



NATIONAL FAMILY LITERACY DAY

Develop your Family's Financial Know-How One Month at Time

ENGLEWOOD, COLORADO—This November 1 marks the 13th annual National Family Literacy Day. On this day, and all month long, events will be held nationwide to encourage children and parents to improve their literacy through activities such as taking trips to the library, reading books together and writing letters.

National Family Literacy Day is the perfect time to expand your family's literacy. But, have you considered the state of your or your family's *financial* literacy? As you incorporate reading and writing into your routine, Ted Beck, president and CEO of the National Endowment for Financial Education® (NEFE®), urges you to remember the importance of ensuring that your family is financially literate, as well. NEFE is a nonprofit foundation dedicated to making sure all Americans achieve financial well-being.

“All people need to be educated in the realm of personal finance,” Beck says. “Take the opportunity on National Family Literacy Day, and throughout the month of November, to boost your family's fiscal knowledge. Doing so can enhance your financial situation and help secure the future well-being of your family members.”

Below, Beck lists 10 ways to improve your family's financial literacy. “Many of these activities may seem to relate solely to families with children at home,” Beck says. “However, most of the tips can be modified easily to work for singles, couples without children or couples with adult children.”

1) Begin a yearlong family campaign to find out about money. Each month, plan to learn about a new topic that is interesting to at least one family member. In November, you could review your insurance plans with your kids. Preteens will be particularly interested in learning about car insurance. According to Beck, “This tactic makes the vast amount of information available more manageable by allowing you to tackle one topic at a time, master that area and then move on to the next.” A good financial Web site to help you get started is www.smartaboutmoney.org.

2) Was your New Year's resolution to become more fiscally responsible? “You might have vowed to stop using credit cards as frequently or save more each month,” Beck says. “Did you stick to it? If not, reinstate your New Year's resolution in November.” Each family member could make an individual financial resolution now. For example, kids could

pledge to save 10 percent of their allowance in a savings account for an entire year. If you're single, a close friend and you could each decide to save \$50 a month.

3) Take a family trip to the grocery store. Challenge all members to save as much money as possible by using coupons, purchasing generic brands, substituting sale items and avoiding prepackaged foods. Calculate how much you saved by applying these easy money-saving methods.

4) Set savings goals. Do your kids beg you to buy them new toys, electronic equipment or clothes every time you go shopping? Ask your children to pick one or two items they really want and then brainstorm together on how the kids can earn the money needed to buy them, such as by cleaning the house, mowing lawns or babysitting. You can also help them figure out how much they'll need to save each week to purchase the item in three, six or 12 months. Consider matching their savings to increase their motivation and demonstrate the power of earning interest. If you don't have children, create your own savings goals. Tell a friend what your aims are so that he or she can provide encouragement as you work toward them.

5) Open a family bank account. Motivate all members to help save for one big-ticket item that everyone will benefit from, such as a vacation or a new television. Have each family member contribute a small amount of money in proportion to what they make each month to the savings account. "Once you've reached your goal, make sure everyone has an opportunity to voice their opinions in the decision-making process," Beck adds.

6) Paying the bills can be a family affair. Invite everyone to see the electricity, the phone and the television bills every month. Your kids will learn that many household conveniences don't come without a cost. If you use a credit card to pay for family items, include that bill in your explanation, as well. By showing your children that now you have to pay for the purchases that you made last month, kids will learn that credit cards don't mean free money.

7) Review the costs—both financial and physical—of taking part in unhealthy activities. For example, over dinner one night, discuss with your teens or preteens how much it really costs someone to smoke two packs of cigarettes a day in accumulated financial expenses and health-care ramifications.

If you don't have children, or even if you do, there are other unhealthy habits that could be costing you a lot of money. Do you eat fast food often? How much would you save if you made a healthier meal at home? Are you a driver who receives frequent tickets? Have you tallied up the fines and increased insurance costs that result from these?

After you have examined all the ways you could be healthier—financially and physically—try to implement the necessary changes during the month of November. With one month

behind you, sustaining these practices will become easier in December and throughout the next year.

8) “Stop using your credit cards for a month,” Beck says. “Leave them at home. Stash them in a safe place. Do whatever you have to do to keep them out of commission all month. Whenever you’re tempted to use your credit card, make a payment with cash instead.”

To broaden this tip, discuss any purchases you want to make with people close to you one day prior to using your credit card. If you wait to buy something and talk it over with another person, you might convince yourself that the item isn’t necessary. Or, if it is a needed purchase, you might be reminded that saving for the item is a more fiscally responsible choice than putting the purchase on your credit card.

9) Figure out your debt-to-income ratio. It might be painful, but check out how much you currently are spending in debt payments. Is it more than 30 percent of your monthly income? If so, you may want to evaluate ways to pay it off and improve that ratio. The best way to decrease debt is to make a plan to do so. On a spreadsheet or piece of paper, list all of your debts and include the amount you still need to pay, the interest rates and the terms of the loans.

Beck says, “You may want to pay off the loans or credit cards with the highest interest rates first. Or, you might decide to repay the loans with the smallest balances before others. This method can give you a much-needed sense of accomplishment if you’re feeling overwhelmed.”

10) Discuss the future. Are your teens or preteens planning to attend a public or private university after high school? Maybe they want to volunteer or begin working immediately. Once you know the path your children want to take, you can talk about the financial responsibilities that go along with that choice. If they plan to work, for example, set up a sample monthly budget with them. If they are going to college, explain how financial aid, scholarships and grants might help decrease the cost of their education.

If your kids are very young or you don’t have children, spend one night this month considering your own educational or professional development goals.

Are you happy with your job? Would going back to school help you progress in a career that will provide more personal—and perhaps financial—rewards? If so, consider how you could pay for such an education and start making a plan today to achieve this goal.

Finally, don’t let the length of this list intimidate you. If implementing numerous tips in one month seems daunting, pick some that interest you and spread them out over a few months. Making small changes in your family’s financial habits can generate a big difference if you keep them up. As a last thought, Beck says, “No matter what suggestions you choose to act

on this month, remember that talking about money is a great place to start.”

Check out www.smartaboutmoney.org for a wide variety of practical, unbiased and dependable personal finance resources. For more information on NEFE, go to www.nefe.org.

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