

Financial Education Divisions and Programs

Slaying the Debt Dragon

Before we can get rid of debt, we need to identify destructive habits that can get us into financial difficulties. We'll teach you ways you can conquer those habits and work your way out of debt and into financial well-being.

Getting to Know Your Credit

Your credit report is a timeline of your credit history and is used to assess your credit worthiness. We'll teach you the factors used to determine your credit score, help you understand your credit report and provide suggestions on how to establish or improve your current credit standing.

Credit Cards – Avoid the Debt Trap

Knowing how and when to use credit cards is critical to your financial success. We'll teach what credit card features to look for, how credit cards affect your credit score and more.

The Practical Guide to Budgeting

Every good money manager starts with a plan – our presentation will guide you through six keys to creating a successful spending plan.

If you are interested in a free presentation for your community group or school, please contact the Financial Education Division at 312-814-4338 or financialeducation@treasurer.state.il.us.

The Division of Financial Education strives to reach all Illinoisans with practical, relevant financial education and access to consumer advocacy resources and economic support to promote economic empowerment and wealth accumulation.

C.A.R.E.S. is a publication of the Division of Financial Education— Illinois State Treasurer's Office
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Dara Duguay, director, Citigroup Office of Financial Education, and editor of the "Citi Commonsense Money Guide for Real People" greets attendees at the 2008 Metro East SWSM conference on September 18 in Fairview Heights.

this issue

Recession-Proof your Finances **P.1**

Financial Ed Programs **P.1**

SWSM Chicago Conference **P.2**

Q&A Financial Tips **P.3**

Recession-Proof Your Finances

Chicago conference concludes 2008 Smart Women Smart Money

The Financial Education Division finished out its Smart Women Smart Money season with a bang on October 8 in Chicago at the newly-built University of Illinois at Chicago Forum. SWSM Chicago was the last of six conferences held in 2008, following successful events in Springfield, Mt. Vernon, Rockford, South Suburbs (Matteson), and Metro East (Fairview Heights).

Smart Women Smart Money conferences provide one-day financial education workshops specifically focusing on issues relating to women's finances. Whether they are retirees, professional women, stay-at-home moms, college students or interns, all can benefit from presentations and workshops conducted by accomplished speakers who offer practical advice and real-life experiences on subjects ranging from budgeting and saving to investing and planning for retirement. At each conference, Treasurer Giannoulis presents *Woman of Excellence* and *Woman on the Rise* Awards to local, outstanding women who

have made significant contributions in their fields or have inspired and empowered other women to pursue financial or business careers.

This year's Woman on the Rise award recipients were Michelle Tjelmeland in Springfield, Sarah Frey Talley in Mt. Vernon, Kathryn E. Humecki in Matteson, Mary D. M. Casey in Metro East, and Deirdre Joy Smith in Chicago. Honored Woman of Excellence award recipients were Jo Ellen Keim in Springfield, Rebecca Ault in Mt. Vernon, Sue Mroz in Rockford, Tracy A. Munno in Matteson, Marlene Gebhard in Metro East, and Dory Rand in Chicago.

SWSM conferences are presented under the auspices of Dollars and Sense Inc., a nonprofit organization designated 501(c)(3) by the IRS. The conferences are made possible through the generosity of sponsors — major 2008 SWSM contributors included Northern Trust, ComEd, Citi, OppenheimerFunds, Harris, Country Insurance, and Humana.

Community Coalition for Fighting Foreclosure

Currently, 70% of homeowners facing foreclosure are not talking with their lender. Oftentimes they turn to relatives, employers or educators for advice instead. During the month of July, the Illinois State Treasurer's Office hosted a series of foreclosure prevention workshops for community leaders, clergy and employers in Illinois. The "Community Coalitions Fighting Foreclosure" workshops provided participants with information on foreclosure alternatives, assistance and scams, as well as debt management and predatory lending. The workshops were designed to educate community members with whom homeowners interact.

"More than 70 percent of people facing foreclosure never talk to their lender. Instead, they reach out to friends, family, employers or clergy for advice," states Illinois State Treasurer Alexi Giannoulias. *"We want to arm these people with good information so they can be sympathetic and offer real solutions to their peers."*

The Treasurer's Office partnered with the FDIC's Alliance for Economic Inclusion to host these "train the trainer" workshops in Hazel Crest, Rockford, Peoria, Springfield, and Caseyville.

More information about Fighting Foreclosure is available at www.treasurer.il.gov.

By the end of 2009, foreclosures in Illinois will cost the state more than \$81 million in total property tax revenue and \$5.4 billion in lost property values and tax revenue. (Joint Study from Congress)

Treasurer Giannoulias addresses Chicago Smart Women Smart Money Conference

Offers "5-point plan" to survive current financial climate

State Treasurer Alexi Giannoulias greets exhibitors at the 8th Annual Chicago Smart Women Smart Money conference on October 8.



1. Pay Down Your Debt

A recession isn't all bad news. Since interest rates tend to go down during recessionary periods, your debts will cost you less; and your debt repayment dollars will go further.

Translation: it's a great time to pay down credit card debt. Look over your budget, and determine if you can afford to divert more money to your debt repayment efforts.

Pay off your cards the easy way: Double your current monthly minimum payment -- and keep making that same payment every month, without charging another penny -- and your card will be paid off in less than three years.

2. Build a "Nest Egg"

A good rule of thumb for a two-income household is to have **three months** worth of living expenses socked away in a savings or money market account.

If you are a single mother or if you work in a profession directly impacted by a recession -- whether that's catering, advertising or health care -- it is a good idea to have **six months** put away.

The purpose here is to have a cushion to live on so you don't have

to tap into your 401K early -- and pay a penalty plus taxes -- or run up your credit cards again with grocery bills and other necessities.

If it's too hard to put all this money away at once, I recommend saving **10%** of every paycheck immediately; you can even have it diverted directly from your check each week or month so you don't touch it.

If you have comfortable savings and are thinking about putting some of that in the stock market while prices are down -- don't jump in all at once!

Let's say you have \$12,000. What you should be doing is dollar-cost averaging: take that \$12,000, divide it by 12, put \$1,000 in every month. The markets may rally tomorrow, but they could fall just as rapidly next month. You don't want to lose your savings in one swing.

3. Invest in your Career

Recession and layoffs go hand in hand, so make SURE your boss knows you are indispensable.

The key is visibility and responsibility. Work hard, volunteer for extra duties and don't be shy about making sure your contributions are noticed.

This is also a good time to spend some money and time bringing your

skills up to date. Some professions like teaching and nursing may pay for training.

Coursework looks good on your resume if you find yourself in the job market unexpectedly.

4. Be a Bargain Buyer and a Savvy Borrower

Think about the housing market. If you plan to live in the same place for at least five years, you are better off *buying* a home now than *renting*. Right now, it is a buyer's market -- with a third more properties up for sale and homes taking longer to sell. So shop around for what you really want. When you find it, negotiate. Offer 10 to 15% *below* the listed price and expect the seller to meet you in the middle.

5. Protect Your Portfolio

With a recession looming, you may be worried about your 401K or 529 college savings plans -- and wondering if you should pull out of the stock market altogether.

Allowing market swings to affect your investing is a big mistake. Selling stock during a downturn almost guarantees you will take a loss.

You need to take a long term perspective. There has never been



Unclaimed Property Illinois Lost Funds

Unclaimed property is money or assets that have been separated from their owner for at least five years, ex. inactive savings and checking accounts, unpaid wages or commissions, stocks, bonds and mutual funds, money orders and bill overpayments, paid-up life insurance policies, safe deposit box contents, etc. Businesses and banks are required by law to turn over the unclaimed accounts to the state so they can be returned to their rightful owners. Go to the State Treasurer's website for a free name search on the **Cash Dash database**.



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Presented by the division of
Financial Education, Office of
the Illinois State Treasurer

a 10 year period without gains in the U.S. stock market and, 95 percent of the time, there are gains in every five year period. So, most importantly, **don't panic** and don't be fooled by one size fits all advice. How you react to an economic downturn depends on how many years you have until retirement. If you are early in your career, your main concern should be pouring money into your 401K and retirement accounts. A good bet is to set up what's called a **AGE BASED ACCOUNT** which becomes more conservative as you reach retirement age.

After you've been on the job a few years and hit your mid-career stage, a recession can really give you the jitters. But don't abandon your

long-term plan! With 20 or more years to go, you have time to recover your losses. A good rule of thumb is to have roughly 70 to 75 percent of your retirement savings in stocks and 25 to 30 percent in bonds while you are in your 40s and 50s.

When retirement is about 10 years away, and the kids are on their own (*or should be*), this is when the tricky part starts. You need to continue growing your savings, while protecting what you've accumulated. Move more of your savings into bonds – so you have a 60-40 stock/bond mix.

Look for stocks in industries that people need to spend money on regardless of the economy – think

utilities, groceries and, yes, vices. You can count on people to smoke and drink their market blues away.

Finally, retirement. This is the most important time to think about market slumps – because not only can your investments go south, you are also pulling money out of your investments for living expenses. At age 65, you should have no more than 50 percent of your portfolio in stocks, and you should scale those back to 20 to 30 percent of your portfolio by the time you are in your 80s. Also, there's a good chance your nest egg will have to last you 30 years. You should draw no more than 4 to 5 percent out of your savings each year, and increase the dollar amount each year according to inflation.

Your Financial Expert

Q: I am a homeowner facing foreclosure.

What should I do?

A: If you are struggling with your mortgage payments or even think that you may begin to struggle, it is critical to waste no time and reach out to your lender right away. The truth is, lenders are more interested in keeping you in your home than they are in foreclosing on your property. Your lender can assist you with evaluating your situation and determine what resources might be available to assist you in the short-term or longer if your financial hardship is permanent. If you have problems contacting your lender, reach out to a HUD certified housing counselor that can also explain your options and assist you with communicating with your lender.



Kevin L. Smith
Director of
Financial Education

Kevin Smith has many years of experience in personal banking, collections, installment and real estate lending. Kevin is an accredited credit counselor through the Association for Financial Counseling and Planning Education.



Treasurer Alexi Giannoulias with Chicago Bears quarterback Kyle Orton at Kenwood Academy

"It doesn't matter if you are a professional athlete or a student with a part-time job, the same financial lessons apply. You need to live on a budget, manage your credit and save for the future," Giannoulias said.

Kyle Orton, Treasurer Giannoulias tackle financial literacy Launch "Financial Football" video game statewide

Illinois State Treasurer Alexi Giannoulias and Chicago Bears quarterback Kyle Orton recently kicked off an effort to improve the money management skills of high school students during a press conference at Kenwood Academy in Chicago.

Giannoulias announced the financial literacy initiative with quarterback Kyle Orton, who related some personal lessons on money management. Giannoulias and Orton then led students in a game of *Financial Football*.

"It doesn't matter if you are a professional athlete or a student with a part-time job, the same financial lessons apply. You need to live on a budget, manage your credit and save for the future," Giannoulias said.

"We hope that providing money management lessons through football will help students learn important concepts like compound interest and annual percentage rates."

"High school kids need to know how to make smart money management decisions

before heading off to college or entering the workforce," Orton said. "It takes the combined efforts of parents, teachers and mentors within the community to give teenagers a strong background in personal finance."

Developed by Visa and distributed to high schools in 16 states, *Financial Football* combines the structure and rules of the NFL with financial education questions of varying difficulty. To score points, a team needs to answer a series of money management questions correctly. Wrong answers and penalties can cost a team yardage. The team with the highest point total after four quarters wins the game.

Treasurer Giannoulias has sent out copies of *Financial Football* – an interactive money management video game with an NFL theme – to every public high school in Illinois at no cost to the state. The game is also available for free now at the Treasurer's website, www.treasurer.il.gov.

(Full text of press release available at www.treasurer.il.gov)

Quarterly Financial Education Newsletter Issue 1 December 2008



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