

# CLIENT TELL

## Why Women Need a Financial Plan

By Ann Fenwick

We know women are nurturers and caregivers. We know women tend to put other's needs before our own. That is our DNA, our makeup and the world is a better place because women are in it. That is one big reason why I believe women really do need a Financial Plan and *a man is not a plan*.

I have seen far too many women stay on the sidelines of the money game and let the "man of the house" take charge. But women's financial needs can be different. We live longer than men - on average 7 years longer. A 65 year old woman is expected to live at least another 20 years and many well into their 90's, according to the National Vital Statistics Report March, 2011. Many women may take time off from work to raise children or

for their aging parents (approximately 11 years based on a 2010 Survey by the US Department of Health & Human Services Administration on Aging), which means we save less in our 401k plans or retirement accounts.

A recent survey commissioned by the ING Retirement Research Institute found, on average, men saved nearly \$50,000 more in their savings accounts than women. We earn about 25% less than men and therefore our social security check is less; we can tend to be too conservative with our retirement savings accounts (the majority of women had their accounts in low interest-bearing CDs); only 25% of women have a formal financial plan; 60 percent of mothers **(Continued on Page 3)**

## ONLINE INSPIRATION

CCCS of MD & DE has recently posted a host of new online education tools on its website ([www.cccs-inc.org](http://www.cccs-inc.org)). Check the **Resources** area for podcasts and e-Learning courses that cover a wide range of topics, including: understanding credit reports and credit scores, successful money management, selecting a credit card, preparing for homeownership, car purchase strategies, and much, much more.

In the coming months, new courses will be added. Take advantage of these free learning tools — and encourage your friends and family to visit us, too. Remember: The more you know, the more you grow!

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FROM THE PRESIDENT  
Jim Godfrey

This spring nearly three million U.S. students will graduate from high school and leave home for college or to live on their own for the very first time. If your child is among them, right now you're probably wondering if your son or daughter knows enough to succeed financially in the real world. Here's a single question that will help you evaluate where things stand and hone in on those skills you may still need to teach:

**Does your child have a personal budget?** As you already know, a budget serves as the foundation for all financial planning. Living on one makes it possible to stay out of debt and achieve crucial goals. For those of you who haven't already helped your children set one up, it's time to do so. Help them project how **(Continued on Page 3)**

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## STUDENT LOAN REPAYMENT: An Investment in Your Future

Given the rising cost of tuition, few students can afford to pay for college without some form of educational assistance. If you just graduated or still owe on loans from years ago, here's some timely advice:

### Know Your Loans and Lenders

For each loan, list the lender website and who to contact, your loan balance, and repayment status. Many grads owe on a mix of public and private loans. If you aren't sure who holds each of yours, find out. For information on federal loans, log onto the National Student Loan Data System for Students website ([www.nslds.ed.gov](http://www.nslds.ed.gov)). For private loans, look at your most recent billing statement or locate a copy of the original paperwork you signed. If this doesn't work, contact the Financial Assistance Department at your school.

### Keep Track of Grace Periods

The grace period is the time before you must begin making payments on the principal and interest on student loans. This deadline varies from loan-to-loan. For example, the grace period on Stafford Loans (most common federal loan) ends six months after graduation. Mark the grace period end date for each of your loans on a

calendar. This will help you avoid missing your first payment.

### Study Repayment Options

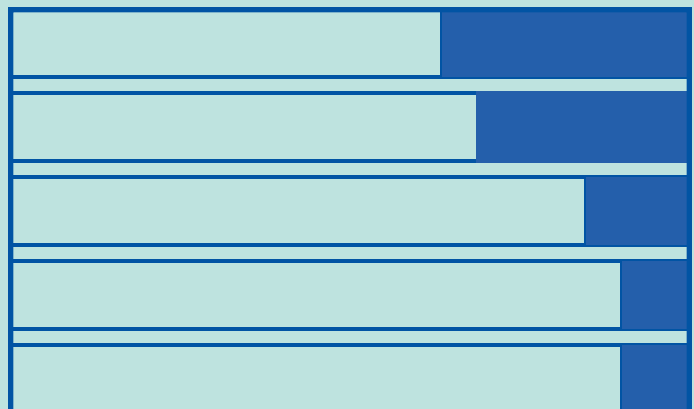
If you're having trouble making student loan payments on time and in full, call your lenders and also do some research. Repayment options, such as income-sensitive and income-based repayment plans, may help you meet your obligation. You also may be able to extend your repayment schedule. This will allow you to make smaller payments, but ultimately may cause you to pay more interest. On federal loans, also check deferment, forbearance, and forgiveness. These alternatives allow you to temporarily or permanently suspend payments if you meet certain qualifications.

### Keep Your Promises

Failure to pay student loans for which you signed or co-signed may damage your credit rating. Unlike some bill problems, student loan default can stay on your credit history forever. Student loan debt is also almost impossible to discharge through bankruptcy. These factors underline why repayment is critical. Each payment you make is truly an investment in you and your family's financial future!

## HOW IS YOUR FICO CREDIT SCORE DETERMINED?

Your Payment History	35%
Your Outstanding Debts	30%
Length of Time You've Had Credit	15%
Types of Credit You've Had	10%
Age of Credit Accounts	10%



## Why Women Need a Financial Plan (continued)

don't feel prepared for retirement; and, almost half don't know how to achieve retirement goals. ***"If you fail to plan, you plan to fail."***

Another survey by the U.S. Dept. of Health and Human Services Administration on Aging, *a Profile of Older Americans 2010*, found 42% of older women are widowed, 11% are divorced, and approximately half of all women 75 or older live alone. For women, the loss of a spouse can mean a significant decrease in retirement income from Social Security and/or pensions, and 53% of women are not covered by a pension. A staggering 87% of the poverty stricken elderly are women. So how can we take charge of our financial future?

***Knowledge is power and action is empowering.***

1. Take control of your own finances— know exactly how much money you have coming in and where it's going.
2. Get out of debt! It makes no sense to worry about saving when you have high credit card debt with high fees.
3. Everyone should have an emergency fund but make sure it's in a high interest bearing savings account.
4. Pay yourself first — set aside an amount of money from each paycheck to go into that high interest savings account; even if it is only \$25/week. It will accumulate.
5. Work with a financial planner, if possible, to help you set realistic and useful goals and then check your progress every six months to a year.
6. Keep the faith! Small steps can lead to real progress and success.

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much income they can expect to receive each month from jobs, grants, student loans, and/or family support. Also help them estimate the major expenses they'll have living on their own (food, lodging, transportation, tuition, student fees, textbooks, etc.) If they don't have any idea how much it costs to live, invite them to sit in on family bill-paying sessions.

If money is left over after you deduct their expenses from their income, talk about the need to put away savings for emergencies, such as car repairs. If they're left with a negative balance, this is a great time to discuss ways to spend less and stay within budget. Brainstorm how they can save (use their dorm dining card or prepare quick meals at home instead of eating out, bike to classes instead of driving, etc.) Also warn against spending student loan monies on things they don't need (entertainment, Spring break, music downloads, unnecessary phone apps, etc.) This is money they (or you) will have to repay once they leave school.

Need help? CCCS of MD & DE has more information and an interactive budget worksheet in the Tools section of its website ([www.cccs-inc.org](http://www.cccs-inc.org)). Also encourage your child to check out the Personal Budgeting e-Learning course posted in the Resources section. These materials are all free.

Credit is also a vital topic to cover with young adults. Discuss how their credit use and repayment decisions at school will affect them for years to come. The lessons you teach now will help you *both* in the long run!

### Ask a Counselor

**Q:** I've been in a debt management program for awhile. Over the past year, my personal finances have shifted and I have less income than I did before. What should I do?

**A:** CCCS's mission is to help you become debt-free. That said, we know that situations sometimes change. Call us at 1-800-571-2227 or come in to an office, so we can update your account. If you still have zero-balance credit cards, avoid using them. Doing so, will jeopardize your program and may cause you to lose the vital creditor concessions you've gained. We are always here to help!

### FINAL CALL

**You Have the Power:** Do you know family members, friends, or co-workers who are having financial trouble? If so, you have the power to change their lives for the better. By sharing your experience and suggesting they call 1-800-642-2227 for a credit counseling or housing counseling appointment, you can help them gain the tools they need to get their lives back on track.

**Summer Heat:** Are you worried about how much utilities will cost this summer? The U.S. Department of Energy has a number of helpful tips posted on its website (<http://energy.gov/articles/top-11-things-you-didnt-know-about-saving-energy-home-summer-edition>). To reduce your bill even further, contact your local utility company and ask about their Smart Energy Saver Program or other initiatives that may help reduce your costs.

**Payment Practices.** If you use money orders for payments, print *CCCS of MD & DE* in the "Pay to Order Of" blank. Place your address and phone number below your signature. List your client number in the corner of the money order. Sign the money order and enclose the top portion of your statement. File the receipt. Contact us at 1-800-571-2227 to pay online or have payments taken out of your checking account using **ACH EASY Pay**. Each quarter, please send us copies of your creditor statements.

#### Our Mission

To help stabilize communities by creating hope and promoting economic self-sufficiency to individuals and families through financial education and counseling.

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

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