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ENERGY ONE Source

FUELING YOUR FINANCIAL FUTURE SINCE 1935

Energy One Federal Credit Union is a member-focused institution. We provide this monthly newsletter in an effort to help our members be educated and informed in the financial world today.

All Grown Up &Places to Go!

A recent Autotrader.com survey reveals that today's parents are far more likely to buy cars outright for their children than their parents were. According to Autotrader's survey of parents of recently licensed teenaged drivers, 14 percent reported that their parents had purchased their first car, while 41 percent of this same group reported having bought their teenagers' first car for them.

Things have changed a lot in the last generation. Access to credit is generally easier - the mortgage crisis notwithstanding. And low interest rates tend to make car payments and other debts more affordable for those over age 18 - but not for teenagers who cannot unilaterally enter into a car loan agreement.

The decision to purchase a car for a teenager is one that every couple that is raising kids will one day have to consider. There is no one solution that is best for every family.

Regardless of the path your family chooses, children should have a financial goal. Saving for something as substantial as their first car helps children learn the value of deferring consumption and planning ahead. If you do decide to purchase a car for your teenager, try not to short-circuit that important life lesson.

One idea: Offer to match your child's saving - 401(k) style - towards a worthwhile goal, based on your family's budget. If you can't match dollar-for-dollar, try to match something, to give your child an incentive to save.

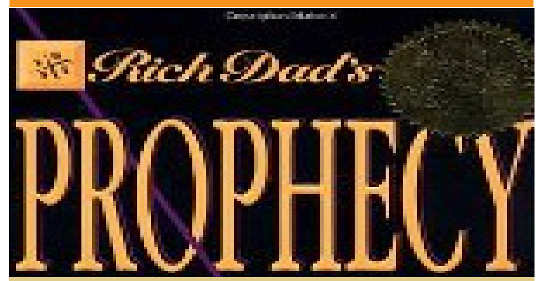
You can also loan the money to your child - and keep "repossession rights" on the car. The child must make regular payments to you as a means for keeping the use of the car - plus insurance. However, you can arrange to forgive parts of the loan based upon the successful completion of certain benchmarks. For example, you could forgive a certain amount of the loan or waive payments, for making the honor roll in high school, successful graduation, landing a scholarship, or the successful enrollment and completion of the first year or two of college.LGritts128

Book Review

Rich Dad's Prophecy:

Why the Biggest Stock Market Crash in History Is Still Coming…
And How You Can Prepare Yourself and Profit from It!

By Robert T. Kiyosaki



I think we're all kind of nervous about what's next for the US economy. Kiyosaki's newest book does nothing to calm you down, but it does tell you that you can win in an up and down market if you know what to do. However, little real advice is offered.

A stock market crash in 2016? It's certainly possible. The author prophesies that it's going to happen and goes as far as to explain why.

Essentially, this book tells you not to leave your money in mutual funds, and suggests that the buy, hold and diversify strategy may not be all you think it's cracked up to be. There's a huge push to buy real estate, specifically, income producing real estate.

Much of the book was repetitive, but if you're interested in reading about what may-or may not-happen in the near future, and get some tips on personal finance and investing, this book gives you something to think about.

SMART THOUGHTS: "It's good to have money and the things that money can buy, but it's good, too, to check up once in a while and make sure that you haven't lost the things that money can't buy."

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