

MONEY SENSE

Genesis
FINANCIAL MANAGEMENT INC.

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NEW BEGINNINGS, DEBT FREE

The Two-Income Parent Trap



These are troubling economic times. Remember the days when mom stayed at home to raise the children? Dad was the main source of income for the family. You could fill up the car with gas and go cruising on a Sunday after church without breaking the bank. Those were different times.

In just the past generation alone, all of this has changed drastically. The average man makes \$41,670 per year. That is \$800 less monthly than he would have a generation ago (adjusted due to inflation). The typical U.S. family is no longer a one-income family, though. A wife entering the workforce can increase the household income by 75 percent. On the surface, this looks to be a great financial advantage; however, it can be a huge financial risk. When one parent stayed at home and the other worked full-time, there was more of a safety net in place if one parent suddenly became ill,

injured or laid off. The other parent could enter the workforce to help supplement the income. A second income may seem like an advantage today, but if a family becomes dependent on that second income to pay the bills, that may put them in jeopardy when that income disappears.

It's not that we're spending recklessly. The numbers show that we are actually spending 33 percent less on clothing- or \$1200 less a year- than the average family spent a generation ago. We are also spending 23 percent less for food.

So where is all of the money going, you may ask. The answer is simple: the basics.

The average one-income family in the 1970's had about \$1,500 left over each month to cover food, clothing, utilities and anything else they might need. Today, that money is eaten up by increases in the cost of mortgages, insurance, car payments and childcare, which are pretty much fixed expenses. Even though the average family has both parents in the workforce, they still have about \$1,500 less than a one-income family had a generation ago.

Today's families- dual and single-income- confront the very real risk that a job loss or medical problem will push them into financial ruin. While most families make it financially, many other families work just as hard and pay all of their bills on time, yet they still manage to find themselves in bad financial situations. All it can take is one incident to throw everything out of order. It is scary to think that so many Americans are just an illness or an injury away from financial distress.

There are many precautionary measures that can be taken to help a family make it through a potential monetary crisis, however! Better budgeting, financial planning and even credit counseling are just a few examples of tools that a family can use to better prepare themselves for any future complications. And let's not forget the most important rule of good financial planning- "Pay Yourself First!" As a general rule, it is ideal to have at least 3-6 months worth of expenses set aside just in case any financial setbacks should occur. It is better to be prepared in these times of financial uncertainty than to sit back and wait until an unexpected illness, injury or job loss jeopardizes one's health, home or relationships.

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Just a reminder that we have moved! All written correspondence should be sent to us at:

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(Payments still go to our PO Box)



Coins into Dollars

Do you feel like you just don't have enough money to save for the future? Well, believe it or not, you may have more money laying around than you think. In an Associated Press article, it was estimated that Americans had \$7.7 billion tucked away in coins alone. Coin star reports that we are cashing in over \$1.2 billion in coins each year.

Next time you go to the store, consider what you do with that change. Rather than spending it, make it a part of your daily routine to drop those coins into a see-through container and watch them grow. Before you know it, that loose change may multiply into serious dollars!

"Getting in shape isn't easy, but with these great tips, you'll be financially fit in no time!"

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Rent Your Way to Good Credit

Here's good news for those who have little to no credit history- either by choice or as a result of past problems. According to a recent article in "Money®" Magazine, Fair Isaac and Company, the organization that compiles the FICO credit scores used by some of the major credit bureaus, has developed an Expansion score that takes into account non-traditional data, such as your history of using deposit accounts and layaway services.

Fair Isaac will also pull data from "Payment Reporting Builds Credit (www.prbc.com) a web site that gathers data on rent and other recurring

bill payments. PRBC reports also include data from "Rent Bureau" (www.rentbureau.com), a company that collects rental histories from about four million units.

To ensure that you have a file on PRBC, you can set one up for about \$15-20 (the fee the site charges to verify the accuracy of the information), or you can set up an automatic bill payment system through your bank or credit union and have the records sent to PRBC.

The three major credit bureaus are still not uniformly or consistently reporting non-traditional

data, but you can take steps to compile it yourself by requesting reference letters or timely payment histories from each of the service providers you pay on a monthly basis. And one of the best ways to build credit from scratch remains the secured credit card.

You can shop for one at sites such as Credit.com and Card-Trak.com. You put money on deposit in savings equal to the limit on the card. After a year of timely payments on a secured card, you should find it easier to qualify for an unsecured account.

Financial Fitness: 20 Ways to Get in Shape

A "financial physical" is just as important as a medical physical. It gives you the opportunity to assess any problems, evaluate your goals, and identify action steps. Here are 20 financial tips to get you in shape: (1) Use a checking account. (2) Budget wisely for all monthly expenses. (3) Set aside money for emergencies. (4) Set written financial goals. (5) Use a written spending plan. (6) Organize financial goals. (7) Know your

marginal tax bracket. (8) Calculate your net worth. (9) Save regularly for long term financial goals. (10) Have 3 months expenses readily accessible. (11) Increase savings when salary/earnings increase. (12) Establish a personal retirement savings account. (13) Diversify your assets. (14) Invest so that after tax earnings exceed inflation. (15) Purchase adequate insurance for big unexpected expenses. (16) Draft a cur-

rent will. (17) Spend less than half of a weeks' (net) pay on consumer debts. (18) Pay credit card bills in full. (19) Comparison shop for major purchases. (20) Avoid impulse purchases.

See where you rank by taking a 20 question financial fitness quiz at www.rce.rutgers.edu/money/ffquiz.asp.

- materials provided by Barbara O'Neill- Rutgers Cooperative Extension

Please Note: Genesis and the Community

As most of you know, Genesis participates in Hillsborough County's Prosperity Campaign for free tax preparation. So far, this season we have prepared over 225 returns and counting. That's a lot

of returns! Check out your local community and see if free tax preparation is provided in your area.

We would like to take a moment to congratulate the 508 clients that joined

the Genesis family last month. Taking a step in the right direction, they too are on their way to becoming "financially fit" in 2008.

Visit our Website: www.YourGFM.com