



# Wi\$eUp e-News...

[www.wiseupwomen.org](http://www.wiseupwomen.org)

Financial Planning for Generations X and Y

Fall 2009

## Coming Events

Date: November 30, 2009 – Financial Management at Year's End

Time: 2:00 – 3:00 p.m. (Eastern)

Register for this free national Wi\$eUp Teleconference at [www.wiseupwomen.org](http://www.wiseupwomen.org).

“With the expansion and extension of the first-time homebuyer credit, the new window of opportunity to buy is April 30, 2010, and close is June 30, 2010.”



## The Homebuying Process

[http://extensiononline.tamu.edu/courses/housing\\_environment.php](http://extensiononline.tamu.edu/courses/housing_environment.php)

This eight-hour online course is available free of charge from Texas AgriLife Extension Service.

## Expansion of Homebuyer Tax Credits

Homeownership remains an important aspiration, even during the tough economic times faced by many segments of our population in many regions of our nation. The Federal Reserve's latest triennial Survey of Consumer Finances (SCF) covering the decade 1998-2007 showed, in general, that the increase in real median family assets by 2007 was highly concentrated in nonfinancial assets, especially residential real estate.<sup>1</sup> Since 2007, however, family asset levels have been impacted by several factors, including declines in home equity.

Declining real estate values can present good buying opportunities, but not having enough money to afford a down payment is a hindrance to homeownership. The latest effort to assist families – the Worker, Homeownership, and Business Assistance Act of 2009 – was signed into law on November 6, 2009, by President Obama. It extends and expands the first-time homebuyer credit authorized by previous Acts. Unlike the previous tax credit that was due to expire on November 30, 2009, the new law adds a new tax credit for certain “repeat homebuyers,” not just for first-time homebuyers.

- The new law extends deadlines for purchasing and closing on a home. The homebuyer must buy or enter into a binding contract by April 30, 2010, and close on the home by June 30, 2010.
- First-time homebuyers can qualify for a credit of as much as 10% of the purchase price of a principal residence, up to a maximum of \$8,000. The credit is a dollar-for-dollar reduction of tax. Those whose taxes are less than the amount of credit claimed will receive a refund. This refund is especially important to limited-income taxpayers who can use the extra money to increase their home equity by paying more on their mortgage, make property improvements, save for retirement, or fund their emergency savings.
- “Repeat homebuyers” now qualify, which was not the case under the previous law. To qualify, these taxpayers must have lived in one residence for five consecutive years of the previous eight. The tax credit – up to 10% of the purchase with a maximum credit of \$6,500 – is only for a new principal residence.
- Income limits to qualify for the tax credit have been expanded. The credits will phase out between \$125,000 and \$145,000 of modified adjusted gross income for single filers, and between \$225,000 to \$245,000 for married couples.
- Military service members and certain other taxpayers who are serving abroad on official extended duty of at least 90 days in 2009 and the first four months of 2010 have an extra year to take advantage of the tax credits authorized by this Act.



Women's Bureau  
U.S. Department of Labor  
<http://www.dol.gov/wb>

  
Texas A&M System

For more information on Wi\$eUp resources or to register for the online course, go to [www.wiseupwomen.org](http://www.wiseupwomen.org).

“We must also utilize and learn from all the resources we have available and accept assistance from people who are willing to be part of our team to help us accomplish goals.”  
(Esther Fernandez)

### Financial Fragility

New research shows that about half of households would not be able to come up with \$2,000 within 30 days to cope with an emergency like a car breakdown or major home repair.

TNS Group/Harvard Business School/Dartmouth College research reported on November 15, 2009, <http://www.npr.org/templates/story/story.php?storyId=120397501>.

### More Money-Saving Ideas

- Wi\$eUp Chapter 3 – *Discipline to Achieve Your Goals*: <http://wiseupwomen.tamu.edu/02-learning-center/03-lc-money-basics.php?page=3>
- 66 Ways to Save Money/66 Maneras de Ahorrar Dinero: [http://www.pueblo.gsa.gov/cic\\_text/money/66ways/index.html](http://www.pueblo.gsa.gov/cic_text/money/66ways/index.html)

For more information about specific provisions of the Worker, Homeownership, and Business Assistance Act of 2009, see:

- Internal Revenue Service: <http://www.irs.gov/newsroom/article/0,,id=204671,00.html?portlet=7>

For more about homeownership from the Wi\$eUp website:

- Achieving and Maintaining the Dream of Home ownership (May 29, 2009, teleconference): <http://wiseupwomen.tamu.edu/teleconferences.php?date=2009-05-29>
- Expert Q & A Archive: <http://wiseupwomen.tamu.edu/03-resource-center/expert-q-a-archive.php>

<sup>1</sup>Bucks, B.K., Kennickell, A.B., Mach, T.L., and Moore, K.B. (February 2009). Changes in U.S. family finances from 2004 to 2007: Evidence from the Survey of Consumer Finances. *Federal Reserve Bulletin*. 92, A1-A56. Retrieved from: <http://www.federalreserve.gov/pubs/bulletin/2009/pdf/scf09.pdf>.

### Participant's Corner



Esther Fernandez  
Malden YWCA

Many women have benefited from the Wi\$eUp program, but it is particularly inspiring when you see single mothers take control of their finances in ways that create confidence and increase long-lasting assets – as Esther Fernandez can attest to. After two years of learning about credit and investing, Esther was able to successfully purchase a pre-foreclosure property from the bank through a short sale and then resold it for a profit; at the same time, she helped the homeowner avoid foreclosure and save her credit. She started her learning process as a recently divorced woman (as a result of domestic violence), carrying the full financial responsibility for her two young children. Lacking confidence, knowledge, and the resources – but with a clear goal, much persistence, and determination – she learned how to manage her finances and become an investor.

Esther was an avid learner who turned her lessons into actions, and she is passing those lessons on to her two daughters. The Wi\$eUp program was very timely and provided her with the knowledge she needed. Esther believes that “although life sometimes takes unexpected turns, one must not let fear or allow other people to shatter one’s dreams. We must also utilize and learn from all the resources we have available and accept assistance from people who are willing to be part of our team to help us accomplish goals.”

Presently, Esther is President of Ashmex, Inc., a corporation that she founded. The primary focus of this company is to help homeowners who are facing foreclosure. Her company helps prospective homeowners buy a home by showing them the options they have available, like loan modifications. Or, she and other investors purchase the property from the lender, thus helping the homeowner avoid foreclosure and saving their credit.

### Ideas that Work – Save More Money!

- Shop around when choosing your bank or credit union. Compare fees and services before making a final decision.
- Spend with a plan and a purpose. Before heading out to shop, check your budget, make a list, and stick to it. If it’s not on the list, don’t buy it!
- Look for store coupons online before going shopping.



## The Wi\$eUp Network Welcomes New Groups and Experts

### Organizations

- Behavior Learning Systems, Inc. (GA)
- U.S. Nuclear Regulatory Commission (GA)
- Idaho Department of Labor (ID)
- Southern Oregon Arts and Education Association (OR)
- Mary J. Smith (GA)
- Wyoming Women's Business Center (WY)
- Kingdom Money Management (FL)
- Debthelper.com (FL)
- Women in Non-Traditional Employment Roles (CA)
- The Sunnyside Neighborhood Association of Flagstaff, Inc. (AZ)
- Somali Family Service (CA)
- The Women's Resource of Greater Houston (TX)
- Paula Williams d/b/a Financial Fitness Group (NC)
- Open Latino Doors, LLC (WA)

### Experts

- Trudiann Phillips (FL)
- Blake Allison (DC)
- Johanna Vicente (NJ)
- Brett Straub (NJ)
- Steven Rodriguez (PA)
- Laurie Knowles (NC)
- Pablo Bianchi (NJ)

"Most financial advisers recommend building up emergency savings equivalent to three to six months' worth of living expenses... however, some recommend a fund to cover eight months' living expenses."

### Go green...

- Change your incandescent light bulbs to fluorescents.
- Stop buying "new" and try "used" – and keep track of your savings! Put the difference in a savings account, or pay more on your credit card debt.
- Borrow books, CDs, videos, and more from your local public library rather than buying them.

### Expert's Corner

One of the most popular features of the Wi\$eUp program is its nationwide network of financial experts. These professionals volunteer their time and knowledge to support Wi\$eUp by responding to questions submitted by Wi\$eUp participants. The experts do a wonderful job of providing answers in a general yet helpful way, as they cannot answer questions specific to individual personal situations. Over the past five years, more than 160 financial experts have been part of the network at different times, with 95 who are currently active. Together, the Wi\$eUp financial experts have contributed over 975 responses to more than 180 submitted questions, which are posted to the Wi\$eUp website. Wi\$eUp's financial experts come from 30 states – from Washington State to Washington, D.C. – and represent a broad cross-section of financial expertise. The experts' profiles are posted at <http://wiseupwomen.tamu.edu/experts.php>.

The Expert Q&A Archive (<http://wiseupwomen.tamu.edu/experts.php>) is one of Wi\$eUp's most visited website components. Sometimes the experts agree with one another, and sometimes they offer diverse opinions. Archive question categories include banking, budgeting, college, communications, credit, credit cards, credit scores/reports, debt management, emergency funds, employment, financial planning, financial recordkeeping, home equity loans, homeownership, identity theft, insurance, investing, IRAs, mortgages, real estate, refinancing, retirement, savings, student debt, taxes, vehicles, and wills.

To become a Wi\$eUp Expert, please see <http://wiseupwomen.tamu.edu/05-experts-partners-sponsors/becoming-an-expert-or-sponsor.php> for the Guidelines and Registration Form. Applicants may specify topics that will be identified with their biographical information on the Wi\$eUp website.

### How to Set Up an Emergency Fund

The Wi\$eUp poll results highlighted in the sidebar on page 4 illustrate a

challenging reality for many families – NO or very limited emergency savings. Polls and studies reported in the media frequently talk about people being "a paycheck away from financial disaster." Is it possible to be proactive and establish an emergency fund even during tough economic times? The answer is, yes, if you are able to make it a financial priority. That may not be easy when money is tight, but it is important.



Just what is an emergency fund? Your emergency fund is a reserve of money intended to cover basic living expenses IF you experience a financial emergency, such as losing your job or other sources of income, or having an unanticipated, catastrophic expense (perhaps a medical expense or a major household expense).

Here's how to start an emergency fund...

- First, do the math. What are your "bare bones" monthly living expenses? That is, what is the least amount of money you would need to cover the very basics and not fall behind with your monthly bills? This amount is generally less than what you actually spend on a monthly basis.

## Emergency Fund?

Respondents (n=122) in Wi\$eUp's latest online poll have...

42% – NO emergency fund

26% – less than 1 month's savings on hand

15% – 1-2 months' savings on hand

7% – 3-4 months' savings on hand

3% – 5-6 months' savings on hand

7% – more than 6 months' savings on hand

(<http://wiseupwomen.tamu.edu/03-resource-center/polls.php>)

*"Your emergency fund is your 'peace of mind fund.' By having funds on hand saved for emergencies, you are really building a cushion to fall back on should some unforeseen, serious financial emergency occur in your life."*

## Tell Us What You Think

Wi\$eUp would like to hear from you! Send us your ideas for future issues of e-News. Or share your ideas by submitting an item for *Wi\$eUp – Ideas that Work*. Send your comments to: [wiseupwomen@wiseupwomen.org](mailto:wiseupwomen@wiseupwomen.org); put "e-News Idea" in the subject line.

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- Once you know the monthly figure, multiply it by three, six, or eight – whatever is your goal for how many months' worth of living expenses you want to build up.
- Next, determine how much you can save regularly on a monthly basis.
- Then decide how long it will take you to build up your emergency fund. *Remember, you do not have to fully fund your emergency fund overnight!*

### Example

- "Bare bones" monthly living expenses = \$2,100
- Emergency fund goal (3×, 6×, or 8×) = 8×
- Total amount needed to fund it = \$16,800 (8 × \$2,100)
- What I (we) can afford each month = \$300
- How long it will take to build it up = 56 months (\$16,800 divided by \$300)

- In the example, 56 months may seem like a long time, but remember the money can be accessed for emergencies if needed during this time. And you can always alter your goal.
- Designate a special savings account to hold your emergency fund. Select an account that will accrue interest or earnings and is liquid (accessible when needed without penalty), but don't make it **so easy** that you will "raid" the fund every time you need a little "extra."
- For more information on *emergency funds* and *set-aside accounts*, check out Chapter 5 – *Savings Basics* at <http://wiseupwomen.org>.

## From Our Q & A Archives on Savings...

**Q.** I was hoping you could advise me on the most appropriate option for maximizing my savings.

**A.** Jeff Kyle, *Wi\$eUp Expert and Insurance and Financial Services Agent*: ... Be sure your debt is either paid off or being paid down. Student loans are usually low interest, so don't accelerate payments, and this will help you with immediate cash flow as well as establishing good credit.

Use a written budget; build a cushion of 3-6 months of fixed living expenses in a dedicated savings account, and don't touch it! This should be a money market savings account. Credit unions usually pay out the best interest rates. Then the two best things I believe you can do for yourself are to start and fully fund a Roth IRA and purchase permanent life insurance...

## About Wi\$eUp



Wi\$eUp is a financial education program designed for Generation X and Y women by the U.S. Department of Labor Women's Bureau.

The Wi\$eUp curriculum was developed by the Texas AgriLife Extension Service, Texas A&M System, under contract with the Women's Bureau. It is offered online ([www.wiseupwomen.org](http://www.wiseupwomen.org)) and in group settings in all ten of the Women's Bureau regions and is being replicated by a variety of groups across the nation. Wi\$eUp's online course system and website are managed by Texas AgriLife Extension Service.

Bi-monthly national teleconferences are coordinated by the Women's Bureau and are held the last working day of November, January, March, May, July, and September on topics of interest.

Educational programs of the Texas AgriLife Extension Service are open to all people without regard to race, color, sex, disability, religion, age, or national origin. The Texas A&M University System, U.S. Department of Agriculture, and the County Commissioners Courts of Texas Cooperating