

CLIENT TELL

FINDING MONEY HARMONY IN HARD TIMES

Olivia Mellan, a nationally recognized psychotherapist, has been helping couples and others deal with money conflicts since 1982. This past February, "Overcoming Overspending: A Winning Plan for Spenders and Their Partners," a book Mellan co-authored and updated with Sherry Christie, came out in paperback. In an interview with us, she recently shared her views on how money affects couples' relationships and offered advice on how to cope in today's stressful economy.

Q: How does money influence couples' relationships?

Money is always at the top of the marital discontent list, because it represents so much — love, happiness, power, and control. Depending on how couples grew up, they often have different money styles. One may be a "spender" while another is a "hoarder." Some are "monks" who feel guilty about money, while others are "avoiders" who can't face budgeting and planning. When it comes to relationships, opposites often attract. When

both partners start out with the same money style (both spenders, both hoarders, etc.), they often gravitate toward opposing money styles as the relationship continues. This inevitably leads to polarization and conflict.

Q: How can couples reconcile their money style differences?

Good communication is important. Try to be open and nonjudgmental. Avoid the blame game. Write down and take the time to routinely schedule and discuss financial goals and issues.

Work to understand your partner's money style: Learn to empathize and validate positive aspects of your partner's financial personality and habits. Divide up the financial workload just as you do other chores: When one person controls the purse strings, they also get stuck with the lion's share of the worry.

Q: How has today's economy changed how couples relate to each other?

When people are under stress, they often revert to "survival mode."

(Continued on Page 3)

Living in today's material world, young people become active consumers at an increasingly early age, spending billions of dollars of their own and their parents' each year. But having the power to buy doesn't necessarily lead to financial awareness. In a Financial Literacy Challenge sponsored by the U. S. Treasury last year, 46,000 high school students received an average score of 56% on a 35-question test, demonstrating that most young adults need more financial education before living on their own. Students who fail to learn to manage their money now will very possibly confront financial problems and economic hardship as adults.

Clients in the debt management program often tell us, "More than anything, I wish I could have learned how to handle my finances at home or at school when I was young." Providing your children with personal finance lessons before they leave (Continued on Page 3)

DMP PAYMENT CHOICES

When it comes to making monthly debt management plan (DMP) payments, CCCS offers several options. Whether you use ACH EASY PAY, pay online or with a money order, the choice is always up to you. No matter which option you select, always pay on time and in full. Also mail us copies of your creditor statements each quarter so that we can update your account.

If you pay with a money order, legibly fill in all the required information. Print *CCCS of MD & DE* in the "Pay to Order Of" blank. List your address and phone number below your signature and place your client number in the corner of the money order. Sign the money order and enclose the top part of your statement. Keep the money order receipt for future reference.

Inside this issue:

Finding Money Harmony in Hard Times	1
From the President	1
DMP Payment Choices	1
Ways to Save This School Year	2
Reverse Mortgages: An Overview	2
Ask a Counselor	4
Parting Thoughts	4

REVERSE MORTGAGES: AN OVERVIEW

What Is a Reverse Mortgage?

A reverse mortgage allows you to borrow money against your home while you remain living there and without making payments on the loan. Before you apply for one, make sure you understand your rights and responsibilities and how reverse mortgages work.

How Do You Qualify?

In order to qualify for a reverse mortgage you and your spouse must be at least 62 years of age, and you must have equity in your home. Generally you can qualify for one regardless of your current income level or credit score.

How Does It Work?

A lender loans you money based on the value of your home, the amount of equity you hold in it, and your age at the time of application. The money you receive can be paid to you in monthly installments, as a lump sum, or as a line of credit, whichever works best for you. No matter how the loan monies are paid out, you generally don't have to repay them until you die, permanently move away, or sell your home. If you decide to sell your home, you are allowed to keep any proceeds from the sale in excess of what you owe to the lender.

How Are Loan Amounts Determined?

The amount of money that you can obtain depends on the specific reverse mortgage plan or program you choose. It also is affected by the type of cash advances you require. Some reverse mortgages cost a lot more than others, and this may restrict the amount of money you ultimately will receive. Generally, the older you are and the more your home is worth, the more money you can get. The interest rates and closing costs for home loans in your local area may also affect the specific dollar amount available to you.

Are There Closing Costs or Fees?

The costs related to obtaining some types of reverse mortgages may be high. However, you can use the money that you receive from the loan to pay for origination or closing fees. This is known as "financing" the loan costs. Under this plan, the costs are added to your loan balance, and you repay them with interest at the end of the loan.

What Are Your Responsibilities?

Under a reverse mortgage, you retain the title to your home. As before, you are responsible for paying property taxes and home insurance and for making necessary property repairs. When the loan comes due, you or your heirs must repay the loan balance.

If you think that a reverse mortgage may affect your eligibility for public programs, talk with your benefit providers first. Before applying, also obtain further advice from a HUD-approved counseling agency such as CCCS of MD & DE (1-866-731-8486). During loan application and closing, do not sign documents before you fully read and understand them.

WAYS TO SAVE THIS SCHOOL YEAR

If you have school-age children, here are a few ideas from other parents for saving throughout the year:

Pack and Go: The average school lunch in the U.S. costs \$1.80 — that's hard to beat when it comes to price and convenience. But with a little planning, it is possible to create a healthy meal for even less — provided you don't buy individually prepackaged items.

Instead, purchase several small reusable containers or use leftover margarine cups, and fill them with sandwiches, apple sauce, carrot sticks, fruit slices and snacks. If you invest in a good-quality thermos, it can be used to keep milk cool or to keep soup, pasta, or last night's leftovers warm.

Share a Ride: Carpooling for school or after-school activities will save on gas and even give you a chance to get to know your neighbors better.

Save on School Supplies: Always check at home before buying school supplies. Other children in the family may already have extra items like pencils and notebooks that can be shared. If it's necessary to purchase something, shop around. Check for sales and coupons and compare local store prices with those online.

Cut Clothing Costs: Don't purchase clothes haphazardly. Instead, take an inventory. What still fits and is in good condition? What needs to be replaced? Buy outfits that can be creatively coordinated to mix and match with older clothes. Also look for things that can be worn in different seasons. If it can be worn now and in the winter, it will save you money when the snow starts to fall.

FINDING MONEY HARMONY IN HARD TIMES (Continued)

For some, this may involve laying blame or seeking a scapegoat. It also may cause some of us to question how we view money. Spenders may become more cautious. Hoarders may decide it no longer makes sense to place such an emphasis on money.

Q. How can we deal with recession related stress?

Stress management can take many forms: Regular exercise is very important. Laughter is also helpful. Studies have shown that enjoying a good laugh lightens the spirit and helps us maintain hope.

It may also help to re-evaluate your personal values. Look beyond the economy and your personal money fears. What is most important to you? Do you have reasons to feel grateful? Activities like keeping a gratitude journal or volunteering may help you gain perspective and rediscover meaning in your day-to-day life.

Also take the time to do those things that you most enjoy — things you are passionate about. During sessions, when I ask people, “What makes you the happiest?” their responses include things like “spending time with the people I

love” or “being out in nature.” Reviewing their lists, they often find that many of the things they’ve included are free or only cost a small amount.

If you find yourself worrying all the time, do something about that. I often remind clients: Anything you focus on will grow. Instead of constantly worrying, try this: Figure out what time of day you worry the most. When that time arrives, write down all of your worries, and then write down what you will do if the worries you’ve listed actually come to pass. Once that’s done, give up worrying for the rest of the day.

home will help ensure that they are ready and informed to meet their financial futures. Here are some of the personal finance lessons young adults need to master before they live on their own:

How to set up and live by a budget. When students aren’t used to paying for everything, it’s easy to overspend on items like clothes, cell phones, and spring vacation. Use the budget tool on the CCCS website (www.cccs-inc.org) to help young adults in your household set up a personal budget or encourage them to call CCCS of MD & DE at **1-800-642-2227** for a free budget consultation.

How to be credit card savvy. It’s important to understand how interest rates and terms work on credit cards and loans, and to only say “charge it” when it’s absolutely necessary. In talking with your teens, explain why it’s necessary to pay monthly bills on time and to pay more than the minimum monthly balance on credit cards.

How to stretch a dollar. Young adults who live off campus can save money by cooking and economize even further by splitting food costs with roommates. Students who live on campus and have a meal plan should stick to the regimen and eat dorm food. Save on gas by riding a bike, walking, or taking public transportation. When buying textbooks, shop around.

How to protect your identity. Whether students are in the dorm, in a store, or on the web, they need to take “safe” identity precautions. Shred all bills or junk mail which include personal data before throwing them away. Store items such as Social Security cards in a safe, locked place. Avoid showing credit or debit card to others while shopping or banking.

How to routinely request and review your personal credit reports All adults are now entitled to one free credit report a year from each of the three primary credit reporting companies (Transunion, Equifax, and Experian.) The **annual-creditreport.com** website makes it possible to obtain a free credit report from all three companies each year.

Why it’s important to start saving now. Help your children open personal savings accounts with the gift money they receive or earnings from their jobs. Saving even small amounts regularly will help them build a nest egg for emergencies. The interest on savings accounts is annually compounded, so the earlier adults establish an ongoing savings plan, the better chance they have for long-term financial security.

As a parent, advocate making financial education a mandatory graduation requirement for all high school students. Ask the local PTA to place financial literacy on the agenda for its next meeting. Contact those who determine what’s included in course content. When it comes to financial literacy, our children can use all the help they can get!

Ask a Counselor

Q: I just found out that my company expects us to take two days of unpaid furlough each month. I am concerned about how this will affect our ability to make our monthly DMP payments. What can we do?

A: Begin by examining your current budget and expenses. Where do you stand? What do you owe? Then look for ways to reduce costs. The CCCS of MD & DE website (www.cccs-inc.org) offers ideas on ways cutback. Eliminate all spending except for essentials. If you have questions or need advice or support, call CCCS Operations at 1-800-571-2227. We are committed to helping you make it through this difficult time.

PARTING THOUGHTS

Make a Difference. As a CCCS of MD & DE client, you have the chance to help a family member, co-worker, or friend make a fresh start. If you know someone who has suffered an economic set back in the past few months, consider talking with them. Share your experience. Also encourage them to visit the CCCS website (www.cccs-inc.org) or call for a credit or housing counseling appointment (1-800-642-2227). The advice and support you offer may be just what they need.

Shed a Little Light. For our next **Client Tell** issue, we'd like to explore what it's like to be a CCCS client, but we need your help. Please send us an email or letter describing what the program has meant to you. What challenges have you encountered? What triumphs have you experienced? What have you learned along the way? Going to print, all last names will be kept confidential. Please send your thoughts to: Nancy Stark, Newsletter Editor, 1301 Bernoudy Road, White Hall, MD 21161 or nstark@verizon.net. We look forward to hearing from you!

Our Mission

To provide educational programs and implement financial solutions through counseling that promote self sufficiency to individuals, families, neighborhoods, and communities.

A personal finance education advocate since

INSERT ACCREDITATION LOGO

ADDRESS HERE.

INSERT CCCS LOGO &

Annapolis, MD

PAID

U.S. Postage

Non-Profit Org.