

For additional details, contact:

Amy Lewis
Strategy Communications
Phone: 619-713-0622 (office) / 858-752-1085 (mobile)
E-mail: amy@scpublicrelations.com



PRESS RELEASE

SUDDENLY SINGLE

How Single Parents Can Stay on Track with their Finances

SAN DIEGO, July 28, 2008 – With 13.6 million single parents in the United States, of which are responsible for raising 21.2 million children, according to the 2007 U.S. Consensus, what is considered to be a “traditional” family is certainly being re-assessed. With all of the family responsibility placed onto one parent, it is understandable that certain financial decisions are often forgotten. But it is so important to make time to straighten out your finances – in order to secure yours and your children’s financial future.

Managing a family and a household while holding down a job is enough to keep any single parent busy. In fact, organizing your family’s finances most likely gets pushed to the bottom of your never-ending list.

Debt-Free America offers seven steps that should not be overlooked when single-handedly managing your family finances.

1. Develop A Budget Plan:

A majority of your money is probably going towards your necessities which include housing, child care, health insurance, food, clothing and gasoline. However, how much money is actually going toward each category? Are there ways to cut back and simplify your spending every month before your income is completely spent? One means to figure this out is to examine your spending over a period of two or three months. Be organized and write down how much is spent. Then, create a budget based on the average amount spent in each category.

2. Set Goals & Organize Priorities:

Set your priorities in order, to avoid overwhelming financial needs all at one time. Write down your short-term, mid-term, and long-term goals and come up with a plan to achieve them. When adding these goals into your budget, remember to distinguish the absolute necessities from the wants.

3. Save For College & Retirement:

Regardless of the amount of money you have to set aside both college and for retirement, do it anyway on a regular basis. It will add up, and compound interest will prove to be beneficial over time. Also, make sure you have money deposited directly from your paycheck into a state-sponsored Section 529 college savings plan in your name and into a 401(k), especially if your employer provides a matching contribution.

4. Have an Emergency Plan:

Because you are your family’s sole provider, it is vital to make sure you have enough disability and life insurance to cover your income and ensure that your children will be taken care of in case of an emergency. According to an article from MSNBC, “life insurance has been dropping in price lately, and by shopping around you may be able to secure \$1 million in coverage for as little as \$500 a year, or slightly more than \$40 a month.” Do the necessary research, ask questions, and make sure the insurance coverage you carry is sufficient enough to meet your needs and those of your children.

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5. Set Up An Estate Plan:

You should name a guardian for your minor children and detail how you want your money distributed to them in your estate plan as well as your will. Remember that you do not have to own a mansion to develop an estate plan. It's just a way to ensure that your wishes for your children are known, in case something happens to you.

6. Be Aware of Tax Breaks:

You most likely qualify for the child-care tax credit as a working parent. Depending on your income, the credit allows you to deduct a percentage of up to \$3,000 in day-care bills for one child or \$6,000 for two or more children. Also, filing "Head of Household" rather than "Single" will give you more tax breaks. An article in the LA Times states, "If you are single at the end of the year and had a dependent child (or other dependent) living with you for at least half the year, you may qualify for lower tax rates by claiming "head of household" as your filing status rather than "single."

7. Be Open and Honest With Your Children:

Involve your children with finances. Take some time to have an honest discussion with them about the family's financial situation, especially if you are a new single parent. Teach them the skills and knowledge to get involved in helping the whole family curb spending. Educate your children to help prepare them for their own financial future and security.

Debt-Free America is a 501(c)3 non-profit, community service organization offering confidential and professional credit counseling, debt management programs, and financial education to consumers nationwide. Debt-Free America is dedicated to providing FREE services to help financially distressed families and individuals effectively manage their personal finances. The Board members and operations staff have a long-term commitment to helping anyone in debt crisis, and even those not in a debt crisis. Debt-Free America has been in the business since 1997 and is now serving over 16,000 clients nationwide. Visit them on the web at www.debtfreeamerica.com.

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