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YES YOU CAN

SUMMER 2011

FINANCIAL EDUCATION FROM AMERICAN CENTURY INVESTMENTS®

The information in *Yes, You Can* is provided to help parents, educators and kids work together to understand key financial concepts. *Yes, You Can* stresses critical thinking and problem solving that helps young people develop basic economic, financial, personal and career development skills.

Yes, You Can is based, in part, on the beliefs of James Stowers, founder of American Century Investments and co-founder, with Virginia Stowers, of the Stowers Institute for Medical Research.



Ideas for achieving financial security and a more meaningful life.

A Healthy Look at Health Insurance

As the costs of healthcare continue to rise, so does the number of uninsured Americans. According to 2010 Census Bureau figures, more than 50 million people in the U.S. are without health insurance coverage. The reasons cited for this rise in the number of uninsured include unemployment, a drop in the number of employer-provided health insurance benefits and the cost of coverage.

The results of not having medical coverage can be financially devastating

John, a self-employed landscaper who has been unable to afford health insurance for several years, experienced severe stomach pains while on the job. At the end of his workday, he drove himself to the hospital where he learned he needed an appendectomy. A few weeks later, while recuperating from emergency surgery, he received a hospital bill for more than \$23,000. Since he didn't carry health insurance, John was billed for the full charge of his hospital stay, something only the uninsured and a few other groups are expected to pay.

He was told if he paid the bill in 90 days, the hospital would reduce it by 40 percent. Since that wasn't possible, John's final hospital bill was considerably more than the hospital would have charged a patient covered by private insurance or Medicare.

In another state, Joseph rushed his pregnant wife Janice to an emergency room, fearing she was suffering from complications with her pregnancy. Fortunately, tests showed that she was not. However, soon afterward the couple started getting bills from doctors and the hospital that totaled more than \$8,000.

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Yes, You Can is the quarterly publication of Yes, You Can Financial Education from American Century Investments.

Subscriptions

Help spread the message of financial literacy. Annual subscriptions are available free of charge at: YesYouCanOnline.info.

For more information, please call 1-800-234-3445 or write:

Sam Goller, Editor
4500 Main
Kansas City, MO 64111

Writers

Debbie Hagen
Susan Pepperdine
Shelley Bartkoski

Illustrations

Paul Coker, Jr.

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Teachable Moment



To ensure the best possible health coverage for you and your family, complete a family health assessment. Look at the current health conditions of everyone in your family. Consider your family history as you assess if you or your family members run the risk for developing a serious medical condition later in life.

Visit healthcare.gov for examples of insurance options based on your state of residence and medical conditions. Also contact your state insurance commissioner's office.

Staying Healthy continued from cover

To their surprise Joseph's health insurance didn't cover any of the charges because Janice had surpassed the \$2,000 annual limit on what the policy would pay for her care.

As families and individuals continue the often challenging task of balancing income with expenses, the Center for Disease Control cautions that missing or delaying action on illness or injury can lead to even poorer health and, potentially, to greater long-term medical expenditures.

Assessing your insurance needs

So, how much health insurance do you need to cover your medical expenses – both expected and unexpected – and where do you get it? First, determining how much health coverage you need can be tricky since insurance regulations, types of policies and costs differ from state to state.

Before you begin, do your homework to establish as much information as possible on the condition of your health. The U.S. Surgeon General offers an online tool to help you create a family health portrait. To get started, visit familyhistory.hhs.gov. Once you have your health portrait, share it with a health care worker to help you better understand what your future health concerns may be. This will give you things to consider as you explore the type of insurance you might need and how much it costs in your area.

Historically, many Americans have relied on employer-provided health insurance. However, increasing costs of premiums, co-pays and deductibles have caused many to re-evaluate their care options. Depending on your situation, here are some considerations for major medical coverage:

- Indemnity plans
- Preferred Provider Organization (PPO) plans
- Health Maintenance Organization (HMO) plans
- Point of Service (POS) plans

If you can't afford these options or your employer doesn't provide them, you might consider a high-deductible major medical policy that only covers catastrophic illness. That way, if you have a serious health condition, you will have some coverage for the larger expenses.

Other considerations include:

- A state comprehensive health insurance plan. Visit haschip.org to learn more and see if your state offers a plan.
- A collaborative plan such as those offered through a trade organization or union.

Before entering into a policy contract be aware of the policy terms, including – coverage limitations; your responsibility to pay deductibles and co-pays; and, exactly what expenses are covered. □

What an Entrepreneur Teaches Her Kids About Money

An entrepreneur since 1989, Kathy Dodd knows the value of money. She thinks kids should, too. Kathy is founder of The Corridor Group, which has offices in Overland Park, Kan., San Francisco, Calif., and Istanbul, Turkey. Her company provides business guidance to the home-care industry.

When should you start talking to kids about money?

"Talk to them at a young age about needs versus wants. To get the money to buy something they really want, they should help with more than their normal household duties such as washing the car."

Did you learn about money as a child?

"Since my parents let me go my own way, I had to learn from my mistakes. With Katy, our daughter, I made sure she learned not to be dependent on others and to take care of herself."

If your kids run out of money, should you help?

"No. When Katy was 17, she wanted to go on a trip with her friends, but she'd spent all her cash socializing. When she asked for money, I said, "That's not my problem." The lesson really sank in when she had to sit home while her friends left without her."

How do you teach kids about saving and investing?

"Start with nickels, dimes and quarters. Later they'll graduate to saving dollars for long-term goals. Our daughter has realized that if she wants a house someday, she has to tuck away money now in savings and investments."

Should you teach kids about philanthropy?

"Kids should learn that many don't have access to the resources they do. That's why my daughter donates clothes to Katy's Place, an organization that helps women and children affected by AIDS and HIV."

Should kids have mentors?

"It's absolutely necessary! Our daughter served as a nanny for two successful businesswomen who became great role models for her."

Can you encourage kids to consider becoming entrepreneurs?

"They can certainly learn by our examples. Since her Dad and I are entrepreneurs, Katy hears us talk business and budgets at the dinner table. It sank in. She started a cleaning business while in high school."

Is it important to talk to your kids about the value of education?

"Education is clearly important to their future earning ability."

What do you think of states requiring credits in financial literacy?

"There should be classes on handling credit and balancing a checkbook. Teens should learn about money before they start bouncing checks or wondering how they jacked up their credit." □

Teachable Moment



Help your kids learn from their mistakes. "When our daughter was 18, she wrote a check for \$2 thinking she could cover it," entrepreneur Kathy Dodd recalls. "It bounced and cost her \$15. That taught her a lesson to such an extent that she'd only use a debit card and held back on getting a credit card for years."

The Yes, You Can curriculum can help introduce your kids to payment methods and the pros and cons of each. See Module 1, Lesson 1.4 for information.



Yes, You Can Manage Fuel Use

Ride share, combine errands, check on insulation levels and consider an energy audit for your home.

Why Do Energy Prices Fluctuate?

Are you feeling a pinch in your wallets these days? If so, it could be coming from high prices at the gas pump, electricity and natural gas. One way to lessen the impact of these fluctuations is to manage how you use these resources. It also helps to understand why these prices fluctuate.

Regardless of external events, the amount of fuel you **use** impacts how much you **pay**.

Pain at the pump

When it comes to gasoline, the single biggest factor affecting the price is the cost of crude oil, from which gasoline is made. The cost of crude oil has been on the rise in recent months with an April high that hasn't been seen in over two years. How does this happen? There are many factors. Things that can influence the price of oil and gasoline include global supply and demand, political turmoil in the Middle East and concerns over possible supply disruptions. According to the Energy Information Administration, other components that impact the retail price of gasoline are refining costs, distribution and marketing costs, and taxes, which vary from state to state. Occasional weather events and localized inventory levels can also play a role.

The commodities futures market is the main price setting mechanism for oil and gasoline. When something is traded on the "futures market" a contract is purchased which offers to deliver that commodity at a certain price at a later date. Speculation about how much that commodity – in this case crude oil – will be worth in the future can drive up the bidding of contracts. This is especially true during times of perceived shortage or the risk of shortage. But overall, futures prices are normally set by the longer-term fundamentals of supply and demand.



Teachable Moment

Add up your monthly energy costs – including gasoline receipts, electric and gas bills. Have your kids chart your expenses over the course of the year to see how your energy usage changes with the seasons. After dinner, visit with your family and discuss ways to reduce how much energy you use. If you have teenagers who are driving, talk to them about how much they pay for gasoline and whether they would be better off ride-sharing with friends.

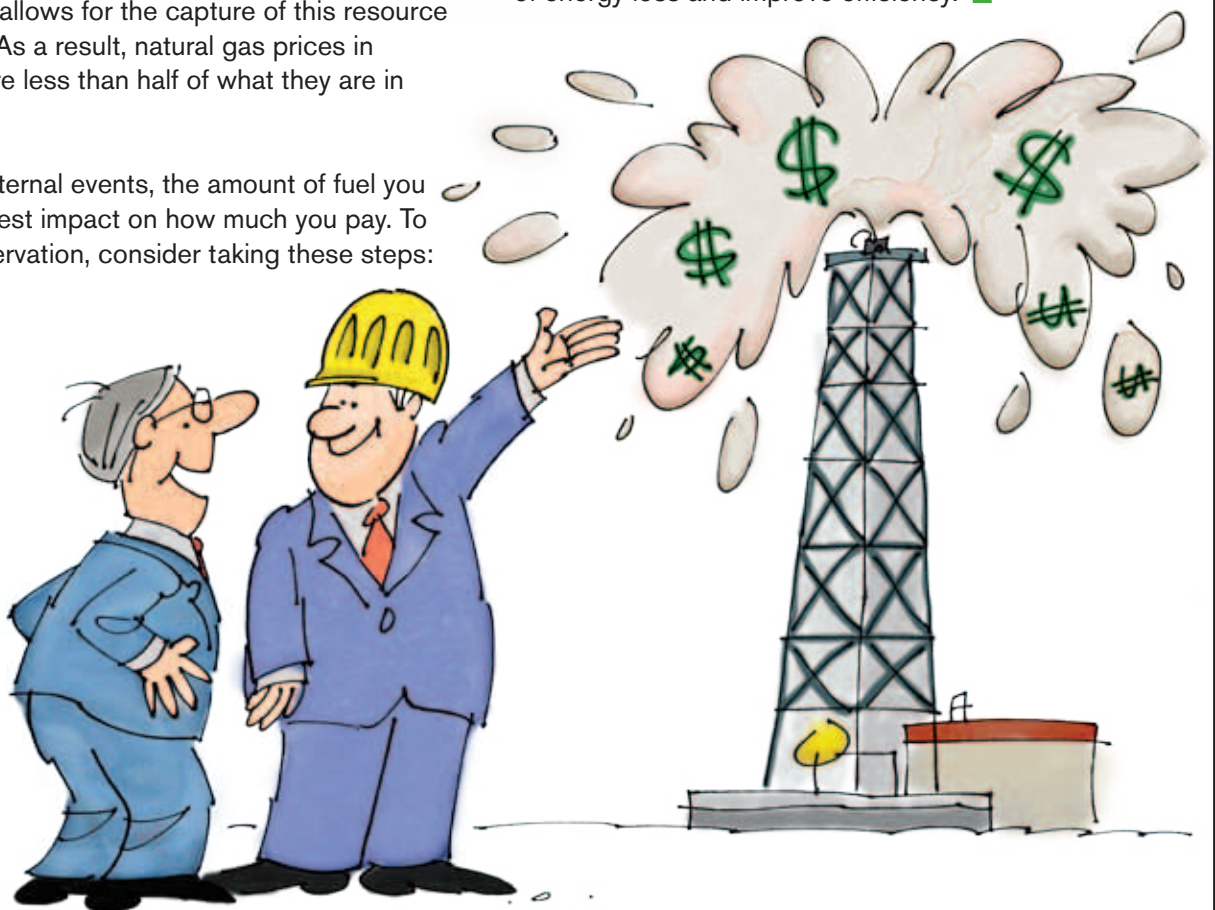
What's a driver to do? If taking public transportation isn't an option, consider ride-sharing and other ways to limit your gas consumption. Combining errands and other driving needs may increase your efficiency and help reduce the number of times you need to fill up your fuel tank. If you have a smart phone, you might consider an "app" (see page 11) that identifies where the least expensive gas is sold in your metro area.

Lowering your household's energy consumption

Depending on how you heat and cool your home – whether you use electricity, natural gas, propane or heating oil – there are a variety of factors, such as supply and demand or short-term price fluctuations due to speculation or liquidation of contracts on the futures markets, which impact your energy bills. Like gasoline, other factors can affect your home's heating and cooling bills, including weather issues, such as an extended cold wave that can push gas inventories into short supply. Market forces, such as a supply disruption along a pipeline that can cause temporary shortages will also drive up prices. The U.S. and Canada sit on some of the largest natural gas reserves in the world. New technology allows for the capture of this resource from shale rock. As a result, natural gas prices in North America are less than half of what they are in Europe or Asia.

Regardless of external events, the amount of fuel you use has the biggest impact on how much you pay. To encourage conservation, consider taking these steps:

- Install a programmable thermostat that adjusts your heating and air conditioning automatically. If you're not at home during the day, have it set to use the least amount of energy while you're away.
- Check your home for cracks and leaks. Look around your doors and windows. You can often seal these with caulk and weather-stripping from the local hardware store.
- In the winter, close your blinds and curtains at night to help keep the warm air inside. Open them during the day to take advantage of solar energy warming your home.
- Check the insulation levels in your ceilings, floors and walls.
- Consider a level payment program that allows you to spread out your energy bills over 12 months so it's easier to manage your budget.
- Call your utility providers to see if they offer an "energy audit." These can help you identify sources of energy loss and improve efficiency. □



Get the Facts About Reverse Mortgages

As people live longer, many face the reality that their retirement savings may not be enough to sustain their expenses through their lifetime. In the past several years, reverse mortgages have gained popularity as a way for older homeowners to tap into their home equity to meet their financial needs. Reverse mortgages can give some homeowners who are 62 years of age or older, a source of income based on the home equity they have accrued over the years.

The amount of money available from a reverse mortgage depends on the specific loan plan selected. Payment options include:

- A one-time lump sum;
- Equal monthly payments over a fixed period of time;
- A line of credit that allows the homeowner to decide how much cash he or she receives and when to receive it.

Factors that determine the loan amount also include the age of the homeowner, interest rates, the value of the home and any closing costs required on the loan.

Since the homeowner no longer makes a monthly payment, the reverse mortgage loan balance continues to rise as funds are paid from the loan and interest accrues on the existing balance. If not monitored, this can cause the loan balance to catch up to the home's equity rather quickly.

Therefore, it is important to keep careful records of how much money is being used.

For example, according to the American Association of Retired Persons (AARP) – based on a home valued at \$200,000 – reverse mortgage loan advances of \$1,000 per month, with an interest rate of 0.5 percent per month, will reduce a homeowners' equity from \$195,602 to \$131,349 over a 10-year period. This does not include the amount paid for loan closing costs, mortgage insurance premiums, fees or closing costs when the home is sold.

Reverse mortgage loans must be repaid in full, which includes all interest and any additional charges, when the last living borrower dies, sells the home or moves to another location.

At first glance, a reverse mortgage may seem like a great opportunity for getting something back after years of making mortgage payments. However, as with most financial products there are different types of reverse mortgages; each having advantages and

disadvantages that should be examined before a homeowner decides to take out such a loan. For this reason, reverse mortgage applicants are required to receive loan counseling to make sure they understand the loan terms and don't put themselves in the position of losing their retirement nest egg. □



Teachable Moment

Because there are many variables that impact the terms of a reverse mortgage, it's important to thoroughly understand how this product works and the way it can impact your financial future and the value of your estate. Discuss with your kids the importance of getting the facts before they invest or purchase an item. Some questions to ask:

- What are the details in the fine print?
- Are there alternatives that can provide a similar result for less money?
- Are there other expenses associated with ownership such as insurance, taxes or closing fees?

Volunteering Can Benefit Your Career Search

As the U.S. economy continues its slow climb upward from the longest recession in history, many Americans are still struggling with the challenge of finding employment. According to the April 2011 U.S. Labor Department's Bureau of Labor Statistics, more than 6.1 million Americans have been unemployed for six months or longer – a record high, the data showed. And while some unemployed workers have had success finding opportunities through traditional venues, others have discovered that volunteering can lead to a new job or be the basis for starting a completely new career.

Can volunteering help you find your next job or career opportunity? Whether you're a college graduate or seasoned professional looking to re-enter the workforce, volunteering can give you valuable career benefits you might never have imagined, such as:

- **Establish a new network:** Since most non-profit organizations actively seek out business and civic leaders to serve on their board of directors, active volunteers have the opportunity to establish valuable contacts with influential people who could serve as favorable references or even the source of employment.
- **Sharpen or update your skills:** Regular participation in a professional environment can be a great way to retain your skills. Plus, if you are interested in acquiring new skills that could improve your marketability to a new employer, serving in a volunteer capacity can give you an inviting environment for doing so. For example, supervising or training other volunteers will help you develop stronger leadership skills. Planning a special event allows you to practice goal-setting, budgeting and organizational prowess. You may even find opportunities to focus on a skill set that wasn't available when you started your career.
- **Build self confidence:** Let's face it; losing a job you love or depend on can take a toll on your self esteem. Having the opportunity to get back on your feet in a supportive environment can give you confidence and help you keep a positive attitude.
- **Give back to your community:** No matter why you volunteer, the personal rewards for sharing your time for a worthwhile organization or cause can be substantial. From making the world a better place to feeling more connected to those around you, volunteering let's you give back to your community. The process of sharing can be energizing and help you create a more-balanced life.

Volunteering offers tremendous opportunities for professional development, career enhancement and personal growth. With the unemployment rate and the demand for many social services remaining high, the benefits of sharing your time can be felt across the spectrum. □

Teachable Moment

Discuss non-profit organizations that have meaning to your family and reach out to them to see how you can help. In addition, visit the library and help your older children research job listings. Other possibilities include service organizations, such as Rotary or Optimist Clubs, public and private schools, and churches. Not sure where to start? Visit these websites for volunteer opportunities in your area: serve.gov, volunteermatch.org and volunteers.aarp.org.



Yes, You Can Make a Deal

Professionals are frequently hired to help organize estate sales and to sell all of the household items quickly and efficiently.

Ins and Outs of Estate Sales

If you're not a seasoned estate sale "junkie," consider this: Estate sales are not only a great way for people to generate cash as they downsize, they are also an excellent way for smart shoppers to find antiques and unusual items, often at well-below market prices.

How estate sales work

Whereas garage sales and/or yard sales are a great way to clean out unwanted "stuff" now and then, estate sales are typically held when emptying an entire house of its contents. Professionals are frequently hired to help organize estate sales and to sell off all of the household items quickly and efficiently.

These professionals – known as estate sale agents – put a lot of work into each sale by taking an inventory of all of the items, organizing and displaying them, and assessing their value. Agents also publicize the sales and are typically responsible for clearing out the house after the sale is over, including making arrangements for remaining items to be donated to a local charity. In return for all of their work, agents take a percentage of the total earnings as payment, typically between 25 and 35 percent.

When there are expensive or unique items in a sale, some estate sale agents will turn to brokerage sources – experts in selling jewelry, fine art and collectables – to ensure they get the most value. Pricier items are often handled in a manner similar to a silent auction where "bids" are placed on the items, basically declaring a price that someone is willing to pay. And, just like an auction, those items are typically sold for the highest listed bid price.

Understand the terms of **your** estate sale. Get all the **details in writing.**



Hiring an estate sale company

Many estate sale firms – considered to be in the “liquidation industry” – are run by families or sole proprietors, and operate on a handshake basis. This unregulated, unlicensed industry generates at least \$5 billion in revenue a year. Because estate sale agents often spend days in a house – frequently unsupervised while handling many of a family’s most prized possessions – it’s important to hire a reputable firm.

Estate sale agents often come as referrals from clients, estate lawyers, estate trustees or real estate agents. However you find your agent, be sure to get the details of your estate sale in writing. Having a clearly defined contract leaves little to misinterpretation. Also, confirm the agent and employees are bonded and insured should something happen to the property while they are on the job. Other family members and heirs to your family’s estate will appreciate knowing the items they grew up with are being handled properly.

Becoming an estate sale shopper

If you’re just beginning to explore estate sales, you’ve chosen a good time to start. As baby boomers start to downsize for retirement, many are actively trying to lessen their load. This creates an increase in supply and drives down prices allowing for bargain hunting at its best. In fact, you can often find great deals on high value items that would have fetched considerably more money a few years ago. □



Teachable Moment

Ask your older teen to help you research estate sales for an upcoming weekend (sales are often listed in the newspaper classifieds the Thursday before the sale, which usually runs Friday through Sunday). Have your teen also help you identify three or four items your family could use, researching the cost to buy them new. Visit a couple of estate sales that have those or similar items and compare prices and value.

Factory Tours Offer Look at Career Choices

Here are just a few examples of some of the tours you and your family could enjoy:

Sanford, Maine

Tom's of Maine shows how toothpaste gets into the tube.

High Point, N.C.

Visit Bill Davis Racing to see cars being built for NASCAR races.

Louisville, Ky.

Watch how Louisville Slugger bats are made for little leaguers and pro players.

Abilene, Texas

Learn how Ninnie Baird started Mrs. Baird's Bread factory in 1908.

Afton, Wyo.

See Aviat Aircraft manufacture sport and utility airplanes.

Across the country factories are buzzing with all kinds of activity as workers manufacture many of the products we use every day. Seeing firsthand how these factories work can give your children ideas for a future career.

A factory tour helped 14-year-old Brennan, an avid model builder, determine how to pursue his dream of designing roller coasters when he grows up. As part of his seventh grade goal-setting process, his teacher and his mother wrote a letter requesting a tour of the K'nex factory in Pennsylvania, which makes construction sets.

"I saw the whole operation and talk to the product designers," Brennan says. "The most valuable thing was learning that they'd studied art and design instead of engineering, as I'd expected. It's definitely changed my thinking about my college major!"

To find one of the many public tours available, visit factorytoursusa.com, a site that "celebrates American imagination and industry."

Other companies offer virtual tours. Nearly 250 web tours are listed at bradley.bradley.edu/~rf/plantour.htm, including a power plant in Michigan and a rubber manufacturer in California.

In rural areas your family can tour farming operations and dairies, such as Shatto Milk Company in Osborn, Mo.

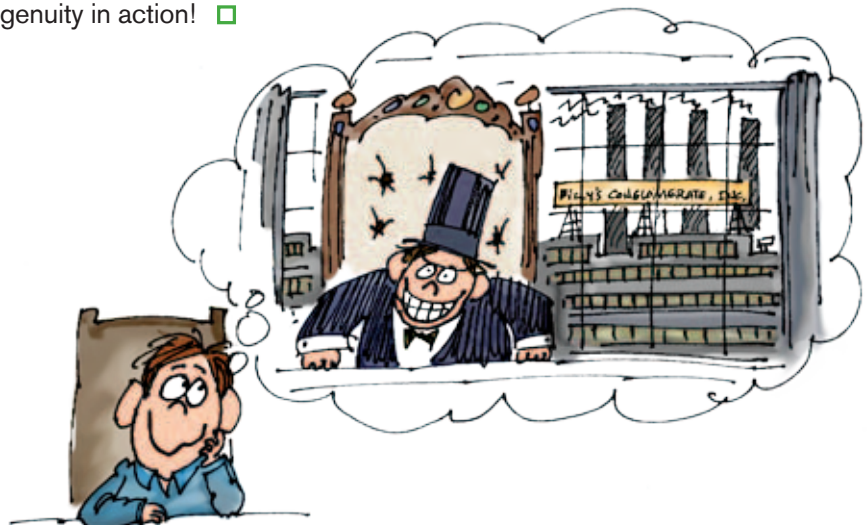
Tours are usually available at no charge – and may offer freebies! Since some operations are seasonal, check the company website for scheduling and reservations.

Whatever type of factory you visit, you'll appreciate seeing American ingenuity in action! □

Teachable Moment



After your tour discuss with your kids what they learned. What different types of jobs did they see? Would they rather earn their living in a factory, outdoors or an office? Factory tours can also help your son or daughter meet requirements for a Scouting badge. For example, the "Girls in Tech" program at the Ford factory in Dearborn, Mich., helps Junior Girl Scouts earn their careers badge.



Smartphone Applications That Can Help You Save Money

If you've been wondering if a smartphone could help you better manage your finances or find a bargain or two, you're in luck. As the commercial says, "There's an app for that." In fact, Apple claims to have more than 350,000 such programs in its App Store. Similarly, Google's Android operating system and RIM's Blackberry also offer thousands of apps. Many of them are free, and some could actually help you save money!

Here are a handful of smartphone apps that could help you become a wiser consumer and bring you closer to financial independence:

Manage Your Finances: **Mint.com Personal Finance** allows you to monitor your spending, keep track of your budgets and manage it all while on the go. This app uses bank level data security and, according to the company, 90 percent of Mint.com mobile users claim they've changed their spending habits as a result of using it.

Compare Prices: Consider **Google Shopper** or **ShopSavvy**, both of which allow you to scan an item's bar code with your phone's camera, then view a list of prices for the same product at other stores. Other apps that help you look for discounts at the store and/or for nearby competitors, include **ShopKick**, **Yowza** and **RedLaser**.

Cut Your Fuel Bill: A number of apps can help you save on gasoline. With ever-changing prices, these

apps can help you find the least expensive place in your neighborhood to buy fuel. They include **FuelFinder**, **TripTik**, **GasBuddy** and **iGasUp**. Other apps of note in this category are **Gas Hog**, which allows you to track the fuel economy of your car and gives you tips to improve it. **Gas Cubby** allows you to track your gas mileage and keep track of your vehicle's maintenance, even sending you service reminders. **Carticipate** facilitates ride-sharing within your network of family, friends and co-workers. You simply post where you want to go and the app matches you to local participants that are going your way.

Avoid Traffic Delays: Commuters who want to improve their travel time should consider **Waze**, which uses real-time traffic updates to help you avoid traffic jams, accidents, police traps and road hazards. Meanwhile, **Google Maps** offers alternative routes to avoid traffic pileups, and **Route4me** optimizes your route when traveling to multiple destinations. Route4me reports that routes are usually 25 to 35 percent shorter after being optimized. You can enter up to 200 addresses per route.

Find an ATM Machine: When you need cash quickly, locate the nearest ATM machine with **ATM Hunter**. Not only can you find the closest machine, you can screen for which ATMs are open 24-hours, which have drive-through access and which ones don't charge a surcharge. □



Teachable Moment

If your child has a smartphone, iPod or tablet computer, ask him or her to help you research the apps they think would be most helpful to you. Have them list the benefits of each app, how often you might use it and how much money it could potentially save you.

Excellence in Financial Literacy Education

American Century Investments was recently honored at the 5th annual Excellence In Financial Literacy Education (“EIFLE”) Awards, presented in Chicago at the 2011 Institute for Financial Literacy conference.

We received the “Education Program of the Year” award in the General Children’s Category for the Yes, You Can - Financial Education curriculum. And, for our longstanding support of financial education and the breadth of offerings through the YesYouCanOnline.info website and other venues, we were also awarded the for-profit “Organization of the Year” award.

Now in its fifth year, the EIFLE Awards acknowledge innovation, dedication and the commitment of those who support financial literacy education nationwide. American Century Investments is one of the few organizations to win two awards in the same year.



YES YOU CAN



Yes, You Can
4500 Main Street
Kansas City, Missouri 64111

