

# Consumer News & Views

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**Consumer Confidence Levels Improves Slightly in August.** The Conference Board *Consumer Confidence Index*®, which had declined in July, rebounded in August. The Index now stands at 101.5 (1985=100), up from 91.0 in July.

The monthly report has been trending upward for most of 2015 and indicates that consumers are feeling better about core economic issues that impact their spending capabilities. Tom Hinton, president of the American Consumer Council, told members in Pittsburgh that “Consumers seems to be considerably more upbeat this month due to an improving job market and some stability in the stock market.”

Hinton also stated, “Consumers are pleased that gas prices are dropping and this has encouraged more consumers to take a few extra days for vacation and drive to their favorite tourist spots or beaches.”

Hinton noted that the American Consumer Council expects the trend in consumer confidence to continue its upward movement through 2015. The nonprofit consumer organization also expects strong consumer spending for online shopping for Halloween, and record sales for the Thanksgiving-Christmas holiday season.



## 8 Money Lessons Parents Should Teach Their College-Bound Kids. *By Teresa Mears*

All over the country, college students are heading off to campus, living away from their parents for the first time. Most parents are still supporting their collegiate offspring, but these young people are embarking on their first immersion into managing their own finances.

That presents a challenge for both students and their parents, who should sit their children down for a frank money talk before classes begin. What will the parent pay for and what will the student pay for? How often will parents provide money and how much will they provide? What happens if the money runs out?

"I think the most important thing to know is what they will be living on, in as small pieces as you can," says Jean Chatzky, financial editor of the "Today" show, who will have two children in college this year. "They really need to understand what they can pull out of the ATM and how many times they can swipe their debit cards."

Ideally, your children will have some experience managing money and will already be familiar with living on an allowance, managing a checking account and using a debit card. If you've taught them well, they may also understand comparison shopping and the value of saving for a rainy day.

"I really worry about kids going off to college without ever managing money," says Liz Weston, personal finance columnist and author. "If they're going to school next week, it's a little late," Weston says.



She advises allowances starting in elementary school, so kids learn to budget, and checking accounts and debit cards starting in high school. Chatzky opened checking accounts for her kids when they were in middle school and deposited their allowances directly into the accounts.

One difficult decision parents have to make is when they will bail their children out, if the child runs out of money before the month or the semester has ended. Weston advises setting the bar high. If your child runs out of money for pizza, suggest that she eats the dining hall meals you've paid for instead. If your child wrecks her car, let her take the bus if she can't afford to fix it.

"They have a limit. They will come up against that limit," Weston says. "One month of hard knocks is often required."

Suggest your kid draw up a detailed budget, first determining how much he'll need for fixed expenses and then how much he can afford to spend on food, coffee, clothing and other costs routinely racked up at college. Remind him to budget for big expenses such as travel to and from home, ski trips or friends' weddings, plus unexpected expenses such as car repairs or concerts. Depending on his money management skills, you may decide to give him the semester's funds upfront or dole the money out month by month. Either way, emphasize that it's important to pay attention to where his money goes.

"It's always food," Chatzky says. "When I went to college, most of the money that I didn't realize I was spending went for coffee and bagels. That has not changed."

*Here are eight money management lessons your son or daughter needs to learn before heading off to college.*



Make a budget and stick to it. We all do better if we know how much money is coming in and pay attention to what we spend. Whether she uses apps, online tools or a spreadsheet, your child needs to learn to live within her means and stay within her budget.

**Borrow as little as possible.** Student loan funds are for tuition, books and basic living expenses, not clothes and meals out. Andrea Woroch, a consumer finance expert in California, kicks herself now for using her student loan funds for a spring break trip every year – trips that become very expensive if you're still paying for them years later. "You don't want to be one of those graduates with huge student loan debt," Woroch says. Suggest that your college student discuss any potential loans with you before signing them. Just because you can borrow doesn't mean you should, and comparison shopping for loans is a good idea.

**Take your education seriously.** What you learn and whom you meet will affect your life for years to come. The professional contacts you make in college are people to which you'll remain connected throughout your life. But if you fail classes, you risk delaying graduation and will end up spending more money on additional classes and fees, which parents might want to state upfront they will not pay for.

**Keep an eye on your checking account.** It's up to the family whether your son's or daughter's account is linked to yours, so you can pay attention to his or her spending. If you're funding the account, you might favor that option for both convenience and to assist with monitoring transactions. Either way, your child needs to monitor the account to make sure all the transactions are valid and there is no chance of overdrafts, which are costly. Emphasize that those come at his or her expense and suggest apps, email and text alerts that make monitoring easier. Make it clear that passwords and PINs should not be shared with roommates and significant others.

**Use credit cards sparingly.** Weston and Chatzky advise adding your student as an authorized user on your credit card so she can begin to build credit. Make sure it's clearly understood what expenses can be charged and what you believe constitutes an emergency. "It's just way too easy to use plastic," Chatzky says. "I think it's a good idea to help your child learn to use credit wisely." The Credit CARD Act of 2009 significantly curtailed marketing of credit cards on campus, essentially requiring those under 21 to have either a job or a parent as co-signer.

**Shop smart.** It is not necessary to spend hundreds of dollars on new décor for a dorm room or apartment. In most cases, used furniture and decorative items are significantly cheaper and will work just as well, Woroch says. Used clothing and generic products are other ways to economize. Shopping smart should also extend to textbooks. Never buy books until classes have started and you're sure which ones you'll need. Renting texts, buying used, sharing with friends or buying older editions are all ways to save.

**Part-time work is a good option.** Many parents don't want their children to work while they're in college, but it's a rare undergraduate who doesn't have 10 hours a week to spend on a part-time job. Not only does this provide additional income, it's also good experience.

**Learn to cook, clean and do laundry.** People who know how to cook (and actually do) save thousands of dollars over those who eat out all the time. Knowing how to do laundry keeps clothes from being ruined, plus keeps your child from bringing dirty clothes home to you on visits. If your student lacks any of those skills, suggest he practice them in your house before he leaves.

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**Why Americans Are Waiting Longer to Buy Their First Home?** Short of cash and unsettled in their careers, young Americans are waiting longer than ever to buy their first homes. That's according to ABC News reporter Josh Boak, who says Millennials are in no hurry to cough up thousands of dollars when they are already saddled with student debt and low-paying jobs.

The typical first-timer now rents for six years before buying a home, up from 2.6 years in the early 1970s, according to a new analysis by the real estate data firm Zillow. The median first-time buyer is age 33 — in the upper range of the millennial generation, which roughly spans ages 18 to 34. A generation ago, the median first-timer was about three years younger.

The delay reflects a trend that cuts to the heart of the financial challenges facing millennials: Renters are struggling to save for down payments. Increasingly, too, they're facing delays in some key landmarks of adulthood, from marriage and children to a stable career, according to industry and government reports.



These shifts help explain why homeownership, long a source of middle class identity and economic opportunity, has started to decline. The share of the U.S. population who own homes has slid to 63.4 percent, a 48-year low, according to the Census Bureau.

And when young adults do sign the deed, their purchase price is now substantially more, relative to their income, than it was decades ago. First-time buyers are paying a median price of \$140,238, nearly 2.6 times their income. In the early 1970s, the starter home was just 1.7 times income.

The rental companies and the American Rental Car Association tell NBC News safety is paramount and they've pledged their support for legislation making it illegal to rent cars with open safety recalls. Let's see if Congress has the backbone to act in the interest of consumers.

## **ACC's Friend of the Consumer Award Recognizes Outstanding Businesses in 2015.**

Is your business consumer-friendly? Does your business deserve greater recognition for its service to consumers? If so, you should apply for the American Consumer Council's Friend of the Consumer Award. Now is the time to apply!

Throughout the year, ACC presents its "Friend of the Consumer" Awards. This prestigious award recognizes manufacturers, retailers, and other businesses that produce or sell products in the United States that meet or exceed federally-mandated standards and are touted by consumers as "consumer friendly."

Each year, ACC awards numerous "Friend of the Consumer" Awards to deserving companies and organizations because they have "demonstrated a commitment to American consumers by providing a specific product or service that fosters consumer confidence and market acceptance."



To apply for the "Friend of the Consumer" award, complete the online application and return it to ACC with the application fee. Applicants will be notified within 5 days of receipt of their application. Thereafter, a panel of independent judges will review your application and make a formal recommendation within 20 days of receipt of your award application.

For more information, visit: <http://www.americanconsumercouncil.org/awards.asp>

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## **Green C<sup>SM</sup> Certification Accepting Applications for 2015 Fall Cycle:**

If your company or organization would like to increase its credibility with consumers, you should consider applying for the **Green C<sup>SM</sup> Certification**. Applications for the 2015 Fall cycle are now being accepted through December 21, 2015.

It's a proven fact that consumers want to do business with companies that are eco-friendly and practice Corporate Social Responsibility (CSR). The process is straight-forward and all applicants are recognized by ACC and the Green USA Institute.

All applicants complete the criteria and submit their responses to ACC's Green Consumer Council for review, assessment and feedback. Program details and the **Green C<sup>SM</sup> Certification** criteria can be viewed at ACC's website located at: <http://americanconsumercouncil.org/greenc.asp>

