The Four Directions of Financial Security curriculum was written and developed by Darryl Dahlheimer through a McKnight Foundation grant administered by the Minnesota Department of Human Services, Office of Economic Opportunity and the Minnesota Community Action Partnership. It is the next step after the core Four Cornerstones of Financial Literacy curriculum. It is not intended to provide any specific legal, tax, or investment advice for individual situations, but is a road map and resource to help people navigate their way toward financial well-being.

This curriculum is normed to working-poor realities but also aims to inspire all families to move farther into asset-building, and away from debting and living financially on-the-edge. Instead of focusing on “wealth,” financial security is meant more broadly here as having enough, for now and for the future, for yourself and for the community. The author dedicates this curriculum to the American values of hard work, frugality, and equal opportunity.

The Four Directions of Financial Security are:
- Thrifty living to build your savings
- Investing to grow your savings
- Protecting to secure your savings
- Building a future with your savings
DIRECTION 1:
THRIFTY LIVING TO BUILD YOUR SAVINGS

“Never eat seed corn” – Native American proverb
ASSETS ARE THE BUILDING BLOCKS OF FINANCIAL SECURITY

An asset is something you own that has lasting or even growing value. Assets are different from income. You could have a great income, but it could disappear if you are laid off, fired, or unable to work. Assets have lasting or growing value. **Assets are how you build wealth.**

The opposite of assets is liabilities (debts). Liabilities include: home mortgage loans, car loans, student loans, personal loans and lines of credit, and credit card debt. **Liabilities make you poorer.** Debt can be productive if it is used to purchase assets (e.g. - mortgage to buy a home or student loan to be able to get a degree), but it is easy to overspend even on productive debt.

**ASSETS ARE WHAT YOU OWN BUT LIABILITIES ARE WHAT YOU OWE**

**SAVINGS ARE THE PLACE TO START BUILDING ASSETS**

Many of us feel financial pressures every month to the point where saving seems like a dream. What is real is that anyone can save some. Pay yourself first. If you put money into savings every month, you will find a way to live on the rest. Start small but aim for saving ten percent of every dollar you make. Be ready for life’s surprises. Savings prevent having to go deeper into debt and they can be a source of pride and self-confidence.

There are three layers of savings that you will need to build financial security:

**FIRST LAYER: Periodic savings to allow monthly “payment” of non-monthly expenses**

Use the put-and-take chart in the Appendix to “monthlyize” your periodic expenses. Pick three or four non-monthly expenses that apply to you (car maintenance, property taxes, holiday gifts, back-to-school costs, summer daycare) and calculate the yearly amount, then divide by 12, and put that monthly amount into a savings account. Credit unions and banks will let you set up an auto-transfer from your checking into savings on a regular monthly date you pick.

**SECOND LAYER: Savings account for emergencies and for saving toward your goals**

Go as fast or slow as you want on this one, but get started -- every step forward counts. Use a change jar, or gift money or tax refunds to make lump-sum deposits to jump-start this layer of savings. Having $1000 in savings can mean you are ready for that unexpected bill. Keep going to $3000 and you’re a lot safer if you have reduced income from job layoffs or disability. $5000 can buy a good used car, *with cash*, or become a down payment or closing costs to buy a home.

**THIRD LAYER: Retirement savings for investing to grow your savings**

In the investing section, you will see that there are special rewards for this type of saving, and time is on your side so the sooner you get started, the better. Special accounts like an Individual Retirement Account (IRA) or employer plan (401k) grow faster since tax-deferred or tax-free. Also, retirement savings are generally not counted in government benefits tests or bankruptcy.

Four ways to find money to save: reduce spending, pay off debts, add income, claim tax credits.
REDUCE SPENDING, PART ONE: FIND AND STOP LEAKS

For many of us, our finances are like a wide open faucet filling a tub with a wide open drain – nothing stays in the tub unless we shut that drain. Shutting off the leaks of “automatic” spending allows you to still spend, but more out of choice than just out of habit. Normal is not good enough since all our normal friends overspend. Reducing spending is simple but takes determination.

Track your spending every day for four weeks, write down what you spent money on and how much you spent. Each night list what you bought and how much spent for that day. Round up to whole dollar amounts and include all money that leaves your hands that day, whether cash, check, or card. At the end of four weeks, add up the total for each category and spot the leaks where you spent more than expected. Use the envelope system to control targeted area spending.

A small habit like vending machine pop or coffee out could be $10,000 for your dreams.

<table>
<thead>
<tr>
<th>Habit</th>
<th>Cost</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2 each day</td>
<td>sounds small</td>
<td>($2 one time, no habit yet)</td>
</tr>
<tr>
<td>$10 each week</td>
<td>hmmm</td>
<td>($2/day x 5 days/week)</td>
</tr>
<tr>
<td>$520 each year</td>
<td>uh-oh</td>
<td>($10/week x 52 weeks)</td>
</tr>
<tr>
<td>$10,400 20 years habit</td>
<td>holy cow</td>
<td>($520/year x 20 years)</td>
</tr>
</tbody>
</table>

Life without cable TV ($85/month) = $1020/year
Get help to quit smoking (pack/day = $150/mo) = $1800/year
Cut all three (pop/coffee out, cable, smoking) = $3340/year

Finding even two small habits ($20 per week) means you have $1000 to save each year.

Basic money psychology has two ideas you can use to help yourself – support and substitution

BUILDING A SUPPORT NETWORK FOR YOUR SAVINGS HABIT (avoids loneliness)

Get your kids involved: making goals visible on fridge, savings deposit trips, PT job together
Use behavioral finance tricks: cooling-off rule, envelope system, shop with list and not hungry
Lock arms with a money buddy and make pact to call each other before any purchase over $20
Recruit new frugal friends in extended family, neighbors, co-workers, online chat
Pay allowance in quarters: spend, save, invest, and share (or some combination to interrupt spending)

BUILDING A NEW LIFESTYLE BASED ON FRUGAL PLEASURES (avoids deprivation)

Eat your own food (cook, garden, drink water)
Make it last (learn to repair)
Find free resources (library card, usher/volunteer)
Learn to make stuff (gifts, cards)
Fill days with simple pleasures (bike riding, swim, visit, read aloud, tell jokes, sing together)
REDUCE SPENDING, PART TWO: LOWER VEHICLE COSTS WITH A USED CAR

Vehicles are a classic way to overspend. Except for buses and bicycles, keeping a paid-off car going is the thriftiest choice. Many cars can be nursed along to 200,000 miles without danger.

The Secret to Keeping a Used Car Running is Preventative Maintenance

Doing regular maintenance prevents costly emergency repairs. Check your owner’s manual for the specifics for your car, and find a mechanic who earns your trust. Budget for an average of $1000 per year in maintenance and get problems checked out early. In general, expect this flow:

- Every 3000 miles: Change the oil and oil filter and lubricate the chassis; check all fluid levels and inspect the lights; rotate the tires every other oil change.
- Every 30,000 miles: Replace the fuel filter and spark plugs; change the transmission fluid and the radiator coolant; adjust the valves and get a tune up; check the tires and replace when tread is low. Repeat every 30,000 miles and also follow the manufacturer’s recommended service schedule, replacing the timing belt when due, or brakes when worn.

Five steps to finding a good used car

Buy used so someone else experiences the cost of depreciation, but you will have to do more homework to minimize the chances of buying into problems – take steps to reduce that risk:

- Get your finances ready. Look at your budget, be realistic about what you can afford, save up a down payment. Shop for good rate on a car loan at a credit union or bank and get prequalified.
- Shop for cars in newspaper or online ads. Look at Consumer Reports used car buying guide and pick 2-3 models with good reliability/repair ratings. Plan on a car that is 3-9 years old, has low mileage (like 10,000 miles per year of age), and passes all the tests below.
- Test-drive specific cars. Check the 17-digit VIN number through a service like Carfax (www.carfax.com) to see the vehicle’s history and be sure it was not in floods or crashes. Inspect it in daylight for any fluid leaks, body damage or rust, worn tires. Test drive both at city and highway speeds, alert for any steering problems or vibration, braking or accelerating or transmission problems or noises.
- Before finalizing the purchase, do a second test-drive to have the car inspected by a local mechanic or repair shop of your choosing (about $100 cost) to see if any warning signs or hidden repair needs.
- With the seller, check the car title to be sure correct VIN, no erasures nor current liens are on it. Don’t buy extras like extended warranty or credit life insurance or service contracts.

Avoid vehicle leasing

Leasing is an asset-stripping idea since you will always have a car payment and always be losing value due to depreciation. Lease contracts are famous for complex terms and traps. If you need to get out of a current lease, consider lease-transfer services which match leasers with a market of buyers who can take over the remaining lease payments and car.

Selling your old car

You will often be able to sell your old car for more than what dealer trade-in would offer. Look up the value of your old car on online car rating websites, then place an ad and screen by phone any potential buyers before meeting. Go with them during test-drive, record their driver’s license and put everything in writing in a bill of sale listing VIN, model, make, year, and mileage of the car, and statement “The car is sold in as-is condition.” Both sign and get a copy. Insist on cash or certified check (if personal check, meet at their bank to cash it there to be sure). Transfer the car title to the new owner after the sale and let your insurance company know once the car is sold.
PAY OFF DEBTS FASTER AND WHEN DONE, PUT PAYMENTS INTO SAVINGS

If you are paying 18% interest on credit card debt, the first step is to pay down that debt faster so that you stop paying out interest and move toward being paid interest on your savings account. But keep a balance: having some savings can protect you from having to take out new debt.

First, make a workable budget that gets all your debts into payment – that will avoid collectors’ legal actions like judgments or garnishments, or extra late fees – don’t try to wait out debts. If you’re not sure of all your debts, get your free credit reports and open your mail and list them.

ON YOUR OWN: Create a power-pay habit of paying more than minimum due to the debt with the highest interest rate; when that one gets done, send that amount as extra on the next debt, etc.

DEBT MANAGEMENT PLAN: Find a local nonprofit member of the National Foundation for Credit Counseling and sign up for a DMP. You would pay all your unsecured debts through one monthly payment sent to the agency. In return, most creditors will lower the interest rates, stop any late or over-limit fees, and report you as having on-time payment; done in five years or less.

SPECIAL STRATEGY FOR NON-INTEREST DEBT: Most medical and dental bills and old utility bills do not charge interest so use self-run payment plans to pay the debt a bite at a time. On the phone, collectors may demand a big payment or access to your bank account, but in most cases, if you mail it, they will take it (no judge wants to garnish you if you are already paying). Send a simple payment plan letter with a first check. Keep a signed, dated copy for your records; if you ever get summoned to court, show it to the judge. If the debt collection is already at a law office, send the letter “certified mail return receipt” at the post office, so you can be sure you also have proof they received the letter. Keep track of payments each month until debt is paid in full.

SPECIAL STRATEGY FOR STUDENT LOAN DEBT: Pay faithfully and use forbearance option only for short-term emergency. Do not default; but if in default, use William Ford student loan consolidation to bring out of default and adjust the payment plan. Federal student loans can sometimes be cancelled or reduced if you become permanently disabled or work in certain types of public service medical, law enforcement, Peace Corps/Americorps, or teaching jobs.

SPECIAL STRATEGY FOR INCOME TAX DEBT: Check out free tax filing clinics and use your tax credits to pay off past tax liabilities. Mail in forms to start a monthly payment plan on back taxes and pay faithfully. Contact the IRS and state Taxpayer Advocate Services if you have compelling circumstances, and complete an Offer in Compromise to possibly reduce your debt.

Once you get in the habit of paying faster on your debt, plan ahead to stay debt-free in a lot of financial situations that were stressful before. For example, if you buy a good used car with a three-year car loan ($150 for 36 months) and keep it going ten years (120 months). You’re used to paying the loan each month, so after the 36 payments are done, keep writing that check, but now to your savings. When you need that next car in ten years, you will have $12,600 saved.
ADD TO YOUR INCOME WITH A PART-TIME JOB OR RENTER

One way to find money to save is to increase your income and dedicate that money into savings. Generations of farm wives in the Midwest stashed extra money from side jobs into a cookie jar or sock drawer, toward a special savings goal or emergency fund. Here are 3 ideas to add income.

Moonlight at something different and include family members
One way to work more without wearing out is to find a second part-time job quite different from your main job. Some of these jobs offer chances to include kids and other family members in the work so it can be a family bonding experience of making income toward shared goals.

Examples of this type of PT work might include: pet-walking or pet-sitting service; paper routes; lawn care and sidewalk shoveling services; gardening and selling produce or flowers.

Turn a hobby into an earning opportunity
Pursuing an interest or hobby can also expand into adding income by offering your skills and interests as a side business. Word of mouth or simple flyers keep costs low so mostly profit.

Examples of this type of PT work might include: writing and delivering singing telegrams for special occasions; offering cooking classes, offering fishing lessons or outings, being a sports umpire or coach, carpentry/ handyperson specializing in small fix its, tutor for kids or for languages; jam making; dance lessons or DJ for hire.

Getting a renter or roommate
One way to significantly reduce housing and utility costs is to have roommates to split rent and shared utilities. If you are renting solo, ask the landlord for approval to have a roommate (often approved if there is an extra bedroom and the landlord can meet the potential roommate). If you own a home, there may be local housing codes regulating landlords, but many families use more informal renter situations to help add income (e.g.- your cousin moves into your basement space and contributes toward the mortgage payment).

Use the power of networking and let everyone in your life (friends, work, church) know you are looking for a roommate. Interview any applicants, get three references and call them to ask about the person’s rental history and financial reliability. Ask applicants about their life plans and current employment and interests. If you have children, have the kids join you and interact with the potential roommate partway through the interview so you can observe how each handled it.

Before they move in, create a “roommate contract” that you both will sign and keep a copy of -- putting everything in writing protects you and maximizes the chance of a positive experience with a roommate. Specify these items:

  o Amount of rent and date due each month; any security deposit required
  o Start and end dates of the contract and requirement for 30 days written notice if ending the contract
  o List which utilities will be paid separately or shared
  o List agreed-on house rules about smoking, alcohol or drug use, pets, overnight guests, quiet hours, use of appliances or common spaces, parking, and anything else needed
CLAIM AND USE YOUR TAX CREDITS AND REFUNDS

Search for a Volunteer Income Tax Assistance (VITA) free tax filing site. Trained volunteers can help you file and claim all the tax credits you deserve. Individuals with $30,000 or less income, or families with less than $50,000 income qualify for free filing.

Tax credits reduce any income taxes you owe and many are refundable, meaning that you can get money back even if no taxes owed. Claiming eligible credits is an opportunity to build savings.

Federal Earned Income Tax Credit and Minnesota Working Families Credit
Depends on income; fully refundable. Single workers and families with children can get up to $5657 back from the federal government and up to $1600 from Minnesota.

Federal Child Tax Credit and Additional Child Tax Credit
Depends on income; non-refundable. Families can get back up to $1000 per child under 17. Additional Child Tax Credit is refundable if earned income is at least $3000.

Federal Child and Dependent Care Credit and Minnesota Dependant Care Credit
Federal is non-refundable; state is refundable. Families who pay childcare costs for child under 13 or disabled or dependent adults while working can get up to $1000 back from each.

Federal Saver’s Credit (Retirement Savings Contribution Credit)
Depends on income; non-refundable. Taxpayers can receive up to 50% back on contributions made to their retirement plans or IRA, up to the first $2000 contributed.

Federal American Opportunity and Lifetime Learning Credits
Taxpayers can get up to $2500 per student for each of first four years of college expenses; 40% refundable so even if no taxes paid, get up to $1000 per student. Lifetime Learning Credit is non-refundable, up to $2000 for expenses in any year of college or graduate school.

ND Homestead Tax Credit or Rent Refund for Seniors or Disabled Presons
Depends on income; fully refundable. Renters can get up to $400 and homeowners up to $4500 based on income and amount of property taxes or rent paid.
DIRECTION 2:

INVESTING TO GROW YOUR SAVINGS

“If you can’t run, walk. If you can’t walk, crawl. But by all means, keep moving” – Martin Luther King
KEEP YOUR SAVINGS 100% SAFE AND LIQUID IN A CREDIT UNION OR BANK

Safety
For the first two layers of savings, your main goal is 100% safety, so keep deposits in federally-insured accounts in a credit union or bank – either checking or savings accounts or certificates of deposit (other products sold there, such as investments, are not federally insured).

Be sure the Federal Deposit Insurance Corporation (FDIC) logo is posted at your bank, or the National Credit Union Administration (NCUA) logo is posted at your credit union. This federal insurance guarantees deposits even if the particular financial institution collapses. Accounts are covered up to $100,000 (and through 2013, coverage is expanded up to $250,000). Coverage is: $250,000 per depositor per institution (so your accounts combined are insured up to $250,000) $250,000 per each owner of joint account per institution (co-owners = $250,000 each protected)
Separately, retirement plans such as IRAs are insured up to $250,000 per depositor.

Benefits of using checking and savings accounts and CDs
- Checking accounts are a convenient and safe way (ATM access plus using checks and debit card instead of carrying cash) to manage money at a much lower cost than check-cashing stores or money orders.
- Savings accounts and CDs (and some checking accounts) pay interest on deposits so your money grows.
- Having an account relationship at a credit union or bank also makes it easier to get car or home loans there.

Manage your account so there are no fees paid
- Ask questions to know the terms of your accounts (e.g.- no fee accounts may require a minimum balance). Use special services (bill pay, online banking, overdraft protection) when offered at no cost.
- Keep shopping until you find no-fee account.
- Use direct deposit of your paycheck for quicker access to your money. Know the Funds Availability Policy.
- Write down in your check register every time you write a check, withdraw money or use the debit card – keep a running total and reconcile your register with the monthly statement you get.
- Find out which ATMs are no charge to use.

USE BROKERAGE FIRMS FOR THIRD LAYER, INVESTING FOR RETIREMENT

Some banks and credit unions offer retirement investments, but larger investment companies often offer more choice of investments and lower fees. Brokerage firms offer stocks, bonds, mutual funds, and other investment transactions. The goal with investing is different than for saving -- no longer 100% safety, but a mix of greater risk taken for greater growth rate. Make sure your brokerage firm is licensed by the Securities and Exchange Commission (SEC) and is covered by Securities Investor Protection Corporation (SIPC) which insures brokerage accounts up to $500,000 per owner in case the brokerage firm closes due to bankruptcy or fraud. This is not like the “no questions asked” protection of FDIC or NCUA; it does not insure the value of your investments, just replaces the actual cash, stocks, or bonds held in your account.

Most retirement savings are not counted in government benefits programs nor bankruptcies.
TYPES OF RETIREMENT SAVINGS PLAN OPTIONS

Social Security
You pay into social security through your paycheck (FICA) and employers match this amount. The more years you work, the higher benefit you get when you retire – but you must work at least 40 credits (10 years of full-time work) in order to qualify when you retire. The medical insurance provided along with Social Security is Medicare, and there are also benefits paid for survivors (if you died) or disability (if you are unable to work).

Employer Pensions
Some employers have a pension plan that will pay you a monthly amount when you retire. Most require you to be vested: you must work a certain number of years in order to qualify for benefit. Some pension plans are federally guaranteed, some depend on financial health of the company.

Employer 401k and 403b Plans
Some employers offer retirement plans that employees can contribute to directly. These are tax-deferred, meaning that there are no taxes on what you put in, only when you start to take out at retirement, which is usually anytime after age 59 ½. Typically there is a penalty if you withdraw before that time. Many employers offer a match for what you put in, so it can grow quickly.

These plans are a fantastic investment, since they are lower your taxes and grow fast. Compare:

<table>
<thead>
<tr>
<th>Spend it now</th>
<th>Invest it into a 401k/403b</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Keep the $100</td>
<td>● Put the $100 into a 401k/403b</td>
</tr>
<tr>
<td>● Minus taxes ($20)</td>
<td>● No taxes, so all $100 invested</td>
</tr>
<tr>
<td>● You have $80 to keep</td>
<td>● At 7.2% annual return, $100 grows to $200 in ten years, $400 in 20 years, keeps going</td>
</tr>
</tbody>
</table>

And that’s even without a match. If your employer gives you 50 cents match on each dollar put in, you’ve made a 50% gain. **Do the math.** If you had kept the $100, you would have only gotten $80 after taxes. But if you invest it, you keep all $100 plus with a match you now have $150, almost twice as much as the $80. And, it will double in ten years to $300 and in 20 years to $600.

Individual Retirement Accounts (Traditional IRA and Roth IRA)
Anyone can open one of these at a credit union, bank or brokerage. Money you invest grows tax-free until you start to take it at retirement (after 59 ½). With a regular IRA, lower-income savers can also deduct your contribution from your taxable income. With a Roth IRA, there is no income tax deduction now, but all the earnings are tax-free when you take them. One key feature of Roth IRAs is that you can withdraw contributions tax-free and penalty-free anytime if needed.

Self-employed 401k or SIMPLE IRA or SEP-IRA
These plans have similar rules as an IRA and allow small businesses or self-employed people to make contributions from the business and from themselves to this kind of retirement account.
HOW INVESTMENTS GROW TO BECOME MORE

The miracle of compound rates of return
Compound return is a great fact of investing. [Return can be interest paid on savings accounts or bonds or capital appreciation (growth in the price value of investments like mutual funds) or a combination]. You not only earn interest on your savings but also interest on your interest (like a snowball rolling downhill, getting bigger all the way).

So the more time you keep your investments working for you, the faster they grow. For example, if you started at age 30 investing $300 per month into mutual funds that earned 7% per year, you would have $540,316 by age 65. But if you waited until age 45, and then even put twice as much in ($600 per month), at the same 7% rate, you would only have $312,556 by age 65.

Compounding rewards time, so in this case, someone who invested for 35 years is much better off than another who puts invests double that amount, but for only 20 years.

As you see in the chart below, investments grow faster with higher rates of return and with time.

<table>
<thead>
<tr>
<th>Interest Rate</th>
<th>In 5 Years</th>
<th>In 10 Years</th>
<th>In 25 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>3%</td>
<td>$11,593</td>
<td>$13,439</td>
<td>$20,938</td>
</tr>
<tr>
<td>5%</td>
<td>$12,763</td>
<td>$16,289</td>
<td>$33,864</td>
</tr>
<tr>
<td>10%</td>
<td>$16,105</td>
<td>$25,937</td>
<td>$108,347</td>
</tr>
</tbody>
</table>

The Rule of 72 can show you how long it will take to double your money in an investment. Divide the number 72 by the annual rate of return for your investment. That is how many years it will take to double your money. For example, if you invest in a savings bond paying 3% interest, it will double in value in 24 years (72 ÷ 3 = 24).

That’s why you can buy a savings bond for $50 and cash it out in 24 years for $100. With total market stock mutual funds averaging 10% annual return, you’d double your money every 7.2 years (72 ÷ 10 = 7.2). While individual stock prices go way up and down, the total stock market has averaged 10% growth per year over the long haul.

FINANCIAL MARKETS REWARD RISK TAKING BUT NOT GAMBLING

The risk-return tradeoff means that in general you get paid a higher rate of growth and interest in return for investing in more risky assets. Investors are rewarded for long-term ownership of financial assets. On the other hand, it is possible to take on foolish risks with no extra return -- speculation, or short-term betting on which financial assets will be hot (think of day traders, infomercials on currency trading and real estate flipping) is more like gambling or the lottery, and will only lead to financial losses as a long-term strategy.
There are three basic investment asset types: stocks, bonds, and cash investments. Think of your overall investment pie as a mix of these three ingredients, and you decide how much of each.

**Safest cash option: Treasury Inflation Protected Securities (TIPS) or I-bonds or CDs**
Sometimes there is no need for a cash portion of investments if you have enough in your first two layers of savings. But if you needed to use those, or as you get closer to retirement, you’ll want to add a cash portion. TIPS and I-bonds are US Treasury products where the value is guaranteed and inflation-adjusted interest rate is paid. Certificates of deposit are also federally guaranteed and one strategy is to build a “ladder” of CDs of different lengths, to get the best interest rates.

**Safest bond investments: bond market index mutual funds**
When you buy bonds, you are loaning money to the bond issuer in return for a promise to repay you at a specified rate of interest. The bond market includes US government, municipal bonds, and corporate bonds issued by companies. Bonds are generally considered safer than stocks but bonds have risks too, so buying a bond mutual fund, consisting of many bonds, is safer approach.

**Safest stock investments: stock market index mutual funds**
When you buy stocks, you buy shares of ownership in businesses, and in return is both dividends paid and price growth in the value of the stock. Stocks need to be an important part of any long-term investing since stocks average double the rate of growth as bonds. For example, a $10,000 investment, after 40 years (with stocks at 10% and bonds at 5% average annual return) will grow to $453,000 if invested in stocks, but only $70,400 if invested in bonds.

Individual stocks are extremely risky, so buying the whole stock market, in an index mutual fund, is a safer way. Think of stock mutual funds as baskets of different stocks, and bond mutual funds as baskets of different bonds, so there is less risk from any one stock or bond going sour.

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Below is a chart showing this tradeoff for each type of investment.

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Big Picture of Risk-Return Tradeoff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings acct or money mkt</td>
<td>Low risk, average 1% annual rate of return</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>Low risk, average 2-4% annual return</td>
</tr>
<tr>
<td>US I-bonds or TIPS</td>
<td>Low risk, average 3% annual return</td>
</tr>
<tr>
<td>Corporate or muni bonds</td>
<td>Medium risk, average 3-5% annual return</td>
</tr>
<tr>
<td>Stock market mutual funds</td>
<td>Medium risk if buy &amp; hold, average 10% annual return</td>
</tr>
<tr>
<td>Individual stocks</td>
<td>High risk, can grow lots or lose lots</td>
</tr>
</tbody>
</table>
UNDERSTANDING AND MANAGING RISK

All savings and investments face some risk, but knowing the risks can help you choose the best fit for your life situation and peace of mind. Here are the basic types of risk:

**Do-nothing risk:** risk that cash savings kept in the house or buried get lost, burned up, or stolen

**Inflation risk:** the risk that inflation will rob your savings of value (averages 3% per year)

**Liquidity risk:** the risk that your money will not be available or will be penalized if you take it

**Interest rate risk:** the risk that the value of your bonds will decrease if interest rates rise

**Credit risk:** the risk that the bond issuer will default and be unable to pay bondholders

**Market risk:** the risk that stocks or bonds you invest in will decline in value in the market

**Currency risk:** the risk that the US dollar will rise or fall in value in the world markets

**TIME HORIZON:** Investments with more risk can offer higher returns but are often volatile in shorter time periods. Disciplined investing means balancing your desire for growth with the time available. Use this chart to avoid extremes of greed (chasing return) or fear (fleeing to safety).

The key question for time horizon is: *How much time until I need to have access to this money?*

<table>
<thead>
<tr>
<th>When I’ll start withdrawing</th>
<th>My priority needs to be</th>
<th>Use these investment types</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within the next 5 years</td>
<td>Safety</td>
<td>Insured savings accounts or certificates of deposit</td>
</tr>
<tr>
<td>Within 5-10 years from now</td>
<td>Balance of safety and growth</td>
<td>Mix of insured savings and stock or bond index mutual funds</td>
</tr>
<tr>
<td>Over 10 years from now</td>
<td>Growth</td>
<td>Mostly stock index funds but based on risk tolerance</td>
</tr>
</tbody>
</table>

**How to decide whether to invest in a 401k versus an IRA**

Roth IRAs have a lot of advantages, such as no penalty for withdrawals, wider choice of mutual funds, and earnings are tax-free when taken. You can contribute up to $5000 per year to an IRA.

401k plans have advantages too, such as the automatic investing from each paycheck, ability to contribute up to $16,500 per year, and sometimes an employer match.

For sure, if your employer offers a match, best idea is to contribute enough to capture the match, which is like free money. Then make the rest of your contributions to a Roth IRA to diversify.
**KEY INVESTMENT TOOL TO REDUCE RISK: NO-LOAD INDEX MUTUAL FUNDS**

**No-load index mutual funds offer instant diversification to reduce risk**
Mutual funds pool the money of many investors to buy a lot of different stocks. Buying a single stock or bond is like betting on *one* horse to win a race. Buying a mutual fund is like betting on *every* horse in the race. Diversification exposes you to the opportunities across the whole market while reducing your risk of being over-exposed to any one sector. It is a key to increased safety.

**No-load index mutual funds track whole markets and use a wise “buy-and-hold” style**
There is an important idea called **regression to the mean** which means that in financial markets, no one investment stays hot, it all averages back. Media promote a fantasy of geniuses who can time the market and pick hot stocks or tell when bond prices will rise – but history shows that “past performance does not predict future results.” Chasing hot managers or five-star funds is like driving while only looking in the rearview mirror. Research shows that index funds beat actively managed funds over the long haul because of relentlessly low costs and buy-and-hold.

People make mistakes based on greed and fear. They chase tips they heard about (greed), then dump good funds that have a down year (fear). Use your head and know that there are ups and downs. Hold a mix of quality index mutual funds that match your asset allocation and you’ll do fine. Investing should be as boring as watching grass grow. Be an investor, not a casino gambler.

**No-load index mutual funds keep costs low so you will get higher net return**
No-load means no sales charge, so every dollar invested buys shares. Total market index funds own shares in companies representing the whole market. They hold these investments and keep trading expenses and management expenses very low, so you keep more of the gains. By keeping costs low, more of your money goes toward owning more assets, less toward fees. Costs make a huge difference in investing because time compounds costs, just like it does returns.

For example, a 25-yr-old who invests $200 each month until retiring 40 years later; assuming an investment mix of stocks and bonds, averaging 8% return each year, you’d expect big growth:  
If they used typical funds with 2% annual expense fee, at the end they have $400,290  
If they used index funds with .3% annual expense fee, at the end they have $644,484

**Index mutual funds make it easy to rebalance and keep your correct asset allocation**
Over time, you may need to rebalance, or reset, your asset allocation mix of stocks, bonds, cash. For example, if your ideal mix is 70% stocks, 30% bonds, and the stock market has a run of high returns, you could wind up with too much in stocks (e.g.- 80% of the value of your account stocks, 20% bonds). Rebalancing means sell the asset you have too much of, and use that to buy assets you have too little of – it is the ideal “buy when low price, sell when high price” situation. Look at your total investment portfolio once a year and rebalance if there are big changes in the mix.

**Good indexes used to track whole markets**
Invest in total market index funds that track these indexes:
- For total US bond market: **Lehman Brothers US Aggregate Bond Index**
- For total US stock market: **Wilshire 5000 Index**
- For total international stock mkt: **Morgan Stanley MSCI EAFE Index**
RISK TOLERANCE: Investments with more risk can offer more reward but have a larger standard deviation, meaning that they have larger swings between gains and losses. The key is to know yourself and only take on as much risk as you can commit to – this is your sleep factor, meaning how confident you are that during drops in the financial markets you will still be able to sleep at night and will not panic. Use the profile below to get a sense of your own risk tolerance.

1) Not counting long-term retirement savings, how many months of current living expenses do you have saved up (to cover living costs if you suddenly became unemployed or disabled)?
   a. 6 months or more.................................................................................................3
   b. 1-3 months worth.................................................................................................1
   c. less than one month, or none................................................................................0

2) I want my investments to be totally risk-free, even if that means only keeping up with inflation
   a. strongly agree......................................................................................................0
   b. somewhat agree..................................................................................................1
   c. strongly disagree.................................................................................................4

3) I am willing to take some investment risk in order to increase the likelihood of higher returns
   a. strongly agree......................................................................................................4
   b. somewhat agree..................................................................................................2
   c. strongly disagree.................................................................................................0

4) People whose investments are mainly in the stock market have made impressive returns but have also faced swings in value. In Oct 1987, such investors lost 20% of the value of their portfolio. In Nov 2009, such investors lost 30% of their investment’s value. If your investment fell by 20% or more over a very short period, what would you do?
   a. sell all the remaining investment.........................................................................0
   b. sell 50% of the remaining investment ...................................................................1
   c. hold on to the investment.....................................................................................4

5) I am comfortable with a portion of my investments being in international stock markets
   a. strongly agree......................................................................................................4
   b. somewhat agree..................................................................................................2
   c. strongly disagree.................................................................................................0

YOUR RISK TOLERANCE SCORE: add up the numbers that match the answers you gave on the five questions, and put the total score here ______, then match your score to category below

<table>
<thead>
<tr>
<th>Total score 0-6</th>
<th>= low comfort with risk, invest for safety (“conservative investor”)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total score 7-11</td>
<td>= medium comfort with risk, invest balanced: some safety, some growth</td>
</tr>
<tr>
<td>Total score 12-20</td>
<td>= high comfort with risk, invest for growth (“aggressive investor”)</td>
</tr>
</tbody>
</table>

Sample investment mix for each type of investor risk score, if a timeline of 10 years or more
Conservative mix: 60% bond market, 40% stock market (all 40% in US market)
Moderate mix: 40% bond market, 60% stock market (50% US, 10% international market)
Aggressive mix: 20% bond market, 80% stock market (60% US, 20% international market)
HOW TO INCREASE YOUR RISK TOLERANCE: If you need a higher rate of return to meet your goals, you may need to prepare yourself to allow more risk, but in a controlled way.

One method you can use is to commit to “buy and hold” – Warren Buffett, the wealthiest person in America, says “our preferred holding period is forever.” The volatility (price swings) of the stock market greatly decrease with time; in other words, holding longer decreases risk. The chart below shows how standard deviation (the range between highs and lows in US stock market) drops way down the longer held: from 18.1% to 4.4% just by moving from one year to ten years. This moderating effect is from the compounding of dividends and growth over the long haul. The lesson here is that stocks carry high short-term risk, but holding means that time lowers that risk.

<table>
<thead>
<tr>
<th>Number of years investment held</th>
<th>1 year</th>
<th>5 years</th>
<th>10 years</th>
<th>25 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard deviation</td>
<td>18.1%</td>
<td>7.5%</td>
<td>4.4%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Another method is “dollar cost averaging” where you commit to invest the same amount every month, ignoring the short-term ups and downs of the market. This allows you to buy more shares when the price is low and less shares when the price is high, so your average cost is lower than if you tried to “time” the market and guess when to buy. The example below illustrates how dollar cost averaging allows the person to end up owning more shares for the same dollars invested.

<table>
<thead>
<tr>
<th>Month 1</th>
<th>$100</th>
<th>$4.00</th>
<th>25.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Month 2</td>
<td>$100</td>
<td>$3.00</td>
<td>33.3</td>
</tr>
<tr>
<td>Month 3</td>
<td>$100</td>
<td>$6.00</td>
<td>16.7</td>
</tr>
<tr>
<td>Month 4</td>
<td>$100</td>
<td>$8.00</td>
<td>12.5</td>
</tr>
<tr>
<td>Month 5</td>
<td>$100</td>
<td>$5.00</td>
<td>20.0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$500</td>
<td>$26.00</td>
<td>107.5</td>
</tr>
</tbody>
</table>

Average price (value) per share = $5.20 ($26 ÷ 5)
Average cost (paid) per share = $4.65 ($500 ÷ 107.5)

Another method is to fasten a seat belt around your emotions by writing an “Investment Policy” that captures your commitment to allowing more risk in a planned way, not panicking in down times nor chasing greed in good times. Write a one-page Investment Policy covering the ideas in this investment section (such as asset allocation mix, risk tolerance, time horizon, strategies).

SAMPLE: I have a moderate risk tolerance and I have 25 years until retirement. I will get started now by building a savings cushion and by contributing to my 403b plan at work enough to capture the match. After I have $1500 in savings, I will take $500 and open a Roth IRA; just having that IRA will act as a magnet to put in extra when I can, and I can always take the money I put in out if I needed it. In my 403b and Roth IRA, I will invest in no-load index mutual funds with low expenses. I have decided that the asset allocation mix that is right for me is 50% bonds/50% stocks. I will look closely once a year and rebalance back to this mix if needed. I will use buy-and-hold wisdom and will not chase after hot-sounding investments. When I get within 10 years of retirement, I will shift some of my investments each year out of stocks and into cash so I will be ready when I need to use the money. I can do this.
Retirement Savings Motivator

This tool will give you a **simplified estimate** of how much you need to save for retirement.

**Step One:** Enter your **current gross income each month** $___________

**Step Two:** Estimate **how much monthly income you’ll need** when you retire $___________

(If current income is under $1000/mo, multiply step one by 100%
if current income is above $1000/mo, multiply step one by 75%)

**Step Three:** Enter the **Social Security income you expect** to receive monthly $___________

(If you make under $2000/month gross income now, enter $500; from $2000-3500 now, enter $1000; over $3500 now, enter $1500)

**Step Four:** Subtract line three from line two. This is **how much you need to take each month from your retirement savings** once you retire $___________

**Step Five:** Estimate **total savings you will need by the day you retire** $___________

Multiply every $1/month income needed from savings x $300 in your retirement savings (e.g.- if $500/month is needed, multiply $500 x $300 and enter that amount on step five: $150,000)

**Now you have a target to aim for.** Most people cannot make it there with just saving, but with investing, you can *grow* your savings and get to your goal - IF you follow a disciplined plan.

In addition, there are four adjustments you can use to make the target **move toward you**:

1) Get started early so compound interest works on your side (rule of 72, investment doubling)

2) Choose a higher risk-reward for retirement investments so they will grow faster, so long as you stay diversified and have a longer time horizon (10 years or more until you need the money)

3) Be a lifelong learner with good health habits so you can put off retiring and work a few extra years, thus boosting social security benefits and the growth time of your retirement savings

4) Drive your retirement living expenses down: pay extra on your mortgage till it’s paid-off. Start a hobby that pays (e.g.- garden). Keep your paid-off car running, or walk or carpool.
DIRECTION 3:

PROTECTING TO SECURE YOUR SAVINGS

“Hard weather reveals character.” – North Dakota farm proverb
CONSUMER FINANCIAL LAWS THAT PROTECT YOU

Truth in Lending Act
This law requires creditors to give you basic information, in writing, about the costs of credit, before you sign any papers. They must disclose:
- The total of the loan financed and the number of payments and amounts of payments needed to repay it
- The interest rate charged (APR) and any other fees, such as annual fees or origination fees
- Other terms such as due date, grace periods, late fees, or pre-payment penalties
In addition, it limits credit card holder’s liability to $50 for unauthorized use of the card.

Electronic Funds Transfer Act
This law regulates electronic banking transactions with the following rules:
- You are entitled to a written receipt when using an ATM machine for deposits or withdrawals
- Financial institutions must correct errors if you notify them within 60 days of the monthly statement date
- If you report a lost debit card or unauthorized use of your card within two days, your liability is limited to a $50 maximum. If reported after two days but before 60 days, the most you are liable for is $500. If longer than 60 days, liability is not limited and you could lose everything in your account.

Equal Credit Opportunity Act
This law prohibits certain types of discrimination by lenders in deciding to whom to grant credit. It applies to banks, credit unions, finance companies, retail stores, and credit card companies. Creditors can look at your credit history, income, and factors directly related to lending risk. But they cannot consider these personal factors in their decision:
- Race, national origin, or religion
- Sex, marital status, or age (except under 18)
If your credit application is rejected, creditors must provide the reason in writing within 30 days.

Fair Credit Billing Act
This law allows consumers to dispute billing errors by sending written notice to their credit card issuer, if goods were damaged, not delivered, or incorrectly billed. To use this, consumers must:
- Send their dispute in writing, within 60 days, to the “billing inquiries” address, not the payment address
- The dollar amount must exceed $50 and purchase must be in home state or within 100 miles of their home
- Consumers must first make good faith attempt to resolve their dispute directly with the merchant

Fair Debt Collection Practices Act
This law regulates third-party debt collectors and prohibits “abusive and deceptive” practices:
- Collectors must only call within the hours of 8a-9p local time and must identify themselves
- Collectors must not use profane language nor communicate the nature of the debts to third parties
- Collectors must not list false information on a credit report nor threaten harm or legal actions not applicable
In addition, if the consumer requests the following by mail, the collector must comply:
- Collectors must provide the name and address of the original creditor within 30 days of written request
- Collectors must provide verification of the debt within 30 days of written request and in the absence of verification, must cease all collection efforts
- Collectors must cease contact in any way (other than lawsuit) after receiving written request by consumer to stop all communication (consumer can also request limits to contact, such as no calls or no calls at work)
Fair Credit Reporting Act and FACTA Amendment
This law regulates practices of credit reporting companies and provides rights for consumers:
- The right to see everything in your credit report. You are entitled to one free report from each of the three national bureaus every 365 days. You are also entitled to a free report if you have been denied credit within the past 60 days, or are unemployed and looking for work, or if you have filed report of identity theft. You may also purchase your report for a small fee (if by mail, MN law limits fee to $3 per bureau)
- The right to privacy. No one can view or receive a copy of your credit report without your permission (except “account review” from your existing creditors)
- You have the right to an accurate file and may dispute any errors. Within 30 days of receiving your dispute, the bureau must investigate and remove any errors. If the creditor challenges the dispute, the bureau must inform you and provide you with contact information for every creditor listed. Negative credit information must be removed after 7 years (except bankruptcies which must be removed after ten years)

Employee Retirement Income Security Act and Pension Protection Act
ERISA regulates employer retirement plans like pension and 401k (defined contribution) plans
- Employers must provide for vesting of employer contributions after a specified number of years
- Participants must have access to plan summaries and to view full reported information to US Dept of Labor
- Employers have a fiduciary responsibility to the plan and its participants and must adequately fund the plan
- The Pension Benefit Guaranty Corporation provides coverage in the event of an underfunded or failed plan

The Pension Protection Act added protections for participants in employer retirement plans:
- Requires greater funding by the employer to insure the solvency of their retirement plans
- Allows employers to also offer Roth 401k and Roth 403b plans where contributions are not tax-deductible
- Gives employees the right to sell any company stock contributed by employer after three years of service

Credit Card Accountability, Responsibility, and Disclosure Act
CARD Act regulates credit card practices:
- Card issuers can no longer use “universal default” to raise interest rates when you are late on other cards
- Card issuers cannot raise rates on existing balances (unless late 60 days or an expiring “teaser” rate)
- Monthly statements must show the cost and time added if consumers only paid the minimum balance due
- Any payments made over the minimum must be applied to the balances with the highest interest rates first
- Card issuers cannot charge over-limit fees unless consumers agree to opt-in for this over-limit option
- Applicants under age 21 must have adult co-signer or show proof of income before approval
- Cardholders given a penalty rate for late payment can reclaim the lower rate if pay on time 6 months in row

FTC Cooling-off Rule or Minnesota Three-Day Cooling-Off Law
This law provides protection when you buy goods or services in your home, over the telephone, or at sales events held in public venues (not sales at normal businesses like store, car dealership)
- For any sale over $25, seller must give you contract stating you have three business days to cancel the sale
- Cancellation must be in writing, postmarked by third business day; (keep a copy and send certified mail)

North Dakota Credit Freeze Law
This law allows you to place a security freeze on your credit reports so your file cannot be shared with any potential creditor. It is a strong tool to stop identity theft or prevent future identity theft.
- Anyone can request a credit freeze on their reports. Credit freeze is free to lock or unlock with proof of ID theft (send copy of police report); otherwise, $5 charge for each lock or unlock; consumers can remove the freeze for specific time periods or specific creditors; you are provided a unique PIN number to do this
- Request must be sent in writing to each credit bureau; bureau must freeze (or un-) within 3 business days
INSURANCE OFFERS PROTECTION FROM FINANCIAL LOSSES

Insurance is a good way to protect yourself from financial losses, including loss of assets. There are three types of loss that every person could face:

- **Income loss** – loss of income due to illness, injury, disability, or even death of the earner
- **Property loss** – assets you own being stolen or destroyed by people or by acts of nature
- **Liability loss** - being sued for damage to others’ property, or their injury or death.

By having insurance, you transfer the risk of loss to the insurance company, in exchange for a premium that you pay the company. If that risk occurs, the company pays for it. The reason it can afford to do that is because it pools the premiums from many, many policyholders and then pays claims from this pool of money. Insurance can provide peace of mind.

**How to Make Good Decisions about Insurance Coverage**

- Use local independent insurance agents who sell policies from many companies, not just one, for the best coverage and price. Avoid telemarket, fax, or online offers. Check your CLUE report to see if any negatives or errors; it’s free once/year, just like credit reports.

- Before you buy insurance, call the state insurance department to see if the insurer has any consumer complaints, make sure the company is licensed and covered by the state’s guaranty fund, which pays claims if companies go out of business.

- Choose higher deductible policies so less expensive premiums; insure yourself against financial disaster, not inconvenience.

- Generally avoid making claims for small losses; never sign blank insurance claim forms (fill in or draw lines thru blank spaces; and keep a copy of whatever forms you send in.

- Remember that it is up to the consumer to be sure the bill does get paid by the insurer; be persistent calling until it is resolved, and keep notes of who you talked to and what said.

- Read your policies and ask a lot of questions. If you believe a claim has been denied but should have been covered, call the insurer and follow the appeals process all the way.

- Lead your life like a preferred risk group (safe driving, eating well, exercise, get help to stop any addictions – live in the slow lane)

**Core Insurance Protection Most Need**
- Medical and dental insurance
- Car insurance
- Homeowner’s insurance
- Disability insurance
- Life insurance, if dependents

**Low-priority Insurance**
- Credit card insurance
- Private mortgage insurance, once you have 20% equity in home
- Renter’s insurance, if not much stuff
- Long-term care insurance (high cost)
FINDING A BALANCE OF ENOUGH INSURANCE COVERAGE

Insurance is expensive, but uninsured losses are much more expensive or disruptive to your life. Try to compromise and get some coverage in each of the core areas; here are some examples:

Medical and dental insurance
Look for employers who provide medical and dental insurance as a job benefit. Check for state and federal programs which might cover you – eligibility rules often change so use website tools to see if you can qualify. If buying privately, try a major medical policy with high deductible. Susan could not afford her employer’s health plan but did get coverage for her children under the state MA health plan. She pays out of pocket at a community health clinic for her own care and bought a $1000 deductible major medical policy to cover any large hospitalizations.

Car insurance
ND law sets minimum limits for auto liability coverage (illegal to drive without it). With a paid-off car, you are not required to have comprehensive or collision coverage, but if you have a car loan, you need to get these coverages until the loan is paid off (otherwise, forced place plan). Ricky could not afford his full car insurance but understood the car loan would force its own expensive policy on him if he dropped his full coverage, so he talked with his agent and raised the deductible to $1000 so he could afford his policy, then drove carefully.

Homeowner’s insurance
Policies cover the value of the home itself, personal property if stolen or destroyed, and personal liability “umbrella” for injuries which occur on your property. Juan was in shock to find his house had burned to the ground due to an electrical problem, but what a difference insurance made; he was glad he chose “guaranteed replacement value” option. His policy paid for all the cost to rebuild the house and replace all the contents, smoke damage to his neighbor’s house, and paid for a place to stay until the new home was ready.

Disability insurance
Provides replacement income if unable to work from disability. Look for these features:
- Fixed premiums and benefits with enough replacement income (usually 60 or 70%) up to age 65
- Guaranteed renewal without yearly medical exam, and cannot be cancelled for filing a claim
- Covers disabilities caused by accident or illness; covers after a short (6-month) elimination period
- Pays at least partial benefits if disability means unable to work full-time or no longer in your occupation
Bill had a roofing business and realized the chances of injury were great so he decided to drop cable TV and bring his lunches from home, and use that money for disability insurance premium so his family would have income still if he was injured and unable to work.

Life insurance
Pays a benefit when you die, to help cover final costs and provide replacement income for family
- Term life policies provide fixed premiums and low-cost coverage for specific term (5 year, 20 year, etc)
- Policies provided as employee benefit often must accept you if you sign up during open enrollment at work
- Permanent life policies provide guaranteed renewability, but have higher premiums and offer cash value or investments as part of policy – heavily sold due to sales commissions; generally term life is better choice
Abdi and Amina decided as a couple to stop smoking so they could afford the premium for a 20-year term life policy. That way, their children would be provided for if one of them should die.
CONSUMER SCAMS AND FRAUD TO WATCH OUT FOR

**Car repair fraud** is when you are charged for work not done or unnecessary work done. Get a written estimate before agreeing to any repairs. Do not sign a blank repair order. Keep copies of all paperwork in case the same problem recurs. Check the Better Business Bureau to see if there are any complaints, and use word of mouth to find a trustworthy mechanic or repair shop.

**Home improvement scams** are when a contractor offers to remodel or re-roof your home, then does poor or incomplete work. Instead, get written estimates from three firms, check to see that contractor is licensed and insured, and pay ½ up front and other ½ only when satisfied complete.

**Lonely hearts scams** are when a new friend or romance tells you about a desperate financial need and begs you to lend money. Once the check clears, you find out they’ve conned others. Con artists love online ads and clubs; try meeting people through community groups or friends, and keep loans off limits early in relationships.

**Advance fee scams are the mother of all scams** offering free prizes or a vacation or access to credit, which require you to send money or pre-authorize a debit from your account. Hidden charges or fine print come to light later, and you name gets added to a “sucker list” sold to other scammers. Instead, ask to have the offer mailed, so you can review it with no time or sales pressures; ask a lot of questions.

One variation of advance fee scams is offers to share start-up tips for a high-earning home-based business. After you send money in, you learn there are no secrets, just more supplies to buy. Use the same precautions as above and send no money until all your questions get answered.

Another variation is overseas lotteries and sweepstakes promising big or guaranteed winnings if you will send a “processing fee.” You need to expect all lotteries and gambling to become losses.

Other variations send a fake cashier’s check asking your help to cash it, promising you can keep half and send half back (you learn later the check is fake and you owe the bank). Sadly, you may get re-scammed with offers to recover your losses if you’ll send a “recovery fee” for their help.

**Phishing** is when cons attempt identity theft by impersonating financial institutions. Authentic-sounding emails or callers demand that consumers “verify” their account numbers or identity information. Do not respond to email or caller requests and do not click on links in the email even if they look real; you might download spyware. Instead, call the company directly on the phone number listed on your paper statement or look it up online, to see if any problems. Vishing is the same scam using voice-over-internet; smishing is this scam applied to cell phones.

**Phone bill fraud** includes slamming (switching long-distance service to one with higher rates), cramming (adding features you never signed up for), and pay-for-call fraud (phone messages or ads enticing you to call an overseas or high-cost number which looks like regular long distance).
INVESTMENT SCAMS AND FRAUD TO WATCH OUT FOR

Deferred annuities are complicated insurance contracts which offer guaranteed future payments (fixed) or potential for more (variable or equity-indexed) based on the company’s investments. High sales costs and annual fees, and huge surrender fees if cancelled early, make deferred annuities an inferior investment choice. By contrast, immediate annuities can be a useful tool to convert a lump sum investment into lifetime income payments. Two additional risks are that the insurance company will go bankrupt and be unable to pay, or the owner dies early (the contract structure stops paying when owner dies (or stops after spouse dies, if survivorship option).

Boiler rooms are aggressive phone or internet marketing of investments pitched with urgency. One method they use is “pump and dump” where cons buy shares in a losing stock, create a buzz with hundreds of calls/emails and then sell all, once the suckers pile into buy the worthless stock.

Gold, precious metals, gems, coins are pitched as “real value” options for nervous investors. Transaction and storage fees are high costs, and often these investments are pitched when at peak prices, with investors buying high and then taking a loss. Fraudulent offers abound in this area.

Real estate and land deals advertise huge returns for flipping homes and condos, or getting in early on development deals or timber rights. Many people have bought worthless swampland billed as “waterfront property investment.” Unless you are a real estate expert, stay away.

Oil and gas exploration offer the chance to “make a fortune” in discovery of natural resources. Production is never guaranteed, and often these deals go bust or simply take your money and run.

Penny stocks are small, poorly financed, high-risk companies with an uncertain future. The low stock price is vulnerable to manipulation. Investors can easily wind up with worthless paper.

High-yield debt contracts look like CDs or bonds and offer high, steady payments in return for investment. The high payments reflect desperation for cash, and very often these companies file bankruptcy. These uninsured contracts are subordinated, last to be paid, so pennies on the dollar.

Ponzi schemes are fraud where high returns are paid to early investors with the next investor’s money – to create the illusion of actual returns. This scam uses word of mouth testimonials, and is often affinity fraud exploiting trust among members of church, professional, and cultural communities. As more investors pile in, the scammer runs away with large amounts of cash.

How investment swindlers and infomercials look convincing – one example
In addition to sweet smiles, smooth talking, and impressive offices, con artists use deception to draw investors in. An adviser may offer a tip like “My research tells me that XZ stock price will rise in the next weeks” and then when it does, he calls back to say “Now watch it drop.” It does. He gains your confidence with his accuracy. The secret: if he calls 200 people and tells 100 “up” and the other 100 “down” – whichever way the price goes, he will call that 100 back. He tells 50 of them “up” and the other 50 “down” – now he has a list of true believers.
WHEN A FINANCIAL ADVISER IS A GOOD IDEA AND HOW TO FIND ONE

You may never need a financial adviser if you commit to learning the basic strategies outlined in this curriculum. It is not complex to open a savings account or CD, or sign up for your employer retirement plan, or open an IRA or Roth IRA at a brokerage or mutual fund company.

In fact, there is so much advertising and conflicting advice aimed at investors, that the best way to stay in control and on course might be to tune out all the marketing noise. Remember, active fund managers and brokers have always underperformed the total market index approach over any 15-year period, from 1926-2010! This curriculum recommends not using financial advisers to pick investments. You can do this and there are free learning resources with nothing to sell.

However, there are four life situations where the expertise of a financial advisor can help you navigate income tax, legal, and timing complexities of investments and assets:

- **Creating a retirement plan if you are self-employed or a small business owner.** You have choices about which type of plan to start and how to fund it and run it.
- **Receiving an inheritance.** If you receive assets like a house or beneficiary pension or IRA or life insurance benefit, an adviser can help you plan where to put those assets.
- **Estate planning for complicated family situations.** Most people can make basic wills or powers-of-attorney or beneficiary designation forms on their own, but an adviser may help if there are previous marriages, special-needs beneficiaries, or free-spending adult children. Those situations may require customized planning to see your wishes are met.
- **Right before retirement.** When deciding when to retire or start taking Social Security, which assets to tap for income, how to balance with a spouse, or ways to minimize taxes, paying for an overall financial plan may be a benefit.

**Checklist for finding a financial adviser**

- Look for credentials to insure they have formal training and experience. Any of these 3 credentials can indicate expertise: CFP (certified financial planner), CFA (chartered financial analyst) or CPA (certified public accountant).
- Choose a “fee-only” adviser in order to minimize conflict of interest. Commission-based advisers are paid for selling certain investment products; fee-only advisers are directly paid by clients so no incentive to push products. Be sure to ask if the financial adviser has a legal “fiduciary responsibility” to their clients (must act in client’s best interests).
- Check with the Securities and Exchange Commission (SEC) or state regulator to be sure they are registered and to see if there are any consumer complaints.
- If someone passes all three checklist items, interview them to see if you like them.
IDENTITY THEFT PREVENTION AND REMEDY

Criminals try to steal both account numbers and identity information — passwords and PINs, account numbers, driver’s license numbers, date of birth, social security numbers, and passwords or PIN numbers, — so they can pretend to be you and do financial fraud in your name.

Prevention is everything here. It is better to shut the barn door now than to chase after the horse. To be successful, you must protect your private identity and restrict the flow of information.

Take These Steps to Reduce the Odds of Identity Theft

- Remove your name from all three credit bureau mailing lists for pre-approved credit offers by registering to opt-out at 1-888-567-8688 or https://www.optoutprescreen.com
- Don’t leave mail out for pickup – put it directly in an official postal service box.
- Buy a shredder to destroy all papers with identity info or account numbers, or any mail with pre-approved offers, before throwing out
- Remove yourself from most telemarketers by registering your phone number with the Do Not Call Registry at 1-888-382-1222 or at www.donotcall.gov. Renew every 5 years.
- When online, never send identity or financial info unless the site is secure with a SSL encryption program. If secure, the web site address will start https, not just regular http.
- Don’t do financial transactions or public computers like libraries and coffee shops. Only use wireless connections if encryption is turned on and router is password-protected too.
- Be sure to use a firewall, antivirus software and an anti-spyware program on your home computer. Use strong passwords with random letters, numbers, symbols, not just words.
- Consider credit freeze for any children or vulnerable seniors who don’t need new credit.

Take These Steps if You Are a Victim of Identity Theft

- Place a security freeze on your credit report at all three national bureaus:
  - Equifax 1-800-685-1111 or PO Box 105788, Atlanta GA 30348
  - Experian 1-972-390-4172 or PO Box 9554, Allen TX 75013
  - TransUnion 1-888-909-8872 or PO Box 6790, Fullerton CA 92834
- If there have been unauthorized charges on an account or credit or debit card, call the creditor to close the account and open a new one with new passwords and PINs.
- File a police report called an affidavit of theft anytime there has been unauthorized charges or theft, and keep a copy as proof for credit freezes and future disputes.
- Contact the FTC’s ID Theft hotline at 1-877-438-4338 or www.consumer.gov/idtheft to report identity theft; by sharing your experience, law enforcement can stop thieves.
- Look carefully at your credit union or bank statements and credit card statements and report any further fraud. Check your own credit reports at least once a year and dispute any fraudulent charges on existing accounts or new accounts opened in your name.
DIRECTION 4:

BUILDING A FUTURE WITH YOUR SAVINGS

“Querer es poder” (where there is a will, there is a way) – Mexican proverb
PLANNING A SECURE AND MEANINGFUL RETIREMENT

What will you do once you get there?
Retirement today is about doing, not just resting. People of all ages hunger to feel useful and connected, so you will need to plan to replace work as the center of your time. Think about what gives you enjoyment and what matters to you most. Write yourself answers to these questions:

If asked by a child to tell the most important thing I have learned about time, what would I say?

What do I currently spend time on, that I hope to spend a lot less time on in retirement?

What do I currently spend not enough time on, that I hope to spend more time on in retirement?

What was the happiest period of my life? How can I build that happiness into my retirement?

What was the loneliest period of my life? How will I keep from feeling lonely in my retirement?

What activities make me feel most alive?

Retirement can be done in stages, or early or later, but eventually you will need to fill your time. Successful retirement is like asset allocation: finding a winning mix of favorite hobbies, learning new activities, travel, and part-time or volunteer work.

What are the basic legal tools I need to have ready?
These basic civil law tools are important at all ages, but retirement absolutely demands them.

WILL is a legal document that transfers your property when you die. Without a will, your assets will be divided by state inheritance law. You may not need a will if you name beneficiaries and have joint ownership of accounts, but a will is a must if you have other specific wishes/bequests. You can make a self-proved will without an attorney, but learn the rules and witnesses must sign.

BENEFICIARY FORMS can be completed for insurance policies and retirement savings plans; credit union or bank accounts can be made TOD (transfer on death) or joint; ownership titles for car and property can be joint. All these strategies allow assets to transfer without probate court.

DURABLE POWER OF ATTORNEY authorizes someone to act on your behalf in case you are unable to handle your finances. A general POA lets your agent conduct all your business; a limited POA specifies which acts or decisions they can make on your behalf. It can start now or be springing POA going into effect only when you become unable to make decisions yourself.

HEALTH CARE DIRECTIVE or living will specifies your health care and end of life wishes so that doctors, family, and friends can be guided in your care. It also lists who you appoint as your health care agent (like a health care POA). Make sure your doctor and family have a copy.
FINANCIAL DECISIONS IN RETIREMENT

When should I start taking Social Security benefits?
The retirement age for full benefits has migrated upwards from 65 to 67 (for anyone born 1960 or later). There is an option to start claiming benefits at age 62, but there is a big reduction in the monthly amount (30% loss, so $1000 would become $700/month). On the other hand, every year you delay taking it, your monthly benefit amount grows by 8% (up to age 70). At full retirement age, your benefit is not reduced even if you make other income. It sounds complicated, but there are good calculators on the Social Security website.

Medicare is available at age 65 so it is wise to sign up for that right at 65; the major medical coverage (part A) is free and the outpatient coverage (part B) is low-cost. You may also want to purchase a private Medigap policy to cover the services not routinely covered by Medicare (like dental care, vision, and prescription drugs).

How should I plan my retirement savings withdrawals?

EARLY WITHDRAWALS ARE COSTLY IDEA
Retirement savings plans are tax-deferred to allow your money to grow. If you withdraw money before age 59½, you lose 10% to penalty and more to income taxes. Some employer plans, and all IRAs allow hardship withdrawal in certain conditions without penalty, but you still pay taxes and will have lost the growth compared to leaving it alone. For example, if a 35-year-old worker withdrew her $5000 balance, she would only get about $3000 after penalty and taxes. If she left it invested until age 65 and averaged an 8% return, that $5000 would grow to over $50,000.
If you must withdraw, Roth IRAs have no penalties; you can take out the contributions anytime.

If you leave your employer, you have an option called direct rollover, to transfer your retirement savings funds into a new employer’s plan or into a traditional IRA. Do not cash it out nor receive a check – use the plan’s forms to have the funds directly sent to the new account, not to you.

PLAN YOUR WITHDRAWALS BASED ON WHAT YOU NEED
Make a spending plan for retirement, and calculate what you need to withdraw to balance it after social security and any PT job income. Remember to shift your asset allocation to higher percent cash as you approach the five years before retirement.

One general guideline is that sustainable withdrawal rate is 4% of the value of investments (so if you have $100,000 total, you can take $4000/year or $333 per month and be pretty sure your investment will not run out too soon). Retirement plans have a rule that required minimum distributions must start at age 70½.

SINGLE PAYMENT IMMEDIATE ANNUITY IS AN OPTION FOR BOOSTING INCOME
This type of annuity has fewer traps and expenses. You buy it with a lump sum from retirement savings and the insurance company guarantees you monthly checks for the rest of your life. It acts like a pension you create from your savings and is one way to feel sure you won’t live longer than savings last. If purchased with after-tax money (like Roth), the benefits are tax-free.
USING ASSETS FOR HOMEBUYING

For many people, owning a home is part of the American dream. Homeownership is not a path to riches, but it can diversify you, stabilize your living costs, and provide pride and enjoyment. It is not for everyone, and can be a costly investment if you buy and then move. Think: buy and hold.

Getting your finances ready for homeownership

- Take an active approach to improving your FICO credit score until it is 700 or higher. A lender will charge someone 9% on a mortgage with a score in 500s, only 6% if in 700s. Get your free credit reports and dispute any errors. Build good credit by using a credit card for a small purchase each month and paying in full, never missing a payment.

- Attend a homebuyer class such as Homesmart and connect there with a homebuyer counselor who can coach you about your credit, down payment, and special programs.

- Get pre-qualified for a mortgage at a local bank or credit union. Remember that you do not need to buy as big a house as you qualify for – live below your means, for safety.

- Choose a standard 30-year fixed-rate mortgage for stability.

Staying in control during the home buying process

- Interview three realtors and choose one to help you navigate the process and contracts.

- Plan to comparison-shop many houses in your price range. Choose a neighborhood where you feel good about making a commitment and where the resale value seems stable.

- Make any purchase offer contingent on an independent home inspection you arrange for. If the inspection uncovers hidden problems, you can re-negotiate or walk away.

- Avoid contract-for-deed or rent-to-own arrangements. The buyer has many fewer legal protections and there are many more opportunities for scams or unhappy endings.

Preserving your investment once you are a homeowner

- Be slow to refinance or take on any home equity lines of credit or loans. Keep your plain affordable mortgage and watch your equity grow every month.

- Once the equity in your home reaches 20% of the house value, contact the mortgage lender and get an appraisal. If it shows 20% equity, drop the private mortgage insurance.

- Make sure your homeowner’s insurance policy gets paid and generally don’t make claims for small losses (save claims for big ones). Ask your agent for discounts on the premium (e.g.- for deadbolts, alarm systems, combined home and auto policies).

- Learn basic maintenance to keep your home a long-lasting asset; live low-risk lifestyle.

- If you ever have trouble making your mortgage payment, call the lender but also consult with a local nonprofit foreclosure prevention counselor to know all your options.
USING ASSETS FOR HIGHER EDUCATION

Higher education can be a good investment in yourself or your children. The 2005 US Census showed $27,915 average income with a high school diploma versus $51,206 average income with a 4-year college BA degree. The dream of college is attainable, especially if you save for it.

What are the best ways to save for higher education?

ROTH IRA: Saving for retirement is a top priority and Roth IRAs have tax-deferred fast growth. Since you can withdraw contributions from a Roth at any time without penalty, contributing to a Roth IRA means not having to compete between saving for college and saving for retirement.

STATE 529 PLANS: You can participate in any state’s 529 college savings plan; contributions grow tax-deferred and can be taken tax-free for qualified educational costs (tuition, fees, books and supplies) at any accredited college or university in the US. Choose a plan with the smallest fees or most generous match, if any. There is also a 529 pre-paid tuition plan but then you must commit to attending a public college within that state, and it’s hard to predict the future.

COVERDELL EDUCATION SAVINGS ACCOUNT: These are tax-deferred accounts you can open at most credit unions, banks, or brokerage firms; you can contribute up to $2000 per year, there are more investment options than 529 plans, and these accounts count as parent assets.

What financial decisions will I need to make about my higher education?

- Look into public two-year community and technical colleges where tuition is cheaper and you can then transfer into a 4-year college to finish; be cautious about private for-profit trade schools which heavily advertise but often fall short on actual job placement.

- Complete the Free Application for Federal Student Aid (FAFSA) to apply for Pell grants and other grants, federal student loans, work-study programs, and other financial aid. Do not take every student loan offered, only what you need, and avoid private student loans.

- Use free scholarship search websites and apply for as many scholarships as you can, and apply again every year you are in college.

- Find out about student loan forgiveness programs where loan debt is reduced in exchange for years of service in many nonprofit jobs. Peace Corps and the military also offer money toward college education.

- Plan a thrifty college budget: live with roommates, not alone; walk or bus, so no car cost; make friends who love free events; learn to cook; buy used textbooks; live without cable.
USING ASSETS FOR SHARING

Though America is a culture of getting and spending, there is a rich tradition of generosity and sharing. Most people understand that consumer goods *bait* the passion for living but do not satisfy it in the same way as belonging and making a difference with your life.

Some give to immediate family and their focus is on a better life for their children and relatives. Some give to the clan or community they live in or feel aligned with. Some give to distant needs to reflect a sense of brotherhood or being a world citizen. There is no one right way.

Some share financial resources directly with another person. Some share their time and talents through volunteer positions. Some share financial resources with civic organizations which help build a social *commons* we all benefit from. There is no one right way.

Here are four avenues for using your financial and personal assets for sharing:

**Putting your money where your life is**
Giving money or investing it in loans to community businesses is a way to see results locally. Community supported agriculture (CSA) invests in organic farms; community supported enterprise (CSE) invests in small local businesses. Or give to your local library or park system. One tip for sharing with a friend, child, parent or sibling: it is smarter to make it a gift because if it is a loan and you don’t get your money back, you may lose both your money and your friend.

**Giving wisely to established charities**
There are hundreds of nonprofit organizations doing wonderful work. Use charity screening websites to read about their activities and to see if they are accountable with the money they get. The most efficient charities spend 90% or more on actual programs; think twice before giving to nonprofits who spend more than 20% of their revenue on administrative and fund-raising costs.

**Provide asset-building opportunity for others**
Microfinance lending organizations offer capital to poor communities which otherwise have no access to loans. The founder of the Grameen Foundation won the Nobel Peace Prize in 2006 for this kind of micro lending. Micro lenders make small loans to help people in poor communities start businesses. You can choose to have your loan returned with small rate of interest or not.

**Volunteer your time and talents**
Volunteer matching organizations have hundreds of opportunities to make a difference in your community or the world community. Instead of just fishing, volunteer organizations match your interest with a need, so you can take an isolated elder along or show a kid how to fish. If you like to travel, consider the opportunities to really get to know other places as a global volunteer.
## Resources for Financial Security

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<th>Agency/organization</th>
<th>Services</th>
<th>Contact Information</th>
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<tr>
<td>National Foundation for Credit Counseling</td>
<td>Debt management plans and free financial counseling at local NFCC member agency</td>
<td>1-800-388-2227 <a href="http://www.nfcc.org">www.nfcc.org</a></td>
</tr>
<tr>
<td>Internal Revenue Service</td>
<td>Income tax information, forms, Taxpayer Advocate Service</td>
<td>1-800-829-1040 <a href="http://www.irs.gov">www.irs.gov</a></td>
</tr>
<tr>
<td>North Dakota State Tax Commissioner</td>
<td>Tax information and forms and locations of low-income free tax filing clinics VITA</td>
<td>1-877-328-7088 <a href="http://www.nd.gov/tax">www.nd.gov/tax</a></td>
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<tr>
<td>US Dept of Education</td>
<td>Student loan consolidation and information and college financial aid information</td>
<td>1-800-872-5327 <a href="http://www.ed.gov">www.ed.gov</a></td>
</tr>
<tr>
<td>NCLC Student Loan Project</td>
<td>Student loan repayment information</td>
<td><a href="http://www.studentloanborrowerassistance.org">www.studentloanborrowerassistance.org</a></td>
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<tr>
<td>Alliance for Investor Education</td>
<td>Consumer education about investing</td>
<td><a href="http://www.investoreducation.org">www.investoreducation.org</a></td>
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<tr>
<td>FINRA Investor Education</td>
<td>Consumer education on investment fraud and background checks on professionals</td>
<td><a href="http://www.saveandinvest.org">www.saveandinvest.org</a></td>
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<tr>
<td>Choose to Save</td>
<td>Tremendous library of personal financial calculators to help with decisions</td>
<td><a href="http://www.choosetosave.org">www.choosetosave.org</a></td>
</tr>
<tr>
<td>U MN Extension Farm Families Project</td>
<td>Consumer education about investing aimed at farm families’ realities</td>
<td><a href="http://www.extension.org/pages/Investing_for_Farm_Families">www.extension.org/pages/Investing_for_Farm_Families</a></td>
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<tr>
<td>Treasury Direct</td>
<td>Information on TIPS and US government savings bonds</td>
<td><a href="http://www.savingsbonds.gov">www.savingsbonds.gov</a></td>
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<tr>
<td>Foundation for Health Coverage</td>
<td>Database of public health insurance coverage options for the uninsured</td>
<td>1-800-234-1317 <a href="http://www.coverageforall.org">www.coverageforall.org</a></td>
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<tr>
<td>Insurance Information Institute</td>
<td>Consumer education on insurance products</td>
<td>1-800-942-4242 <a href="http://www.iii.org">www.iii.org</a></td>
</tr>
<tr>
<td>Independent Insurance Agents of America</td>
<td>Listing of independent insurance agents</td>
<td>1-800-221-7917 <a href="http://www.iiaa.org">www.iiaa.org</a></td>
</tr>
<tr>
<td>Comprehensive Loss Underwriting Exchange (CLUE)</td>
<td>Obtain free annual CLUE report listing insurance history of coverage and claims</td>
<td>www choicetrust.com</td>
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<tr>
<td>North Dakota Attorney General</td>
<td>Consumer protection hotline and info about consumer rights</td>
<td>1-800-472-2600 <a href="http://www.ag.state.nd.us">www.ag.state.nd.us</a></td>
</tr>
<tr>
<td><strong>North Dakota Insurance Dept</strong></td>
<td>Information and complaints about banking, insurance, investments, businesses</td>
<td>1-800-247-0560 <a href="http://www.nd.gov/ndins">www.nd.gov/ndins</a></td>
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<tr>
<td><strong>Federal Trade Commission (FTC)</strong></td>
<td>Consumer protection information and complaints</td>
<td>1-877-382-4357 <a href="http://www.ftc.gov">www.ftc.gov</a></td>
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<tr>
<td><strong>Legal Services of North Dakota</strong></td>
<td>Statewide referrals to legal consultation and free legal help based on income</td>
<td>1-800-634-5263 <a href="http://www.legalassist.org">www.legalassist.org</a></td>
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<tr>
<td><strong>Securities and Exchange Commission</strong></td>
<td>Lists of state investment regulators and safe investment guidelines to avoid fraud</td>
<td>1-800-732-0330 <a href="http://www.sec.gov">www.sec.gov</a></td>
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<tr>
<td><strong>College Savings Plan Network</strong></td>
<td>Information on state 529 college savings plans</td>
<td>1-877-277-6496 <a href="http://www.collegesavings.org">www.collegesavings.org</a></td>
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<tr>
<td><strong>College Scholarship search websites</strong></td>
<td>Search engines listing many possible scholarships and how to apply</td>
<td><a href="http://www.fastweb.com">www.fastweb.com</a> or <a href="http://www.scholarships.com">www.scholarships.com</a></td>
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<tr>
<td><strong>Eldercare Rights Alliance</strong></td>
<td>Prevention of financial exploitation of seniors, advocacy for seniors rights</td>
<td>1-800-893-4055 <a href="http://www.eldercarerights.org">www.eldercarerights.org</a></td>
</tr>
<tr>
<td><strong>National Association of Personal Financial Advisors</strong></td>
<td>Finding a fee-only financial planner</td>
<td>1-888-333-6659 <a href="http://www.napfa.org/consumer/index.asp">www.napfa.org/consumer/index.asp</a></td>
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<tr>
<td><strong>National Fraud Information Center</strong></td>
<td>Consumer education on fraud and how to prevent and report it</td>
<td>1-800-876-7060 <a href="http://www.fraud.org">www.fraud.org</a></td>
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<tr>
<td><strong>Social Security Administration</strong></td>
<td>Information on benefits and programs, calculators on when to take benefits</td>
<td>1-800-772-1213 <a href="http://www.ssa.gov">www.ssa.gov</a></td>
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<tr>
<td><strong>Medicare</strong></td>
<td>Information on Medicare benefits and charts to compare health plan options</td>
<td>1-800-633-4227 <a href="http://www.medicare.gov">www.medicare.gov</a></td>
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<tr>
<td><strong>US Housing and Urban Development (HUD)</strong></td>
<td>Free foreclosure prevention counseling for homeowners (see also <a href="http://www.hud.gov">www.hud.gov</a>)</td>
<td>1-701-239-5136 Fargo office of HUD</td>
</tr>
<tr>
<td><strong>American Society of Home Inspectors</strong></td>
<td>Find an independent home inspector</td>
<td>1-800-743-2744 <a href="http://www.ashi.org">www.ashi.org</a></td>
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<td><strong>Charitable giving screening websites</strong></td>
<td>Information on charities, their services and how they spend their revenue</td>
<td><a href="http://www.guidestar.org">www.guidestar.org</a> or <a href="http://www.give.org">www.give.org</a> or <a href="http://www.charitynavigator.org">www.charitynavigator.org</a></td>
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<td><strong>Microlending websites</strong></td>
<td>Information on microlending and matching givers with projects in poor communities</td>
<td><a href="http://www.kiva.org">www.kiva.org</a> or <a href="http://www.microplace.com">www.microplace.com</a></td>
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<tr>
<td><strong>Volunteer opportunities websites</strong></td>
<td>Description of volunteer opportunities and matching volunteers with projects</td>
<td><a href="http://www.volunteermatch.org">www.volunteermatch.org</a> or <a href="http://www.globalvolunteers.org">www.globalvolunteers.org</a> or <a href="http://www.peacecorps.gov">www.peacecorps.gov</a></td>
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