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**Special Points of Interest:**

- Helping Elders Manage Money
- Steps to insure that money received is used to secure your financial future
- You are your child's first powerful teacher

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# Consumer Issues

## Managing Windfalls

Receiving a large unexpected amount of money, a windfall, can be a blessing if you keep your head about you and use a few precautions to handle the money so it does not disappear as quickly as it came. For instance, across Pennsylvania, many families are receiving money for gas exploration leases on their property. Below are a few steps to ensure that the money is used in ways that secure your financial future and perhaps the future of your children and grandchildren.

**Use a few precautions to handle the money so it does not disappear as quickly as it came.**

**1. Pause and Assess the Situation**

Park the money in a liquid account (i.e., money market account) and think about what you would like to do with the money before you spend a single dime.

**2. Plan**

Make a list of the goals you would like to accomplish with the money, and remember to consider the tax implications of your new found wealth before you make any decisions. The goal should be to reduce the tax impact on your wallet.

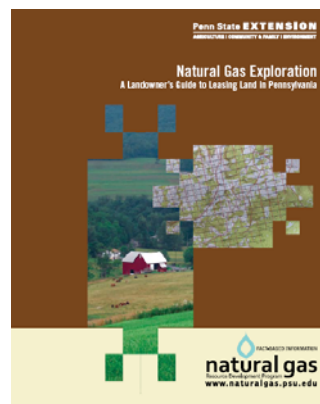
**3. Pay Off Debts**

If you have high interest credit card debts, you will want to pay those off as quickly as possible. For other loans or debt, consult you financial advisor on the best strategy for paying them off.



- 4. Ponder Offers for Professional Help**  
You will likely need the services of professionals such as a financial advisor, certified public accountant, and attorney. Before you hire any professionals, have a clear understanding of what you need them to help you accomplish. Interview at least three persons for each professional you plan to hire BEFORE you hire anyone. Remember it is your life and your money.

The person you hire to assist you should be someone who is knowledgeable, and appears to have your best interest in mind. To see a presentation on Managing Windfalls, go to: [http://consumerissues.cas.psu.edu/Ideas\\_for\\_Managing\\_Your\\_Gas\\_Windfall\\_8-1/index.htm](http://consumerissues.cas.psu.edu/Ideas_for_Managing_Your_Gas_Windfall_8-1/index.htm).



[Click here](#) to view the new publication: A Landowner's Guide to Leasing!

## Certificates of Deposit and Laddering

Certificates of deposit (CDs) are accounts where you leave money for a specific time period. At the end of the time period, you receive your principal and the interest earned. CDs are usually issued by banks or other financial institutions and are insured by the Federal Deposit Insurance Corporation (FDIC). If you cash in or redeem a CD before the maturity date, you will be penalized, unless there is a no penalty clause.



**To make CDs work hard for you, create a CD ladder.**

Interest rates for CDs depend on market conditions and the time period of the CD; the shorter the time period, the lower the interest rate and vice versa. To make CDs work hard for you, create a CD ladder. To create a ladder, purchase several CDs about the same time that mature at different times. For example, purchase four CDs with one maturing each year for four consecutive years. The four CDs represent the four rungs on a ladder. When the one year CD matures, you reinvest the proceeds into the longest time period (i.e., four years for this example). When each CD (2, 3, and 4 year) matures, continue reinvesting each into a CD with the longest time period (i.e., 4 years in this example). The advantage of laddering CDs is that you will likely earn more interest income because the CDs invested for longer periods of time (i.e., 2, 3, & 4 years) will have a higher interest rate. Yet, if you need money, you are always within one year of a CD maturing.

Source: <http://www.bankrate.com/brm/green/investing/investing2-3a.asp>

## Teaching Children About Money: School is Open

The formal school year started in August or September for most children. However, the informal school, your home, is in session 365 days a year during every waking hour, and parents are the teachers! That's right parents; you are your child's first teacher, and you are a very powerful teacher. You are in the unique position of teaching your children how to make the most of one of life's toughest areas of responsibility ---how to manage money wisely.

Like or not, you are teaching your children how to manage money by the way you handle, talk about, and treat money. Every financial transaction they witness you making, each shopping trip they accompany you on, and any conversations about money between you and your spouse and others are little teachable moments that collectively, over 18 years, can have a huge impact on their money knowledge, attitudes, and behaviors. So, make the most of those 18 years of informal teaching? Ask yourself if you want your children to handle their money the way you do? If they marry, are you exhibiting how you want their spouse to handle or treat money in their families? Is there a balanced, healthy view about money and how it impacts the relationship between you and your spouse? If yes, continue what you are doing and make a conscious effort to teach children more about money by having purposeful mini conversations with them about money and/or looking for hands-on opportunities where life's money lessons can be reinforced. For example, when you pay bills, talk about why it is important to pay bills on time. Let younger kids place the stamps on envelopes for bills you pay by mail. Older teens could actually write the checks for bills, but leave the signature line blank for you to finish. If you do not want your children to handle money the way you currently do, gradually change what you are doing to the behaviors you desire in your children.



## Alternative Holiday Gifts



As the tree leaves change colors and the outside temperatures drop, we know that Christmas and other December holidays will be approaching soon. Before you panic and start creating your gift list, think seriously of practical items that may never have been on your list in the past. With the increased costs for basic necessities (food, clothing, transportation, and housing), a gas or grocery card towards these necessities may be preferred over a nonessential gift that gets shoved in a closet or on a shelf to be re-gifted. Other useful items or gift ideas that might be:

1. Provide the family an experience (e.g., attend a local play or skiing, new to the family).
2. Take the family on a trip instead of buying gifts.
3. Plant a tree or garden in the name of the family.
4. Make donations to good causes in the name of family members.
5. Agree to babysit.
6. Adopt a pet or rescue a pet for the family.
7. Make photo collages or frame pictures.
8. Host a holiday potluck dinner for the family.
9. Give your children music, sports, or dance lessons instead of another toy.
10. Volunteer as a family at a homeless shelter or for Habitat for Humanity.



## From Analog to Digital TV Broadcasting—February 17, 2009

How does a clearer picture, better sound quality, and more programming options sound? Sounds great! Well, the federal government thought so, too. At midnight on February 17, 2009, this will be possible. Television stations in the United States will stop broadcasting in analog and switch to digital broadcasting.



What does that mean to you? If you are still watching a TV that requires an antenna, you will have to make some changes to adapt to this new technology. There are several options for the transition to digital TV:

1. Purchase a television with a digital tuner,
2. Connect your current TV to a cable or satellite provider, or
3. Keep an existing analog TV and obtain a TV converter box.

Congress created a program that offers up to two free converter boxes for households that wish to continue using their analog televisions. If your TV is currently connected to cable or satellite, you do not need a converter box to enjoy the new digital broadcasting. To obtain a coupon for a free converter box, you can do one of the following:

1. Apply online at [www.dtv2009.gov/ApplyCoupon.aspx](http://www.dtv2009.gov/ApplyCoupon.aspx)
2. Call 1-888-DTV-2009 (1-888-388-2009)
3. Obtain a coupon application from [https://www.dtv2009.gov/docs/Coupon\\_Program\\_App\\_en.pdf](https://www.dtv2009.gov/docs/Coupon_Program_App_en.pdf), and mail it to the TV Converter Box Coupon Program

You will need a permanent address to get the coupon. For more information about DTV and obtaining a converter box, see the DTV Web sites below.

Sources: <http://www.dtv2009.gov> and <http://www.dtv.gov>



## Helping Elders Manage Money

Helping elders manage their money, while they maintain independence, can be a very touchy subject. Many older adults have supported themselves for years and either do not believe they need help or find it too difficult to admit they need help. It is good to get aging adults to not only think about, but to talk about finances early on. You may find that being supportive and lending an ear are enough to help some elders. For others, more direct assistance may be needed. Below are suggestions that might help:

1. **Simplify their financial situation** – Encourage elders to have benefit checks and other monthly income sources direct deposited into their savings or checking account. Encourage them to use automatic bill paying for reoccurring expenses such as mortgage, car payments, or utility bills.
2. **Help them create a budget** – Often, just writing down what is coming in and what is going out, will help with managing money.
3. **Help to protect them against fraud** – With their permission, review bank and credit card statements, checkbooks, etc. Look for inappropriate payments, inconsistencies, and the like. To reduce unwanted marketing materials and junk mail, go to the Direct Marketing Web site [www.dma.org](http://www.dma.org), and remove their names from national mailing lists. Stop unsolicited offers for credit cards by calling 1-885-OPT-OUT (1-885-678-688) or completing a form online at: [www.optoutprescreen.com](http://www.optoutprescreen.com). This number is for the three major credit reporting agencies, so one call will stop the offers from the big three credit bureaus. To get their names off telemarketing call lists, enter their telephone information in the National Do Not Call Registry at: <https://www.donotcall.gov/>. This will remove their names permanently from telemarketing lists.
4. **Identify available banking services** – Help them identify banking services geared towards older adults. Some banks may have special programs specifically for senior citizens.
5. **Money management program** – Find several reputable money managing programs geared to help senior citizens, and suggest they take a look at the services offered. Help them choose a program that is right for them.



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