and our children's generation had received the benefit of financial education - just as they have reading, writing and arithmetic - fewer would be drowning in debt today and facing the loss of their homes, their credit ratings and their financial security.

Students taking courses in personal finance are learning the basics of credit, and how to

balance a check-book -- fundamental life skills all our young people should have.

Every young adult needs this kind of basic financial knowledge. Not just the ones who seek it out proactively. Many are even teaching their own parents.

I believe financial education remains a crucial step in preparing and positioning our kids for a secure and successful future. I believe that all of us in government have a responsibility to ensure Maryland students receive the tools and skills they need, not just in writing, reading and arithmetic, but the knowledge to make sound, responsible financial choices.

If you are interested in learning more about my agency's financial literacy initiatives or to add your support to this critical cause, please visit www.marylandtaxes.com.

This figure is particularly sobering given the slow job market and high rate of unemployment that this year's college graduates will face. Students need to be more aware than ever of how important it is to use credit wisely. If you have a student in college, remind them it pays to:

Spend wisely. Used properly, credit cards can help you establish good credit. They also come in handy for online purchases or when you buy big-ticket items, such as textbooks or computers. Avoid using them for impulse buys or when you know you won't be able to pay off the balance when the bill arrives.

Steer clear of cash advances and credit card checks. These transactions usually involve a much higher interest rate.

Pay your balance in full each month. If you can't pay the complete balance, pay as much as possible. Making minimum monthly payments leads to trouble -- and lots of interest. If you owe \$1,000 on a credit card with an 18% APR and only make minimum payments of \$30 each month, it could take up to eight years to pay off the balance, and you will pay almost \$700 in interest. To learn more about the cost of credit, visit the Financial Tools section on CCCS of MD & DE's web site at www.cccs-inc.org.

Ask a Counselor

Q: Are there any precautions I should take when sending CCCS of MD & DE information online?

A: That’s a very good question! Identity thieves are everywhere — even on the Internet. Unless they’re encrypted, never send emails to CCCS (or anyone else) that include your full Social Security number, client account number, or creditor account numbers. For safety only send the last four digits of your Social Security or account numbers instead. You can also fax this information to us at **410-747-2050** or **1-800-571-2227**. And if you have any questions, please call us at **1-800-571-2227**. We are here for you!

PARTING ADVICE & RESOURCES

So Many Ways: When it comes to making monthly DMP payments, you have three options. Choose ACH EASY PAY, pay online, or even use a money order. If you use a money order, fill it out completely. Write *CCCS of MD & DE* in the “Pay to Order Of” blank. Also put your address and phone number under your signature, and include your client number in the corner of the money order. Sign it and also include the top part of your statement. Retain your money order receipt for future reference.

Cold Hard Facts: Are you worried about this coming winter’s utility bills? The U.S. Department of Energy web site (www.energysavers.gov) shows how to reduce your energy use at home and on the road and how to take advantage of energy tax benefits and appliance rebates.

Paying It Forward: Do you know someone who is struggling financially? Why not lend a helping hand? Encourage them to call CCCS of MD & DE at **1-800-642-2227**. And don’t be afraid to share your story. They will be grateful to learn they’re not alone.

Our Mission

To create hope and promote economic self-sufficiency to individuals, families and communities through financial literacy education and counseling.

Helping People Help Themselves Through Education,
Financial Counseling & Debt Repayment.

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