

IDAHO'S Two Cent Tips

Improving the lives of Idahoans, two cents at a time!

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University of Idaho
Extension

Idaho Financial Literacy Coalition

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Steps to Financial Freedom

-Set Goals

-Give

-Budget

-Plan for Emergencies

-Eliminate consumer debt

-Invest for retirement

-Teach kids about money

-Own a Home

-Plan your estate

Guilt-free Spending

Luke Erickson

Recently I found myself discussing the topic of cars with a friend. I don't know anything about engines but don't like to admit ignorance on such a manly topic (except in newsletters apparently) so instead, I offered a few car-related *financial* tidbits.

As you can imagine, I'm a real gas at parties.

Among the morsels of wisdom shared were the benefits of buying used, and avoiding car loans, and last, I shared a dash of statistics about how new cars will lose 50-75% of their value in their first four years.

Being thoroughly convinced of my miserly ways my friend asked me point blank, "So, would you ever buy a new car?"

"Yup, of course I would," said I, not missing a beat.

"Oh," he replied, befuddled and confused, and yes I frequently have that effect on others. I obviously needed to explain my seeming self-contradiction.

"I mean, that's the whole point isn't it? I'm not a cheapskate just for the sake being a cheapskate. There's a purpose for it!"

And, what is my purpose, you wonder?

See if you can follow me. I choose to be a cheapskate now, so that I am not forced to be a cheapskate later.

In other words, I want to always be on my way up. I want my finances and my ability to reach my financial goals to continually improve throughout my life.



Receive Idaho's Two Cent Tips every month by sending an email to erickson@uidaho.edu with the word "subscribe" on the subject line.



US National Debt:

\$11,805,125,241,810

Debt per citizen:

\$38,377

US Spending since 1-1-09

\$2,978,135,408,113

US Tax Revenue since 1-1-09:

\$1,566,802,813,690

US budget deficit since 1-1-09

\$1,411,332,594,423

US Private Debt:

\$7,521,001,263,403

Credit Card Debt:

\$909,345,029,546

Private debt per person:

\$24,450

"The purpose of USDebtClock.org is to inform the public of the financial condition of the United States of America.

"America is a proud country with a long history of overcoming insurmountable problems. The debt crisis that the Government and individuals face is the most pressing issue of our time. We must begin to confront this challenge head on and not squander away the future financial health of the nation."



Years ago, my wife and I made a conscious decision to continue living like college students though we were already done with school, and I was fully employed. This allowed us to "cover our bases" and save up for emergencies, get rid of a few debts, build up a health savings account, invest for retirement, and prepare for homeownership.

Since then, our lifestyle has steadily improved, mostly due to the fact that there was nowhere to go but up, and we have set ourselves up to continually improve from here on out.

As I have described in previous columns, my family has a list of financial goals that we're continually working towards. And while a brand new car is on this list, it is so far down you'd need sonar to find it. I do believe, however, that there will come a time when we've accomplished so many of our goals, that the new car will rise to the top of the list. When this happens we will most certainly buy it, with cash, and drive it by your house at 2 AM, honk the horn, rev the engine, and maybe even do some Dukes of Hazard jumps off your curb for good measure.



But until then I'm driving used, and I'm certainly not going to borrow money. I'm not letting a new car or a car loan get in the way of things I want most, just because that's what "everyone else" does.

Interestingly enough, there are many other things that "everyone else" does that I want no part of, such as living paycheck to paycheck, getting tossed about by every tiny economic ripple, and living chaotic and unfulfilling financial lives.

Maybe it's culture, tradition, status, or really good marketing, but an average American will recognize a need for transportation, and feel obligated to run out and fill it with something new and attached to a "requisite" car loan, whether the thing was on their list of goals or not. The only real question asked is "Can I afford the monthly payment?"

Who cares about affordable monthly payments, if all that money

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only satisfies a lesser want? An alternative is to make your own decisions and not simply do things as they are being done by others.

There is such a thing as guilt free spending. It's covering your simplest needs first, then buying things that you know you want with money that you know you have. Will I, the ultimate penny-pincher, ever buy a new car? Absolutely. And I'll do it guilt free.



Negotiating with Collection Agencies

Marilyn Bischoff

Settling your outstanding debts and improving your credit score are the first steps to getting better rates on loans and saving money on expenses like insurance coverage. These savings then turn into investments you can use to



start your own emergency fund, save for a personal goal, or add to your retirement account. You don't need to pay a debt management company to do this. Here's a guide to walk you through that important conversation with your creditor:

The Basics

- Accounts go to collections when you fail to pay your creditors.
- Collection Agents work on commission and they are trained to get money from you.
- Everything is negotiable: Find out your

creditor's bottom line—60-70 percent is generally not unreasonable.

- Attitude is key!

The Fair Debt Collection Practices Act of 1978 regulates what Collection Agencies can and cannot do.

Collection Agents can:

- Call you anytime between 8 a.m. and 9 p.m.
- Call your place of employment unless your employer prohibits such calls.
- Call your friends and relatives to learn where you are located.
- Make settlement offers and /or payment arrangements.
- Demand payment in full.
- Take civil legal action to collect the debt.



Collection Agents cannot:

- Threaten, harass, or intimidate you.
- Use profane language
- Threaten violence or criminal proceedings.
- Disclose your information.
- Misrepresent themselves.
- Send mail that looks like court or government documents.
- Add charges that are not legal.

Speaking with Collection Agencies

- A positive attitude throws debt collectors off their game. Don't become discouraged if the negotiation takes days or weeks. Don't be intimidated if they threaten you with law suits.
- Ask what company they are calling from.
- Ask for a name and employee ID number and don't be afraid to ask to talk to a supervisor.
- Ask for the company's telephone number and corresponding address.



- Pay close attention to what is being said and understand exactly what you're being asked to agree to. Never acknowledge a debt unless you KNOW that it is yours.
- Ask the agent to send a written statement.
- NEVER agree to a settlement offer or payment arrangement you know you cannot afford to keep.
- The universal power of cash: You may be able to get more negotiating leverage by offering to make a lump sum payment instead of using a payment plan—if you can afford to do that.
- Never agree with the question, "So are you saying that you are unwilling to pay your bill?"
- Stick to your statements.
- Get EVERYTHING in writing before you send a payment.
- Send all correspondence, especially payments, by certified mail with a return receipt.

Filing a Complaint

Just because you owe money doesn't mean you don't have rights. If a Collection Agency has violated the FDCPA, you can file a complaint with the state Attorney General's Office and the Federal Trade Commission. FTC, <http://www.ftc.gov/ftc/cmplanding.shtm>.



Source: Adapted from America Saves (Summer 2009). Negotiating with Collection Agencies, Summer 2009 America Saves Resources email from Terry, J., CSREES, sent 8/27/09. Federal Trade Commission (2009). Debt Collection FAQs: A Guide for Consumers. Bureau of Consumer Protection, Washington, DC: FTC. Retrieved 8/27/09 from <http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre18.pdf>.

Budgeting to Protect Your Financial Future

Lyle Hansen



We are currently going through one of the worse financial downturns our country has ever seen! Every day we hear about layoffs, companies closing, the national Deficit, and so on. Many of us are worried about what might happen to our financial situation if we are laid off or get our

hours cut. Unfortunately, some of us have already had this happen and are facing financial crisis! All this being said, we still need to do everything we can to help manage our finances. Using and having a budget in place will put you in control over your money, instead of letting your money control you.

When your family income drops suddenly or expenses unexpectedly increase, your first concern may be how to pay your bills and meet your day-to-day expenses. It is also important to look at your big financial picture and determine which assets you might use to meet current family obligations.



Unfortunately, things do not always go as planned or as we would like them to go. We all at some point face unanticipated situations that test us. We might lose a job, suffer an injury that causes us to miss work, or have to come up with money because of a financial emergency. Having a budget helps you evaluate your overall financial situation. It lets you see exactly how much money is coming in each month and how much of that money is going out for expenses. A budget helps you to identify how much money is being spent in each category of your spending. A budget lets you see your big financial picture, decide how to spend your money, provide for needs and wants, match your spending

to your current income, and identify where you can cut spending to make ends meet.

Below are links to two University of Idaho Extension publications that focus on helping a person develop a budget. Using these two publications will make developing a budget easier and less painful. You can also email me at lhansen@uidaho.edu and I will email them to you.

CIS 1112 Tracing Income and Expenses
<http://www.extension.uidaho.edu/madison/Files/Dollar%20Decisions/Publication%20CIS%201112.pdf>

CIS 1113 Making a Spending and Savings Plan
<http://www.extension.uidaho.edu/madison/Files/Dollar%20Decisions/Publication%20CIS%201113.pdf>

Once you have taken the time to develop the budget that best works for you, make sure you stick with it. The first couple of months of using a budget are typically the hardest. During this time take the time to evaluate and re-evaluate your budget for what is working and what is not working. Evaluating and re-evaluating your budget will help you make the required changes in your budget that fit your lifestyle and encourage you to continue using your budget! Refer back to the above publications to help you during these first couple of months. Remember that there is not a right or a wrong way to budget, it all depends on your own financial situation. Having a budget in place that works for you will help you get the most from your income and prepare you to face and conquer potential tough times that are in your financial future.



Quote of the month:

"Any society that would give up a little liberty to gain a little security will deserve neither and lose both."

-Benjamin Franklin



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- 1) Forward, our newsletter links to friends.
- 2) Print hard copies and distribute them or display them in offices.
- 3) Reprint a specific article in your own newsletter.

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Jerome County
600 2nd Ave. W.
Jerome, Idaho 83338



Organize, Communicate, Prepare



Secure Your Future

Sat., October 24, 2009

Shilo Inn, Twin Falls

8:30 AM - Check-in

9:00 AM to 2:00 PM -Seminar

FREE!!

Includes free Brunch!

**University of Idaho
Extension**



Have you done everything you can to safeguard your family's financial future?

Do you have a plan to protect, distribute and transfer your assets? Do you want to increase your knowledge of estate planning and end-of-life issues? Do you want to learn how to safeguard your family's financial future?

Many Idaho residents die without a will or an advance health care directive. Numerous people just never get around to making specific legal arrangements to protect their survivors. Some don't want to discuss end-of-life issues with family members. Many people do not make arrangements because they believe:

- Their property will automatically pass on to heirs without complications
- Assets have to be of a certain value before their heirs will be affected by a tax liability
- Estate planning is not important for young parents
- Costs of preparing wills and important documents are too expensive to make it worthwhile

"Secure Your Future" will help you take major steps to safeguard your family's

There will be no sales or marketing of products or services.

Free Seminar:

Organize Your Important Papers

Learn the kinds of personal information to gather, organize and store so that family members can easily access it.

Instructor: Marilyn Bischoff, UI Extension Specialist

Advance Health Care Directives

Understand the importance of Advance Directives: Living Will and Durable Power of Attorney.

Instructor: pending

Prepare: Advice from an Attorney

Increase your knowledge of estate planning and end-of-life issues – wills, probate, trusts and how property is titled.

Instructor: Dennis Voorhees, Attorney at Law

8:30 AM– Check-in, Receive materials

9:00 AM-2:00 PM- Seminar

Shilo Inn–Twin Falls

1586 Blue Lakes Blvd., N.

(between Poleline Rd. & Cheney Dr.)

For more information or to register call

Jerome County Extension 324-7578



Registration form

**Space is limited! Pre-registration required by
Monday, Oct. 19**

Name(s): _____

Street or P O Box Apt # _____

City State Zip _____

Day Phone _____ Other _____

E-mail address _____

Please register me for **Secure Your Future**
October 24, 2009 at the Shilo Inn-Twin Falls

8:30 AM–2:00 PM

Call 208-324-7578

Or

Mail to: Jerome County Extension

200 2nd Ave. W.

Jerome, ID 83338

Or

E-mail the above information to: jerome@uidaho.edu

FREE thanks to generous funding from

AARP-Idaho. Brunch will be served.

In compliance with the Americans with Disabilities Act of 1990, those requesting reasonable accommodations need to contact Jerome County ten days before the class at 208-324-7578.

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