



Consumer Tips from Your Community Banker (July 2013)

Reconsidered: Financial Advice from the Experts

When University of Wisconsin-Madison college students learn about personal finance, they often hear about two key points: the careful use of credit and the holistic nature of personal finance. If you buy a new car instead of a used car, you may need to scale back the size of the apartment you can rent. This sounds obvious, but even students preparing for a career as a certified financial planner can struggle with college debt, credit card debt, and other issues.

No one is immune from financial challenges and how we deal with them is, in a way, how we deal with life. Financial challenges are among the big questions of our lives—where to live, what kind of work to do, what type of education to pursue?

Popular financial pundits urge us to give up small luxuries, yet forgoing restaurant meals is not always enough to solve the biggest financial issues. Being frugal may help us afford a vacation, but may not be sufficient to pay for uncovered health expenses or costs related to a period of unemployment.

Truth is, there's an element of luck in every successful financial plan. "Health issues, unemployment and plain bad luck can happen to anyone," said Helaine Olen, author of *Pound Foolish: Exposing the Dark Side of the Personal Finance Industry*, speaking at the UW Extension Pathways 2013 Conference in June. "Planning can't save you from bad luck."

Olen pointed out that a generation ago, people did not have credit cards, and costs for homes, health insurance, and education were much lower. Today, when people get into financial difficulties, "there's sometimes an attitude of condescension that needs to change—the idea that if you just brown-bagged your lunch and skipped the lattes, you wouldn't have financial problems."

After the Great Depression, people had the idea that "we are all in this together," Olen observed. But since the 1980s, the attitude has become "we're on our own."

To combat the realities of the current financial environment, Olen advocated for low-cost financial coaching and a ban on payday lending. She also advised, "Speak out and be honest ... Let's start an honest conversation and from that all things are possible."

That sounds good, you may be thinking, but what can individual consumers do to improve their financial well-being?

"Saving is [still] a good idea," Olen told a UW-Madison campus reporter "but, in the end, it is simply an adjunct, allowing us to hopefully improve our financial position." As she researched her book, Olen said, "I began to think about using my money in ways that make my family and me happy ... I don't spend any less but I am happier with what I get for my money."

Olen's book, [*Pound Foolish: Exposing the Dark Side of the Personal Finance Industry*](#), is available in bookstores and online.