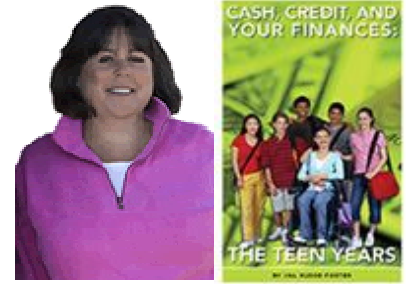


12 Interview Questions

Jill Russo Foster

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Author of Cash, Credit and Your Finances: The Teen Years



1. What made you write a finance book for kids?

Answer: Being in the banking and mortgage industry, I see a lot of people with financial troubles. Working with individual mortgage requests, and seeing the various issues my clients are facing, has allowed me to see what many people are just now beginning to understand with the current mortgage crisis. There is a general lack of financial understanding among adults. I don't believe this is uncommon, and in fact, it's understandable. I don't remember having financial education in my school experience. I don't believe many of this year's high school graduates have had formal financial education. Now, we have kids coming out of college with credit card and student loan debt. This means they have serious credit issues at a very young age. There needs to be some way to educate them. I've tried for many years in my mortgage business to educate my borrowers so they understand the consequences of their choices, but that education is coming after the mistakes have already been made. I felt there was a need to address the basics of personal finance while people are teens, so they'll already be familiar with the risks before they take out that first loan.

2. Why do you consider yourself an expert who is qualified to write this book?

Answer: Because I've been working in the banking and mortgage industries since college. I've worked with all types of consumer loans. One of the things I've always been very good at is staying up to date on all the mortgage programs, and the possible benefits and consequences associated with them. By using this knowledge with my clients, I've found that I'm a natural educator. I am able to explain mortgages in an easy to understand manner without using industry words, to help my clients understand their choices. My clients and seminar attendees have always found this helpful, and that's why my clients return to me with all their mortgage needs.

3. Why did you think it was important to write this series of books?

Answer: I want teens to understand that the financial choices they make now can affect them for a long while. Bad choices can prevent them from getting the things they really want, like a great job, an auto loan for a new car, or a first apartment. If they start off with a better understanding of the possible outcomes of their financial decisions, then maybe they will make smarter choices.

4. Why do you feel so strongly that kids need financial education?

Answer: Because today's finances are complicated. In today's world, we rarely use actual cash to pay for our purchases, and even using checks has gone "out of fashion". Credit is now the most common way to pay for purchases. People use credit cards even when they know they have the money to pay it off right away. They do it because it **feels** more convenient, and somehow safer, than paying cash. I'm not saying that's right, but it's generally how we feel today. However, if you're going to use credit, you

need to have a really good understanding of why it's important not to overspend. When kids get on their own after school, they're already starting negatively. I was fortunate to have parents who were savers, so they paid for my education. But, today's kids have parents who are in debt, so they have to go into debt themselves to pay for their education. Kids don't have a strong sense of self, and society pressures you to have everything right now, so they feel more pressure to purchase unnecessary items.

5. How do you teach children and teenagers about money?

Answer: If parents are lucky enough to have free time, or time available to teach their kids about money, that's wonderful. But most parents don't seem to have the time to teach their kids about money, with all of the other things going on, and the kids are learning from what they see their parents do. So, if the parents don't know how to pay their bills on time, and yet they keep spending, the kids learn that this is normal. They don't see all the hidden consequences of their parents' behavior. Even if the parents are great with their finances, the kids aren't seeing how the choices were made. In fact, without formal instruction, the kids might feel their parents are too cautious, or stingy, with the money. So, you can see that teaching by example doesn't work with something as complicated as finances. When you assume that your child has learned all he needs to know about finances by observing you, then that's like assuming that your child can learn how to write and do math by observing you. It's just not possible without instruction. I believe you teach children and teenagers about finances the same way you teach them anything else. With careful instruction, giving them all the background information, and allowing them to practice before they have to use it in real life.

6. Do you feel that kids will read the book themselves?

Answer: Some will, but most will need their parent's involvement. This book is a great opportunity for parents and kids to read this together and to discuss what is going on with money. Who knows, the parents may learn something too.

7. Why should kids and their parents read your book?

Answer: Because there are so many adults living paycheck to paycheck, who are not even sure if they'll have enough money to retire on. I want kids to understand finances at an early age so they can make smart choices and learn to live within their means. I also want kids to be able to move out of their parents homes and be self-supportive regardless of what life brings them.

8. How do you feel about the mortgage crisis? Where would you place the blame, the industry or the consumer?

Answer: I think the industry could have done something different. A home is the biggest investment you will ever make. If you consider that a standard mortgage is 30 years, that's a really long commitment. If you buy your home at 25, it won't be paid off until 10 years before you retire. That's a fairly permanent aspect of your life. So, buying a home should require counseling or education. Here in Connecticut, you have to have 8 hours of education to apply for a CHAFA (Connecticut Housing and Finance Authority) mortgage and reverse mortgages for seniors require a counseling session. Some people might think that's too much government interference, and it would be if you were paying cash. But, when you take out a mortgage, you're using money provided by investors to buy something for yourself. If you renege, everyone is affected as we've

seen by the current mortgage crisis. So, yes, I feel strongly that education should be a requirement. With education, many of the people in crisis now might have made different decisions.

9. What's the most important thing a child can walk away with after reading your book?

Answer: Knowing how their FICO credit score affects most of their financial life. It determines if they qualify to get any type of loan and the interest rate offered to them. Their FICO score can be one of the factors in whether they offered a job as well as their auto and home insurance costs. Bottom line, the lower the score, the dimmer their financial future. A good credit score means lower interest rates, which means more money in their pockets. It also is an indicator of trustworthiness. I want kids to start out knowing what to do and not to do and how it affects their score.

10. Not many teenagers will need to look at their FICO scores unless their parents have co-signed a car loan for them. Most of them will not see their first FICO score until after High School. So, how does your book prepare them to make the right choices?

Answer: This book is written for high school students, so we don't touch on a lot of the more devastating credit issues. Credit details will be covered in my college and after-college books. For high school students, I cover the importance of establishing credit, understanding credit scores in general terms, and then using that credit wisely. But, this book helps prepare them to make the right choices by introducing these concepts at a young age when they're already watching their parents and the adults around them for clues on how to be adults. This will help them discern good choices from bad choices.

11. You mentioned writing more books. What are you doing next?

Answer: We will have an audio version of the Teen Years coming out soon. The College Years will be coming out in 2009. I want to help this generation from the teen years through young adulthood and help them make sound financial choices.

12. Where to you buy the book?

Answer: You can go to my website www.CashCreditandYourFinances.com. I also offer a short **FREE weekly** newsletter called Quick Tips, to keep kids and parents up to date on the latest financial information.