



Helping people help themselves through Education, Financial Counseling and Debt Repayment

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SO YOU'RE GRADUATING, BUT ARE YOU READY FOR THE REAL WORLD?

CCCS OF MD & DE SAYS, "TAKE THE PERSONAL FINANCE CHALLENGE!"

This year nearly 3 million American high school students will walk across the stage and receive a diploma. For most, graduation will signal the start of a fresh phase of life, one where they are more self-reliant and possibly live on their own. National nonprofit Consumer Credit Counseling Service of Maryland and Delaware (CCCS) wishes these young adults well and hopes they're prepared to face the financial responsibilities that come with increased independence. CCCS President and CEO Jim Godfrey says, "In this era of rising tuition and low job growth, it's more important than ever for graduates to leave home with strong money management skills. Financial education promotes wise decision-making and can spell the difference between success and failure in this brave, new world."

Mary Ann Hewitt, who serves as Executive Director for the Maryland Council on Economic Education (MCEE), agrees. "Ever since the economic downturn, there's been less of a margin for error. There are more financial products than ever, but also more restrictions and fees. It's harder to qualify for good terms on a loan or mortgage. Students who leave high school knowing how budgeting, credit, and investments work will have the tools they need to make healthy financial choices throughout their lives."

The sooner students learn financial skills the better, and teaching them what they need to know is a large enough job to go around. Parents play a pivotal role in this endeavor. As Hewitt acknowledges, "We learn what we live." But what if parents aren't confident in their financial skills? More than 61% of adults in a recent National Foundation for Credit Counseling (NFCC) survey said they don't have a budget; one-in-three said they don't pay their credit card balance in full each month.

When parents lack personal finance skills, schools and community organizations have to step in to fill the financial literacy gap. To aid in this effort, CCCS partners with like-minded groups on initiatives like the Maryland Personal Finance Challenge, an annual competition MCEE hosts. High school juniors and seniors who participate in the Challenge study six key finance areas: 1) informed and responsible financial decision-making; 2) careers, education, and income; 3) financial planning and money management; 4) credit and debt management; 5) creating and building wealth; and 6) managing risks and preserving wealth. Those who master these concepts go on to compete.

In April Howard County Public School System's Academy of Finance took first place in the 2014 Maryland Personal Finance Challenge, edging out 18 other teams from five counties. The winning AOF team members each won \$500 and moved to the next competition level. Imagine everyone's excitement and pride when they won first place in the National Personal Finance Challenge that was held in St. Louis in early May!

CCCS recently met with AOF's winning team members, Justin Overstreet, Victoria Brown, Siddhant Chhabra, and Noah Van Blarcom, and their instructor Dr. Maddy Halbach. They graciously shared what the competition has taught them and how they plan to deal with personal finance challenges of their own when they ultimately leave home.

Budgeting is one of the most important concepts the team covered while preparing for the Challenge. Sidd admits, "We also received some practical budgeting experience in class. When Dr. Halbach assigned us to set up a budget and decide how we'd live on it leaving college, I was surprised to see just how quickly money disappears when you're living on a limited income and have real expenses to pay."

During the Challenge, the team also discussed the value of saving. Victoria says, "We learned it pays to start saving as early as possible." Sidd adds, "Social Security is going away. We need to start investing for retirement now if we want to have enough income to carry us into the future."

Justin and Noah have already begun to apply their savings knowledge. Justin plans to invest a portion of the \$1,000 prize he brought home from the national competition. He says, "It also pays to build a rainy day account for emergencies."

Noah agrees. Since scoring a job at a outdoor nursery, he has instituted a regular savings plan. "I try to put away about 40 percent of what I earn," he says. "My savings came in handy when I had to replace a flat tire on my car."

All four members of the team look forward to college and recognize the temptations this new life stage may hold. Sidd worries he may overspend, "because as soon as I have money in my wallet, it's gone." How does he hope to remedy this situation? "By following a budget. I also seem to do better when I rely on my debit card instead of using cash." Justin says the key to financial freedom lies in being proactive. "Here's one thing I've learned this year: Make your money work for you."

Victoria is concerned she may be tempted to run up her credit card once she's living on her own. Her solution? "You have to know your limits," she says, "and it helps to put money away -- always pay yourself first." Noah also hopes to stay out of unnecessary debt. "I'm trying to build skills now, so I'll make better informed decisions once I'm not at home. When I'm faced with a purchase, I ask myself: 'Do I really need this or is it something I just want? Do I really need something with a brand name?' I try to make sure I'm not simply buying into a fad, that I am putting my needs first."

Dr. Halbach believes this type of self awareness is one of the biggest benefits the Personal Finance Challenge offers. "The competition gives students a goal to work toward, and they have the opportunity to learn about money management in different ways. They absorb information by studying terminology and processes. Their coach, John Hauserman, who works in finance, also provides them with an invaluable real-world perspective. Sometimes they become so involved they even go home and discuss what they're learning with their parents."

CCCS of Maryland and Delaware applauds all the students who participated in this year's Maryland Personal Finance Challenge. Jim Godfrey says, "Here at CCCS, we often meet people who have struggled over money management their entire lives. Because they haven't had a chance to acquire essential knowledge and skills, they are still living with mistakes they made as young adults. Students who take part in financial education classes and activities like the Personal Finance Challenge are already one step ahead. The lessons they learn now will set them on a winning course for years to come."

For information about the Maryland Personal Finance Challenge, visit the [MCEE website](#). To obtain financial advice or find out more about the services CCCS of MD & DE offers, call **1-800-642-2227** or visit the [agency website](#). We can help you gain the financial know how to succeed!

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