Florida Jump$tart! Financial Smarts for Students
Jump$tart Coalition for Personal Financial Literacy
December 2009

The Board of Directors of the Florida Jump$tart Coalition® for Personal Financial Literacy, Inc. wish you and yours a very joyous, safe, and restful holiday season and a prosperous New Year!

One Year After Financial Crisis, Americans Reflect on "Lessons Learned"

Crisis Leads to Revised Retirement Mindset

As a result of the severe market downturn, the retirement mindset of many Americans is shifting. Most Americans with retirement savings feel that the events of the past year have had at least some influence on the way they plan for retirement (64%), with 29% saying the influence has been strong to very strong. The majority (55%) believes the events of the past year will have a lasting impact of ten years or more, and a quarter believes that influence will be permanent.

Factors leading to a revised mindset include significant regrets about their financial behavior pre-crisis. Of those Americans with regrets about their financial behavior, 62% regret not building up a cash cushion, and 45% regret amassing too much credit card or other debt – this is felt most acutely among Generation X (54%). Other significant regrets – felt most acutely by Boomers – include: insufficient diversification of assets (17% for all Americans vs. 22% for Boomers) and failing to allocate a portion of their portfolio to guaranteed products—e.g. annuities and CDs (17% and 20% respectively). Across all generations, 13% regretted not seeking the advice of a financial advisor. However, 17% have remedied this regret by consulting with a financial advisor or retirement specialist in the past year, and 15% plan to do so in the near future.

Recovery Predictions

Along with these regrets comes apprehension about the future and increased sensitivities to their own risk tolerance for certain retirement savings products. One-third of Americans fear that the economy will take five years or more to recover, and 31% of those affected by the financial crisis believe that their own personal recovery will take at least 5 years – with 15% believing their personal recovery will take 10 years or more, and 8% believing they will never recover from the financial downturn. Older Boomers (ages 55-65) are feeling particularly pessimistic about their personal financial recovery, with 13% believing their financial situation will never recover.

Signs of Optimism

However, some Americans, especially the younger generations, are optimistic about their personal recovery and the recovery of the economy in general – possibly because they possess fewer assets than older generations and have time on their side to try to recoup any assets lost. Nearly three in ten (29%) in Generation Y believe that economic recovery will happen in two years or less, but almost half (49%) of Generation Ys affected by the financial crisis believe their personal recovery will happen in two years or less. Among GenXers, 32% say that economic recovery will take fewer than two years, and 41% say their personal recovery will happen by then as well. Older generations affected by the financial crisis are more likely to believe that their personal recovery will take much longer – 38% of Younger Baby Boomers believe that personal recovery will take at least ten years or more.

This optimism among younger generations extends to their attitudes about retirement savings and investments. While they're not jumping head-first into the market, younger Americans are more amenable to risk – 47% of Generation Y say that it's more important for them to participate in market gains rather than protect against losses, versus 30% of Younger Boomers and 23% of Older Boomers. Younger Americans are also less likely to say that their trust in financial institutions has decreased as a result of the crisis.

Some Americans Left on the Sidelines

Despite the strong influence of the financial crisis, some Americans still haven't made any change to their retirement/investment approach. While 20% say they're more disciplined about their retirement/investment approach as a result of the economic crisis, and 20% are more conservative, the remaining 44% still have not taken action. This number is even higher for Generation Y, where 54% have made no changes and 45% say the financial crisis had little or no impact on them.

The financial crisis has made it difficult, if not impossible, for certain groups to implement the lessons they've learned. For nearly one in five (19%), saving for retirement has been put on hold completely, as they no longer have the funds to save or invest at all. This is particularly acute among Generation X, where a surprising one in four are not saving for retirement. Similarly, 27% of Younger Boomers (ages 46-54) say they no longer have the funds to save for retirement at all.

While the financial crisis has spurred 20% of Americans to save more for retirement than they were two years ago, one third have no retirement savings. According to research released from MetLife, as a result of the economic downturn, Americans are hitting the financial "reset button" – vowing to take more responsibility for their finances by putting a cash cushion in place, reducing spending on non-essentials, and focusing more on protecting their assets than seeking market gains.

MetLife's Lessons Learned Poll, conducted between September 23, and September 25, 2009, revealed that consumers have indeed learned from their mistakes and have already adopted significant financial behavioral changes. One in five (20%) Americans has increased retirement savings (compared with 24 months earlier), and 20% report that they are more disciplined and conservative when it comes to their retirement savings/investments as a result of the recession.

Back to Basics – Saving More, Spending Less

The financial crisis led half (50%) of Americans to lose faith in traditional retirement safety nets—e.g. defined benefit pensions, Social Security and Medicare – and lose trust in financial institutions in general (54%). Because of this, a strong majority (68%) are placing a much greater importance on protecting their portfolios against market losses, ahead of participating in gains – choosing to grow their savings in more traditional ways. Surprisingly, and despite the recession, 60% of Americans who have taken action over the past year have managed to pay down credit card or other debt, and 35% have made

regular 401(k) contributions, with 13% increasing contributions. Americans who plan to take steps to protect themselves from another financial crisis said they plan to:

- Reduce spending on non-essential purchases (65%)
- Build a cash cushion (57%)
- Allocate a portion of investments to guaranteed income or very low-risk products (17%)
- Consult a financial advisor (15%)
- Diversify their portfolio (15%)

– *SmartPros.com*

Upcoming Events

January 1, 2010

- ☑ Make resolution to reach out and educate more youth on financial education concepts!
- ☑ Discuss ways your organization can be involved in Florida Saves week!
- ☑ Start thinking of outreach activities for April – Financial Literacy Month!

January 5, 2010

Is Capitalism Good for the Poor?

Upcoming professional development program sponsored by the Foundation for Teaching Economics

8 a.m. – 3 p.m. at Middleburg High School, Clay County

Please register by December 7, 2009

Clay County teachers should register at mypoints.org. All others can register through April Martin: April Martin; Middleburg High School; 3750 County Rd. 220; Middleburg, FL 32068; 904-213-2201

http://www.fte.org/teachers/programs/capitalism/

For more information, please contact Sara.Messina@atl.frb.org

February 21-28, 2010

Florida Saves Week

Start planning ahead on how your organization will reach out to youth and young adults as part of this special initiative!

April 13-14, 2010

National Jump$tart Partner Meeting, Committee Meetings, State Leaders Meeting, and Fund Raising Dinner - Washington, DC

April 18-24, 2010

National Credit Union Youth Week

Sponsored by the Credit Union National Association to promote youth involvement and to encourage savings, site provides ideas and resources to help promote youth week and participate in the National Youth Savings Challenge. See http://finlit.cuna.org/youth_week.html

June 9-11, 2010

5th Annual Underbanked Financial Services Forum - Miami

Conference focusing on credit, payments, and deposits. For more information go to http://www.americanbanker.com/conferences/cfsi10/chair.html

News Briefs

One-Fifth of S. Fla. Residents Lack Access to Banking

(Dec. 2, 2009) – More than one-fifth of South Florida households have no, or limited access, to banking services, according to a survey by the FDIC and the U.S. Census Bureau. That compares favorably to the national average of more than one-in-four people who are unbanked or under-banked. The January survey with 47,000 responses considers households unbanked if they don't have a checking or savings account. Under-banked households have accounts, but they primarily use alternative financial services such as non-bank check cashing, payday loans and pawn shop loans. These services often are more expensive than dealing with banks. In South Florida, 8.4 percent of householders are unbanked, compared to 7 percent in Florida and 7.7 percent nationally. – South Florida Business Journal,

http://southflorida.bizjournals.com/southflorida/stories/2009/11/30/daily30.html

Card Firms Add Inactivity Fees to Slow Default Losses

(Dec. 1, 2009) – Credit card companies have begun charging customers for inactivity on their account. "If you're not thinking about the card, you might forget to pay the fee, and then you'll be facing another late fee on top of it," said Amy Schiffman, who was charged $19 for not using her Fifth Third Bancorp credit card. The fees are being implemented as credit card companies cope with mounting delinquencies. – *Bloomberg*

Full article - Some credit card companies start charging inactivity fees

OCC Reminds Consumers To Read Fine Print on Gift Cards

(Nov. 24, 2009) – WASHINGTON — The Office of the Comptroller of the Currency reminds consumers to read the terms and conditions of gift cards this holiday season. While a popular and convenient way to give, gift cards can have expiration dates, fees, and other terms that can reduce their value. Other terms may limit where cards can be used or explain the process of handling complaints and lost or stolen cards.

Whether you buy or receive gift cards, you should read the disclosures to understand important terms and conditions, including:

- Any fees that apply during or after the sale that reduce the value of the card;
- Expiration date;
- What to do if the card is lost or stolen;
- What to do if there are problems with the card;
- Where the card can be used; and
- How to claim any unused portion of the card.

If these disclosures are not stated on the gift card or its packaging, check for a toll-free number or Web site. For national banks that issue gift cards, the OCC has issued guidance about "stored value cards," such as gift cards. The guidance requires banks to clearly disclose the fees and terms associated with the gift card. It also states that banks should avoid any marketing that misleads people about the terms, conditions, or limitations of the gift card.

Learn more about gift cards and how to escalate issues that you have not been able to resolve by contacting the bank directly at www.HelpWithMyBank.gov.

Higher Savings Rates are Hampered by Lower Interest Rates

(Nov. 20, 2009) – Americans are saving more even as interest rates on savings continue to decline, according to this article. Personal savings rates have nearly doubled to 3% in the past year, but the returns are slipping to near 0%. Even with the added savings, personal income from interest on savings is expected to decline by $40 billion

this year from 2007's peak of $1.26 trillion. – (full article) BusinessWeek/The Associated Press

A State of Failure: Florida 4th in Nation in Bank Closures

The number is alarming. Bank failures so far this year have reached 124 — the most in 17 years. Bank analysts expect the rapid pace of failures to slow in 2010 from an average of 11 closures a month in 2009. Yet they acknowledge the troubled banking system still has much turmoil to face. "We will continue to see closings but at a slower rate," said bank consultant Frank Knautz. "The problems these banks are experiencing are more related to the economic downturn catching up with them as opposed to underlying problems. "The Federal Deposit Insurance Corp. isn't projecting how many bank closures lie ahead. However, the FDIC does project bank failures between 2009 and 2013 will cost its deposit insurance fund $100 billion. Full story at http://www.bradenton.com/675/story/1867216.html

President Signs Military Spouses Residency Relief Act

(Nov. 20, 2009) – President Barack Obama signed into law the Military Spouses Residency Relief Act (PL 111-97), which will ensure that the spouses of military personnel who move because their spouse is posted for military duty will be treated as not having changed residency for tax purposes. Under the act, the fact that a military spouse is present in or absent from a jurisdiction in the United States will not affect that spouse's residence or domicile for tax purposes, as long as that presence in (or absence from) the jurisdiction is due to the service member's compliance with military orders. In addition, any income the military spouse earns in a jurisdiction will not be treated as income from services performed or sources within that jurisdiction if that spouse is not treated as a resident of the jurisdiction under the act. The act is effective for any state or local tax return filed for any tax year beginning with the tax year that includes the date Nov. 11, 2009.

More Homeowners are Helped By Treasury's Foreclosure Program

(Nov. 11, 2009) – The Treasury's program to help homeowners avoid foreclosure is picking up speed. Through the end of last month, the Making Home Affordable program had helped 650,994 homeowners who were delinquent on their mortgages, the Treasury said. That amounts to about 20% of those who qualified for the program and a significant increase from the 487,081 at the end of September. "We're reaching borrowers at a larger scale than any other modification program to date, but there is still much more work to be done," said Michael Barr, an assistant Treasury secretary. – full story at The Washington Post

"Financial Fridays" from National Jump$tart

Nov. 6

First Command Educational Foundation (FCEF) is a 501(c) 3 public charity that promotes education as the foundation to a productive society through scholarships and financial literacy programs. FCEF is dedicated to providing the tools necessary for individuals to become skilled with money management, the wise use of credit and wealth building, and to expand professional development for individuals, educators, and financial counselors. We offer:

- **Scholarships -** To assist students with the costs of higher education, FCEF has, in partnership with organizations across the nation, awarded more than $3.7 million since 1983. Scholarships can be used for undergraduate and graduate degrees, trade school certification, and professional development.
- **Financial Presentations -** The organization has more than 30 financial literacy presentations available at little or no cost to the recipients. Typically about one-hour in length, the presentations are given by certified financial literacy trainers and provide information on such topics as banking, debt management, investments, insurance, retirement options, asset allocation, and identify theft.
- **Professional Development Seminars -** FCEF has designed tools, resources, and training for professional financial educators and counselors. These programs are designed to increase their knowledge and confidence levels in some 25 different financial topics.
- **Money Matters -** curriculum for high school students covering topics ranging from balancing a checkbook to managing credit to giving. The curriculum, approved by the Texas Board of Education, follows the guidelines mandated by the state's legislature. The curriculum includes 12 modules, supporting power point presentations, pre/post tests, and module exercises.
- **Financial Calculators -** The FCEF Web site (www.fcef.com) offers several financial calculators involving loans for home, car and personal financing as well as investment and retirement saving forecasting tools. The Web site also provides My Financial Radar, a Web-based application that assists with money and debt management by providing tools such as debt reduction schedules as well as an extensive spending plan that will help individuals understand each aspect of their current financial position.
- **Command Debt Terminator -** The Command Debt Terminator, available free at www.fcef.com is a powerful debt management tools that allows the user to create a debt reduction schedule to manage and reduce or eliminate debts. It allows the user to select the method of paying off the debt by choosing a debt reduction priority, such as paying off lowest balance or highest interest rate first. It also allows the user to calculate any additional dollars expected to become available for reducing the debt. Once all the data is entered, the system allows the user to print out the debt reduction schedule to keep a hard copy on file.

Nov. 20

Money Savvy Generation (www.msgen.com) develops innovative products and services to help parents, educators and others teach kids the skills of basic personal finance. The company's mission is to empower kids to take control of their financial lives and, in turn, their futures. They offer:

- **Money Savvy Pig® educational piggy bank for kids,** an award-winning, patented 4-chambered bank that helps parents, grandparents, educators and others teach children (ages 4-11) basic money management skills and enlighten them about the choices they have for their money: SAVE, SPEND, DONATE and INVEST. These unique banks have separate chambers for each money choice and each chamber empties through a separate foot on the bottom of the bank. Each bank includes goal-setting stickers and an easy-to-follow parent handbook to help begin the conversation about money
- **Money Savvy Kids™ Basic Personal Finance curriculum** for children (grades K-5) to help educators teach young students basic money management concepts

including money choices as represented by the Money Savvy Pig® piggy bank. This fully-scripted, spirally constructed curriculum meets NCTM (National Council for Math Teachers) standards and teaches children basic money management skills including how to set goals, budget, spend wisely and how to express themselves philanthropically. They also developed the Money Savvy Kids @Home curriculum as a one-on-one version of this classroom curriculum which is easily used at home by parents and children.

- **Money Savvy U™** - an intermediate personal finance curriculum teaches pre-teens and teenagers (Grades 6-10) how to budget, balance a checkbook, understand compound interest, how to manage credit and invest wisely. This curriculum includes the award-winning Cash Cache® Personal Finance Organizer for each student so they can practice what they learned in the classroom. Money Savvy Generation's curricula is taught nation-wide and has been proven to have a positive impact on children's knowledge of and attitudes about money.
- The **Millionaire Kids Club book series**, created by Susan Beacham, financial literacy expert and New York Times best-selling author Lynnette Khalfani-Cox received the prestigious EIFLE award for Excellence in Financial Literacy Education in the category of Retail Book of the Year for Children's Money Management. The series of four smart, picture books (for ages 7-12) use funny and engaging stories to demonstrate how a group of childhood friends learn there are four things you can do with your money: Save, Spend, Donate and Invest.

For archives of past Financial Fridays, see the Download tab at www.jumpstart.org.

News and Recent Events From Our Partners

Send us your news and pictures!

Welcome New Partners

A-123 Credit Counselors, Inc.
701 NW 62nd Avenue (Waterford Way)
Suite 160
Miami, FL 33126
(407) 312-3423
www.a123cc.org
Al Duarte, Director of Business Development & Community Outreach
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Financial Literacy Resources

The 2010 "12 Principle Calendars" are Now Available Online

The 2010 version of the Jump$tart Coalition "12 Principles Calendars" are now available. You can order them online (see below) or download a PDF version of the popular calendars. Lesson plans for teachers are also available. The Jump$tart Coalition® has developed these twelve personal finance principles for young people to connect to their financial futures. Once again this year, these practical, everyday ideas are sponsored by **Capital One®**. If followed, these principles can help students can get a student's financial life off to a "playful" and successful start!

- If you would like to order a hard-copy version of the calendar, please **click here**.
- If you would like to download a PDF version of the calendar, please **click here.**
- Please click **HERE** if you would like to see lessons plans developed around the 12 Principles.

Site Aims to Promote Financial Literacy

(Dec. 1, 2009) – Financial education provider Financial Finesse has launched a new Web site to promote financial literacy. The site, www.getfinancialfinesse.org, is the result of a 10-year research study on consumer financial issues, behavior and knowledge. According to the company's surveys of its clients, 86 percent of U.S. employees indicated they have no idea whether or not they are on track to retire comfortably, and 73 percent are not sure if their portfolios' asset allocation is appropriate based on their risk tolerance and time horizon. In addition, 53 percent admit they lack a basic knowledge of stocks, bonds and mutual funds. *– WebCPA.com*

Money Talks, Credit Edition

Get the latest issue of **Money Talks**, the ABA Foundation's free, personal finance newsletter for young people. The credit issue, written with young adults in mind, discusses the cost of credit, APR, and phishing. It's also available in Spanish. Post Money Talks on your bank's Web site or make copies available in the lobby.

Consumer Connection: 'Tis the Season to Use Money Wisely

And 'tis not the season to overspend. The ABA Foundation has tips to help consumers manage their spending during the holiday season. Direct customers and clients to the foundation's **Smart Holiday Spending Center** or use our ideas to create your own. Encourage consumers to give the gift of financial education with the **financial education gifts news release**.

Budgeting for the Holidays

The winter holidays are upon us and with them the added stress of tight financial times. This year, enjoy the season without letting holiday spending get the better of you. Visa has put together expert advice and practical tools to help you minimize spending concerns and make this holiday season a joyous time. Read more.

Act Now on Expiring 2009 Tax Breaks

In the depths of the recession the government passed the 2009 economic stimulus bill and tweaked the federal tax code to help boost consumer spending and assist people who were losing their jobs, homes and benefits. Now, several of those tax

breaks, rebates and other incentives are due to expire at year's end. Congress and the Obama Administration may ultimately decide to retain some or all of these benefits.

- **Homebuyer tax credit**. If you haven't owned a home in the past three years and meet certain income guidelines, you may qualify for a tax credit of up to $8,000 on homes purchased before December 1, 2009. This is a tax credit, not a deduction, which means your taxable income is reduced by the credit amount. For more details, search for the First-Time Homebuyer Question and Answers document posted on the IRS website (www.irs.gov).
- **Property tax standard deduction**. If you don't qualify to itemized deductions on your federal income tax but do pay state or local real estate taxes, you may qualify to add up to $500 ($1,000 for joint filers) in property taxes paid this year to your standard tax deduction. Rules and filing instructions are complex, so read IRS Tax Tip 2009-47 at www.irs.gov for details.
- **Sales tax deduction for new cars**. If you buy a new car, light truck, RV or motorcycle before December 31, 2009, you may be able to deduct state and local sales and excise taxes on up to the first $49,500 of the purchase price, even if you don't itemize deductions. The deduction gradually phases out for those whose adjusted gross income is over $125,000 ($250,000 for married couples filing jointly). Please note that this is different from last summer's expired "Cash for Clunkers" program.
- **Health insurance**. If you are laid off before December 31, 2009, and your employer has 20 or more employees and offers health insurance, you may qualify for a 65 percent subsidy of the cost to continue coverage through COBRA, the federal law that allows many people to retain such coverage at their own expense. Check with your human resources department and visit the Department of Labor's website for more details (http://www.dol.gov/ebsa/cobra.html).
- **Deduction for education expenses**. Through 2009, parents or students may deduct up to $4,000 for college or other post-secondary education tuition and other qualifying fees, even if they don't itemize deductions. There are certain restrictions and income limits, so refer to the IRS' "Top Ten Facts About the Tuition and Fees Deduction" for more details (www.irs.gov/newsroom/article/0,,id=205361,00.html).
- **Educator expenses**. Teachers and other educators who work at least 900 hours during a school year may deduct up to $250 for eligible unreimbursed expenses they paid for out of pocket, including books, supplies, equipment and software used in the classroom. They may do so even if they don't itemize deductions on IRS Schedule A. Read Topic 458 at www.irs.gov for details.

You may want to confer with your tax preparer or financial advisor to make sure you qualify before acting on these tax benefits.

– *Jason Alderman, Practical Money Skills for Life* (www.practicalmoneyskills.com)

Volunteer Opportunities

Our newest partner, ***Brandon Dixon***, has volunteered to assist partners in the Tallahassee area with outreach efforts/ presentations. He has a Finance degree and a passion for personal finance and young people. He has experience in budget counseling as well as working with individuals on their personal finance needs. Please contact him at dixonmbl@yahoo.com.

Do you need assistance with a project or outreach effort? Let us know.

Florida Jump$tart Coalition® for Personal Financial Literacy, Inc.

Inquiries or articles may be sent to:
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This newsletter is published monthly by the Florida Jump$tart Coalition® for Personal Financial Literacy, Inc. and is sent to active partners. Previous issues of the newsletter can be found on the Web site.

Please contact us if you believe that you are receiving this newsletter by mistake, are a current Partner that has not been receiving the newsletter, or wish to update your contact information. Any additional concerns or questions should be directed to FLJumpstart@ficpa.org.

This newsletter is one of our primary communication tools. We invite Partners to submit articles, photos, or news briefs about your innovative ideas, research, activities and events. Financial education is rapidly growing in Florida. We need your help to stay on top of trends and information. Please submit your information to FLJumpstart@ficpa.org.

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