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NEWS

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How to Leave a Legacy of Stewardship and Financial Responsibility

Jim Coleman Suggests Methods for Lending a Helping Hand while Instilling Valuable Lessons

WATERBURY, CT (December 1, 2009) — According to a comprehensive study of retirement attitudes published by Ameriprise Financial — 61 percent of respondents with financially dependent children said their number one financial priority was helping their children become more financially savvy. As a financial advisor, Jim Coleman, founder of Coleman Financial Advisory Group, can attest that there's plenty of work to do in that area.

“Some of my clients feel eternally responsible for digging their children out of financial holes. Others worry that, after they are gone, their children will find it difficult to support charitable causes, even though they watched their parents contribute regularly for years,” says Coleman.

To help children of any age, learn the value of a dollar and to cultivate a philanthropic spirit Coleman recommends two innovative ideas designed to teach responsibility and instill stewardship.

Establish a Family Bank.

Understandably, requests for loans by family and friends are becoming increasingly more common, and for most it's difficult to say no. But consistently doling out the cash to loved ones can put an individual's own

financial security at risk and serving as a financial crutch doesn't solve the borrower's money management problems either.

One idea is to create a family bank — actually a savings or brokerage account with a set amount of money set aside for the purpose of loaning to loved ones. Benefactors enlist all individuals qualified to apply for loans to serve on the Board of Directors. The board establishes guidelines and terms as well as decides who receives a loan.

“The beauty is that the Family Bank takes mom and dad out of the financial assistance equation,” says Coleman. “There is a set amount of money to loan, which helps avoid jeopardizing their own financial situation, and the emotional turmoil associated with deciding whether or not to make a loan is off their shoulders.”

Additionally, by putting everything in writing, loans are more likely repaid ensuring money is there for future loan requests. Re-payment plans or charging a low interest rate may help teach borrowers some financial responsibility and may also have tax benefits for the loaners.

This concept is the basis for Virgin Money, a “social lending company” designed to give friends and family a more structured way to lend or borrow money with each other. As the website states, the company provides a “simple way to structure social loans, as well as a support system that helps keep friendships exactly as they should be—friendly.” To find out more about why and how to configure a family loan — including handy tips and tools visit <http://www.virginmoneyus.com/>.

Start a Family Foundation.

Just as continually bailing children out of financial trouble doesn't teach financial responsibility, simply watching their parents write a check to charity does little to teach philanthropy. “Raising civic-minded children requires engaging them in charitable work,” says Coleman. “We're doing better about involving our kids in collections and fundraisers, but they also need to learn how to choose a worthy organization and assess that their contributions are making a difference.”

Coleman suggests a new twist on family giving by creating an informal family foundation. Set aside a certain dollar amount to be used for charitable contributions then form a Board comprised of all family members to research and decide which organizations to support. Even very young children can conduct age-appropriate research and make a brief presentation to the family on a charity's merits. “Older children learn valuable skills such as how to read an annual report or how to establish disbursement policies,” says Coleman.

The giving circle is another idea gaining in popularity. It is a means for extended family and friends to informally pool their resources to leverage the impact of their charitable contributions. Importantly, a giving circle also often implies that members connect meaningfully with the communities and causes they care about by volunteering their time.

“I hope more families take time during the holidays to discuss where they’d like to make a difference in the coming year, and find a way to do it together” says Coleman.

About Jim Coleman

Jim Coleman has been in the financial services industry for over 20 years. He founded Coleman Financial Advisory Group, voted “The Best Financial Advisor of Greater Waterbury for 2008 and 2009”. Coleman specializes in providing comprehensive financial planning, asset management and estate planning services. He holds a degree from Northeastern University, in Boston, with a double major in finance and marketing. He is a member of the Financial Planning Association and is the President of the Connecticut Chapter of the Society for Financial Awareness.

Coleman’s passion is finding solutions to financial problems and further educating his clients and the community. Listeners in Connecticut rely on Coleman to deliver sound, accurate financial advice as host of *All About Money*, a radio talk program. He writes a financial planning column for a local newspaper, the *Prospect Pages*, and recently authored a book titled *Educated Investing: Your Guide to Surviving and Thriving in the Fast-Paced Global Markets of the 21st Century*. Visit www.ColemanAdvisoryGroup.com to learn more.

NOTE:

When you need an experienced professional to speak on complicated financial topics in a clear and concise manner, call Jim Coleman at Coleman Financial Advisory Group.

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The "Best of Greater Waterbury" award was determined by survey responses sent in by readers of The Observer newspaper for the months of March and April in 2008 and 2009.

Written by Jim Coleman, Securities America, Inc. Registered Representative, in conjunction with Impact Communications.

SOURCE: *The New Retirement Mindscape* (2006), a comprehensive study of retirement attitudes published by Ameriprise Financial in conjunction with Age Wave, Ken Dychtwald, and Harris Interactive.
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