

YOUNG MONEY

A special supplement for young individuals approaching financial independence

THE MAN BEHIND THE CURTAIN

Raising Smart Consumers

by Joan Hill, *Financial Planning Associate*

What do you get when you combine rapid changes in technology with aggressive marketing targeted at children? An assault on the already elusive goal of satisfying your children's perceived needs. Today's parents are faced with an agitating cycle of wanting and getting or wanting and disappointment.

As parents, we either are more likely to discuss obesity, online privacy, and the addictive qualities of gaming, rather than the latest clothing or music trends. Type "what age cell phone" into a Google search and you have tapped into a hot parenting dilemma. The long and short of it is, the constant flow of marketing messages targeted at an increasingly younger audience has created a difficult dilemma for parents — how do you help your children become *critical* and *aware* as consumers?

Every generation laments "kids today" in its own way. We see our own childhood as simpler, more pure, better. I found myself chuckling at the NFL's new campaign to raise awareness that children need more exercise. Their "Play 60" slogan encourages kids to play (meaning to actually run around) for at least an hour a day. When I was a kid the more usual slogan would have been, "Stop running around outside and come in for dinner."

While it can be amusing to lament the evolution of our culture, it is affecting our children's relationship with money and may affect their personal relationships down the road. Unless you can afford every new must-have, you and your child(ren) will need to navigate through the struggle between necessary and excessive.

We need to teach our kids to actively deconstruct (or at least be aware of) the visual bells and whistles we are exposed to daily.

You can start teaching visual literacy and media awareness by discussing marketing techniques such as:

- **Guerrilla marketing:** An unconventional system of promotions that relies on time, energy and imagination rather than a big marketing budget. The objective is to create a unique and engaging experience to generate buzz.
- **Viral marketing:** A technique that utilizes social networks to increase brand awareness through self-replicating processes (i.e. incentives to share with a friend).
- **Nag factor:** The degree to which parents' purchasing decisions are based on being nagged by their children.
- **Advergaming:** The practice of using video games to advertise a product, organization or viewpoint.

Make a game out of identifying the different techniques. Move on to defining the language of persuasion. An excellent resource for this is the New Mexico Media Literacy Project at www.nmmlp.org, where you can also view sample deconstructions of print ads, television commercials and movie clips.

Give your kids the tools they need to avoid cycles of anticipation and disappointment, and empower them to choose products wisely. Update your conversations about necessity versus luxury, and remind them that a conversation with grandparents really does beg more than a passing interest. Encourage them look at how different their childhoods really are.

LIFE AFTER COLLEGE

How to Become Financially Stable

by Alyssa Abrohms, Communications Associate



You have just received your diploma, and finished celebrating your college graduation. You finally did it! Now it is time to start a job, and begin preparing for the rest of your life.

As I adjust to life after college, I am learning to balance my spending and savings while trying to build up some financial security before moving out of mom and dad's house. An apartment, and all other expenses that are part of living on your own can add up very quickly. Remember that the general rule is to have at least three to six months of living expenses (or \$5,000 - \$10,000) in an accessible account. Here are a few tips that I have learned over the past few months.

Create a Budget

The first step is to create a monthly budget and stick to it. This will help you set realistic goals about how much you can afford to spend each month. Set aside a fixed amount to cover your expenses: rent, utilities, groceries, and personal living expenses such as going out to dinner and a movie. Next, decide how much you can put into savings each month and how much you can spend. Don't forget to keep in mind student loans and other debts you have accumulated over the past few years. Remember to have fun, but also be realistic about your lifestyle. For more information, go to youcandealwithit.com for tools and calculators to help organize your spending.

Invest in your 401(k)

Once you've figured out your monthly budget and how much you can save, the next step is to set up your 401(k). A tradi-

tional 401(k) allows you to save for retirement while deferring current income taxes on saved money and earnings until later withdrawal. Another option your employer may offer is a Roth 401(k), which is similar to a traditional 401(k), except the money withdrawn has already been taxed, so all money invested is tax-free. The Roth is often better for new employees who have yet to maximize their earning potential.

Many employers offer to match a part of your contribution, or will automatically contribute a certain amount. Start investing as soon as you can by making contributions to your 401(k) every month. When making this decision, do not forget to consider the current state of the economy and your job stability. Once your money goes into your 401(k) you cannot touch it until you reach the age of 59 ½ without a penalty. The earlier you set up your 401K, the more money you will have once you reach retirement age. By starting early, you not only benefit from your own contributions and your employer's, but you will also earn (interest and dividends) on that money. If you start your 401(k) with one employer, you can switch your funds to your new employer's investment program or rollover to an IRA without losing any money.

Retirement may seem far away, but with smart budgeting and saving early, it may be here before you know it. The trick is to create a budget on which you can still live comfortably, and put enough aside to have the life you want when you retire.