Sarah Miller: And now let me turn the program over to Lucia Bruce who is the Program Analyst in the Women’s Bureau Regional Office in Philadelphia to introduce our third speaker. Lucia--

Lucia Bruce: Scott Kreger is Vice President - Investments with the Rockville, Maryland office of Ferris, Baker Watts, Inc. He has been in the financial service industry for nearly 20 years, successfully assisting clients with life decisions and financial planning needs. Scott has also earned the designation of Certified Senior Advisor, a professional who has received specialized training in aging and the important issues that affect seniors. Over the years, Scott has taught various financial planning courses for higher education as well as many companies. Scott has been interviewed in the media for his expertise and insight. He manages close to $100 million for individuals and companies.

His hands-on approach, adamant commitment to integrity, and consistent client contact ensures each financial plan stays on track through its duration. Founded in 1900, Ferris, Baker Watts, Inc. is the largest full service investment banking firm headquartered in Washington D.C. The company is a member of the New York Stock Exchange and SIPIC and is wholly-owned by its employees. Welcome, Mr. Kreger.

Scott Kreger: Thank you. Well, I’m sorry to have put you through that bio. I should have shortened it so that I could have a little more time here. I believe smart planning can help you enjoy the good times and it can also get you through the tough ones, but you have to prepare for them, and I find it amazing that less than 30% of Americans have ever used a written budget to manage their finances.
If I was going to go to surgery, I guarantee you I would be prepared. Any one of us would be. Think about it. You’d want to know what the procedure is, who’s going to do it, how to prepare the night before, [and] who’s going to get you to the hospital and back. You want to make sure you’re approved [pre-certified for surgery] by your health insurance company, and you want to find out what you’re going to go through with recovery. So, why don’t people prepare well for financial decisions in life events like they would in this case?

Let’s see. Seventy percent of people are living paycheck to paycheck. The average American spends $1.22 for every $1 that he or she earns. Now, do the math on that. You don’t have to be a mathematical genius to realize that’s eventual bankruptcy. We hear Social Security won’t be there for us. We’ve experienced a stock market correction in our lifetime that may have devastated some portfolios.

It’s all overwhelming, and I teach several classes in the Washington, D.C. area, and I find that people are overwhelmed by it all, and like what was said before, how do you eat an elephant? You eat an elephant one bite at a time. You take little steps in the right direction. You don’t be fearful. You don’t be at a standstill and do nothing.

I think there are two things that I could portray that I think would be very helpful to everybody here, but it’s going to require some changing of the programming in your brain to understand these. The first one I think is mandatory to know is nobody cares more about your money than you. Nobody cares more about your financial situation than you -- not your co-worker giving a stock tip, not your accountant, not your real estate agent. You get the point.

Exxon Mobil just posted the second largest corporate profit ever. They’re happy. Their shareholders are happy. How happy are you when you go to the
gas station and it costs $35 or $40 dollars just to fill up a tank of your gas? Mortgage banks and real estate agents – they’re in business to do one thing. They’re in business to qualify you to buy the most expensive home out there so that they earn the best kind of fees out there as well. They’re not concerned once it’s sold about you possibly having any trouble making those mortgage payments, which leads me to the credit card companies.

My definition of a credit card is a means for buying something you don’t need at a price you can’t afford with money you don’t have. I see the credit card companies as – pardon the expression, but thieves. I see rates being charged up to 30%. You need to sit down and decide what is a want and what is a need, and nobody can decide that for you but yourself. It’s amazing to me that when you fulfill a want -- you want a new IPod video (and that is a want), you buy it --and magically there’s a new want.

So, there’s always something that will fill that void from a want, and I would suggest to you that if you think about the most satisfying things and events that you have ever had in your life, they didn’t cost a thing. It could have been meeting your spouse, maybe acing an exam, seeing your child take the first step. Chances are those didn’t cost a penny.

The second thing that I think you need to know is the secret of wealth, and it’s quite simple. Now does everybody have a pencil to write down the secret of wealth? And don’t tell anybody else this is it. Spend less than you make. It’s that simple. It’s so simple to spend less than you make. It’s a way of life. It’s a lifestyle. It’s something that has to be ingrained in your system. I don’t care if you’re making $40,000 dollars a year or $400,000 a year. The majority of millionaires out there do not drive new brand cars. They are usually older year cars. It is a lifestyle.
I’m always looking for ways to find this kind of stuff and I’ll tell you what – I just came upon something. I don’t know if anybody is interested in doing this as well, but again, like I say, it takes many bites to eat that elephant. I’m buying my eyeglasses online now. I bought a pair of prescription eyeglasses for $8.95. Think of how much savings that is over going to a normal optometrist and buying the glasses from there. So there’s a lot of little valuable ways that you can save money, that you can do this with.

There’s definitely a lot of sacrifices in planning for this. I understand that, but just like a prescription, when you go to the doctor, and you get the medicine, the medicine might not taste good, but the bottom line is if things work out correctly, you will like the results when you take the medicine. Thank you.

Sarah Miller: Thank you, Scott.