

Guest commentary: Money Smart Week starts with 10 top tips for families

Guest Column — 18 April 2013

By Kelly Masters/ Money Smart Week chairwoman

Of all the issues we currently face, few have greater potential to cause harm to individuals and communities than the consequences associated with poor financial decision-making.

When this occurs as a result of excess risk-taking or deliberate wrongdoing by government and industry, it typically makes headlines. But poor financial decision-making also takes place in households. Often this is simply the result of a lack of financial knowledge or poor advice, not of deliberate malfeasance. Unfortunately, family rooms and kitchen tables do not receive the media attention and the urgent outcry for action as do board rooms and city halls, yet the magnitude of potential devastation is no less.

According to Federal Reserve Board's Survey of Consumer Finances and the Retirement Research Center, the gap between the retirement savings that American households *have today* and what they *should have today* to maintain their standard of living is calculated to be \$6.6 trillion.

Several factors have contributed to this for Michigan consumers: the unrealized dream of lifelong employment with a single employer that included generous benefits and a pension; a stock that has produced below historical rates of return; and a severe downturn in the housing market. Overcoming these challenges can be difficult, but help is available to Michigan residents.

April is officially national financial literacy month. In Michigan, there will be more than 120 free, non-commercial, financial-related presentations and events delivered by more than 100 partner organizations as part of the Federal Reserve Bank's **Money Smart Week**. From the basics of debt and credit, to estate planning and getting control over your investments, there are topics of import for everyone at every stage in life.



Kelly Masters is owner of Graceful Communications and chairwoman of the Federal Reserve Bank Money Smart Week in Michigan.



News and analysis from The Center for Michigan

Part of the offerings during Money Smart Week is a unique presentation titled “Be a Money Smarty.” It brings together four recognized experts who will give their top 10 tips in 10 minutes, covering credit/debt, scams/fraud/identity theft, annuities/long-term care insurance and getting control of your money. **You can watch a live video stream of the event on April 20, starting at 10 a.m.**

For a complete calendar of Money Week events, go to www.MoneySmartWeek.org.

Preparing to succeed

The financial landscape has its bright spots, too.

For most of us, our home is our largest asset. So what about the Michigan housing market?

Kelly Sweeney, CEO of Coldwell Banker Weir Manuel, says that, after several years of falling home prices, lost equity and high foreclosure rates, the housing market in Michigan is recovering.

Erica Tobe of the MSU Extension Service says there are five key actions for successful financial planning: 1) set realistic and well-defined financial goals; 2) establish an emergency fund; 3) maintain a healthy mix of credit and debt, 4) manage your resources by using a personal spending plan; and 5) plan for long-term savings and investing opportunities to cultivate your future financial health. For further assistance, contact [MSUE](#).

Also available through MSUE is the Financial Health Survey, which allows you to anonymously learn more about your personal financial health.

The combination of poor money choices, lack of financial know-how and feelings of hopelessness is a formula for failure. Where you are today financially isn't the result of the last brilliant or reckless thing you did. Where you are today is the result of small choices made each day, compounding on one another over a long period of time. The good news?

We can each change our course by making better choices today, and the next day, and the next. And there are resources available to help those who want to use their rudder and sail toward a better financial future.