Florida Jump$tart! Financial Smarts for Students
Jump$tart Coalition for Personal Financial Literacy
December 2011

The Florida Jump$tart Coalition wishes you a very happy holiday and a safe and prosperous New Year!

When Good Debts Go Bad

Below is advice from Florida Jump$tart Member Andrew Bernstein, Certified Personal Finance Counselor, ABernstein@debthelper.com on handling debt.

1) If the debt falls behind one month behind (sometimes two months) you will start to receive calls from the "in-house" collections department from the creditor. They will probably be friendly and try to work out a payment plan with you. Normally these are short term plans but even so, make sure you get the agreement in writing. DO NOT give out your checking account number!!
2) If the debt falls behind more than 3 months, you will probably start getting calls from a "Collection company" These people will be less friendly ...however some will still try to work out a payment plan for you. However, once the debt is more than 6 months, they will try to get the entire debt paid. If you make a counter offer they probably will accept it. Make sure that you are not being harassed. (Refer to the Fair Debt Collection Practices Act/FTC.gov)

3) After a year, many debts will be placed into the hands of a "Collection Attorney" They will be relentless in attempting to get the entire debt paid, no matter what the borrower's circumstance is. They will take you to court if you cannot pay the debt.
4) Once the debt gets into court, you can try to show the judge that you do not have the means to pay, although the judge will ask you and the attorney to see if a payment plan can be worked out. If not (OR) if you do not appear in court, a judgment will be awarded to the creditor against you. They might try to file a garnishment against your wages, or place a lien against any property you own. A judgment will stay on your credit report for 7 years, but in some cases can be extended. A lien will stay on your report and in effect, until the debt is paid.
5) The lender may decide to "Charge-off" the debt, which means that they do not expect you to pay it. That notation can stay on your credit report up to 14 years. Further, the debt can be sold to another collection company at any time and the process can start all over again.

The Key to Raising Money-Smart Kids Begins With Building a Foundation of Financial Literacy for Yourself

(November 16, 2011; *The New York Daily News*) — You're probably not surprised to hear you have a big influence over your children - though they probably won't admit it. A recent study from the University of Arizona and the National Endowment for Financial Education found that parents are the most important factor in building financial capability for their children.

The kids aren't getting these lessons in school. According to the Jump$tart Coalition for Personal Financial Literacy, only four states require a course devoted to personal finance; 20 others require personal finance instruction incorporated into other subject matter.

But many of us shy away from being the teacher here. We feel we've made too many mistakes on our own dime, or we're not familiar enough with the information to pass it on. And so it seems the key to raising money-smart kids is twofold: First, you have to get the information you need. Then you need an effective way to pass it on to the next generation.

Here's advice for both steps:

To build a solid foundation for yourself ...

Look in your community. Many offer free or relatively cheap programs about basic financial concepts — saving, how to budget, the ins and outs of credit and debt. You might find a course like this sponsored by your church, your community association or local recreation center, the library or nearby community colleges, says Patricia Seaman, a senior director at NEFE.

"The key is to understand what is behind the financial education," she says. "Is it an organization that is making money off the course? Is there an agenda behind it?"

A course offered by an insurance agency will likely be front-loaded with information about insurance you may not want or need. One that's taught through an adult-education program might be unbiased.

Check out online resources

There are a ton, but here are some favorites. MyMoney.gov, run by the Financial Literacy and Education Commission, is a collaboration of 22 federal agencies. The site has calculators to help plan retirement and manage debt, budgeting worksheets and a consumer guide to credit cards.

It also divides information by category so you can find what you need whether you're a teacher, caregiver, retiree, parent or kid — and updates regularly in response to new legislation.

Smartaboutmoney.org, run by NEFE, is another good resource, as are the websites of financial magazines like Money, Kiplinger's and SmartMoney.

I recently helped develop a financial bootcamp for LearnVest.com, called the Take Control Bootcamp. It's a free, 10-day program that will help you take an inventory of where you stand, then learn to budget, track spending and make the most of your income. You can access it at learnvest.com/takecontrol.

To pass on what you've learned to your kids …

Incorporate day-to-day lessons. When I was a child, my parents took their paychecks to the bank and deposited them in person. When they wanted money, they went to a teller.

These days, checks are direct-deposited, money comes out of a machine in the wall, and we swipe a plastic card to make a purchase. In other words, your kids can grow up thinking money comes in an endless supply if you don't show them otherwise.

That means explaining where the money is coming from and how it got there when you take cash out of an ATM, taking them through your decision-making process at the store — why you're buying this, but not that, because you can't afford both — and giving them an allowance that they have to budget for the week.

The idea is to give them enough to buy some things they want and need every week, but not enough to buy everything, so they have to make the same decisions you and I do. As they get older, you can give an allowance every two weeks or every month, so they have to make the money last longer. And if they want to make a big purchase? They have to save for it.

Use games as learning tools

You can teach basic financial lessons with games they already play. Paul Golden, who also works at NEFE, told me his kids play a game called Lego Star Wars on Xbox. They collect coins that they can use to "unlock" other figures in the game.

Some figures require a lot of coins, others only require a few — if they want the best figures, they have to save up for them. This is a great teaching opportunity.

Then there are games that are designed specifically to impart financial lessons, like DoughMain and Jump$tart's Reality Check, which allows kids to plan the kind of life they want — the car, the house, the events or activities they'll attend — then tells them the income they'll need to support it. All of these open the door to money discussions, led by you.

Upcoming Events

Friday, December 16; 9:00–11:00 a.m.

Florida Jump$tart Coalition Board Strategy Session

February 19-26, 2012

Florida Saves Week

Promote savings in your community. For more information visit http://americasaves.org/.

March 12 - April 13, 2012

National Financial Capability Challenge

Conducted by the Department of the Treasury in partnership with the Department of Education, the Challenge offers high school students all over the country the opportunity to test their financial smarts. Sign up now at http://challenge.treas.gov/

April 2012

Financial Literacy Month

Monday, April 23, 2012 - 9:00–11:00 a.m. CST (Webcast)

International Solutions to Improving Financial Literacy

The Federal Reserve Bank of Chicago and Visa Inc. will co-host the sixth annual Financial Literacy and Education Summit. The Summit will focus on how global government and financial education leaders, in collaboration with providers, can develop these solutions to positively impact global financial literacy efforts. Register now at www.practicalmoneyskills.com/summit2012.

News Briefs

Joe Biden visits Fletcher High in Jacksonville to Tout Steps Taken to Reduce College Costs

(December 12, 2011; *Jacksonville.com*) — Vice President Joe Biden struck a responsive chord among many Fletcher High School students, their parents, teachers and Duval County school system leaders as he emphasized that a college degree is priceless and shouldn't be a luxury only a few can afford.

KELLY JORDAN/The Times-Union
Vice President Joe Biden shows off a Fletcher Senators jersey during his visit to Fletcher High School in Neptune Beach.

Biden and Education Secretary Arne Duncan discussed college affordability during a standing-room-only assembly in the school's cafeteria. They also detailed action by President Barack Obama to stem the rising tide of tuition costs and student loan debt. Those issues, Biden and Duncan said, threaten to scuttle the dreams of many middle-class Americans.

Since the members of Fletcher's senior class were born, the tuition and required fees at four-year colleges have tripled. Many will face thousands of dollars in student loan debt by the time they graduate college after four years, Biden said.

"If you graduate [college] after four years, the average student has a $25,000 bill. You get the bill and your diploma on the very same day," said Biden, noting student loan debt totals about $1 trillion, which is more than all the credit card debt in the country.

The Obama administration, Biden said, has increased the Pell Grant awards by about $40 billion, created the American Opportunity Tax Credit and capped federal student loan payments at 10 percent of the student's discretionary income. The loan cap also shortens the debt's forgiveness deadline to 20 years.

Full story at Jacksonville.com: http://jacksonville.com/news/metro/2011-12-09/story/joe-biden-visits-fletcher-high-touts-steps-taken-reduce-college-costs#ixzz1g2dzT5eq

A Credit Score That Tracks You More Closely

(December 2, 2011; *The New York Times*) — Anyone who has recently applied for a mortgage knows that lenders are already looking much more closely at your financial affairs. But soon, they'll be able to easily delve into the deepest recesses of your financial life, accessing information that never before appeared on your credit report.

CoreLogic introduced a new type of credit file, which is based on the giant repository of consumer data it maintains on just about everything that most of the traditional credit bureaus do not: missed rental payments that have gone into collection, any evictions or

child support judgments, as well as any applications for payday loans, along with your repayment history.

The new report also includes any property tax liens and whether you've fallen behind on your homeowner's association dues. It may reflect that you now owe more than your house is worth or if you own any other real estate properties outright. It also is supposed to catch mortgages made by smaller lenders that the big credit bureaus may have missed.

The idea, CoreLogic says, is to provide lenders with more details about prospective borrowers, supplementing what they already know through the more traditional credit reports furnished by the big three credit bureaus, Equifax, Experian and TransUnion. Moreover, CoreLogic has formed a partnership with FICO — the provider of one of the most popular credit scores used by lenders — which will formulate a new consumer score based on the new data.

While the CoreScore credit report became available to all types of lenders, the actual score, which will be ready in March, is being created specifically for mortgage and home equity lenders, though it could eventually be developed for other types of credit.

Next year, it will begin to evaluate whether to include even more data, including your payment history on utility and cellphone bills.

Within a year, the new report will be available at AnnualCreditReport.com, where consumers are entitled to one free copy annually. That same rule applies to each of the big bureau's reports on the site currently. Until the new report can be requested online, you can call 877-532-8778 to get a copy.

So while the credit bureaus may not yet know every last detail about your financial life, you should assume that they are watching.

http://www.nytimes.com/2011/12/03/your-money/credit-scores/corelogics-new-credit-score-exposes-even-more-of-your-financial-life.html?_r=1

CFPB Looking to Educate Students on Private Loans

(November 22, 2011; *The Washington Post*) — If you have a private student loan — and you are upset about what you've gotten yourself into — there's a government agency that wants to hear your story. The Consumer Financial Protection Bureau, created specifically to look out for the interests of consumers, has undertaken several initiatives to simplify loan products that have tripped up consumers.

The new agency is creating a one-stop shopping sheet to help students better understand the type and amount of financial aid they qualify for so they know how much they'll owe before choosing a college. The proposed sheet will detail the total loan amount borrowed, including the estimated monthly payment for federal and private loans.

And now, as part of the Dodd-Frank financial reform act, the bureau is looking closer at the private student-loan industry. The agency and the Education Department are required to produce a report on private student loans by next summer.

Private education loans carry higher variable interest rates and have fewer protections against economic hardship than federally guaranteed loans, which carry fixed interest rates and have a variety of repayment options, such as unemployment deferment and loan-forgiveness programs. If you have a federal loan, you might qualify for the income-based repayment (IBR) program, which allows borrowers to have their

monthly payments set at a reasonable amount based on their income and family size. Monthly payments can be capped at 15 percent of borrowers' discretionary income.

A just-released national bipartisan survey found that while young adults believe a college education is more important now than it was for their parents' generation, they believe it has become less affordable in the past five years. It also found that students are leaving school with more debt than they can manage. College seniors who graduated with student loans in 2010 owed an average of $25,250, a 5 percent jump from 2009, according to a new report from the Project on Student Debt at the Institute for College Access and Success.

Private loans made up at least 22 percent of all student debt for the class of 2010 at public and private nonprofit four-year colleges, the report found.

The consumer bureau is asking students, families, the higher-education community and the student-loan industry — lenders and servicers — to address a number of issues, including:

- Why aren't families exhausting their federal loan options, including those that require filling out a Free Application for Federal Student Aid (FAFSA) form, before turning to private loans?
- Where are students and their families getting information about private education loans?
- How effective are the disclosures provided by private education lenders? Among other things, the bureau is looking for comments that address whether students and their families understand the terms and conditions of their private loans.
- What approaches would best assist recent graduates facing (or about to face) difficulty making payments on private loans?
- In the wake of the financial crisis, have private lenders adopted repayment programs in response to the high unemployment rate among recent graduates?
- The bureau is particularly interested in hearing about schools with specific programs or practices that educate students about their debt loads and ability to afford their loan payments, as well as any evidence concerning the impact of such initiatives.

You may submit comments by e-mail to cfpb_studentsfedreg@cfpb.gov.

Full article at http://www.washingtonpost.com/business/economy/cfpb-looking-to-educate-students-on-private-loans/2011/11/22/gIQAH4SRmN_story.html

As New Graduates Return to Nest, Economy Also Feels the Pain

(November 17, 2011; *The New York Times*) — Like most of her friends, Hollis Romanelli graduated from college last May and promptly moved back in with her parents.

As a result, she didn't pay rent — or a broker's fee or renters' insurance, for that matter. She also didn't buy a bed, desk, couch, doormat, mop or new crockery set. Nor did she pay the cable company to send a worker to set up her TV and Internet, or a handyman to hang a newly framed diploma. She didn't even buy drinks and snacks for a housewarming party. In other words, Ms. Romanelli, 22, saved a lot of money. But she deprived the economy of a lot of potential activity, too.

Every year, young adults leave the nest, couples divorce, foreigners immigrate and roommates separate, all helping drive economic growth when they furnish and refurbish their new homes. Under normal circumstances, each time a household is formed it adds about $145,000 to output that year as the spending ripples through the economy, estimates Mark Zandi, chief economist at Moody's Analytics.

http://www.nytimes.com/2011/11/17/business/economy/as-graduates-move-back-home-economy-feels-the-pain.html?_r=1

Finance Job Losses Near 200,000 as BNP, Citigroup Trim Employees

(November 16, 2011; *Bloomberg.com*) — Job losses in the global financial services industry this year are close to surpassing 200,000 asCitigroup Inc. (C), France's BNP Paribas SA and Bank of America Corp. (BAC) eliminate employees to reduce costs.

Citigroup, the U.S. bank that shook up senior management, may cut as many as 3,000 jobs as Chief Executive Officer Vikram Pandit squeezes out costs, said a person familiar with the company's plans. BNP Paribas, France's biggest bank, said today it will trim about 1,400 jobs at its investment-banking unit, with most coming from the lender's capital markets and structured-finance teams. Bank of America also cut part of its equities unit in Europe yesterday.

The reductions add to the 195,000 banks, insurers and asset managers announced this year, and surpass the 174,000 losses in 2009, data compiled by Bloomberg show. Lenders are reducing staff as the European sovereign debt crisis roils markets, crimps revenue from trading stocks and bonds, and deters companies from takeovers or stock offerings. Regulators are also forcing banks to set aside more capital for their riskiest operations, cutting the profitability of fixed-income units.

http://www.bloomberg.com/news/2011-11-16/citigroup-said-to-consider-3-000-job-cuts-as-pandit-trims-costs.html

Non-Profit Group Launches Website to Connect Military, Veterans and Families with Assistance Resources

(November 11, 2011; CLEARWATER) — VeteransPlus, a Florida-based 501(C)(3) non-profit financial education organization, today announced it has launched the online Yellow Ribbon Registry Network. The Yellow Ribbon Registry Network (www.registrynetwork.org) is the nation's first centralized source and clearinghouse where service members and veterans can fill out just one request for help and have their application quickly validated and submitted to multiple non-profit funding partners through the network for response to their critical needs.

The youngest generation of America's fighting force and their families face unprecedented challenges related to the prolonged financial crisis. While deployed and after returning home, they and their families are too often confronted with an urgent financial challenge. To date, those in need have primarily been referred to a range of published or online lists containing thousands of non-profits and other agencies that might possibly provide assistance. Although many of these outstanding organizations do have resources to offer, each has different qualifying criteria and specialized application requirements -- including identification forms, military orders, discharge documents, and other paperwork. Consequently, the urgent needs that often typify these scenarios are not able to be met in an expedited fashion, and members of the military, Veterans and their families are not able to secure assistance in time to prevent the loss of a home, the repossession of the family's automobile or countless other forms of hardship.

For additional information about VeteransPlus or to participate as a non-profit group resource in the Yellow Ribbon Registry Network, contact Christopher Fitzpatrick at 727.709.5652, email us at Headquarters@VeteransPlus.org, or visit us online at http://www.veteransplus.org .

Financial Planning Education 101: Ten Standout Schools

(November 1, 2011; *FinancialPlanning.com*) — Every recognized profession has its top colleges. Medical and law schools in the U.S. date back to the 18th century. As a much more recent profession, financial planning has spent much of the last four decades developing its own system of education and professional certification.

The academic side of planning has certainly come a long way. In December 1969, when a group of 13 financial services professionals met at an airport hotel in Chicago and decided to launch a membership organization and an institution for advisors - the College for Financial Planning, originator of the CFP designation - there were no schools. Today, there are 333 CFP board-registered programs, from certificate programs (183) to undergraduate (103), master's (41) and Ph.D. programs (6).

As many of the current crop of planners near retirement, they don't have to look too far to figure out where the next generation will come from. The answer is in all the schools. Not only has the number of programs been on the rise - up 15% since the past year and a half, according to the CFP Board - but enrollment in the programs themselves has generally been increasing, too. There are no national enrollment statistics, but many of the 10 schools profiled in this issue said enrollment has been rising, as much as 108% in the past five years, even at some older, established programs.

With so many CFP Board-registered programs out there, Financial Planning focused on 10 worthy institutions (not ranked).

The College for Financial Planning; Greenwood Village, CO
University of Georgia; Athens, GA
Boston University; Boston
Kansas State; Manhattan, KS
Kaplan; Online
San Diego State University; San Diego
William Paterson University; Wayne, NJ
Texas Tech University; Lubbock, TX
Utah Valley University; Orem, UT
Virginia Tech; Blacksburg, VA

For details about each of these programs, please see http://www.financial-planning.com/fp_issues/2011_11/financial-planning-education-10-standout-schools-2675690-1.html

Sheila Bair Talks About Simple Math and Financial Education in Her New Childrens' Books

(November 14, 2011; PBS *NewsHour*) — Sheila Bair, known for her tenacity and contrarian tenure as chairwoman of the FDIC, has a message she wants everyone to learn: Don't buy an inflatable moose head for your wall.

Some context, lest this interior decorating advice seem slightly out of place for a business and economics page: Bair, now senior advisor at Pew Charitable Trusts, believes much of the financial crisis could have been averted (or, at the very least, diminished) by money-and-math education.

"I think we would not have had as big a problem if policy makers had been more numerate," Bair told us recently. "I've been a regulator all my life and I've seen a lot of bad things happen to consumers. And some that they've imposed on themselves."

"Money and math skills go together quite closely. And for many kids it would perhaps be a more meaningful education because later in life, most of us are not going to be mathematical engineers or use sophisticated math in our careers. But we will all have personal finances to manage."

Which brings us back to the inflatable moose head. Bair points to the short-termism (*that 'I have to have this now' feeling*) of many consumers and policy makers as a

precipitator of the crisis. So she wrote the children's book 'Rock, Brock and the Savings Shock.' "Educational materials need to focus on resisting those urges for instant gratification and focusing on the long term of, 'what's meaningful to you, what do you want?' This is a cultural problem and hopefully the lesson of 'Rock and Brock' is think for the longer term."

Bair's other children's book, "Isabelle's Car Wash," focuses on risk, investment and entrepreneurship -- money lessons she thinks even little kids can -- and should -- understand.

"I think they can understand risk, investing money in somebody else's business endeavor. And understanding that if it makes money they make money, if it loses money, they lose money," she said. "There are a variety of places people can invest their money, and people need to understand the risk before committing their hard earned money."

http://www.pbs.org/newshour/businessdesk/2011/11/why-a-lesson-in-money-plus-mat.html

News and Recent Events From Our Partners

FSCJ Dedicates Center on Economic and Financial Education

(December 6, 2011; *Jacksonville.com*) — Florida State College at Jacksonville will offer kindergarten through 12th grade teachers training at its new Center on Economic and Financial Education at its Kent Campus.

The center's purpose is to improve the understanding of economics among kindergarten through 12th grade students in Duval, Nassau, Baker, Putnam, St. Johns and Clay counties so they will become effective participants in the economy.

Those lessons also can improve students' understanding of economic events, and influence the way they manage their money and their financial futures. As the Florida Next Generation Sunshine State Standards for economics become more demanding, it is important to intensify the preparation of those students.

The professional development training and workshops offered through the center will focus on ensuring teachers in Duval and surrounding counties are capable and well-prepared to teach the standards.

Professor Vincent Jackson is the center director. Participating in the dedication ceremony were Geoff Simon, board chairman of the Florida Council on Economic Education, **Robin Warren, FCEE executive director**, and Jerry Mallott, executive vice president of JAXChamber.

http://jacksonville.com/opinion/blog/479262/teresa-stepzinski/2011-12-06/fscj-dedicates-center-economic-and-financial

Financial Literacy Research

MetLife White Paper Finds Employee Financial Wellness a Growing Global Concern for Employers

(December 6, 2011; NEW YORK) — As the effects of the recent financial crisis continue to be felt across the globe, financial stress is an issue for both women and men. MetLife's 9th Annual Study of Employee Benefits Trends found that 58% of employers state that financial "illness" plays a role in employee absenteeism and 78% said that concerns over financial problems while at work can have a negative impact on employee productivity. And it has been estimated that 15% of workers are experiencing stress from their poor financial behaviors to the extent that it reduces their job productivity.

In recognizing that employees need assistance in managing their financial future and understanding the value of employee benefits aimed at building financial wellness, employers are, in increasing numbers, providing employees with the financial education they need, according to a new white paper released by MetLife. In coordination with the Boston College Center for Work & Family, MetLife examined how two large multinational firms have taken strategic measures to address the financial wellness of their employees. The *MetLife Study of Financial Wellness Across the Globe* is available at www.metlife.com/multinational.

Key Findings from the white paper include:

- Financial difficulties can have a negative effect on worker productivity. There is evidence that financial distress may have a direct impact on employee health and well-being which can reduce worker productivity and increase absenteeism.
- Carried out correctly, financial education can have a beneficial effect on employee wellness. Financial education programs have the potential to lower financial stress, reduce absenteeism, increase productivity and lead to a more loyal workforce.
- Consumers are generally poorly prepared to make good investment choices. Consumer financial illiteracy is widespread globally and consumers are not sufficiently committed to their own financial well-being. While most people recognize that the government will not provide them with an adequate retirement income, this realization does not translate into increased savings or investments.

http://www.marketwatch.com/story/metlife-white-paper-finds-employee-financial-wellness-a-growing-global-concern-for-employers-2011-12-06

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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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