



7 Bad Money Habits You Can Break 2nd Annual Parenting Matters: Raising Successful Children

Saturday, March 28, 2009

7 Bad Money Habits You Can Break

- Students learn the most about personal finance from their parents.
- Learn to identify and break the cycle of bad money habits that are preventing you from making smart financial decisions and, at the same time, help your children develop good personal financial skills and be able to handle their own money.



What is Financial Planning?

- The process of wisely managing your finances to achieve your goals.



Here and Now



8.1%



Top 10 Benefits of the Stimulus

American Recovery and Reinvestment Act of 2009 (ARRA)

1. \$400-\$800 tax credits for workers
2. \$250 payment to retirees & disabled veterans
3. \$250 tax credit for federal and state retirees
4. Muni Private Activity Bond interest excluded from AMT
5. Tax credit for green home improvements up to \$1,500
6. Tax credit for first time home buyers up to \$8,000
7. Tax credits for plug-in hybrid vehicles
8. Sales tax deduction on new vehicles
9. Tax credits for education up to \$2,500
10. Computer expenses reimbursable from 529 plans

Summary at www.pfadvisers.com



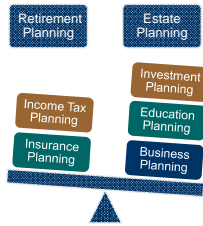
No. 1 Not Fully Understanding Risk



- Investment
 - Market, Industry, Co
- Credit
- Interest Rate
- Country
- Foreign Exch. Rate
- Political



No. 2. Unbalanced Financial Picture



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A: 10 steps to get organized



1. Know what you have
2. Know location of important docs
3. What are your money values
4. Determine your goals and objectives
5. Determine your long term needs
6. Prepare for the unexpected
7. Develop a plan; stick to it
8. Cover the basics
9. Visit [useful links](#)
10. Stay informed

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No. 3 Not Saving Enough

Nearly **75%** of women are worried about their financial future and are not sure what to do about it
Prudential 2008-2009 Women's study



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A: Make Savings a Priority



4-6%
An estimated sustainable withdrawal rate from your retirement assets annually. Have you saved enough?

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No. 4 Out of Control Spending



What is Your Style?
Savvy Shopper
Happy Hoarder

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No. 5 Need a Budget

- Create a written budget on paper, online or using software.

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One Dollar

	Estimate	Retirement Estimate
■ Home	.27	.31
■ Transportation	.14	.15
■ Food	.10	.10
■ Health Care	.05	.11
■ Retirement Savings	.12	.00
■ Apparel	.03	.02
■ Entertainment	.04	.04
■ Debt	.05-.10	.00
■ Charitable	.03	.07



No 6 Avoiding Problems

- 7 Tips to Managing Your Money in Challenging Times from the President's Advisory Council on Financial Literacy



1. Insured Bank Accounts

- Understand how your bank or credit union account is insured. The Federal Deposit Insurance Corp. (FDIC) or the National Credit Union Administration (NCUA) insures all deposits at insured banks and credit unions up to at least \$250,000.
- To check whether your financial institution is insured visit http://www2.fdic.gov/dasp/main_bankfind.asp or [NCUA.gov/ShareInsurance/index.htm](http://www.ncua.gov/ShareInsurance/index.htm).

To learn more about your money, visit MyMoney.gov.
Source: President's Advisory Council on Financial Literacy, U.S. Treasury Department's Office of Financial Education web site at Treas.gov/afe.



2. Insured Investments

- Understand how your investments are protected.
- To learn more about these protections, visit <http://www.sec.gov/answers/investoralert.htm>.

Source: President's Advisory Council on Financial Literacy, U.S. Treasury Department's Office of Financial Education web site at Treas.gov/afe.



3. Open Communication

- Always keep lines of communication open with your mortgage lender.
- Contact a counselor to work out a payment plan at HOPENOW.com or by calling 888-995-HOPE (4673).

Source: President's Advisory Council on Financial Literacy, U.S. Treasury Department's Office of Financial Education web site at Treas.gov/afe.



4. Protect Your Credit

1. Pay your bills on-time
2. Keep balances low
3. Use credit wisely
4. Identity theft protection
5. Check your credit at least once a year.
www.annualcreditreport.com



5. Have a Emergency Fund

- Make sure you have a rainy day fund. Keep an emergency fund worth three to six months of your monthly expenses in an insured account. If you don't have an emergency fund, try to start one.
- Visit the budget calculators on www.controlyourcredit.gov/html/debt_management.html.

Source: President's Advisory Council on Financial Literacy, U.S. Treasury Department's Office of Financial Education web site at Treas.gov/ofe.



6. Don't Cut Corners

- Don't try to cut costs by canceling your insurance. Keep up with your insurance payments, and you'll keep in place your protection against medical costs or major loss of personal property, like your home or car. Learn more in the Life Events section on MyMoney.gov.

Source: President's Advisory Council on Financial Literacy, U.S. Treasury Department's Office of Financial Education web site at Treas.gov/ofe.



7. Too Good to Be True

- If it sounds too good to be true, it probably is. Watch out for scams trying to take advantage of all of the recent changes in our nation's financial markets. Educate yourself at FTC.gov.

Source: President's Advisory Council on Financial Literacy, U.S. Treasury Department's Office of Financial Education web site at Treas.gov/ofe.



No. 7 Unprepared for Risks



- Emergency
- Health
- Life
- Disability
- Property
- Liability
- Business



A: Estate Planning Documents

- Will and Trust
- Advance Directives
 - Durable Power of Attorney for Health Care, Living Will
- Power of Attorney
- POD, TOD, Beneficiaries



Make A Plan

- You need a written financial plan
- Children learn money skills from their parents. You are your children's teacher
- Stay Informed



To Check

- Certified Financial Planner Board of Standards, Inc., www.cfp.net/search
- Security Exchange Commission, www.advisorsearch.sec
- Maryland Securities Division (410) 576-7050



Thank you!

- Questions and Answers



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