

# The Communicator

## February 2009

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## Greetings

After a few weeks of bitterly cold weather, we are looking forward to those few days, right around now, when we are fooled into thinking Spring is right around the corner. Warm winds blow, snow melts, and the unwary remove their snow tires. But, then Punxsutawney Phil sees his shadow, and it is another 6 weeks of winter. On the upside, Valentine's Day is coming up and we are all aware of the nutritive value of dark chocolate.

## Home Economics in the Twentieth Century

As you might recall, I started musing on the origins, history, and relevance of Home Economics. It was interesting to note that the new publication of the new University of Minnesota College of Design, titled *Emerging*, is profiling professional and honor societies of its component programs. This issue, there was an engaging description of Phi Upsilon Omicron, the honor society of Family and Consumer Sciences.

When the Alpha chapter of Phi U was first organized at the University of Minnesota in 1909, Home Economics on the St. Paul campus was less than 10 years old. "The discipline itself had become of national interest and importance beginning in the late 19<sup>th</sup> century when a group of savvy women recognized that managing a home in the modern world required science, art, and economic study." \*However, the fact that Home Ec was housed in the College of Agriculture, on the so-called Farm Campus, meant the Home Ec students were often stereotyped as "cow belles"—primarily farm women. (Never mind that the University of Minnesota Campuses are right in the middle of two urban centers—Minneapolis and St. Paul.)

Phi Upsilon Omicron was created, in part, to counter these stereotypes. At one of the first meetings, the group made a list of subjects worthy of study, including "psychological questions dealing with the modern attitude of women, heredity, statistics, effect of women becoming wage earners, comparison of women today and a quarter of a century ago,



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evolution of women." \*This is curious when 50 years later, Home Economics did not engage in the Women's Movement.

Throughout the first half of the twentieth century, Home Economics fulfilled the Land Grant Mission, bringing research-based information to the classroom as well as to the farm and to the home. In that capacity, Home Economics fulfilled its own mission to increase the quality of life for families and individuals, especially in rapidly changing times. Research-based best practice in home canning and food preservation made safer and more nutritious food available to all Americans. As new appliances and equipment were developed for the home, from gas furnaces to vacuum cleaners, professional Home Economists taught their safe and effective use. Hygiene and home cleanliness reduced the risk of disease. Americans learned how the body works, how our bodies grow and use food, and what is typical development in children.

During the Depression, nutritionists at Cornell University developed a high-protein bread using soy flour to improve nutrition at low cost. Extension Agents developed programming on how to stretch the family dollar for food, housing, and apparel. During World War II, the field of dietetics gained prominence, both in quantity foods ("an army marches on its belly") and in handling the special needs of the wounded. Home nursing was added to the curriculum. And Extension taught individuals

and apparel manufacturers how to design apparel within the L-85 Regulations which restricted the quantity of cloth that could be used in clothing.

Previous decades of research in the Home Economics program areas of food and nutrition, child development, family economics, apparel and textiles, and housing fed the post-war boom in prosperity. As is typical human behavior after a war, home and family became a focus. Home-making was a valued activity for American women, especially when there was money to make the kinds of homes and meals that nurtured healthy children and families.

At least if you were white. In my next posting, I'd like to consider the role Home Economics might have played in American social history if it had stayed true to its mission.

Source: \*Brady, T. (2009, Fall) 100 Years of Phi U. *Emerging*, 3, 10-11.

## Not Against the Grain

Elementary school students will eat more whole grains when healthier bread products are gradually introduced into their school lunches, according to a study by researchers in the University of Minnesota Department of Food Science and Nutrition. The study monitored how much bread students threw away at two Minnesota elementary schools during the course of a year, and whether that amount increased as the percentage of whole-grain flour in the bread was gradually increased. Both red and white whole-grain flour were added incrementally to products, but students showed no strong preference for either type of flour. Students did not throw away more bread products until the percentage of whole-grain flour in the bread and rolls reached 70 percent. The research is important because it shows that a gradual approach to improving children's overall diets can be successful both for parents and school food-service workers.

Source: University of Minnesota Alumni Association, January-February 2009.

Keywords: nutrition, foods.



## Speaking of Spanish

A study in the University of Minnesota Medical School that examined middle school-age youths' social networks found that speaking Spanish is not significantly associated with substance abuse among Latino youth, a finding at odds with previous studies conducted nationally. After considering multiple risk and protective factors in their research model, including social networks, age, gender, and parental monitoring, researchers found that Spanish language use was neither protective nor a risk factor. Rather, it was simply an indicator of who youth were interacting with and how they preferred to interact. Social network members, defined as the people with whom the youth had the most highly valued relationships, were found to be strongly influential. The strongest predictor of substance use was a large percentage of high school-aged social network members, whereas networks that consisted of a larger number of extended family members and other adults were found to be very protective. The highest protective factor was the youths' perception that their parents were involved in their lives.

Source: University of Minnesota Alumni Association, January-February 2009.

Keyword: Spanish.

## The Case Against Giving Raw Milk to Children

An article recently published by the American Academy of Pediatrics in their newsmagazine provides a concise review of why children should receive only pasteurized milk products. The 1.5-page article is available online (see URL below). The American Academy of Pediatrics officially endorses pasteurization of all milk and milk products.

Some key points from the article include:

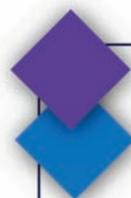
- Raw milk is a well-documented vehicle for transmission of the pathogens *Campylobacter*, *Salmonella*, *E. coli* O157:H7, *Listeria monocytogenes*, *Mycobacterium bovis*, *Coxiella burnetii*, and *Brucella* species. Some of the organisms are shed in the milk itself, while others may be present in the cow's environment and contaminate milk during milking and handling.
- There are no documented health benefits associated with consuming unpasteurized milk or milk products.
- The State of California previously certified farms to sell raw dairy products, using increased number of inspections to reduce risk. However, the rate of *Salmonella* infections from drinking unpasteurized milk in CA is 458 cases per million people, while the risk from drinking pasteurized milk is 3 per million. (Since this data was collected, CA has tightened raw milk standards.)
- Children are more seriously affected by infections associated with raw milk consumption than are adults.

Source: Bradley, J.B., Pickering, L.K. & Jareb, J. 2008. "Advise families against giving children unpasteurized milk," *AAP News* 29(12), December 2008, <http://aapnews.aappublications.org/cgi/content/full/29/12/29>.

Keywords: dairy, food safety.

## Food Safety in Popular Cooking Shows

Cooking shows are extremely popular. The Food Network is distributed to more than 85 million households in the United States and is considered



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the giant in food programming, ranked number one out of 50 cable channels. Yet fewer Americans are learning how to cook in childhood or high school. Many people turn to television cooking shows for cooking lessons.

Television can be a good vehicle for educating viewers about food safety practices, since correct methods can be demonstrated effectively and the audience reach is very wide. However, to be effective cooking programs need to contain specific accurate information and illustrations.

In 2002 and 2003, a group of Canadian researchers observed television cooking shows and found that for each positive food handling behavior observed, 13 negative behaviors occurred (see "Celebrity Chefs and Food Safety," *The Communicator*, February 2003, pg 5). A similar study was recently conducted by researchers at Texas Tech University.

In May 2007, the researchers analyzed 49 Food Network episodes airing over a two-week period: "30 Minute Meals with Rachael Ray," "The Essence of Emeril," "Everyday Italian," "Paula's Home Cooking," and "Semi Homemade Cooking with Sandra Lee." Researchers used 17 different coded categories: six positive and 11 negative. Positive categories included hand washing, cleaning equipment, washing fruits and vegetables, adequate refrigeration, and use of a thermometer. Negative behaviors included food from unsafe sources, failure to use a thermometer, use of food from the floor, failure to

refrigerate perishables, failure to wash fruits or vegetables, inadequately washing equipment, sampling food or licking fingers, cross contamination of ready-to-eat or raw foods, and touching the face.

Their results showed the shows had 118 positive food safety measures and 460 poor food handling incidents. Among the most noticeable poor handling observations were not washing fruits, vegetables, and herbs properly and a lack of hand washing in general.

According to the researchers, "30 Minute Meals" and "Semi-Homemade Cooking with Sandra Lee" virtually tied for having the most positive behaviors at the time the programs were aired. The worst was "Paula's Home Cooking," in part for her affinity for licking her fingers more than 20 times while preparing her down-home favorites. On the other hand, Paula Deen demonstrated sampling food properly more than any of the others.

The researchers noted that they were frequently asked "who was the safest or least-safe host on the Food Network." They noted that there's not really a fair way to name one person as best or worst. For example, one show had the most positive observations, yet it also had the second-highest negatives.

Source: Irlbeck, E.G., Akers, C. & Brashears, M.M. 2009. A content analysis of food safety measures on television's Food Network." *Food Protect. Trends* 29(1):16-20.

Keywords: food preparation, food safety.

## **Country-of-Origin Labeling (COOL) Requirements Now in Effect for Increased Number of Foods**

The value of labeling food products as to their country of origin has been debated for some time, with some supporters saying it will bolster demand for U.S. products and will provide consumers with helpful information they need to make purchasing decisions. Opponents say the requirements are protectionist and do not really provide consumers with useful information on the safety of those products. Regardless of the pros and cons, country-of-origin is now law, and consumers will be seeing more products in the marketplace labeled with this information.

Country-of-origin labeling for various products was required by the 2002 and 2008 Farm Bills, but not all provisions have been implemented. Labeling of wild and farm-raised fish and shellfish has been visible in grocery stores since 2004, but labeling provisions for other commodities were either delayed or recently added by the 2008 Farm Bill.

As of September 30, 2008, the following products are now covered: beef, lamb, pork, fish, chicken, fresh and frozen fruits and vegetables, peanuts, macadamia nuts, pecans, and ginseng. For those products just added to required list (everything except wild and farm-raised fish and shellfish), USDA has indicated it will conduct education and outreach activities for six months to give retailers time to adjust to the requirements. The information about origin can be conveyed through a variety of ways, including labels, signs, placards, and stickers. Labels could indicate that a product is of U.S. origin, has multiple countries of origin, or is from one foreign country.

Exemptions to the requirements have been set by implementing regulations. For example, while consumers will see labeling at grocery stores, foodservice establishments such as restaurants, lunchrooms, cafeterias, and food stands are exempt from the requirements.

In addition, processed foods (including cooked and cured) such as corned beef, chicken tenders, and roasted peanuts will not have to carry labeling. Also exempt are "blended" products that contain two or more covered commodities. An example would be a salad mix that contains lettuce and carrots.

Consumers may see some foods that are labeled even though they are not covered by the regulations to carry a label, since voluntary country-of-origin labeling is permitted as long as it is truthful.

USDA's Agricultural Marketing Service (AMS) has set specific criteria that must be met for the various labeling options. For more information, visit the AMS website at [www.ams.usda.gov](http://www.ams.usda.gov).

Source: Reprinted: International Food Information Council Foundation, 2008, "Country-of-Origin Labeling Requirements Now in Effect for Increased Number of Foods," *Food Insight*, September/October 2008, <http://www.ific.org/foodinsight/2008/so/coolfi508.cfm>.

Keyword: labels.

## Talk to Your Baby

Research in recent years demonstrates a central role for home environments in children's readiness for kindergarten. Parents who read to their children and talk to them throughout the day have children who enter kindergarten with larger vocabularies and stronger pre-reading skills.

Family income plays a role in these patterns, with low income parents reading and talking with their children less than middle and upper income parents. In some cases the differences are quite substantial—e.g. Hart and Risley's 1995 observations of parents with their toddlers found that upper income children heard more than three times as much parent talk as poverty-level children, resulting in stronger verbal skills that persisted through fourth grade.

These findings are remarkable for the strength of the relationship between home verbal environment and later language skill and for the stability of the relationship over time. Evidence resoundingly suggests that parents should be talking to their children—from the day they are born. However, studies further show that not all parents are getting the message.

Recent research by Lynne Vernon-Feagans and colleagues (2008) explored the link between income and home verbal environment to further pinpoint the family factors relevant to family talk. Researchers worked with families in areas of high rural poverty, observing primary caregivers (generally mothers) playing with and reading to their 6-8 month old infants. Observers coded parent and child behaviors, with special attention to verbalizations during the interaction.

As has been found in many studies, low income mothers talked less with their infants than those with higher income. Maternal education was also strongly related, with high school dropouts talking the least to their infants, high school grads intermediate in verbalizations, and college graduate mothers engaging in the most verbal interaction with their children.

However, maternal parenting environment trumped both education and income as factors in mother-



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infant talk. That is, mothers more knowledgeable about child development and those who actively engaged with their infants in play talked more to their infants and spoke in more complex language forms. Once these maternal parenting behaviors were factored in, the roles of income and maternal education were greatly diminished.

These results show a strong role for parenting strategies in mother-infant language stimulation. That is, mothers who are engaged and responsive to their infants, and who are informed about child development provided the kind of verbal environment which offers strong support to children's early language development and emergent literacy.

Much research shows that children are learning language long before they begin to talk, and that those who are deprived of language in the early years are disadvantaged when they enter school. Results of the present study can guide the development of programs designed to prepare all parents to support their children's learning from the first days of life.

Source: L. Vernon-Feagans, N. Pancsofar, M. Willoughby, E. Odom, A. Quade, M. Cox, & the Family Life Key Investigators (2008). Predictors of maternal language to infants during a picture book task in the home: Family SES, child characteristics and the parenting environment. *Journal of Applied Developmental Psychology*, 29, 213-226. Discussions of related research can be found on the web, in-

cluding: Moms and Dads Talk to Kids—a discussion of B. Hart & T. Risley's studies: [www.agls.uidaho.edu/fcs/extension/news/sep03.pdf](http://www.agls.uidaho.edu/fcs/extension/news/sep03.pdf); Small Kids, Big Words: [www.edletter.org/indights/bigwords.shtml](http://www.edletter.org/indights/bigwords.shtml); The Power of Family Conversation, [www.edletter.org/insights/familyconversation.shtml](http://www.edletter.org/insights/familyconversation.shtml).

Keywords: parenting, early childhood, children at risk.

## Is Maternal Employment Good for Family Life?

Many studies show that children with working mothers fare as well as those with stay-at-home moms, and on some measures actually do better. Evidence such as this bolstered the argument for welfare reform initiated in 1997, which requires parents in need of government assistance (most often single mothers) to seek and obtain employment over the period of support. These welfare policy changes resulted in a sizeable increase in working hours for single mothers, accompanied by a dramatic decline in the number of families in government support programs.

Data collected in the Survey of Income and Program Participation allows a comparison of child and family well-being over the years of welfare reform, 1997-2004, including indicators of child development, supports for a positive future for children, and community connectedness for the family. Comparisons between working and nonworking poor families over this time period show notable changes for the two groups.

**Working Poor Families:** Between 1997 and 2004, children in working poor families improved significantly on 10 of the 15 measures in the survey. Over the seven year period, these children increased enrollment in classes for gifted students, in meals eaten with their mother and their father, were more engaged in school and extracurricular activities, and more likely to attend kindergarten. In addition working mothers and fathers reported less aggravation with their parental role, were more involved with their children, and had fewer negative attitudes about their community over the years.

**Non-working Poor Families:** Over the same time period, children in non-working poor families improved significantly on fewer measures than those in working families, and actually declined on four measures. Compared to 1997, children in nonworking poor families in 2004 were less likely to be in classrooms for gifted students, more likely to repeat a grade, get suspended or expelled from school. Involvement of fathers and mothers with their children did increase for this group over the time period, but parental positive attitudes to their community declined.

The combination of these trends means that differences in outcomes between working and nonworking poor families that were minimal in 1997 became sizeable gaps by 2004. Of course, it is always possible that these findings reflect some other difference between the two groups, such as parental education, family structure, race/ethnicity or parental age. However, analyses found that the differences in family wellbeing between working and non-working poor families were preserved, even when these four variables were controlled. Potentially potent differences between the two groups that were not controlled in these analyses would be parental health, mental health, or substance abuse—all of which can undermine employability and present parenting challenges as well. These findings may suggest that employment is good for families, but other viable explanations for the group differences remain.

Other research is even clearer in showing that parents and their children benefit from work-place programs that help families meet their needs, such as sick leave, flex time, on-site child care, quality after-school programs, health care benefits and living wages. Research like the present study can help fuel the development of working environments that allow parents to meet the demands of work and home. Children benefit, families prosper, and communities flourish when parent's needs are met.

Source: The Well-being of Children in Working Poor and Other Families: 1997 and 2004 by R. Wertheimer, K. Moore & M. Burkhauser, *Child Trends Research Brief*, #2008-33, 2008.

Keywords: children, parenting, poverty, work and family.

## What are Truvia and PurVia?

Truvia and PurVia are the brand names of two zero calorie sweeteners that will be on grocery shelves in 2009. They come from the stevia plant which is



native to South America. An extract of stevia called Rebaudioside A is found in the leaves of the stevia plant. This extract is 200 times sweeter than sugar and reportedly has a licorice aftertaste.

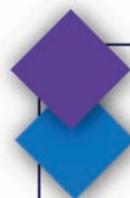
In December 2008, these two stevia sweetener brands were approved by the Food and Drug Administration (FDA) to be on their Generally Recognized As Safe (GRAS) list. Being on this list lets companies use these sweeteners in foods. Stevia has been available in the U.S. for many years but has been sold as a dietary supplement and therefore did not require FDA approval.

Truvia is manufactured by Cargill and the Coca-Cola Company and PurVia is manufactured by PepsiCo Incorporated. Coca-Cola plans to add Truvia to its juice drink line called Odwalla and to a new Sprite soft drink product called Sprite Green. PepsiCo plans on adding PurVia to one of its beverage products, Sobe Life Water. It will contain zero calories and come in three flavors: Fuji Apple Pear, Black and Blue Berry and Yumberry Pomegranate. All of these products will be available in 2009.

A recent decline in soft drink sales is one of the reasons these two soft drink companies are looking for a new zero calorie sweetener. According to John Sicher, editor and publisher of Beverage Digest, many customers are turned off by the existing artificial sweeteners. He stated, "If these new [stevia-based] sweeteners pass a high taste threshold, the companies could use them to try to excite consumers with a whole new round of innovation."

Source: [www.cfsan.fda.gov/~rb/opa-g253.html](http://www.cfsan.fda.gov/~rb/opa-g253.html);  
[http://www.ajc.com/business/content/business/coke/stories/2008/08/17/stevia\\_sweetener.html](http://www.ajc.com/business/content/business/coke/stories/2008/08/17/stevia_sweetener.html); <http://www.beveragedigest.com/editorial/headline.html>.

Keyword: sweetener.



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## Avoid Over-the-Counter Weight Loss Products

Many Americans make losing weight one of their annual resolutions and look to over the counter (OTC) products as a possible aid. There is limited evidence that these medications are helpful and some may be harmful.

On December 22, 2008, the FDA issued a warning that 25 weight loss products could contain "undeclared, active pharmaceutical ingredients that might put consumers' health at risk." These ingredients include: sibutramine (a controlled substance), rimonabant (a drug not approved for marketing in the United States), phenytoin (an anti-seizure medication), and phenolphthalein (a solution used in chemical experiments and a suspected cancer causing agent).

The FDA found some of these weight loss products contained amounts of these ingredients that constituted a potential health risk. An updated product list—with 54 additional products—was posted to the FDA website on January 8, 2009 and lists 79 products. To see the most recent list of dangerous OTC weight loss medications, go to the following website: [http://www.fda.gov/cder/consumerinfo/weight\\_loss\\_products.htm](http://www.fda.gov/cder/consumerinfo/weight_loss_products.htm).

These weight loss products are marketed as "dietary supplements" and sold via the Internet or in retail stores. None of these products has received FDA approval and are considered illegal. FDA is working

on getting these products either removed from the market, or recalled and may seek criminal charges against these firms.

Currently there is only one FDA approved over-the-counter diet pill. It is called Alli and has been proven to help people lose weight by preventing the body from absorbing fat. However, be warned that if you take Alli and eat high fat food items, you will experience unpleasant side effects such as uncontrollable bowel movements.

The bottom line is to follow the tried and true method for weight loss: eat a low-fat low-calorie diet and be physically active.

Source: [www.fda.gov/bbs/topics/NEWS/2008/NEW01933.html](http://www.fda.gov/bbs/topics/NEWS/2008/NEW01933.html).

Keyword: weight loss.

## More Obese than Overweight Americans

The National Center for Health Statistics (NCHS), which is part of the Centers for Disease Control and Prevention (CDC), recently reported that 34 percent of Americans are obese, 32.7 percent are overweight, and 6 percent were extremely obese. These results are based on the Body Mass Index (BMI) values of 4,356 adults who completed a national 2005-2006 health and physical examination survey.

The report describes how the percentage of overweight individuals has remained relatively constant, but the percentages of obese, and extremely obese individuals have increased over time. From 1988-94, 33 percent of Americans were overweight, 22.9 percent were obese, and 2.9 were extremely obese.

BMI is determined from the following formula: Weight (in kg) divided by height in meters squared. If you're not good in math, the National Institutes of Health has an online BMI calculator at [www.nhibisupport.com/bmi](http://www.nhibisupport.com/bmi).

An individual with a BMI of 25 to 29.9 is classified as overweight, 30 to 39.9 is obese and 40 and

above is morbidly or extremely obese. Individuals who are overweight or obese are more likely to develop heart disease, diabetes, certain cancers, and other illnesses.

Source: [http://www.cdc.gov/nchs/products/pubs/pubd/hestats/overweight/overweight\\_adult.htm](http://www.cdc.gov/nchs/products/pubs/pubd/hestats/overweight/overweight_adult.htm).

Keywords: overweight, obese.

## Color Coding Healthy Foods

In 2009 Supervalu, the nation's third largest grocery retailer, will introduce a color coded shelf tag system called the Nutrition iQ program to help shoppers quickly determine which foods are healthy. The tag will be located on the store shelf right below the product's price, unit price, and bar code.

The Nutrition iQ program covers 11 nutrient claims in seven categories. If a food is on a grocery shelf that contains a(n):

- Orange tag, it is a good or excellent source of fiber.
- Blue tag, it is a good or excellent source of calcium.
- Yellow tag, it is a good or excellent source of protein.
- Green tag, it is a lower or healthier level of sodium.
- Purple tag, it is low in calories.
- Red tag, it is low in saturated fat.
- Dark orange tag, it is a whole grain.

These color-coded tags will cover approximately 10 percent of all grocery store products. Some items these tags will not cover include cookies, soft drinks, or ice cream.

Preliminary data from 10 grocery stores indicated that this program helped steer shoppers to purchase healthier food items. For example, sales of canned vegetables with nutrition tags increased 11 percent, while sales of canned vegetables without tags declined slightly.

Source: [http://www.brandweek.com/bw/content\\_display/news-and-features/shopper-marketing/e3i0b84325122066ed9ba66bf793a958217](http://www.brandweek.com/bw/content_display/news-and-features/shopper-marketing/e3i0b84325122066ed9ba66bf793a958217).

Keyword: supermarket.

## Tips for Surviving Tough Financial Times

The financial crisis of 2008 battered the wallets of many Idahoans, leaving them unable to make ends meet. While saving and investing may be difficult, they're critical to weathering tough financial times. These nine tips can help:

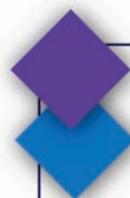
**Pay down credit card debt.** Banks are increasing interest rates and late fees and reducing credit limits on credit cards. That means higher borrowing costs. Lower credit limits can also mean lower credit scores if you don't pay down your credit card balances. Read more about dealing with credit cards in the University of Idaho publications, *Credit: Is it a Tool or Trap?* <http://info.ag.uidaho.edu/pdf/BUL/BUL0841/BUL0841-1.pdf> and *Finding the Right Credit Card or Loan*, <http://info.ag.uidaho.edu/pdf/BUL/BUL0841/BUL0841-2.pdf>.

**Check your credit report.** With credit becoming harder to get, make sure your credit history is accurate—and correct problems that may hurt your credit score. For your free credit report, call (877) 322-8228 or visit [www.annualcreditreport.com](http://www.annualcreditreport.com).

**Create a rainy day fund.** One in three Americans has no emergency savings. Aim for at least one month (preferably three to six months) of your current salary in an insured savings account. Don't touch it unless absolutely necessary.

**Avoid raiding your 401(k).** One in five workers over age 45 stopped saving for retirement in 2008 because of economic conditions. Before cutting contributions or borrowing from your workplace retirement plan, reduce spending wherever possible. Before you tap your 401(k), know that there are several good reasons to keep your retirement savings intact: tax liability, opportunity costs, and opening assets to creditors (see *Avoid Raiding Your 401(k)* article in this newsletter).

**Diversify.** Particularly if your portfolio declined more than broad market indices, make sure you are well diversified. Spread your risk by spreading your investments both among different asset classes—meaning stocks, bonds, and cash—and within each asset class. Assets and diversification are explained in the University of Idaho Extension *You Can Retire Well* course.



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**Open account statements.** When markets are volatile—and especially during a bear market—you may be tempted to avoid the trauma of seeing losses in your portfolio by ignoring your 401(k), IRA, mutual fund or brokerage account statements. But doing so can blind you to problems in your accounts other than performance.

**Know that fees matter.** Find out what each investment costs. With mutual funds, for example, the higher the fees and expenses, the less real return you make. Compare the impact of fees and expenses on mutual funds, Exchange Traded Funds (ETFs), and Exchange Traded Notes (ETNs) using FINRA's Fund Analyzer, <http://apps.finra.org/fundanalyzer/1/fa.aspx>.

**Protect yourself against identity theft.** Virtually any news item, positive or negative, can become a "hook" for a new scam—and the current turmoil in global financial markets is no exception. Phishing attacks surged in October 2008 by 103 percent following stock market drops. These spams often exploited news of bank failures as a hook to obtain personal information. To avoid taking the bait, read the University of Idaho publication *Guarding Against Identity Theft*, <http://info.ag.uidaho.edu/pdf/BUL/BUL0841/BUL0841-9.pdf> and *When Identity Thieves Strike*, <http://info.ag.uidaho.edu/pdf/BUL/BUL0841/BUL0841-10.pdf>.

**Invest for the long term.** Investors with a short-term outlook often jump ship just as a bear market bottoms out or jump in as a bull market peaks. In-

stead of panicking or trying to time the market, focus on the long term. Investing incrementally, in good times and bad, is a tried and true way of bearing up in a bear market.

Even if you were not thinking about saving and investing when the clock struck midnight on New Year's Eve, it's not too late to set fresh financial goals for 2009. Take time to make a long-term financial plan—and stick with it. Many investors feel pinched these days—and may be more willing to take risky measures to make ends meet. But it's important not to panic. Staying diversified, understanding risk, and reducing debt are the best ways to manage your finances during uncertain times.

Source: Adapted from FINRA, *Weathering Tough Financial Times: 9 Tips for 2009*. FINRA Investor's website, retrieved 1/26/09 from <http://www.finra.org/Investors/ProtectYourself/BeforeYouInvest/P117720>.

Keywords: financial coping, financial management.

## Notes on a Troubled Economy

**Employees' Financial Stresses**—Early this year, the Society for Human Resource Management, surveyed its members and confirmed the effects of economic stress. In the previous 12 months, members had seen a 26 percent increase in employees having their wages garnished by collection agencies; a 39 percent increase in requests for 401(k) plan loans; a 20 percent increase in requests for pay advances; and a 14 percent jump in employees reporting having lost their homes. All are symptoms of the very real impact of our troubled economy.

Source: *Personal Finance Foundation, January 8, 2008, News from PFEFF electronic newsletter, Personal Finance Employee Education Foundation, Inc., Summerfield, FL.*

**Crisis Caused by Debt**—At the heart of the troubles, both short term and long term, is debt. Debt helped create the housing bubble and has now left almost one of every six homeowners with a mortgage larger than the value of their home. Debt built up, and then laid low, modern Wall Street, where firms borrowed \$30 for every \$1 they owned. Source: *The New York Times, October 12, 2008, p. w-1.*

**Bankruptcy in Idaho**—Idaho consumer bankruptcies were up 41 percent to 5,149 in 2008. Nationwide, consumer filings rose nearly 33 percent amid a recession that's expected to keep bankruptcies increasing this year. Many Idaho residents are turning to bankruptcy protection amid job losses, mortgage foreclosures, and heavy personal debt.

Source: *Staff reporters, January 6, 2009. Consumer bankruptcies jumped in 2008. The Idaho Statesman, p. B-1.*

**Idaho Unemployment Significantly Rises**—Over 12,000 jobs vanished from Idaho's economy in December 2008, driving the state's seasonally adjusted unemployment rate to 6.6 percent. More than 50,000 workers were without jobs, more than double a year earlier, as the unemployment rate hit its highest level in over 20 years and Idaho's economic turmoil approached the severity of the early 1980s. The rate was only 2.7 percent in December 2007. Source: *Fick, B., January 9, 2009. December Unemployment Rates Soar to 6.6 Percent. Idaho Department of Labor Press Release.*

Keywords: financial stress, debt, bankruptcy, unemployment.

## Avoid Raiding Your 401(k)

In tough financial times, many investors feel pinched for cash—and some may search for different, often risky ways to make ends meet. A troubling trend is that investors are leveraging or prematurely depleting their retirement savings. Financial educators and planners are concerned that some investors may be risking their most valuable assets in an effort to raise cash quickly—including those in or near retirement, who may not have time to recover their losses. It's important to carefully evaluate raiding your retirement accounts. The information below explains the long-term consequences of these strategies.

**Forgoing Your 401(k)?**—When finances get tight, you might be tempted to free up money in your budget by cutting out contributions to your 401(k) or employer-sponsored retirement plan—or to cash out altogether. Under the tax code, plan providers can allow hardship withdrawals in certain situations—to prevent eviction or foreclosure on a primary residence, for instance, or to address a severe financial hardship. Recent reports by major

plan providers confirm that hardship withdrawals rose significantly in 2007 compared with 2006—in one case, by as much as 15 percent. And that trend appears to be continuing.

In addition to withdrawals, other products and strategies have emerged that allow investors to tap their retirement nest eggs prematurely—such as "72(t) withdrawals" and 401(k) debit cards. Some financial advisers have been touting Section 72(t) of the Internal Revenue Code as a "loophole" that allows you to retire early by obtaining penalty free withdrawals from an IRA before age 59½ through a series of substantially equal periodic payments. The pitch may promise that you can cash in your company retirement savings in your 50s, reinvest the money, and live comfortably off the proceeds for the rest of your life. But the hitch is that these early retirement strategies sometimes assume unrealistically high rates of return on the recommended investments and require imprudent rates of withdrawal each year.

Another relatively new way investors can access funds from their employer-sponsored retirement plans is the 401(k) debit card. When investors use a 401(k) debit card, they borrow from their 401(k) account. If their plans allow these cards and they choose to use this feature, their employers must first approve the amount that can be borrowed. Investors can then use the funds for any purpose and usually don't have to explain why they need the money or how they intend to spend it. The danger is that taking money out of your retirement savings, even for a short period of time, can have enormous repercussions for your retirement security—particularly if you never put the money back.

Before you tap your 401(k), know that there are several good reasons to keep your retirement savings intact:

**Tax Liability**—Unless you're over the age of 59½, you will not only have to pay income taxes on the amount you withdraw, but you will also be subject to a 10 percent tax penalty. In most cases, your employer will withhold 20 percent in federal taxes, so the amount you receive will be significantly lower than the amount you requested.

**Opportunity Costs**—The repercussions of withdrawing funds from your 401(k) could be enormous

in terms of lost growth opportunity. For example, let's assume you are 30 years old, and have a 401(k) balance of \$20,000. If you leave that money alone, and your account averages a 6 percent rate of return over the next 32 years, your balance at retirement will be \$129,068 when you're 62—even if you do not make any additional contributions during that time. If you take it out, you'll have nothing. Even if you have a shorter time horizon, you will forgo significant savings opportunities by taking money out of your 401(k). For a 45-year-old, that \$20,000 will grow to \$53,855 in 17 years.

**Opening Assets to Creditors**—Under the Bankruptcy Abuse Protection and Consumer Protection Act of 2005, your creditors cannot touch your 401(k) balance or similar retirement savings account—even if, as a last resort, you file for bankruptcy protection. Balances in traditional and Roth IRAs are also protected up to a limit of \$1 million. But if you take money out of your retirement plan through a loan or a hardship or regular withdrawal, your creditors can go after that sum.

If you can tighten your belt in other ways and continue contributing to your 401(k), you can also take full advantage of the array of additional benefits that retirement plans offer. For example, contributing pre-tax dollars to a 401(k) immediately reduces your taxable income and lowers your tax bill. And if your employer matches a percentage of your contributions, every dollar you contribute entitles you to free money.

But if you really need the money, be aware that you may be better off borrowing from your 401(k) than taking a withdrawal. Depending on your plan's terms, you may be able to borrow at a lower rate from your account than you could from a bank or other lender, especially if you have a low credit score. And you won't have to pay taxes on the proceeds of your loan as you would with a withdrawal. At the very least, you should check with your plan administrator to learn whether this option makes sense for you before seeking to cash out.

Source: Adapted from FINRA, *Weathering Tough Financial Times—The Long-term Costs of Quick Cash*, Retrieved 1/27/09 from <http://www.finra.org/Investors/ProtectYourself/InvestorAlerts/RetirementAccounts/P038822>.

Keywords: retirement, investing.

## Earned Income Tax Credit (EITC) Awareness

With the current economic downturn, the EITC will be welcome news for many families and individuals. Low-wage workers are apt to be reeling from the added financial pressures they currently face and need to be reminded that the EITC can help relieve some of that pressure. For a family with two or more children, the EITC can be worth as much as \$4,824 for the 2008 tax year. In addition, there are lots of people who, until now, may have been employed in relatively well-paying jobs but have become unemployed. If they did not work the full year in 2008, there's a chance they could be eligible for the EITC because their income was much lower than expected. These are people who may never have filed for the credit before and may not even know about it because it never applied to them.

Some Idahoans may be also be eligible for Economic Stimulus payments. Low-income and recently unemployed individuals should take the amount of the Economic Stimulus Payment they received in 2008 to a VITA site to determine eligibility. The Economic Stimulus payment is not taxable but, if they did not receive the entire amount they should have or were not eligible last year but are this year, they may still be eligible for payment (or rebate) from the federal government, along with their 2008 tax refund.

Messages targeted to individuals who are low-income and/or recently unemployed need to convey that they could qualify for the EITC and possibly for economic stimulus payments—and they can get help from VITA, the Volunteer Income Tax Assistance program. VITA sites are staffed by volunteers who received training from the IRS and the Idaho State Tax Commission. VITA volunteers are ready to assist eligible taxpayers in the completion of their tax returns—federal and state—and it's absolutely free! Locate a VITA site in your community by calling the 2-1-1 Idaho CareLine, dial 2-1-1 or 1-800-926-2588.

Notes: 1) Details about eligibility for the EITC were listed in the article, "Money Talks! Have You Heard," January 2009 issue of *The Communicator*, page 12. 2) I emailed Extension FCS educators a list of EITC resources and

Idaho VITA sites on January 30. If you'd like a copy of the email, contact me.

Source: Tax Credit Outreach Team, January 16, 2009, National EITC Awareness Day 2009 email, IRS, Washington, DC; Boyak, K., January 26, 2009, Idaho Volunteer Site Listings, personal email, Idaho IRS office, Boise, ID.

Keyword: taxes.

## Family Economics Calendar

**February 15, Priority deadline for the Free Application for Federal Student Aid (FAFSA) form.** Individuals who seek financial aid or scholarships for college must complete this form. The form can be completed year-round but individuals who meet the February deadline are given priority consideration for funding. The FAFSA form is required for students who seek funding to attend *any* college or university in the US. Information is available at: <http://www.students.uidaho.edu/finaid/fafsa>.

**February 22-March 1, America Saves Week.** See article in the January issue of *The Communicator*, page 11 for teaching and resource ideas.

**March 13, Extension FCS In-Service** in conjunction with the UI Extension Annual Conference. Moscow, ID. Contact an UI FCS Extension specialist for more information.

**April 10, 8 am-noon, Your Money Matters** conference. Nampa Civic Center. Sponsored by the Idaho Financial Literacy Coalition. Idaho First Lady, Lorie Otter, is the invited Keynote speaker. Participants may choose three of 15 concurrent sessions. Something for everyone, regardless of your financial stage in life! UI Extension will teach a *Dollar Decision\$* concurrent session and staff an exhibit. For information go to: [http://www.idahoflc.org/money\\_matters.html](http://www.idahoflc.org/money_matters.html).

**April 15, 22, 29 & May 6, 6:30-9 pm, You Can Retire Well** course. University of Idaho Boise Center, 322 E. Front St. For information contact me.

**May 8, AFCPE conference submission deadline.** To submit a poster or concurrent session, go to <http://www.afcpe.org/doc/Invitation%20to%20Present.pdf>.