Wi$e Up Teleconference Call
Financial Planning for Life Events
October 31, 2006
Opening remarks

Coordinator: Good afternoon, everyone. Thank you for standing by. At this time all participants are in a listen-only mode. After the presentation we will conduct a question and answer session. To ask a question, press *1. Today’s conference is being recorded. Now, we’ll turn the meeting over to the first speaker, Ms. Sarah Miller. Ma’am you may begin.

Sarah Miller: Thank you, Amy. On behalf of the Women’s Bureau, I’d like to welcome everyone to this month’s Wi$e Up Teleconference Call and thank you for joining us today. This call is the ninth in our 2006 series of teleconference calls. My name is Sarah Miller, and I’m a member of the Women’s Bureau Team in Washington D.C. that developed the Wi$e Up program.

As most of you know, Wi$e Up is a financial education demonstration project being offered online with an e-mentoring component and in a classroom setting. Eight of the ten Women’s Bureau regions are participating. These teleconference calls are a component of the project.

The topic of today’s call -- which will last one hour -- is Financial Planning for Life Events. It will feature three speakers. Each speaker will give a brief presentation and then the operator will come on and give us instructions about the question and answer session.

Each event or milestone in life -- whether it’s getting a new job, moving, going back to school, buying a home, getting married or divorced, having a baby, dealing with medical issues or retiring -- affects one’s current financial picture and future outlook. Establishing a financial plan early in life can have a major impact on you decades down the road.
Research shows that people with a financial plan have twice the money saved for retirement as those without a plan. According to a study published this month called *Savings and Asset Accumulation Among Americans 25 to 34*, that was commissioned by the American Institute of Certified Public Accountants, many Americans in the 25 to 34 age group feel they can wait until later to worry about the rest of their lives. This is evident in their savings behavior.

In 1985, about 65% of Americans aged 25 to 34 owned some form of savings instrument such as a traditional savings account, money market account, certificate of deposit, or other financial instrument such as stocks and bonds, an IRA, or a 401(k) account. By 2004, the proportion owning a savings instrument had fallen to 55%. According to the AICPA-commissioned study, the best explanation for this decline in ownership of savings instruments is an overall reduced emphasis on savings by younger Americans.

According to the US Department of Commerce, Bureau of Economic Analysis, Americans’ personal savings as a percentage of disposable personal income was negative in September 2006, continuing a trend that began in April 2005. This means that people are spending more than they’re earning after taxes have been paid. The savings rate has only been negative for a full year twice before -- in 1932 and 1933 when Americans were struggling with huge job lay-offs during the Great Depression.

Having personal savings will make it much easier to finance various events that arise in your life. Many Americans report that rising health care costs have hurt their household finances. According to the 2006 Health Confidence Survey sponsored the Employee Benefit Research Institute, 36% of those with health coverage who experienced an increase in healthcare costs in the past year indicated that the increased healthcare costs resulted in a decrease in savings for retirement; 53% indicated that the increased health care costs
resulted in a decrease in other savings; and 37% had difficulty paying for basic necessities and other bills.

Before I turn to our panelists, I’d like to recommend a publication in which you can find information about how to financially prepare for medical issues as well as many other life events. It’s called *Life Events and Financial Decisions* and was written by the National Endowment for Financial Education® for the Financial Planning Association®. It’s available online at [www.fpanet.org/public/tools/lifeevents/](http://www.fpanet.org/public/tools/lifeevents/).

Now, let’s turn to our speakers who are going to talk more about what financial planning involves and why it’s important to start planning early for future life events.