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National Financial Literacy Month

April is Financial Literacy Month across the USA, and it brings with it the opportunity to help our clients and families by providing services and education that enhances their lives. Frequently, a little bit of education is what prevents us from making decisions that would lead to damaging consequences; and it's difficult to know, in our marketplace economy, what is a "good deal" and what's not. Here are a few samples from the world of online advertising, and some helpful advice about how to decide what is, and maybe isn't worth your hard-earned money.

"Work at Home – Make $1000's In Your Spare Time!"

■ Maybe not a scam, but you should be careful. If you have to provide money up front, or send away the personally-identifiable information about yourself that would allow identity theft, you're probably dealing with a scammer. Starting a home

WHAT CAN AN EMPLOYER SEE ON MY CREDIT REPORT?

There may well be some serious concern about the use of a Credit Bureau Report (CBR) in the hiring process. Many out-of-work employment candidates have negative information on their CBRs, and even financially stable households may have a missed payment of two over the past seven years. Knowing that a potential employer could see this "red ink" could chill a potential search for the next job. Here are a few things to know, courtesy of the US Federal Trade Commission.

Not every state allows the use of a CBR in the hiring process. Ten states currently limit it – California, Colorado, Connecticut, Hawaii, Illinois, Maryland, Nevada, Oregon, Vermont and Washington limit the use of credit scores in hiring. Additionally, the report he employer sees is not the full CBR you can order for yourself. It won't list your credit score, among other changes; but it will list potentially damaging derogatory marks – bankruptcy, foreclosures, tax liens, collection accounts, civil judgments – so if you have any of these, it's a good idea to plan to address them in an interview if asked.

It's worthwhile to remember that your CBR will available for review only with your permission. Employers can't pull the

business does require some investment eventually, but sending cash away to someone you don't know is almost never a good idea. Protect yourself! Learn all the details before you start sending information or money. Check out the agency with the Better Business Bureau (http://www.bbb.org/) and your state's Attorney General's office. Most state AG's manage consumer complaints, and keep a database of bad businesses. If you can, go and visit with someone who is operating the home-based business, so you can see it in real time. A business that follows the law, and takes care of its employees, has nothing to hide!

"Refinance your VA Home Loan!"

■ The Veterans Administration recently allowed Home Loan Guaranty borrowers to refinance their loans, to take advantage of reduced interest rates. The program, IRRRL (Interest Rate Reduction Refinance Loan) is not a scam. Many lenders have made themselves available to veterans with a VA-guaranteed mortgage. If you have a VA loan, you may have received mailers from lenders announcing the program. These are just marketing efforts; often decorated with flags and patriotic symbols, they are capitalizing on a new mortgage opportunity. Are they scams? The VA IRRRL program is legitimate, but it's advisable to research the lender to see if they have a good record with the BBB and state Attorney General. If you are interested, seek several quotes, including the lender who currently holds your mortgage. You can also contact the VA's Home Loan Guaranty Program office at http://www.benefits.va.gov/HOMELOANS/contact_rlc_email.asp, and click on your state to get in touch with the regional VA office that serves your area.

"Credit Counseling – Reduce Your Debt!"

■ Credit counseling concerns an in-depth analysis of your in-report unless you agree to it, and again within state limitations. The employer may not access your report, even if you give permission, depending on their need. For many employers, the trend is going away from using a CBR as an evaluation tool in hiring. But before you say "No," make sure you understand the impact of refusing to grant access to your report.

If your CBR stops the employment consideration process, the employer must send you copy of the report they considered, as required under the Fair Credit Reporting Act. Any transaction that works out unfavorably, because of your credit report data, requires the same action. The agency considering action must send you a copy of the report they used to deny you the favorable action. In order to head off this unfortunate circumstance, make sure you know your CBR before you apply, and that you have filed disputes on inaccurate report data. If you had a bad financial incident, make sure you can explain it for future employers and creditors. Oftentimes

come, expenses, budget, and all the ways you use your money. For many people, recent economic downturn has left them with less income than before, but the bills and costs are still rising. Taking advantage of counseling to help reduce debt and improve spending sounds like a good idea – but be careful. Many credit service organizations are using the label "credit counseling" to cover up attempts to convince consumers to participate in shady or damaging financial activity. Credit counseling agencies should be nonprofit – not trying to sell you something when your money is tight – and the National Foundation for Credit Counseling certifies agencies that provide genuine credit counseling. Credit counseling does not require consumers to participate in debt settlement. Each state registers and certifies credit counseling agencies – check their lists, and look for complaints. Credit counseling doesn't require you to borrow money either. Credit counselors do more than enroll clients into plans, so if the immediate solution seems to be to pay the agency and wait for updates, don't sign up. You can find a list of legitimate credit counseling agencies at http://www.nfcc.org/, along with some helpful financial tools and referrals to Clearpoint, and other NFCC-certified agencies.

"Free Credit Report!"

■ In compliance with the Fair Credit Reporting Act, the Federal Trade Commission and the major credit bureaus created a website that provides consumers with access to their credit reports. The website, www.annualcreditreport.com, is operated by the credit bureaus at their expense. Several other companies have used the phrase "free credit report" or "free credit score" in their names and advertising, but there is ALWAYS a cost involved in producing a credit report. So who's actually paying? If your credit card offers a credit score as part of the monthly account statement, you are paying. It reflects in the annual account fees you pay. If a credit reporting service asks you for a credit card number, you're also paying. If you have to join a subscription service, you're paying with your subscription. In those cases, the use of the word "free" is intentionally misleading. You are entitled to a copy of each major credit bureau's report at least once annually, which you can receive from the bureau directly or from annualcreditreport.com. It's wise to know your credit situation, and to be sure the information is correct. It's also wise not to pay for something that's already free.

Teaching Kids About Money

In April, the United States Armed Services and other agencies celebrated the latest installment of the ***Month of the Military Child***. Military families serve alongside their uniformed mema simple, clear explanation will remove doubts about your trustworthiness and employ-ability. You can obtain a copy of your CBR from each major credit bureau online at www.annualcreditreport.com or from the credit bureaus.

FOR MORE INFORMATION:

www.Clearpoint.org/reconnect
888.808.7285

MSCCN
www.clearpointu.org/msscn
888.299.1978

IAVA
www.clearpointu.org/iava
888.304.8372

TAPS
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bers, participating in the separations and demands inherent to military service. As we move past this special month, Clearpoint honors the families that support our troops by identifying some proven techniques to bring financial literacy into the home, and prepare kids for their future.

The single unifying feature in the lives of all children in America is that they will handle money and financial responsibility at some time in their future. For many of us, the first education we received in financial management was at home, from our families. Many of those lessons still resonate, and the core principles laid down by our parents, grandparents and others still influence our choices late into adulthood.

For many of us, the piggy bank was our first savings account. We were supposed to drop our spare change into it. On occasion, we might receive small amounts of money for birthdays, holidays and we might even find money sometimes – although Mom was quick to point out that it was somebody's money first, and we ought to try and find out who lost it, before we kept it for ourselves. Thus, in my house, we learned the first two key principles about money: save it when you can, because you'll want it later; and try not to lose it because you might not get it back.

The "next-level" financial education came when we got our first jobs. My brothers and I delivered newspapers year round, and in the summer we sold sweet corn at a roadside stand. The money we made was set aside for ski club membership, and to "upgrade" our wardrobes. Mom said she would pay for the bargain brands – if we wanted better, we had to pay the difference. The implication was that work was not inherently evil; it actually led to tangible, enjoyable benefits. Additionally, the difference between "good-enough" and "preferred" lifestyle was hard work and the discipline to save. It also marked the end of the Summer Relaxation Season, a demise confirmed after college graduation and initiation into the world of full-time employment.

It would be impossible to overstate the enduring lessons learned, gradually, over the course of two decades of family influence on our money. The assumptions about the value of money and work became the core of our sense of "normal" financial management. We weren't so much taught, as soaked in these understandings. Today it seems natural to set money aside for emergencies, for future purchases and projects, and for hobbies and vacations. It seems normal to work harder to earn more, to afford luxury upgrades and better brands. Of course, it would be great to buy every shiny thing advertised on TV, but in our minds, comfortable living is linked to investing ourselves through hard work and discipline rather than impulse and desire – and there's a healthy limit to overtime pay!

Teach the kids to understand, appreciate and manage money. School won't do it justice; there is plenty of real-life experience that will do a great job and last a lifetime. You can use online resources including the Resource page at http://www.clearpoint.org/, read articles like CNN Money's Kids and Money: Teaching kids financial responsibility (http://money.cnn.com/pf/money-essentials-kids-financial-responsibility/index.html), or visit websites like USAF Veteran David McCurrach's AllowanceMagic (http://www.allowancemagic.com/) and KidsMoney.org (http://www.kidsmoney.org/) But, above all else, start now. Their success is your reward!

Reducing the Cost of Your Debt

Unless you have a couple hundred thousand dollars available, you might need to sign a mortgage to close on a home. Unless you have a hefty bank account, you'll likely have to borrow to afford an automobile. In some situations, even these "typical" major debts are avoidable; but for most people, they are going to happen, eventually. And if you add in credit cards for purchasing daily needs, debt seems unavoidable. And while debt in general terms feels like a bad thing, you certainly can take steps to reduce the pain of the debt, even while you position yourself to get free from it in good time.

The "cost" of a debt is measured in terms of the impact of that debt on your ability to afford all the things you need. Factors like interest, fees, and the impact of the debt on your credit standing are included in the cost of the debt. Reducing the impact of the debt doesn't make it go away, but it makes the borrower more financially flexible, more able to manage all their resources for maximum effect. Here are some ideas about how to reduce the cost of a debt.

First, and most importantly, make sure you understand the cost of the debt before you commit to it. Comparison-shopping for loans will allow you to predict the effect of the new loan, and select terms that work for you. The lender generally "qualifies" potential borrowers, to make sue the lending agency's best interests are served; borrowers who do their homework are doing the same thing. Make sure the debt is for the most appropriate length of time, at the most appropriate interest (less is generally better), and that you consider the additional servicing fees and charges. It's also beneficial to remember that you represent the most important economic ingredient in the lender's world: income. Make them work for you, fairly and honestly, or take your business elsewhere.

Regarding interest, this is the most common cost for a loan. Interest is the means by which lenders make money, so it's vital to the lender and necessary for them to operate their business. Interest is, by definition, the cost of borrowing. It includes all the additional fees and charges necessary to complete the loan, and the less you pay, the better for your bottom line. If the interest rate on a credit card is damaging your ability to repay, contact your card company and seek a lower rate. If you are a good customer, the rate should reflect it. Keep in mind that interest rates can be reflective of your credit history, so if you've had trouble making regular payments you might have limited options for reducing interest rates and down-payments.

Companies that get burned by unpaid accounts can't stay in business long, so if they seem defensive, it's only natural. Be patient, know your credit standing, and ask them to reduce the rates anyhow. And keep making on-time payments, to keep your credit reputation strong!

The "term," or length of the loan, can make the loan painful as well. A short-term, high-cost loan will hurt for a little while and then be done (if you stay current). A long-term loan with small payments can be painful too, because it never seems to go away, and always demands a bite out of your budget. If you aren't making progress on your account, maybe paying it off early is a better idea. But be careful!

Some accounts do not permit early payment, and some will send the additional payments to the lender, without counting them against your account. Read your account paperwork before you send additional money. For some loans, you can refinance the account to get a better interest rate or a better term; but the lender may want to charge you as if it were a new loan, so be prepared. If it's still a better deal, even with new loan costs, consider it. In some cases, depending on the economic conditions nationally, refinancing may actually increase the payment and interest rate. Do some research and talk with your lender to make sure what's going to happen, before you sign.

You could move credit accounts, and some loans, to a credit card that's offering a promotional zero-interest rate. In theory, you might be able to repay the account and get clear from the debt. If you are considering that course of action, there are a couple of items to be wary of. First, keep in mind that transfer fees are just "future interest" rolled up into a lump, and dropped on you early in the process. Factor those against the term of the account to see how much interest they represent. Secondly, you need to be sure that you will repay the full balance BEFORE the card goes back to accruing interest.

Zero-interest accounts are a gamble by the card company to gain new paying customers. Without interest, these companies are losing money, but they are willing to bet you'll still have an account, once the interest-free period is over. To make sure, the account statements you receive while on zero-interest will show minimum payments that are ridiculously low. The card company is hoping you'll just pay the minimum, so you won't have the account paid off when the interest comes back. They'll also send you offers to use your card even more, to entice you to keep a balance up. But if you can resist, you could use these promotional zero-interest accounts to pay debts in-full without the cost of interest and fees.

This brings us to the best answer for reducing the cost of debts, particularly credit debt: pay it off before the interest accrues, during the "grace period." For credit cards, that means paying the card off every month, in the month that you use it. The "grace period" means that interest will not be added until after the billing period in which you used the card for a purchase. So if you use it in May, plan on paying it off in full at the end of May. If you can't pay it in full, hold off on the purchase until you can.

Keeping the cost of a debt small means you will have more of your own money to use. Instead of working for money, you'll be able to make your money work for you!