Heartland Institute of FINANCIAL EDUCATION

Instructor's Tutelage

NOVEMBER 2015

Ring in the Cheer!
Make way for a Financially Stress-free Holiday Season

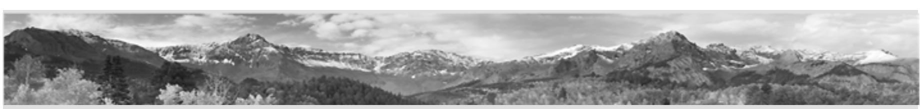
Amazing deals and attractive advertising make it easy for consumers to ignore their financial reality during the holiday shopping season.

Those who have a clear plan and the stamina to resist temptation and stick to practical spending habits during the holidays will probably come out in much better financial shape than those who are frivolous and have a blasé attitude about potential mounting credit card debits in January.

Tips for staying on financial track:

- Determine how much you can spend, taking into account decorating, gifts for family/ friends, dining, travel, and entertaining, etc.
- Working off that total, create a detailed budget before you start shopping, with line items for all the expenses that you factored into your total budgeted amount.
- Spend cash instead of using credit cards. With cash, you can't spend what you don't have.
- Get innovative to trim costs. If you're crafty, make decorations and presents instead of buying them; and, rather than dining out, host a dinner party at home and ask your guests to bring something to share.

By adopting a couple of these strategies, you can be generous yet sensible in your spending and enjoy the holiday spirit without a guilty conscious and depleted bank account.



What If Family Members Want Too Much from Retirees?

By Paul Hechinger September 16, 2015

Retirees face many financial pressures, but one can hit especially close to home: family members who want too much money from their aging parents.

Sometimes children want so much that they threaten their parents' financial security, and that is where financial advisors must understand how to intervene.

"There are some amazing kids out there who will spend every last dime for their parents," says planner Suzanne Wolfson, founder of For Retired Only in San Francisco.

But others are like vultures, who will use emotional manipulation that borders on or meets the actual criteria for elder abuse, she says.

"Parents know that they will need their children to take care of them, and children play on that fear," Wolfson says.

She says the worst case she ever saw was a family of eight

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children who preyed on their mother.

"They had her refinance the house – her mortgage was more than her Social Security – and they let the alcoholic son live there," Wolfson says. "That was an anonymous call to adult protective services."

Most situations aren't so bleak, but Wolfson points out that children's views of their parents' money can fluctuate over time, often according to their own circumstances.

"On one day they may be mercenary, and then on another day they may be very caring," she says.

But even those who are caring can push for bad choices, Wolfson says.

She usually avoids trouble with children by telling them upfront that her fiduciary responsibility is to her client.

Of course, many parents want to give their children money, but if there is a risk that clients are being too generous at their own expense, advisor Patricia F. Raskob says it is her job to help them develop "a strong backbone."

Her discussions with clients focus on the question of whether the children are becoming co-dependent on the money.

"For some kids, it's like a job," says Raskob, president of Raskob Kambourian Financial Advisors in Tucson, Ariz. "They feel that just being their parents' child entitles them to this check every year."

In certain cases, Raskob suggests that instead of gifting money outright, clients should make it a loan, usually as an advance on their inheritance, with the understanding that if parents need the money, the child must pay it back. The loan should be accompanied by a letter, signed by the parent, saying that the advisor suggested a loan at a reasonable rate of interest in case the parent needs the money later on.

Written statements from clients can be helpful in preventing discord or hurt feelings among family members if parents feel they have to cut back.

Raskob cites a Christmas card that she helped draft for a client that went out with a reduced annual check to family members.

The card basically said, "I love you all, but I'm beginning to have to make some changes, and I'm trying to take care of myself so you don't have to take care of me," she says.

How Your Workplace Can Help You Manage Money

By Kimberly Palmer, US Money News Jan. 28, 2015 | 11:39 a.m. EST

The growth of workplace education programs offers employees new kinds of financial assistance.

Research suggests companies that offer some kind of financial education program help reduce employees' financial stress and boost productivity.

When Ced Funches started managing budgets as an art director in his 20s, his employer sent him to a financial education class to help shore up his decision-making skills. The class included an overview of budgeting, saving and retirement investing. For the first time in his life, Funches learned about 401(k)s and how tax-advantaged retirement accounts work.

"They were like, 'This is a great opportunity, your company offers matching.' I was like, 'What is a 401(k)?' No one had ever

explained to me what it was," recalls Funches, now 36 and an entrepreneur and app developer. Soon after taking the class, he opened his first 401(k) account and started saving for retirement.

Funches' experience is an increasingly common one, as more companies are incorporating financial education into their workplace benefits. A big driver of this movement is the realization that many employees are feeling financially stressed, and the understanding that reducing their stress levels can increase their performance. "Companies did cut back on things like 401(k) matches and other benefits [during the recession], and now it's bouncing back," says Julie Stich, director of research for the International Foundation of Employee Benefit Plans.

A 2014 survey by Financial Finesse, a financial education provider, found that 23 percent of employees report "high or overwhelming" financial stress levels, and 63 percent report some level of financial stress. Women under age 30 with young children who earn less than $60,000 were the most likely to report a high level of stress, with 58 percent calling it high or overwhelming.

Financial Stress Levels	2009	2010	2011	2012	2013
No financial stress	3%	3%	16%	18%	14%
Some financial stress	64%	65%	65%	64%	63%
High or overwhelming financial stress	33%	32%	19%	18%	23%

"We found that employees were having high stress levels because of financial issues, and it was impacting their productivity at work and how they got along with their co-workers," Stich says.

A recent study by the International Foundation of Employee Benefit Plans found that among its 397 members surveyed, 68 percent of employers offer some form of financial education to their employees, with 36 percent launching those offerings within the past five years. Stich explains that those numbers are likely higher than the national average since the survey represents the group's members, who are already more attuned to the idea of offering financial education benefits.

The most successful programs tend to come from companies that invest more time and energy into them. According to the foundation's research, companies reported higher levels of success when they invited workers' spouses to participate; when they first assessed what topics employees needed more information on; and when they devoted a portion of their budget to financial education. Offering customized programs to specific groups of employees, like workers approaching retirement, also increased success.

Meanwhile, the Financial Finesse survey found that factors contributing to high stress levels include lack of an emergency fund, spending more than one earns and debt. Among the employees experiencing the highest levels of financial stress, just 8 percent said they had an emergency fund, and fewer than half reported paying their bills on time each month.

"If you got up this morning and knew you had to go grocery shopping, but your credit cards are maxed out and your car wouldn't start and you have to think about how to get to work, you're tense, you might have high blood pressure and sleep troubles," says Linda

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How Your Workplace Can Help You Manage Money (cont.)

Robertson, senior financial planner at Financial Finesse, who leads financial education programs for employees. That kind of financial stress can not only impede your concentration at work, but it can also lead to longer term health troubles, she adds.

Employee programs often include group workshops as well as individual sessions, which can make it easier for workers to address sensitive topics, like credit card debt. In the one-on-ones sessions, Robertson says the discussion is completely confidential, so employees can feel free to share their concerns about debt or other financial challenges. In group workshop settings, she uses a hypothetical man with financial troubles to help educate them, and leads participants through a budget planning session aimed at getting him on track. Employees suggest changes he can make to his budget and savings, and together they explore how he can improve his overall financial picture.

A 2013 Financial Finesse report on the impact of the programs found that within 30 days of participation, 88 percent of respondents had done at least one thing to boost their finances. The most common steps were reviewing asset allocation in a retirement plan, reducing credit card debt and cutting monthly expenses. Over the longer term, those who took advantage of the financial education program were also more likely to use flexible spending accounts and feel more confident about their retirement investments.

If your workplace offers some kind of financial education program, then you might want to consider taking advantage of it, since research suggests it can help reduce your financial stress and boost your productivity. Plus, it's free and paid for by your employer.

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