

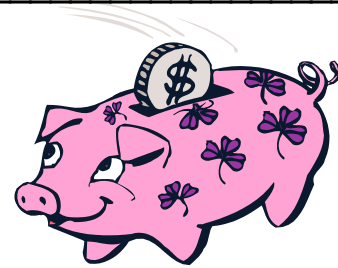


# Family Ties

Family and Consumer Science

University of Tennessee Extension

## How to Explain Economic Recession to Your Kids



### Step One

Most adults have a pretty good idea about what an economic recession is, but when children constantly hear the term on the news and hear the subject being discussed by the adults around them, they'll be curious about what's going on. Here are a few things you can do to discuss economic recession with kids.

### Step Two

Choose age appropriate explanations. A first grader is not going to need as detailed an explanation as a fifth grader. Make sure that the vocabulary you use is the right level for the child. Also, just plan on spending about one minute per grade level on your explanation, for example, three minutes for a third grader.

### Step Three

Explain that people in this country must buy and sell things. Sometimes families do that (such as at the grocery store or an ice cream stand) and sometimes companies do that (such as a car dealership or factory). The way this all works together is called "economics" and the "economy" is the word that adults use to keep track of all that activity.

### Step Four

Tell the child that sometimes the economy moves very fast. People and companies buy and sell things quickly and banks and the government help make that happen. Sometimes the economy moves very slowly, and it can be a little harder to buy and sell

things. Explain that this kind of activity goes round and round, like a wheel. There are economic cycles that exist.

### Step Five

Help the child understand that when the economy is moving slowly, this part of the cycle is called a "recession." That's an adult word for "holding back or pulling back." In an economic recession, people and companies and banks and the government often hold back their spending money. It just means that things are moving slowly.

### Step Six

Let them know that an economic recession is part of a cycle--it's happened before and will happen again. Explain to them that they will probably see or hear some adults who seem worried about an economic recession. It's because it changes how some businesses work.

### Step Seven

Reassure the child that there is nothing for them to worry about. Many children, after hearing this explanation, will be fine. There may be a few who will worry because the adults around them are expressing worry. Take what steps you need to in order to minimize stress for the child about the topic.

Prepared by:

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# The Silver Lining in a Declining Economy

Every day we hear troubling information about our economy. People are losing jobs, retirement and investment accounts are losing money, housing values are declining, and many every-day costs like food, fuel, and medical expenses are rising. Amid all of this doom and gloom, there may be a silver lining.

The troubled economy offers an opportunity for families to pull together. Parents should take the opportunity to make children a part of the team for helping the family weather this storm. Though children don't need to know the details of the family budget, they do need to know that the family will be making some changes in spending habits. Children will actually welcome the chance to be a part of helping the family to keep within their budget. If your children are of school age or older, have a family meeting and let your them offer suggestions for ways the family can cut back on expenses and stay within their means. You might explore savings in the following categories: food, clothing, energy use, recreation and entertainment, transportation, etc. When children help to identify solutions, they are more likely to follow the suggestions without complaining.



Use this as an opportunity to teach your children about how our economy works. If you give them an allowance, suggest that they save some of their money for things they want in the future, to give some of their money to help others, and to spend some of their money on things they want or need now. Let them decorate jars for each of their money categories and give them their allowance in smaller units so that they can easily divide it between the jars (i.e., five one-dollar bills instead of a five-dollar bill). If your children spend all of their money on a poor purchase and ask you for money later to buy something else, don't give in. Instead, suggest that they begin to save their money to get the desired object in the future. If it is an activity such as going to a movie or the zoo, allow the child to miss out on the activity so that they will think twice before spending all of their money at one time or on poor choices. Remind them that adults must make choices about how they spend their money as well, and that they often have to wait to get the things they want or need until they have saved enough money to pay for it.

Finally, think of some ways your family can have fun together without spending lots of money. Take turns planning and preparing family meals. Have family board-game night. Raise a vegetable garden this summer. Go to local parks or playgrounds that don't charge admission. Check out videos or DVDs from the library rather than renting or buying them. Take advantage of free summer programs offered by the library or parks and recreation or other local agencies. Go outside and play ball. Have a picnic in the back yard. All of these things can be done for little or no cost and will provide the family with lots of opportunities for fun.

It is quite possible that the weak economy will result in stronger families if we work together. See how your family can work together during these tough times.

By: Denise J. Brandon, PhD  
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## Creative Tips to Reduce Family Food Costs

If you are feeling the pinch of rising grocery prices you are not alone. According to the Farm Bureau in an article from *The Voice of Agriculture* the price of retail food items decreased slightly in the fourth quarter of 2008 from what they were in the third quarter; however, they acknowledge that the prices were still 7 percent higher than they were in the first quarter of 2008. The article goes on to say that “despite the recent collapse in oil prices and steep declines in farm commodity prices, food prices have not yet declined significantly and may not for quite some time.” For many families struggling to pay their mortgages, utilities, and other monthly bills this is one area that they can control how much is spent.

Here are some tips that will help your family save on the monthly grocery bill.

- It is sometimes hard to judge how much is enough and how much is too much to spend on a monthly grocery bill. According to the USDA’s Center for Nutrition Policy and Promotion, the current figure, based on November 2008 data, spending for a family of four on groceries a week using the Thrifty Plan is \$121.40 that is \$525.80 a month. This should give you a starting point on where to set your budget. For more information go to . . . [www.cnpp.usda.gov/Publications/FoodPlans/Misc](http://www.cnpp.usda.gov/Publications/FoodPlans/Misc).
- When you budget your food bill each month remember to include eating out. By eliminating or reducing the amount of eating out or take out that your family consumes each week you will significantly save on your overall budget. Remember that rising food costs affect everyone and restaurants also have to pass on these higher costs in the form of raising prices. By taking your lunch instead of paying \$7.00 a day at a restaurant you will save \$140 a month!
- Reduce your use of prepackaged convenience food as you are paying a higher price for the packaging and the convenience. You can save a great deal by making it yourself.
- Prepare your own mixes and keep them on hand to increase the speed of meal preparation. You will save on buying them pre-mixed and it does not require much time or effort.
- For those of us who are too busy to get in the kitchen for long amounts of time dust off those slow cookers! You can start your meal prior to going to work and when you come home it is ready to eat and your house will smell warm and inviting too! There are great recipes for slow cookers available on line and at your local extension offices. One quick tip is to spray your crock with vegetable oil spray to keep meals from sticking and make clean up a snap!
- Remember to plan ahead! Spend some time (think of it as a savings investment) looking at sales ads, clipping coupons, and taking inventory of what you need. Make a menu so that you know what you really need to have on hand. If you don’t like holding up the line trying to find the coupons you have used try this tip. As you shop take the coupons out of an envelope as you use them and place them in your pocket or another envelope. That way at the end of your shopping you will have all the used coupons separated from those you did not use and will not have to go through them all at the register.
- Go meatless one or two nights a week. Meat prices are often the highest per unit item in the grocery store depending on the type and cut. Instead try beans and rice, soups or vegetable chowders, vegetable stir fry, or pastas with sautéed vegetables and sauce.
- For an inexpensive protein source try eggs. Egg dishes are great for dinner. You can go online to the American Egg Board for more information and recipes at [www.IncredibleEgg.org](http://www.IncredibleEgg.org).

(Continued)

- Learn to reuse those leftovers! Recycle your leftovers into other dishes. This is a cost effective way to save food, time, and money!
- If you find you don't have a lot of time to cook make two of every entrée and freeze one for another day. Remember to write the date of preparation on the container that will be frozen so that you know how long it has been in the freezer.

Remember small changes add up to big savings. Start with setting your budget based on what you can afford and then try one tip at a time until you find the ones that best suit you and your families needs and preferences. You can contact your local UT Extension Family and Consumer Sciences Agent for more information.

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A basic homemade baking mix to have on hand for the sheer convenience of saving you time in the kitchen. It has many uses, including being the base for making biscuits, pancakes, waffles, dumplings and recipes calling for biscuit or baking mix.

### **Basic All-Purpose Baking Mix**

- 6 cups all purpose flour
- 3 tablespoons baking powder
- 1 tablespoon salt
- 1 1/4 cup vegetable shortening (butter-flavored *or* plain)

1. Combine flour, baking powder, and salt in a large bowl.
2. Cut in shortening with pastry blender until mixture resembles coarse corn meal. Store in a container with tight-fitting lid. Will keep for up to 2 months.

Makes about 2 quarts.

For Biscuits: Stir together 2 1/4 cups baking mix with 2/3 cup milk. Knead 10 times on lightly floured surface, roll out and cut into biscuits or skip the kneading and simply drop dough onto an ungreased baking sheet . Bake at 425° F for 10 to 12 minutes or until lightly browned. Makes about 10 biscuits.

For Pancakes: Stir together 2 cups baking mix, 1 cup milk and 2 eggs until blended. Do not over-mix. Ladle 1/4 cupfuls onto hot greased griddle or skillet and cook until edges are dry and top is bubbly, turn over and cook until golden brown. Makes about 14 pancakes.

For Waffles: Stir together 2 cups baking mix, 1 1/3 cups milk, 1 egg and 2 tablespoons vegetable oil until blended. Pour batter into center of hot greased waffle iron and cook for 5 minutes or until steaming stops. Makes about 12 (4-inch) waffles.

For Dumplings: Stir together 2 cups baking mix and 2/3 cup milk just until soft dough forms. Drop by spoonfuls into boiling liquid, cover and cook for 10 minutes without lifting the lid. Makes about 10 dumplings.

**Tip:** For Buttermilk Baking Mix, add 9 tablespoons dry buttermilk powder to the basic mix.

Prepared by:  
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# Texting on the Move

Texting while walking can be dangerous. Lex bumped into someone at the mall. Curtis slammed into a parking meter. Ryan tripped over a bag at the airport. You've probably seen it, and maybe you've even laughed: People can end up in some pretty goofy situations when they text and walk at the same time. Believe it or not, people can also get hurt.

The American College of Emergency Physicians is warning people about texting on the move. Reports of texting-related injuries are on the rise, and they don't just happen while driving. ER doctors who treat people like Curtis (he cracked his ribs in his encounter with the parking meter) say that we need to be more cautious about when and where we text.

**What's the Big Deal?** The problem is multitasking. No matter how young and agile we are, the human brain just isn't capable of doing several things at once and giving full attention to all of them. So you can get into some major danger if you try to text in situations that require your full focus.

When you text you're thinking about what to say, concentrating on what your thumbs are doing, and reading constantly incoming messages rather than paying attention to what you're doing or where you're going. And that significantly ups your risk of getting hurt or injuring others. It doesn't matter if you can text without looking at the keypad. Even if texting feels like second nature, your brain is still trying to do two things at once – and one of them is bound to get less attention.

Texting also prevents you from paying close attention to what's going on around you, something that's especially important in situations where you need to have your guard up, like walking home after dark. Your reaction time is also likely to be much slower if your texting. If you're about to run into someone or something else, you may not have time to act before it's too late.

**When Texting Turns Tragic:** Texting while walking can even be fatal. One woman in San Francisco was killed when she walked right into the path of a pickup truck. That's rare, of course. But texting is more likely to contribute to car crashes. In 2007, a group of friends who had just graduated from high school were killed in New York when their SUV crashed head-on into a tractor-trailer. The driver's phone records showed constant phone and text activity in the seconds and minutes before the crash.

When people text while behind the wheel, they're focusing their attention – and often their eyes – on something other than the road. In fact, driving while texting (DWT) can be more dangerous than driving under the influence of alcohol or drugs. Texting from behind the wheel is against the law in states like Minnesota, Washington, New Jersey, and Louisiana. Many more states are trying to put DWT regulations into action. Even in states without specific laws, if you swerve all over the place, cut off cars, or bring on a collision because of texting, you could still be charged with reckless driving. That may mean a ticket, a lost license, or even jail time if you cause a fatal crash.

Remember . . . text only when you're not putting yourself or others in harm's way.

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# Teens and the Economic Downturn



Teens may seem to be involved in their own small worlds, but they are not oblivious to what's going on in the financial world. Even if they seem disaffected, there's a good chance your kids are every bit as worried as you are. But this situation opens the opportunity for family talks on the topic of money, capitalism, material possessions, and basic everyday safety and security.

Money analysts explain that everything goes in cycles, but it's hard for teens not to focus on the immediate effects of a loss of income and tightened belts. Kids want to know, "are we okay?" And if we're not, when and how will we get there? They may have noticed school or community cut-backs or heard about friends whose parents are unemployed or who have lost their homes. You can seize this opportunity to show your kids that they actually can live on less; that money isn't everything; and that bad times will eventually give way to better times.

You should not to be shy when you approach the subject of money with your kids. From early ages, and certainly during adolescence, it's vital to teach money skills such as learning to save and budget, to balance a checkbook, or use a credit card wisely.

## Here are a few good tips for hard times:

1. **Be completely honest about your family's financial situation.** This is especially true if one or both parents are directly affected by the current Wall Street downturn. Reassure your teens that you will figure out ways to weather this storm.
2. **Lay out new budgets for everyone in the family.** This may include driving less to save on gas; eating out or going to movies less frequently; reducing clothing purchases and postponing or downsizing vacations. Prioritize what is needed most and explain your decisions.
3. **A part-time job will make your teen feel like a contributing factor to the family's well being.** If he or she isn't earning right now, you might want to brainstorm about starting a dog-walking or lawn-mowing service, or perhaps an online business. Allow your teenagers to contribute a percentage to the household budget and keep a portion for their own use.
4. **Plan inexpensive family activities like picnics or special game nights** at regular intervals to keep everyone motivated. The main goal is to keep teenagers knowledgeable as to the effects of the economic downturn without imposing guilt or blame.

Prepared by:  
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# WHO GETS PAID FIRST WHEN YOU CAN'T PAY EVERYONE?



A money crisis can happen to anyone as a result of a layoff, illness, death of a family member, divorce or overspending, but in this economic crisis, it's happening to more people. If you're in crisis, you may postpone making hard financial decisions until creditor begin calling. It's easy to feel overwhelmed when a number of creditors are making demands or threats. Setting clear priorities about who gets paid first can help you overcome debt paralysis and deal with your finances in a more productive and positive way. If you're facing a financial crisis, take these steps:

**Step 1. Stop all unnecessary spending.** If you have pre-authorized monthly direct payments or money transfers, assess which you must continue and discontinue those that aren't necessities.

**Step 2. Make a new spending plan** based on your new financial realities. Use "Saving-Spending Plan Worksheet and Instructions" (Publications SP613-A and SP613-B) to determine your available household income and essential spending.

**Step 3. Determine priorities for the money you have available.** If you can't pay everything, use the following guidelines to establish priorities:

## **Level 1 Priorities – Household essentials.**

**Food.** Food expenses can be reduced by smart shopping and eliminating meals out.

**Medical essentials.** Medication necessary to control any health issues is a top priority. Maintaining health insurance may be particularly important if you or someone in your household has a chronic health problem.

**Housing and utilities.** If you are a renter, you'll need to stay current with your rent. If you are a homeowner, in addition to making mortgage payments, you'll need to stay current on any home equity loans you have. Condo membership fees and mobile home lot fees are necessary if they apply. Consider homeowners insurance a priority as well if it's not included in your mortgage payment. Basic utilities are a top priority, but discontinue non-essentials such as cable TV, Internet service and extra phone service. Reduce home energy use to lower costs.

**Transportation.** Basic transportation costs include payments and insurance on any vehicles necessary to get to work or conduct essential household business. Sell all non-essential vehicles. Eliminate unnecessary use of fuel.

**Level 2 Priorities – Legal Obligations.** These include child support, student loans, taxes or legal judgments.

**Level 3 Priorities – Consumer debt.** These include installment loans for consumer purchases, credit charge cards and bills for medical or personal services already performed.

**Step 4. Communicate with creditors.** After you've determined your payment priorities, contact your creditors to let them know of your situation. If you can't pay their debt as agreed, propose an alternative. Ask to skip payments and have them added to the end of your payment schedule or reduce payment amounts. If you simply can't make some payments, give priority to the Level 1 and Level 2 obligations until you're back on your feet financially.

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# Communicating with Creditors



Tough economic times can bring hardship to many families. With layoffs and state budget cuts coupled with increased costs for food, gas and other goods and services, many families may need to look for help with managing money during the crisis.

Due to these current economic conditions, many people may find themselves having difficulty keeping up with their bills and credit obligations. Some people find it hard to face a financial crisis and may postpone making hard financial decisions until creditors begin calling. It is easy to feel overwhelmed when a number of creditors are making demands or threats. Don't ignore your problem and don't panic. Facing this fact head-on and not ignoring the issue will prove to be the better strategy.

## **Don't Wait and Stay Calm**

If you find yourself in this situation, it is important to contact your creditors as soon as you know you will have a problem making payments and after you have determined your payment priorities. Try not to get emotional, whether it is anger or panic, but keep your cool. A clear head will allow you to make better decisions.

## **Be Honest**

Tell the creditor your situation, and if you cannot make payments as you originally agreed, explain why.

## **Be Conservative**

It may be tempting to offer more than you realistically can afford to pay, and the creditor may suggest higher payments in a timeframe you probably cannot meet. Don't yield to that temptation. Keep your repayment plan conservative and one you can actually stick with.

## **Negotiate**

Offer your repayment plan first, one that you have carefully thought about, taking into consideration all of your debts and living expenses. Ask them to skip payments and have them added to the end of your payment schedule or reduce payment amounts. Some creditors will even wave late fees or interest if you qualify. You may want to ask for a hardship plan, one with reduced or no payments for a specific period of time. Most creditors want to work with you and may even propose options you did not consider.

Contact your creditors in writing, following up any telephone communication in writing as well. There are also several advantages to making contact in writing.

- A letter can show that you are making good-faith efforts to pay off the debt.
- Written notice is required for legal protection under the Fair Debt Collections Practices Act. The act allows you to request that creditors not contact you further regarding an account.
- Communicating by letter helps you avoid feeling threatened by a collector's verbal threats. Once collectors start contacting you by phone, you may feel on the defensive and reluctant to answer the phone.
- Writing gives you time to think more carefully before making promises to pay and helps you avoid agreeing to a repayment plan that is not feasible for your situation.
- When terms of agreement are in writing, there is less chance of misunderstanding.

Once new terms are agreed upon, be sure to adhere to them. If you find you cannot make payments as agreed, contact the creditor again before you default.

If you do make contact by phone to discuss repayment, ask for the name and address of the person representing the creditor and follow up with a letter outlining the repayment plan that has been agreed upon.

Although e-mail is convenient and does record discussion, it does not substitute for postal mail when you are claiming your rights under Federal Fair Debt Collection laws.

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# THE ART OF ENCOURAGEMENT

Encouraging children is an art. It takes keen observation, thoughtfulness, and careful choice of words to encourage your children effectively. Some of the things we may think are helpful can actually discourage children. Here are some characteristics of encouraging and discouraging words:

## Encouraging Statements...

- Focus on what was learned or improvements made. Examples: “You are learning how to hold the crayon and put the color where you want it.”
- Help the child to feel good about himself or herself. Examples: “I’m proud to be your parent” or “You’re able to do so many things to help me at home.”
- Focus on the child’s abilities. Examples: “You’re a good singer” or “I like the way you behave.”
- Stress working hard toward a goal or working well with others. Example: “You are a faithful member of your team; you really put your best effort into that game.”
- Show love for the child. Example: “I don’t like what you did, but I will always love you.”

## Discouraging Statements...

- Focus on what was done wrong. Example: “Look where you got outside the lines; you need to work on that some more.”
- Make the child feel bad about himself or herself. Examples: “I see you made two Cs on your report card; you aren’t doing your best” or “You really blew it this time.”
- Focus on the child’s failures. Examples: “You wouldn’t remember your head if it were not attached” or “Singing just isn’t your talent.”
- Compare children to others. Examples: “You’ll never be able to play soccer like Lisa” or “Look how well your brother does in math; why can’t you be more like him?”
- Tie your love to what they do. Examples: “I love you when you do what I ask” or “I don’t love you when you are bad.”

Effective encouragement is specific. Instead of saying “You’re such a good boy” say “I appreciate it when you take out the trash without being reminded,” or “You did a great job making your bed this morning—all of the covers look smooth and straight.” Encouraging words focus on effort more than the end product. For example instead of saying, “I’m so proud that you made all ‘A’s”, say, “You really worked hard this grading period. You got your work done on time and studied every night. I know you are proud of how well you did.” This type of encouragement gives your child more clear directions about the type of behavior that you want to continue. Your child will respond best to encouragement rather than criticism, so practice encouragement to build up your child.

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