

SPECIAL REPORT

Your Money, Your Life, Part 1



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Three-year-old Noble and 10-month old Charlotte get to have their mom at home.



"It's just choices," their mother, Melissa Beerworth said, noting that smart choices about family finances have let her achieve her goals of buying a house at age 23 and being a stay-at-home mom.



She said she had good financial advice from her parents, such as saving a portion of their income and buying real estate instead of renting, but added that she and her husband learned most of their skills through trial and error.



"Most people are surprised I'm able to stay home with two kids and not a huge income, being a one-income family," she said, "and a lot of times I think it's the little things people tend to forget."

Little things include things like sharing hand-me-downs instead of buying new clothes for her kids; renting a DVD instead of going to the movies; or fixing a plumbing problem herself instead of calling a professional. She uses a credit card so she has an itemized accounting of her expenses, but she pays it off every month so she doesn't get hit with interest or debt.

"When I see how much I'm spending on gas and groceries and extras, it helps you put into perspective what is a need and what is a want," she said, noting that if her family can live with one income and no debt, anyone can.

But experts say most people are not as careful about money as she is.

"I think part of the problem is people don't know how to manage money," economist Art Woolf said. Woolf says personal finance isn't just a private issue -- he believes much of the country's current financial crisis can be traced to a lack of understanding about saving versus spending.

"One of the basic problems that has caused this financial mess is people were buying houses with no down payment or just a few percent," he said. "So when housing prices went down, people had no equity or negative equity in their houses. The reason people were encouraged

to buy homes when they didn't have any money down is because they didn't have any savings."

In fact, the state treasurer's office says household debt is at a record high, while the personal savings rate is the lowest since the Great Depression.

Lisa Helme directs the office's financial literacy program and says even if someone is in debt, it's never too late to make a spending plan and save for the future.

"Budget is almost a four-letter word, isn't it?" she said. "It doesn't sound like fun. It sounds like limits. But when you begin to look at it, having control over your own finances really gives you more freedom."

Melissa Beerworth used savings to buy a new pellet stove, which was delivered Tuesday. She acknowledged it is a big-ticket item, but said she hopes the short-term expense will save money on heating bills and pay for itself within two years. She calculated she'd be able to heat the family's home for \$1,000 worth of wood pellets instead of paying \$3,000 for heating oil. And she says having savings gives her a sense of security -- she's ready when life's unexpected expenses come up.

"It's that short-term sacrifice that makes your long-term goals really attainable," she said. "And it's definitely worth the sacrifice."

Financial literacy resources available online and in the community can be found on the state treasurer's website -- www.MoneyEd.Vermont.gov.

[Kate Duffy](#) - WCAX News