

TIME TO SAVE WITH CHRIS & DAVE

Volume 5, Issue 2
July 1, 2010



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Inside this issue:

| | |
|--------------------------------------|-----|
| TEACHING CHILDREN THE VALUE OF MONEY | 1-4 |
| COMPANY & SERVICES LIST | 4-5 |
| FINAL WORDS | 6 |

“Give a man a fish and you feed him for a day.
Teach a man to fish and you feed him for a lifetime.”

If you’ve ever heard this old adage before, you know that it has a much deeper meaning than just fishing and eating. Personally, I’d like to think this saying can be viewed from many different angles. For example, if you are the person teaching another to fish, it implies the importance of sharing the wisdom and skills that you have acquired in life with others. On the other hand, if you are the person learning to fish, it implies the importance of being able to do something for yourself rather than being dependent on others. And, finally, if you are the fish, it means that you took the bait and ended up feeding someone else!

In each quarterly newsletter and client meeting, Chris and I try to be like the teacher in the adage above and share with you some of the knowledge, experiences, and wisdom that we have learned and acquired in regards to financial planning so that you never end up as the fish in the example



above. In this quarter’s newsletter, we would like to take a look at some simple and easy ways to develop good money management skills in children and teenagers so that they can grow up to become financially independent adults.

As I thought about the quote above, I realized that fish and humans learn in a very similar way. What I mean by that is we both gain knowledge through a combination of parents, school, and our surrounding environment. Let’s look at these three in a little more detail in regards to money.

First of all, much of a child’s early development is spent in school. School, then, would seem to be an ideal place to educate children about money. Yet, while most children are being taught addition, subtraction, and the difference between a dime and a quarter, a study by Harvard Business School concluded that only 28 states mandate financial literacy education for high school students. As such, many students are underprepared to manage their own personal finances after graduation due to the minimal amount of attention this subject receives in our schools curriculum.

Once children graduate high school they may decide to further their education or get a job out in the real world. Perhaps during this time they attend a sporting event where a credit card company is offering a free beach towel if they sign up for a card. They may remember

...continued on page 2

...continued from page 1

this credit card company by one of their catchy and fun slogans like “It’s everywhere you want to be”, “Priceless,” or “Don’t leave home without it.” Companies that promote the use of credit cards do so with the premise that spending money is fun, even if you don’t have it. Most young adults are easily tempted by this simple sales pitch and easily become hooked on credit cards. Please keep in mind that credit card companies only make a profit if you don’t pay off your debt. Their goal then is for you to remain in debt so that they can collect exorbitant interest rate fees (some as high as 25 or 30%), and hefty late and

If you are currently spending more than you are making you are, in fact, spending money you haven’t yet earned.

service fees. Even with the signing of the new Credit Card Act of 2009, credit cards are still one of the worst debts that consumers can get entangled in. Ask anyone who has struggled to get out from under a sea of credit card debt and I’m sure they will agree. As with schools, society does not seem to be fulfilling the duties of educating people about money as their main concern is profiting from people’s naiveté, getting them hooked on spending money only, and not teaching the equally valuable lesson of saving.

Since society and schools seem to be lacking in preparing our children to manage money, it naturally follows that the majority of responsibility falls upon the parent(s). Since some experts say that our attitudes about money are formed by as early as 13 years of age, it is easy to understand that children will learn much of the basics about money from home anyway. I can honestly tell you that part of the reason I became a financial advisor was because I was fortunate enough to have parents who taught me some of the very basic lessons about money that I am going to talk about today. What they are probably not aware of though is they didn’t sit me down and give me a talk. Rather I learned by observing them and their spending habits. Children, in general, are very observant. Their young brains are like sponges, absorbing all that people do and

say. As such, please be aware of how you spend and treat your money as your children are watching you, learning from you, and developing most of their attitudes and habits about money from you.

Since we have now reviewed the places where children can learn about money, let us shift our focus to how most people treat money. In general, there is one of two things you can do with money; you can either spend it today or you can save it and spend it tomorrow. Since most people’s inclination is to spend it as soon as they get their hands on it, I thought I would address this aspect first.

Being that most people don’t have as much money as Bill Gates or Oprah Winfrey, most of us need to be diligent in stretching our resources as far as possible or, as they say, getting the most bang for our buck. As such, the first thing we should contemplate before we purchase something is whether it is a need or want. Humans collectively have four basic needs in life to survive. They are food, shelter, clothing, and love. Mostly everything else, like the National Enquirer at the checkout counter or the new Apple iPad, is a want. Wants are what you should buy after you take care of your needs. And, if you don’t have enough money left over after you pay for your needs, then you should save up or develop a plan of action until you can afford that particular item instead. Some needs are fixed each month, like rent or your mortgage payment, and others are variable, like food and utilities. If you are really smart with your money you will keep track of your fixed and variable expenses through a monthly budget.



A monthly budget is basically taking the time to write down in detail how much money you earn and where your money goes. If you find you are spending more than you are making, you are probably living beyond your means. As such, you may want to look at cutting certain variable expenses as you really can’t afford them in the first place. The reason why I say that is if you are currently spending more than you are making you are, in fact, spending money you haven’t yet earned. You are spending future income. The more future income you spend today the less money you will have in the future. By tracking where your money is going through a budget, you can determine where to make adjustments to stretch your money

...continued on page 3

farther. Maybe it is switching cell phone subscriber plans or eating out for lunch less. Personally, I remember when I was younger my parents used envelopes marked clothing, church, etc. to manage their budget. Each payday they would put money into each envelope and whatever was left over could be spent on things like toys. Once the money was gone, though, that was it. One good thing I can say about my parents is they didn't put much on credit. They paid for most items with cash. Times have changed though. So for those of you who use credit or debit cards around your children more than cash, you should be sure to show and explain how the stuff you buy is paid for so they understand. One way to do that is to let them see you work on your monthly budget.

As I mentioned before, oftentimes my parents wouldn't have any discretionary money. I would learn that when we entered a store and I would ask one of them if I could pick out something. Their response would be something like, "What do think; money grows on trees?" The truth is I thought money came from Mom and Dad. But, honestly, when they said no to me it was probably one of the best and most important lessons of all. That lesson is that people aren't always going to give you what you want. And, while I know most parents want their children to have a better life than they had; if you give and buy things for kids all the time, they will not appreciate it as much as if they go out and earn it themselves. Making a child work in exchange for an allowance teaches them the importance of a work ethic. In general, those who do have a lot of money in life probably worked



very hard to earn it and nobody just gave it to them. For example, when I went to college I ended up having to get a part time job to pay for my schooling. I also had to keep a day planner of all my expenses, even that 50 cent can of Coke. But you know what? I didn't fool around or take any of my classes for granted because I knew how hard I had to work every weekend to afford it. When you work for something, you truly appreciate and learn the value of a dollar. That is why to this day I still use food coupons and shop around for items at the lowest possible price. It is also why I don't plan on doing projects at my house until I have the money saved up for it. I effectively learned never to frivolously part with your money and that "a penny saved is a penny earned."

Now that we have talked about spending money, I wanted to focus on the other side of money; saving it. One of my first recollections with money was when I was very little and my grandmother gave me an old Brentwood Bank quarter holder. Each time I got a quarter I would put it in a slot and once I saved forty quarters, I could wrap it up and take it to the bank. One of my other favorite memories was when I had my First Holy Communion. There were many relatives at my celebration and it seemed that each of them were graciously giving me ten and twenty dollar bills. I was rich! Shortly after my party, my parents took me to the bank and opened up my first savings account. I put most of the money I received from my communion into that account. Oftentimes I would go to the bank with my passbook and the bank would add more money to it in the form of interest. All of a sudden, I had more money and I quickly learned that if you invest your money with the right people, they will help grow your money. Since children don't have much in the way of expenses, it gives parents the opportunity to teach them about saving. The reason for learning to save is we can't afford everything we want today. For example, I'm sure most people would like to retire by age 40. But, with no income to pay for our needs, retirement at a very young age is challenging for most people to do without saving a lot of money first. Therefore teaching a child the importance of saving will be a valuable lesson for later in life.

One more lesson that I learned as a child came from both school and my parents and it was just as equally important as spending and saving. That lesson was the importance of giving to those less fortunate. Some of us are truly blessed in life to have more money than others and whether you are able to give away some of your money away or volunteer your time for charity, it teaches children the importance of sharing and helping others in need. When I was a child I would put 50 cents each week in the collection basket at church. Today, by taking the time to write this newsletter each and every quarter, it is my hope that I am helping all of you better manage your money. There is no greater feeling in the whole world than knowing I am helping others. If I had to provide one reason of the importance of giving to others, I think one teenager may have summed it up best when he

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said “the best things in life..... aren’t things.”

To summarize, then, there are three things you can do with money. You can save it, you can spend it on yourself, or you can spend it on others. One way to get children to understand the concept of money is to use my parent’s envelope method. Instead of having envelopes marked clothing and church, you can mark three envelopes spend, save, and charity. Then, each time your child receives money they can decide how much to budget to each envelope. By doing so, they are gaining and learning responsibility to make decisions that benefit themselves and others.

Our role as teachers and parents is to instill in our children the values, skills, and life’s lessons to allow them to become a functioning member of society so that they can make decisions on their own, to become financially independent, and to accept responsibility for their own actions. For those who may not have developed good money management skills from home, school, or society, the good news is that Chris and I are here to help. By hiring a financial advisor to work with you in developing a budget and savings plan we can help you better manage your money so that you never end up as that fish on someone else’s table. By setting good examples with your own money and taking the time to teach children the benefits of spending, saving, and giving to charity, you will also find that you are teaching and feeding them for a lifetime.

COMPANY AND SERVICES LIST

Our services list has been updated for 2010. Since last year Chris and I have met some more wonderful people that are in the business of helping others. One of the most interesting additions to our list is Laurean Kile, an Eldercare Advisor for A Place for Mom. Basically, A Place for Mom is a company that is specifically designed for families of aging parents and loved ones. They provide a free service for sharing tips on moving mom and dad, legal matters, financial aid for veterans, dealing with dementia, and so much more. If you are currently experiencing one of these situations within your own family or anticipate one in the future, I encourage you to contact Laurean to see if she and A Place For Mom can help.

A second addition to our list deals with Reiki. I had never heard of this word until a few months ago. But, in ancient Japanese the word “Reiki” means *universal life energy*. To receive Reiki you lie fully clothed on a table or sit in a chair and with gentle hands-on-healing, it promotes a balance within the body, mind, and spirit, for all levels of health. In today’s fast paced world I’m sure we can all use some sort of relaxation to reduce stress, anxiety, or pain. So if interested in a session, please call Randa Clark, a certified Reiki Master, at Dani’s Hair Loft at (412) 771-5700 or Kelly Haywiser at (412) 788-1201.

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| Accountant | Kramer, Thompson, & Associates | (412) 928-3838 |
| Attorney At Law | DeMarco & Negle LLP, Kiersten Lane | (412) 391-6533 |
| Attorney At Law – Real Estate Representation | Scott Andrew Bell | (412) 341-2008 |
| Attorney At Law—Estate Planning | Thomas G. Michalek | (412) 922-3331 |
| Automotive Tire and Service (locations in Pleasant Hills, Crafton, Moon, and Kennedy Townships) | Ryan Automotive – John Kokladas | (412) 582-1086 |
| Bed and Breakfast | Grammy Rose’s B&B, Rose Lewis | (724) 228-1508 |
| Business & Personal Development Coach | David Goldman | (412) 771-7447 |

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| Cleaning Service—Residential or Commercial | Judith Lutz | (412) 885-2008 |
| Concrete Work | TDJ Masonry - Dale McCorkle | (412) 216-4546 |
| Corporate Computer Training | McCarthy Training & Consulting, Mary Pat McCarthy | (412) 921-4240 |
| Dental Laboratory | Lauterbach Dental Lab, Joe Lauterbach | (412) 881-1050 |
| DJ | Upbeat Entertainment, Tim Gillner | (412) 563-2772 |
| Elder Care Advisor | A Place For Mom, Laurean Kile | (866) 302-1450 |
| Electrician | RAM Electric - Ed Cain or Henry Zang | (412) 486-5800 |
| Embroidery | Fran Haselhoff | (412) 872-4122 |
| General Contractor | Norton Company - Nathan Hall | (412) 867-6892 |
| Golf Instructor | Hard Hitting Golfer - Jim Liska | (412) 979-6872 |
| Heating & Air Conditioning | Congalton Heating & Air Conditioning, Carolyn or Scott Congalton | (724) 265-3358 |
| Home Remodeling | Nick Solarczyk | (412) 951-4895 |
| Insurance – Auto or Homeowners | Eber & Associates, Stephen Gardiner | (412) 653-0600 |
| | Liberty Mutual, Angelo DiNardo | (866)-871-2671 |
| Insurance – Property and Casualty | Liberty Insurance Agency – Tony Latronica | (412) 571-5700 x237 |
| Integrative Health & Wellness Center | Holistic Approach 4 Life, Kelly Haywiser | (412) 788-1201 |
| Landscaping and Firewood Sales, including shrub trimming, mulching, garden installation, downed-tree cleanup, and roto-tilling | Weaver’s Landscaping, Steve Weaver (specializing in Northern Allegheny, Butler, and Southern Mercer counties) | (724) 421-5914 |
| Massage Therapist | Dani’s Hair Loft, Randa Clark | (412) 310-5449 |
| Painter | RJB Painting, David Barone | (412) 901-2520 |
| Commercial Phone System Installation | Ander Communications, Rebecca Anderson | (877) 443-3191 |
| Photography | Photographic Trends, Michael Good | (412) 563-2112 |
| Pool Table Services | Anderson Billiards, Jeff Anderson | (724) 222-6109 |
| Real Estate Agent | Northwood Realty, Cheryl Volchko | (412) 915-0931 |
| | Howard Hanna, Mario Rudolph | (412) 882-9100 |
| | Coldwell Banker | (412) 736-6201 |
| Real Estate Appraiser | Albert Kreuzer | (412) 443-5682 |
| Real Estate Financing (residential and commercial) | Cornerstone Funding Services, Craig Grella | (800) 928-0845 |
| Refinishing Wood Floors | Waldo’s Woodworks, Ron Waldo | (412) 884-7020 |

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| Refuse Hauling/Environmental Consulting | Salandros Refuse, Russ Salandro | (724) 668-2020 |
| Residential Window Installation | Eastern Windows, Mary Kramer | (724) 864-2111 |
| Restaurant | Getaway Café, Lou & Nancy Manolios | (412) 343-1333 |
| Seamstress | Linda Volk | (412) 462-4894 |
| Swimming Pool/Hot Tub Sales & Installation | Del Suppo, Inc, Del "Buster" Suppo | (724) 379-5066 |
| Veterinarian | Gardens Veterinary Hospital | (724) 779-3630 |
| | Green Valley Veterinary Hospital | (724) 452-6151 |
| | Bakerstown Animal Hospital | (724) 443-8200 |
| | Northview Animal Hospital | (412) 364-5353 |
| Woman's Alternative Exercise Class | Oh My You're Gorgeous, Stephanie Babines | (724) 612-7724 |

**** A Final Word From Dave ****

For the second year in a row, Chris and I will be featured in Pittsburgh Magazine as we were honored for being Five Star Best in Client Satisfaction Wealth Managers for the Pittsburgh region. We thank all of you who may have voted for us and we promise to continue to work hard to earn that honor. In next quarter's issue I'm going to talk about something that seems to be on everyone's mind, how to manage risk in your portfolio and life. Stay tuned...



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