

MONEY SENSE

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NEW BEGINNINGS, DEBT FREE

Student Loans: Earning a Degree in D+E+B+T

According to an article in *Money Magazine*, two-thirds of students borrow money to pay for college, and one in 10 have loans of \$35,000 or more. These days you can't even be a manager at a fast food restaurant without having a degree but do you have to go broke to get a B.A.?

The *Money* article goes on to state that "with tuition rising more than twice as fast as inflation and grants shrinking as a share of the financial aid pie, more and more students feel forced to borrow even larger amounts to fulfill their college dreams." This debt may enable your child to attend the school of their dreams, but it can lower a family's standard of living and divert funds from other important financial goals such as retirement.

In addition, studies show that students who are burdened with student loans are more likely than non-borrowers to live paycheck to paycheck, run up credit card debt, postpone buying a house, and even delay having children of their own.

Before you borrow, **Factor Price into the Decision.** Every dollar less that you spend at a school is less that the student or family has to borrow. Some children, and parents, jump at the chance to attend the most prestigious, or biggest-name school that accepts them, regardless of price.

Make sure the schools your kids apply to represent a good cross section, varying in price as well as academics. Encourage them to apply to at least one school where their SAT scores and grades will be considered relatively high, giving them a better shot at merit aid.

Set Some Limits. Sending your child to a school that's going to necessitate borrowing \$10-15,000 a year may seem feasible at first, but take into account that they are going to be in school at least 4 years and tuition rates increase each year. In addition, you may have younger children following right behind them on the path to college.

Let Your Child Borrow First. Even if you plan on paying for your child's education, you should let your child borrow in his/her name first. Reason being...federally guaranteed student loans are the cheapest higher education loans around. Currently, the maximum fixed rate on a Stafford loan is 6.8%, and your child can borrow up to \$23,000 over five years. You can always help them with the payments later.

Pay Early and Often. Make sure your child lives up to their end of the bargain. Paying on-time, all the time, can save thousands of dollars in interest over the life of the loan.

For more tips on college debt, visit www.moneymagazine.com or www.collegeboard.com.

Dollar Saver\$: Cooling Your Home

- Whole-house fans help cool your home by pulling cool air through the house and exhausting warm air through the attic. They are effective when operated at night when the outside air is cooler than the inside.
- Set your thermostat as high as comfortably possible in the summer.
- Don't set your thermostat at a colder setting than normal when you turn your air conditioner on. It will not cool your home any faster and could result in excessive cooling and, therefore, unnecessary expense.
- Don't place lamps or TV sets near your air conditioning thermostat. The thermostat senses heat from these appliances, which can cause the air conditioner to run longer than necessary.

Payment Address

Genesis Financial Management
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Are you happy with your debt management plan and with the service you've been receiving from Genesis? If so, please know that the highest compliment anyone can pay us is a referral. If you know of someone who could benefit from the kind of debt relief and counseling we offer, we'd love it if you could pass our number along!



The Fine Print . . .
Have you ever taken the time to read the fine print in your credit card contracts? If not, you should. Here's a sampling of what that credit card may be costing you: **Credit Limit Increase Fee**—creditor can charge you up to 50% of the amount you request to increase your credit limit by. **Inactivity fees**—charged when you don't use your card for a period of time. **Pay-off fees**—charged when you pay off your balance in full every month

529 College Savings Plans can help families make a significant dent in the rising cost of higher education.

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Tell Tales to Teach Kids About Money

Any parent knows that lecturing a child is probably the least effective way to teach them anything. But what about storytelling?

If you want your children to grow up with a healthy understanding of how money works and a healthy respect for the power— and peril— of credit, then forget the lectures and focus instead on teaching them through entertaining family stories that relay the money lessons you think are most important. Here are some pointers:

Choose your stories— embellish a little if needed, but let your experiences be a lesson to your kids. Tell them about how you earned money as a teenager. Discuss your financial difficulties in college. Describe how grungy your first apartment was or how excited you were when you achieved homeownership. Be honest about your mistakes with credit cards. Make sure your kids know what sacrifices you had to make to get where you are now.

Set a good example— practice what you preach; if you're trying to teach your children the value of saving, don't spend every weekend at the mall.

Keep it simple— don't try to teach too much in one story. Use the approach of frequent, short stories as opposed to infrequent long ones, and look for teachable moments; for example, when you're in line at an ATM machine or when your child is complaining because you won't buy them something.

Money Smart Topic of the Month: 529 Plans

And on the topic of student debt . . . here's another way you can help keep a lid on borrowing costs for education: start putting money away in a state-sponsored 529 college savings plan when your kids are still young.

A 529 plan is a tax-deferred investment. Anyone can establish a 529 on behalf of anyone else, and the money you put in grows tax-free and remains tax-free as long as it's used for qualified education expenses. You can contribute

as little as \$25 a month, and there's no annual cap on how much you can put in.

529 plans invest your money into a variety of stocks and bonds, so as with any investment, there is a risk your account could lose value as well as gain it, but many 529's offer an age-based option that automatically adjusts the risk-level of the account from more aggressive to more conservative as your child nears college-age.

Every state has at least one 529 plan, and some

have several. You don't have to live in a certain state to use its 529 plan, but if you open a 529 in the state in which you live, you may qualify for a deduction on your state taxes. You can also open more than one 529 for the same child, or multiple accounts for multiple kids.

Make sure you ask about fees for starting a 529 and what happens to the money if you don't use it for education. For more on 529's, visit collegesavings.org.

Please Note: E-mails and Personal Statements

If you receive your monthly progress report from us via e-mail, please make sure to add Genesis to your contact list. Due to spam blockers, many e-mails are being returned.

Checking your progress reports and statements is an important way to track your progress and quickly spot any possible problems. If you wish to receive paper

statements or vice versa, please contact our client services department at 800-460-8641.

On a related note, many clients are having their creditors send their statements to our offices. This is not what our address is for. Please make sure your creditor statements come to you so that you can cross-check them against your progress

reports.

If for some reason they differ, then you may fax or mail in a copy of your statement for further research. You can also send any correspondence through our website or e-mail us at clientservices@yourgfm.com.

We are here for you Monday-Thursday 8am-10pm, and Fridays 8am-9pm, EST.

Check Out Our New Web Address!: www.YourGFM.com