

Press-Telegram

Financial know-how not far with the help of local program

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LONG BEACH - Walking door-to-door on a hot July afternoon to drop off leaflets at a Long Beach housing project is a decidedly non-high tech way of getting across his message of how to achieve financial freedom.

But for Jerome Washington and several volunteers with the two-year-old nonprofit consumer program, "Help Me Help You," the Carmelitos Housing Community is where much of their target audience lives.

And low-tech leaflets, not mass e-mails or postings on the Internet, are how Washington will reach those people to tell them how to break the cycle of living paycheck to paycheck.

To begin with, most of these residents don't own a computer - even an adult/youth community center at the Carmelitos projects, designed to be a tech center for youth and their parents, has only one aging machine.

That lone computer doesn't work most of the time, and when it does it has no Internet connection.

The consumers that program founder and CEO Jerome Washington and assistant director Zina Washington, no relation, are trying to reach are mostly preoccupied with how they'll make their next round of bills, or feed their children, or pay for transportation.

They aren't any different than many other Americans who live paycheck to paycheck, scrambling to get the financial freedom to make ends meet this week, and worrying about next week when it comes.

That's the trap Washington and his organization are trying to free local low-income and minority residents from with a variety of educational workshops and programs, including a scheduled

"Financial Freedom Expo" educational seminar later this month - the topic of the fliers he's spreading around this day.

According to a Center for Financial Services Innovation survey last year, as many as 22 million American households do not have a checking or savings account.



Zina Washington, of nonprofit organization Help Me Help You, hands a flier to Adrinna Edwards, a resident of the community of Carmelitos in Long Beach. (Diandra Jay / Press-Telegram)

Most of these families have annual incomes below \$25,000, often living paycheck to paycheck, using mostly cash transactions to make purchases, pay the rent, and live.

They wouldn't know how to balance a checkbook if they had one, or to budget their money, the survey showed. They have virtually no idea about saving for the future, investing or how to build wealth or a liveable income for their future, according to the study.

The 'underbanked'

However, more and more banks, credit unions and financial institutions are becoming aware of these "underbanked" Americans and are starting outreach programs to teach them how to become financially literate.

There's a business angle, of course, because making people financially literate can also mean creation of a whole new customer base.

But some banks, like Wells Fargo in Southern California, are linking with nonprofit groups like Help Me Help You to do some of their outreach

as well, providing grants, financial and technical assistance and knowledgeable bankers to work with the consumer-oriented organizations.

Jerome Washington, who has headed Help Me Help You since its inception, said becoming financially literate is as simple as learning how to set up a budget, becoming aware of basic ways of saving money, and learning to build solid credit - things a lot of consumers take for granted and believe everyone knows.

Staying focused

Tammy Cormell, a 38-year-old single mother of five, thought she knew the basics of finance.

But after becoming unemployed and needing help to keep her family going, the Help Me Help You program taught her how to set priorities.

It was a skill that's now been a financial life saver, she said.

"It's just basically staying focused and keeping abreast of everything," Cormell said. "Being a single parent, you pretty much know you just can't be throwing your money around. But it was prioritizing what you could spend and for what that you have to learn how to do."

Cormell took some additional classes in Excel, Microsoft Powerpoint and resume building that helped her land a job as an administrative assistant. She believes she's back on track.

Upcoming workshop

Cormell is an example of what Help Me Help You is trying to accomplish with its ongoing financial literacy courses and workshops, Washington said.

On July 29 at the World Trade Center in downtown Long Beach, Washington's group is sponsoring its second annual "Financial Freedom Expo," with a day-long focus on banking basics, building additional income, basic information on investments in stocks and retirement packages and how to stop living from paycheck to paycheck.

Besides the financial workshops and computer skills training, Help Me Help You also sponsors food distribution for the homeless, and coordinates volunteers to help the homeless and low-income families.

Ann Lander, a certified financial planner in Signal Hill, said financial workshops are critical to help people build a better understanding of money and how to control it.

For many, living paycheck to paycheck can sometimes be solved by a simple change in lifestyle or awareness.

But for others, especially those mired in low-income jobs, or who are earning minimum wages, the focus is on just being able to make ends meet. Sociological changes there will have to come at a basic level, through education in public schools or by private groups, Lander said.

"The idea is to get people to go to them (workshops) before they get into financial trouble," she said.

Tracking pennies

But for many people, sometimes financial freedom is as close as simply taking one month to track every penny that they spend.

It's a skill set Lander teaches for the Long Beach Parks, Recreation and Marine Department on financial strategies for women.

"A lot of times people are surprised at how many things are slipping through their fingers," Lander said.

Whether it's buying a soft drink at a vending machine when you could be drinking a soda from a 12-pack purchased cheaply at Costco, or getting a manicure every five weeks instead of every four, the pennies and dollars add up.

The money saved from slight lifestyle changes can be redirected into a retirement plan, or savings. An even better practice, she said, is to skim money off the top of your budget before you figure out expenses and put that into the savings plan.

Too often people don't alter their financial ways until they are forced to take a hard look at their retirement years, and by then they may be far behind.

"It might be turning 40, it might be turning 50, or getting a statement from Social Security and taking a hard look at what they've got so far," Lander said.

Senior options

Timothy Tyson, who specializes in financial advice for senior citizens at Wells Fargo, said financial illiteracy and living paycheck to paycheck impacts all age groups.

For seniors, it's living on fixed incomes and not realizing there are low-risk financial alternatives, like reverse mortgages, they can use to get on a firmer economic ground for the rest of their life.

More than 80 percent of seniors own their own home, with 74 percent owning it free and clear, Tyson said. That qualifies them for the reverse mortgages, one of which is issued by the Department of Housing and Urban Development.

Reverse mortgages are a special type of home loan that lets a homeowner convert the equity in his or her home into cash. That money gives a senior citizen a chance to supplement Social Security, meet unexpected medical expenses, and finance home improvements.

"The problem in society is that we don't teach about finances," Washington said. "To really get you out there in life, you have to think 10 years ahead, 15 years ahead."

"You usually learn from your parents and that's why so many low-income families seem to stay in that same rut. They don't know about stocks, reverse mortgages, putting money away on a rainy day. Their parents didn't either," Washington said.

"There are socio-economic factors, but one of the keys, too, is that we don't teach the basics in the schools," Tyson said. "Where are people learning these types of basic needs and finances?"

Tyson and Wells Fargo are working closely with Help Me Help You to provide the financial counseling for clients.

Carmelitos help

Meanwhile, at the Carmelitos Housing Community, Washington is working with resident coordinator Ernest Johnson to set up the technology center that would provide free computers and Internet access to project residents and their children.

The goal is to get 12 to 15 computers donated by the private sector. But for now, it remains empty save for some donated furniture and the one lone non-working computer.

Six computers have been promised by private donors but Washington and Johnson are soliciting for more corporate donors. Besides giving children an educational tool, the computers would be used to help teach financial skills to their parents as well, Washington said. "Back in the day, if you didn't know how to read you were almost illiterate," Washington said. "Now, if you're not able to use a computer or have access to one, you're not illiterate, but you're going to be way far behind."

In the end, though, it will take serious mentoring to make a difference, Tyson said. Just providing the hardware won't be enough.



Candy Rodriguez, 11, a resident of Carmelitos in Long Beach, sits in the community center's computer lab where you will find a single Gateway computer with no internet access. Help Me Help You, a non-profit corporation wants to help the center by obtaining 12-15 computers with internet access. (Diandra Jay / Press-Telegram)

"To me, it's similar going back to the old school days when all we had were the bound volumes of the encyclopedia Britannica," Tyson said.

"Who wanted to just scroll through those looking for information?" Tyson said.

"Even though it's available and at your fingers with a computer, if you don't know what you're looking for, the masses will look at it purely for entertainment, be it pornography or video games."

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Track your finances for a month, logging where every penny you spend goes. You'll be surprised where you can cutback and save.

Set an amount you want to save, or put money into a retirement/savings account, and have it automatically deducted from your paycheck. Make the money as inaccessible as possible.

Don't spend every dollar you earn. First, consistently set aside an amount from your earnings as your savings and then budget your living expenses from whatever remains.

Write down your financial goals. And don't look at a goal, such as saving \$1,000 a year, as a lump sum. Break it down. It's really setting aside only about \$20 a week. Or \$3 a day.

Sources: Ann Lander, certified financial planner; Help Me Help You, nonprofit consumer agency

Where To Get Help

Financial Freedom Expo

July 29, 10 a.m. to 3 p.m.

One World Trade Center, Suite 800

A free financial literacy and small business development conference for students, minorities, small business owners and low-income residents to learn about basic financial goals and ways to stop living paycheck to paycheck.

For information, (562) 983-8086 or www.helpmehelpu.org

Reverse Mortgages

For info on reverse mortgages visit:

<http://www.hud.gov/offices/hsg/sfh/hecm/rmtoption.cfm>