

Protecting Your Summer Vacation

For many families, finding money for a family vacation has been tougher since the economic downturn. More than ever, trips are an investment worth protecting – volcanic ash from an Icelandic volcano proved that for hundreds of thousands of travelers in mid-April.

Protecting your vacation isn't simply about protecting what you spend on airfare, transportation and hotels, though that's a big part of it. But it's also about protecting your own health and safety and your home while you're away.

Protecting your vacation:

It's all about what could go wrong on your trip: Where are you going and how long will you be there? Overseas or domestic? Are there multiple destinations? Who's traveling with you? How's your health and the health of everyone traveling with you? How much do you stand to lose in airfare and deposits if any stage of your trip is delayed or canceled? What happens if someone steals your wallet? The steps you take should start with a worst-case scenario assessment of all of these aspects first, and one more tip – start this process the minute you start making arrangements.

Check your own protections first: Do you have enough money in your emergency fund to cover any lost deposits or nonrefundable expenses on a trip? Will your own health insurance or Medicare cover any medical expenses at your single or multiple destinations? What protections might your credit card company offer? Will your home insurance actually cover such things as lost luggage on trips? It's possible you are already paying for coverage that might protect you on an upcoming trip. Make some calls.

If there are still gaps, investigate travel insurance: Travel insurance is typically a good idea for longer, more expensive trips because cancellation for air or ground delays, medical problems or thefts can leave more of a financial impact on an extended trip than a quick weekend getaway. If the trip is outside the country, it's especially important to check all your existing coverage because most health insurance doesn't apply internationally. Here are some other things to know about travel insurance:

- *Start searching for coverage the minute you make your travel plans:* InsureMyTrip.com is a market leader and a good first stop in analyzing coverage – you start by punching in the necessary information on your trip (dates, age of travelers, medical coverage needed, etc.) and it spits back a variety of possibilities at all price levels. Clicking on any of the choices will give you a detailed view of what those policies will and won't cover.
- *Follow up by phone:* Understand exactly how various coverages work before you buy. Will cancellation insurance cover a missed hotel stay or will it also cover meal and transportation expenses in the city where you're stuck? Also keeping the Icelandic situation in mind, see whether weather-related delays or natural disasters are covered. Also ask if your policy covers delays covered by hurricanes. Even if you're not in a hurricane zone, hurricane activity can cause delays over a wide area. The 2010 hurricane season begins on June 1 and will run through November.
- *Be honest about pre-existing conditions:* If you've recently had surgery or have a chronic health condition, practice full disclosure and make sure your condition will be covered before you buy.

Protect your money while you're away: Most people travel mainly with plastic these days, but don't get clobbered with overseas credit or ATM fees. Check with your credit card company and bank to see if you'll be charged any extra fees, particularly overseas. See if you can have those fees waived. Also, if you become a frequent traveler to a specific location, you might want to open an account at a local bank that has locations where you'll be. Many multinational banks are right for this purpose.

Protecting Your Summer Vacation

Tough economic times may mean that your personal property is at greater risk of theft or vandalism, and the opportunity for those risks go much higher when you're away. So make sure:

Your home insurance is up to date: If you've made any major investments in the structure or grounds of your home, it's time to update that information with your agent anyway. But mostly, review your coverage and make sure it's paid up.

Check your home security system: If you have a burglar alarm or any lights or camera systems around your home, make sure they're working properly. Let your security company know exactly when you'll be away.

Have someone you trust check your property while you're away: Make sure this person has keys and security entry codes in case they need to go in to your home or office for any reason. And make sure they know how to reach you.

Check your phone and Internet service before you go: Make sure your cellphone works wherever you're traveling, particularly if you are going overseas. Also, it's important to check in with your cell carrier in advance to make sure you understand the cheapest way to make calls home or to use your computer for Internet use abroad.

Protect your computer and documents from thieves: If you don't have a security password on your home computer, install one. And if you have credit card numbers or passwords programmed into banking, investments or shopping sites, remove them. And if you have a cheat sheet near your desk with every login code you need to operate your life online, lock it up.

Protecting yourself

Make a disaster plan: Nobody wants to start a dream vacation thinking about worst-case scenarios, but doing so could save considerable time, worry and money. Before you leave, make sure you have a battle plan for lost wallets, cell phones and health issues. Make sure your wills and durable and health powers of attorney are current and make similar checks on your disability and life insurance. Have a plan to access your passport number in case your passport is lost or stolen while traveling – make sure you know in advance how to reach the embassy or consulate where you're going. And have an emergency contact at home checking the State Department website for foreign travel alerts to make sure your family and employer know of your circumstances if there's an emergency.

Check your health insurance: Again, a health crisis while traveling doesn't just threaten a vacation. It might threaten your overall financial security. What if your health benefits won't cross state lines, much less international borders? If the answer is no, see whether your credit card company offers health care coverage there and if so, what it costs and what it entails. The next step is purchasing specific travel health insurance that will be accepted at your destination, which may be sold in a package with other coverage. Call the concierge at your destination to get information on the best nearby hospitals and clinics so you can check if your coverage applies, and see what ground or air transport options exist to get you to the best hospital. Transport can be costly if you're in a remote location. Keep in mind that travel health insurers will demand to know about recent surgeries and pre-existing conditions.

-30-

May 2010 — This column is produced by the Financial Planning Association® (FPA®), the leadership and advocacy organization connecting those who provide, support and benefit from professional financial planning. Please credit FPA if you use all or part of this column. To connect with a member of FPA for your story, call FPA's Public Relations Department at 800.322.4237, ext. 7172.

The Financial Planning Association® (FPA®) is the leadership and advocacy organization connecting those who provide, support and benefit from professional financial planning. FPA demonstrates and supports a professional commitment to education and a client-centered financial planning process.

Based in Denver, Colo., FPA has 97 chapters throughout the country representing tens of thousands of members involved in all facets of providing financial planning services. Working in alliance with academic leaders, legislative and regulatory bodies, financial services firms and consumer interest organizations, FPA is the community that fosters the value of financial planning and advances the financial planning profession. For more information about FPA, visit www.FPAnet.org or call 800.322.4237.

Federal FAFSA Forms Are Due June 30 – Tips for Last-Minute or Future Filers

As the busy High School and college graduation time approaches, it's worth a reminder that June 30 is the online filing deadline for the Free Application for Federal Student Aid (FAFSA) for school year 2009-10.

FAFSA is the form the federal government requires before you can qualify for any federal education aid. Most state governments have already had deadlines pass for their forms, but that doesn't mean that students and their parents shouldn't file anyway – some states continue to award money until their funds for financial aid are depleted. If you have a student already in college, this deadline means it's time to focus. If your child is a few years away from college, the date provides a good chance to learn and plan.

The National Center for Education Statistics reported in [reported in April](#) that about 76 percent of first-time, full-time students received some kind of financial aid for the 2007-08 academic year, up from about 73 percent the previous year. The jump from year-to-year was likely fueled by recessionary pressure on parents and students. But this raises an important point: Unless there's absolutely no doubt that you can pay cash for an undergraduate or graduate education, it's essential to fill out both state and federal FAFSAs while keeping an eye on all potential sources of college aid.

A financial planning professional is the best first stop for long-term college planning, but they can also provide strategic advice for students and their parents who need to find short-term funding solutions for tuition, room, board and books. It's increasingly important to get as much individualized assistance as major changes are going on in the college-funding picture both in the private and public sector.

But FAFSA is all where it starts. Today, the application is an online process on the U.S. Department of Education's Federal Student Aid website. It's a lengthy process, but the site takes students and parents through each stage step-by-step.

Even if your child isn't headed for school for a few years, it makes sense to go over the FAFSA form as soon as possible. The form assesses the student's and parents' income, investments and other financial resources, and arrives at something called an EFC number, short for Expected Family Contribution. The online version allows you to test those numbers in advance. A college takes your EFC and does a simple calculation, taking the total cost of attendance, subtracting your EFC and ending up with your total amount of financial need. And based on that computation, the school's financial aid office will prepare a financial aid package that will be summarized in a letter.

If you're a student or a parent, here are the main items you'll need to complete the form:

1. The student's Social Security number
2. Driver's license number (if available)
3. The student's most recent tax return (if available)
4. The parent's most recent federal and state tax returns (for students registering as dependents)
5. 2009 untaxed income records
 - a. Child support received
 - b. Workman's Compensation
 - c. Veteran's non-education benefit records
6. Bank account information
7. Documentation forms for resident aliens.

Here are a few starting points on the financial aid process:

If you're not sure about your overall college finances, get advice first: A CFP® professional can start by helping you sort out your finances and affordability options for various college choices. Also, planners can tell you what assets should and should not be included on the FAFSA form to give you the maximum opportunity for aid.

File early: Federal deadlines are firm, and keep in mind that during the economic crisis, state budgets for college aid are tight, and those deadlines are generally earlier anyway. Get the necessary application information in early to be first in line for grants – the best form of college aid because grants don't have to be paid back. Also, keep in mind that Washington has bumped the 2009-10 maximum scholarship for the Pell Grant up to \$5,350, up \$619 from last year's award.

Bring your tax professional into the discussion: A financial planner can offer extensive advice on the college planning process, but tax professionals can help you find more tax-efficient ways to structure your finances and plan for college that won't negatively impact your ability to qualify for financial aid.

Stay close to the financial aid office throughout the process: Not only is it important to make sure the necessary paperwork is in the aid office at each of your student's chosen schools, it's important to keep the aid office informed if there's a sudden change to a family's financial circumstances, such as a job loss or change in marital or health status.

Focus on scholarships and grants: Employers, clubs, fraternal societies, trade associations related to your field of study, professional networking associations related to your eventual career (many of these groups have chapters at colleges) and companies that employ parents or summer interns are great potential resources for scholarships and grant money. If any of these options have a scholarship fund, do whatever it takes to find out about qualifications for these programs. Though with so many states in budget trouble, it makes sense to keep an eye on any grants you receive from local or state government. It's entirely possible that public funding shortfalls can endanger grants when the student needs to pay bills.

Public service might buy loan forgiveness. The College Cost Reduction and Access Act of 2007 established a public service loan forgiveness program that discharges any remaining school debt (remaining interest and principal) after 10 years of full-time employment in public service. The borrower must have made at least 120 payments as part of the federal Direct Loan program in order to qualify. Only payments made on or after Oct. 1, 2007 count toward eligibility in the program. Which jobs count as public service jobs? A partial list includes jobs in emergency management, military service, police and fire positions, certain health employees, public education and public legal services. For more details, check www.federalstudentaid.ed.gov.

-30-

May 2010 — This column is produced by the Financial Planning Association® (FPA®), the leadership and advocacy organization connecting those who provide, support and benefit from professional financial planning. Please credit FPA if you use all or part of this column. To connect with a member of FPA for your story, call FPA's Public Relations Department at 800.322.4237, ext. 7172.

The Financial Planning Association® (FPA®) is the leadership and advocacy organization connecting those who provide, support and benefit from professional financial planning. FPA demonstrates and supports a professional commitment to education and a client-centered financial planning process.

Based in Denver, Colo., FPA has 97 chapters throughout the country representing tens of thousands of members involved in all facets of providing financial planning services. Working in alliance with academic leaders, legislative and regulatory bodies, financial services firms and consumer interest organizations, FPA is the community that fosters the value of financial planning and advances the financial planning profession. For more information about FPA, visit www.FPAnet.org or call 800.322.4237.

Helping Your Kid Manage Money and Opportunity on Their First Summer Job

Your teen's first experience working for an employer marks a milestone in their lives. While they might have earned allowances when they were younger for chores and for neighborhood babysitting, that first real job with a paycheck is a chance for a child to learn how to make smart choices with the money they earn.

Hopefully you've had a chance to teach them about putting money aside in a piggy bank or saving for particular toys, treats or activities long before now. When it comes to the job search or counseling on money issues, here are some things that parents can do:

Talk about your own work values: Kids learn by example. At ages earlier than most parents might believe, kids pick up whether their parents have a good or bad relationship with work and money. Think about what you say about your own job – do you complain a lot about your boss or co-workers? Do you gripe about your paycheck? Are you realistic about the good and bad days? If you're passionate about what you do, do you talk to your child about that in a way they can understand? One of the best lessons a parent can teach a child about work is a simple one: Do what you love. Once a child understands this, they'll begin to understand that work isn't about money alone.

Discuss what a child likes to do: Sometimes the best job in the world for an unfocused teenager might be in fast food or construction because those jobs are tough, tiring and not-too-subtle reminders that getting a college degree can vastly widen one's horizons. But if they have special skills, such as working with computers or teaching kids, that's an opportunity to get them thinking about jobs that are more rewarding and pay potentially more than minimum wage. So don't discourage self-employment. The skills a teenager uses to earn income at 14 or 15 might pave their way to a college scholarship at 18. Also, don't fail to mention the benefit of working summer internships in their chosen interests when they get to college.

Know the law: If your child gets a job at a nationally known employer, chances are that standard work rules will be followed. But it's good for parents to know what those rules are and to make sure their kids know them too. Parents and teens can do some research themselves about teen work, work rules and safety by visiting the U.S. Occupational Safety & Health Administration's Teen Workers [Web site](#).

Teach your kids to job-search like an adult: Get your kids to start looking for work months ahead of when they'll need the job. Get them to read the want ads. Have them check salary averages for the jobs they're thinking about on the Internet. Have them check out prospective employers as well – the Internet will allow them not only to learn about the company, but possible problems the company has as well. There's really no reason to wait – anything you've ever done to check out a future employer, teach those skills to your teen. Also, encourage them to talk to family members, teachers and community leaders you trust about job possibilities nearby – it's never too early to learn how to network.

Sit down with that first pay stub: If you can, take a minute to make sure your teen sees exactly how much of their pay goes toward taxes and other key withholding items and what that will potentially mean at tax time. Then encourage them to have a little fun with that first paycheck before they go on to save the others. They worked hard for that money.

Make sure they have a bank account: Many employers do direct deposit, so a bank account will probably be a necessity for your child. But encourage them to start both a checking and savings account so they understand that some money is for savings and some is for spending, particularly if they'll need to have a role in saving for college or paying for a car and maintenance.

Prepare yourself to deal with their mistakes and failures: Your child may have rough times on the job; they might lose their job or fail to get paid. Don't fight their battles for them, but be ready to offer advice that will encourage them to work well with people, always look for better opportunities and make sure they're being valued for their labor. The best work lessons are not always about money.

-30-

May 2010 — This column is produced by the Financial Planning Association® (FPA®), the leadership and advocacy organization connecting those who provide, support and benefit from professional financial planning. Please credit FPA if you use all or part of this column. To connect with a member of FPA for your story, call FPA's Public Relations Department at 800.322.4237, ext. 7172.

The Financial Planning Association® (FPA®) is the leadership and advocacy organization connecting those who provide, support and benefit from professional financial planning. FPA demonstrates and supports a professional commitment to education and a client-centered financial planning process.

Based in Denver, Colo., FPA has 97 chapters throughout the country representing tens of thousands of members involved in all facets of providing financial planning services. Working in alliance with academic leaders, legislative and regulatory bodies, financial services firms and consumer interest organizations, FPA is the community that fosters the value of financial planning and advances the financial planning profession. For more information about FPA, visit www.FPAnet.org or call 800.322.4237.