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Financial literacy is not an end in itself, but a step-by-step process. It begins in childhood and continues throughout a person's life all the way to retirement. Instilling the financial literacy message in children is especially important, because they will carry it for the rest of their lives.

George Carl

Take control of your personal finances



Today

Money Sense

UNDERSTANDING & MANAGING YOUR PERSONAL FINANCES

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Facing a Furlough - Develop a Plan

Furloughs (or "temporary layoffs") were once used primarily by employers of blue-collar workers during times when work loads slowed down, they have increasingly been extended to white-collar workers in both the public and private sector. Furloughs have increasingly been used to close gaps in employers' budgets when their income is reduced due to declining income and sales tax revenue or company profits. They are seen as a more "humane" alternative to permanent layoffs and also enable employers to retain skilled and experienced employees who will be needed when the economy eventually rebounds. When large employers cut even a few days of their workers' pay, they can often save millions of dollars during tough economic times.

In some cases, furloughs are voluntary and employers may ask for volunteers to take unpaid leave in exchange for more time off. In most cases, however, furloughs are mandatory and every worker is told to work less, and therefore earn less,

sometimes as many as 12 to 15 days per year. For a worker earning, say, \$180 a day (about \$47,000 annually), a 12-day furlough (e.g., one work day per month) translates into a loss of \$2,160 in gross income or about 4.6% of annual earnings. For workers living "paycheck to paycheck," furloughs can make an already financially stressful lifestyle even more so.

On the other hand, furloughed workers are not unemployed. They get to keep their job and benefits such as health insurance, unlike millions of Americans who have lost their jobs. In most cases, furloughed workers will still earn 90% or more of their annual salary or wages. In some cases, furloughed workers who are out of work for a week or more at a time may be eligible to apply for state unemployment benefits that can partially offset their lost income. If you're facing a furlough, you need a plan for both the income loss and your use of the unpaid time. Below are seven strategies to consider:

Start Calculating

Start by figuring out what

you earn in a day. Divide your salary by 260 which is the average number of workdays in a year to determine your gross daily pay. Then multiply this number by your federal marginal tax rate (see the Web site <http://njaes.rutgers.edu/money/taxinfo/> to find this rate for your tax filing status) and subtract it from your gross daily pay to determine your daily after-tax pay.

This is a rough estimate of income lost for each furlough day.

Seek Information

Find out when and how your pay will be reduced and the procedures that your employer has established for taking time off. This will affect your financial and time use plans.

Save a Surplus

If you have enough advance notice about a furlough, try to gradually save up the amount of money that you will lose by reducing expenses. If there isn't enough time to do this, consider earmarking a portion of each "full" future paycheck to supplement each "lean" one.

Spend Less

Try to reduce monthly expenses by the amount of

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Improve Your Financial Wellness

In honor of Financial Literacy Month, Money Management International created a microsite that offers 30 simple steps to financial wellness.

Check it out at financialliteracymonth.com

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lost monthly income. Start with variable expenses (e.g., food, clothing, entertainment, gifts) and make cuts there. Often, small daily expenses (e.g., daily coffee and a muffin or deli lunches) can add up to \$100 or more of spending on a monthly basis. Track your spending for an entire month to identify expenses that can be reduced during the furlough period.

Suspend Voluntary Deductions

If you can't close the gap between your reduced income and household expenses entirely through spending reductions alone, consider temporarily suspending (or reducing) voluntary payroll deductions.

Seek Self-Employment

If you already "moonlight" in addition to the "day job" from which you are being

furloughed, try to ramp up your workload to recoup the income being lost with earnings from self-employment. The furlough days will give you extra time to take on additional work assignments. If you don't currently do work on the side, consider doing so on the unpaid days off.

Savor the Time

Granted, a furlough is not something most workers would choose. Nevertheless, it does provide something valuable that many Americans have in short supply... time. Resist the urge to work (e.g., check business e-mails) on furlough days and spend the unpaid time doing enjoyable or necessary activities. Ideas include visiting family and friends, inexpensive day trips, taking an adult education class, watching a movie, and home maintenance and repairs.

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Handling Market Volatility

While there's no foolproof way to handle the ups and downs of the stock market, the following common sense tips can help.

Diversifying your investment portfolio is one of the key ways you can handle market volatility. Because asset classes typically perform differently under different market conditions, spreading your assets across a variety of different investments such as stocks, bonds, and cash equivalents (e.g., money market funds, CDs, and other short-term instruments), can help reduce your overall risk. Ideally, a decline in one type of asset will be balanced out by a gain in another.

As the market goes up and down, it's easy to become too focused on

day-to-day returns.

Instead, keep your eyes on your long-term investing goals and your overall portfolio. Although only you can decide how much investment risk you can handle, if you still have years to invest, don't overestimate the effect of short-term price fluctuations on your portfolio.

When the market goes down and investment losses pile up, you may be tempted to pull out of the stock market altogether and look for less volatile investments. The small returns that typically accompany low-risk investments may seem downright attractive when more risky investments are posting negative returns. But before you leap into a different investment strategy, make sure

you're doing it for the right reasons. How you choose to invest your money should be consistent with your goals and time horizon.

As the market recovers from a down cycle, elation quickly sets in. As many investors have learned the hard way, becoming overly optimistic about investing during the good times can be as detrimental as worrying too much during the bad times. The right approach during all kinds of markets is to be realistic. Have a plan, stick with it, and strike a comfortable balance between risk and return.

**Adapted from 360 Financial Literacy, www.360financialliteracy.org/Life+Stages/Career/Articles/Saving+and+Investing/Handling+market+volatility.htm*



Visit <http://webinars.moneymanagement.org/>

For a listing of free live webinars covering debt management, dealing with money as a couple, and other timely financial topics hosted by Money Management International.

Money Tips for Your Student

Help to shape your young adults money management skills. A secure credit card can direct your child toward healthy credit practices. Secure credit cards limit the funds available for expenditures. Money is deposited in an account and the card holder cannot spend above the available funds. Another option is to obtain a credit card with a minimal line of credit.

Instead of just supplying a credit card, help

your child to research credit cards. Which companies offer limited lines of credit? Which companies provide a lower APR? Are there annual fees? What is the APR if there is a late fee?

Discuss how opening multiple credit accounts at one time can cause a substantial drop in a individuals credit score.

When the account statement comes each month, take the time to go over the expenses. Help your

child identify which expenses were based on needs and which on wants. Discuss with your child their responsibility to repay the funds on a timely basis. Help them to develop a realistic budget. Make sure they understand the affect that a poor credit score can have on their life in the future. With your assistance your child will be well on their way to a strong fiscal future.

Dianna Morrison, CSW, CPFE



According to a Junior Achievement Poll, 2.4% of teens admitted to occasionally skipping credit card payments. Just over 15% make minimum payments and unfortunately, some teens make no contribution whatsoever to their credit card debt.

Have You Checked Your Credit Report?

According to the Federation of State Public Interest Groups 25% of the credit reports surveyed contained serious errors that could result in the denial of credit including false delinquencies or accounts that did not belong to the consumer. It is important for consumer to catch these errors as quickly as possible. The Fair Credit Reporting Act requires each of the nation wide consumer reporting companies to provide individuals with a free copy of their credit report at their request once a year. These companies are Equifax, Experian, and TransUnion. Each company is a separate entity, therefore, it is possible that a individual's credit report and score can be different from each company. It's important

to check your credit report from each company annually.

Make sure you obtain your free credit report from a valid site. To acquire a credit report, individuals must provide personal information including their name, address, social security number, date of birth. The only website supported by the Federal Government for free credit reports is annualcreditreport.com. When consumers request their credit history reports, they are not provided their credit score. For a small fee, consumers can request their credit score as well.

A poor credit score doesn't have to haunt a consumer for ever. With time a individual can rebuild their credit with positive financial practices

such as paying bills on time and not having too much credit card debt. Paying one day late has the same effect as paying 29 days late. According to Experian, the average credit score for a US consumer with no late auto payments is nearly 100 points higher than those who have at least one late payment.

Credit scores are being used more and more often. Having a good credit score now affects much more than just an individual's ability to acquire credit and lower interest rates. A poor credit score may cause a consumer to be denied items such as cellular phones, insurance, employment positions or apartment leases.

** Adapted from FEFE Newslink, http://tcainstitute.org/FEFELink/January_2009_Newsletter.pdf*



PODCAST: Business Etiquette

Business etiquette and office protocol can be tricky. According to the New Jersey Society of CPA's, executed properly, business etiquette may give you a positive edge in the workplace. Find out how to make a good first impression and sustain that impression to enhance your career.

Go to www.njscpa.org/story.cfm?sid=13947 to listen to the podcast.

Money Sense

UNDERSTANDING & MANAGING YOUR PERSONAL FINANCES

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United Way
of Sussex County

Consumer Credit Counseling Now Available



Need to assess your current financial situation, develop financial goals, improve your money management skills or resolve credit problems? Money Management International (MMI), through a partnership with the Sussex County Coalition for Financial Education (SCCFE), will provide free credit counseling to Sussex County residents. MMI is a nonprofit, full-service credit counseling agency, providing confidential financial guidance, financial education, counseling and debt management assistance to consumers since 1958. MMI helps consumers trim their expenses, develop a spending plan and repay debts. On September 25, 2009 individual appointments will be scheduled from 11:00 am to 6:00 pm at the Center for Prevention and Counseling located at 61 Spring Street, Second Floor in Newton. If you are interested in scheduling an appointment please call 973-383-4787.

Circles™ of Sussex County



On June 30th, the first graduating class of Circles™ of Sussex County stood tall and proud while receiving their certificates. Circles™ is a nationwide campaign to end poverty. All participants completed 16 weeks of education culminating in the development of personalized action plans. The action plan specifies their goals and what steps it will take to achieve long term financial stability and independence. Following graduation each participant is matched with community volunteers or mentors who befriend a family and support them to reach their highest potential. Through this initiative individuals and families can make real and positive changes in their lives. We are currently accepting applications for participants as well as mentors. For additional information call Dianna at 973-383-4787.

Sussex County Coalition for Financial Education

In today's challenging economic environment, everyone needs to be armed with the knowledge to successfully navigate this difficult time while maintaining financial stability. The Sussex County Coalition for Financial Education (SCCFE) is just the community collaboration to provide financial literacy programs for individuals of all ages. SCCFE regularly hosts financial workshops where participants are provided with vital financial information and can master effectively managing their financial funds and portfolios. Additionally, financial literacy programs are provided to children of all ages. SCCFE, an affiliate of the New Jersey Coalition for Financial Education, is busy planning an exciting schedule of financial workshops throughout the county. If you're interested in joining SCCFE or interested in scheduling a workshop contact Dianna at 973-383-4787 or dianna@centerforprevention.org.

"Disclaimer: The information provided in this newsletter is to be used only to educate consumers on financial informational that may affect their daily lives. The information contained in this newsletter is provided 'as is' without warranty of any kind. Nothing contained in this newsletter should be used as a substitute for financial advice from a CPA or an licensed financial professional. The information contained in this newsletter is provided by the authors of the information and constitutes their opinions and ideas. CFPC does not endorse or guarantee any information, products, or services discussed in this newsletter. The entire risk as to the results and the performance of the information is assumed by the user, and in no event shall CFPC be liable for any consequential, incidental or direct damages suffered in the course of using the information in this newsletter."