

Please, Please, PLEASE Read This!

If you have kids or grandkids, if you have anything to do with kids, please read this article. Even if you've never read a Budget Guy article before, or have and think I'm full of hooey, please, please read this. *Pretty please with a cherry on top!*

Why? Because I consider this the most important piece I've ever written. It's about the future of our kids. And since our kids are our future, it's about the future of our country.

Yeah, I know, that's pretty dramatic. The problem is that we as individuals and as a nation are increasingly ignoring basic financial principles. Many of us probably never learned them in the first place. If you're like me, your parents didn't teach you much about handling money. Since most of us tend to parent the way we were parented, we don't put much time and effort into making sure our kids know how to manage money.

If nothing else, the mortgage mess and all that continues to come out of it should be a big flashing sign warning us to get our financial act together. Debt has become such an accepted way of life that, together with our constant desire for more (after all, more is supposedly always better), we're becoming a nation that only values wealth and power, regardless of the cost.

And our kids? They're being primed to continue and grow the pattern. Our consumerist society is taking full advantage of their lack of money sense and spending huge sums to target them. The result is increasing debt at younger and younger ages. Debt that doesn't get paid off but instead hangs around, sucking away at both their present and their future.

Consider a couple of seemingly unrelated facts:

- The average college senior graduates with \$3,000 in credit card debt (on top of any student loan debt).
- From 1992 to 2001, credit card debt for those age 65 and over increased 89% (for those age 65 to 69, it increased 217%).

So we're going in debt young, staying in debt, unable to save and plan for the future, and then going even further in debt after retirement. What kind of lifestyle is that?! As someone who is retired, I can tell you that the last thing I want is debt. I want the financial resources to allow me to have some control over my life—to be independent for as long as possible, to be able to stay in my own home for as long as possible. Retired or not, debt reduces and eliminates your options.

Am I overreacting? After all, you may well have credit card debt yourself. You may not be terribly happy about it, but you're managing to get by. But is that what you want for your kids? If you don't teach them, it is almost certain that they will end up with more debt than you. Our society is pushing them into it - who will push back if you don't?

For example, consider "brand loyalty." Retailers, manufacturers, credit card companies - they've all taken to heart the fact that we're wired to prefer the devils we know to the devils we don't know. We'll stick with the familiar unless there's some compelling reason to change. So the mantra is to get 'em hooked early.

Listen to Geraldine Lay Bourne, president of Nickelodeon's children's division when asked why Nickelodeon spent \$30 million on its pre-school programs: "We recognize that if we start getting kids to watch us at this age, we have them for life. That's exactly the reason we're doing it." And why would she care? Advertising dollars. Isn't that how her company makes money?

Ever heard of "Channel One?" If you have a teenager, I'll bet they have. It's a TV news program available to schools at no cost. Channel One even gives the schools the equipment they need for free. The news pieces are current and well done, and all the school need do is commit to requiring students to watch the full 12 minutes each day. Oh by the way, that 12 minutes includes two minutes of commercials,

continued, next page

cont'd from Budget Guy

generally slickly done so that they look like news pieces.

The sales material Channel One uses to get sponsors for those commercials says it all: "Every school day, as many teens watch Channel One as the Super Bowl. Channel One's audience exceeds the combined number of teens watching anything on television during Primetime!...Unsurpassed reach. Unparalleled impact among teen viewers." It must be true - advertisers pay Channel One a significant premium for air time.

And then there are the credit card companies. Not only do they pay upwards of \$1 million and more to be able to hawk their cards on college campuses, they are sending applications to high school juniors and seniors. After graduating, one high school senior received a credit card offer that contained the following on the envelope:

"Free from parental rule at last! Now all you need is money, Cha-Ching!"

But the worst was on the inside which included:

"Get 3 percent cash back on everything you buy. Just imagine, 3 percent cash back on living expenses, text books - everything you buy with your card including pizza! All you have to do is carry a balance from statement to statement and keep your account in good standing and you can get 3 percent cash back on all your net purchases."

When you read the very fine print, you find out that the interest rate is nearly 18% and the maximum cash back in any year is only \$100!

Do your kids have enough money smarts to read the fine print and figure out what a rip-off this is? Or would they be seduced by the cash back, maybe even feeling like they're pretty smart for signing up for it? (And who can resist a free t-shirt or frisbee...)



Reminder:

Contributions for the year 2008 must be given to the church by December 31, 2008 or mailed in an envelope postmarked December 31, 2008. Monies received after the start of 2009 cannot be attributed to the 2008 year. This includes any contributions for 2009 that you want to appear on your 2008 giving statement.

Advertisers, manufacturers and retailers spend millions of dollars every year doing studies and collecting data to find new and better ways to get at your kids. And who's there for your kids if not you?

Look, I could go on with example after example of how we and our kids are being manipulated into buying more and more stuff and taking on more and more debt. Hopefully I've included enough to get your attention, to make you mad and ready to fight back.

Because I truly believe that it's a matter of survival. We can't go on increasing debt and not saving for the future. It's not just our kids' personal lives that are at stake—some of them will become business leaders, others will go into government. And their values with respect to money and debt will determine how they run those businesses, how they run our local, state and national governments.

I know...it's one thing to identify a problem and quite another to come up with solutions for it. So next month I will share some ideas with you that you can use to help your kids develop the money values you want them to have - the ones that will let them be in control and not pawns of our consumerist society.

Until then, think about this: Your kids are already learning money values by watching how you handle it. What are your actions saying to them?

Want a little help with some aspect of your financial life? Call the Budget Guy, Allen Gunter, at 301-1246 or send an email to BudgetGuy@SHPC.org. I will help you in any way I can, and it's free and completely confidential.

For a wonderful look at what the Bible says about money, check out the Crown Financial Ministries Small Study Groups. Contact Chris Gordon (484-1905; cgordon1@austin.rr.com) or Roger Wade (301-4921; rcwactuary@austin.rr.com) for more information.

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