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## NEWS

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# Growing up Is Never Easy

## *The Pains of Recession Should Lead to More Mature Financial Practices*

SAN DIEGO, CA (March 16, 2009) — Urging the country to put away childish things, President Obama could have been talking about poor spending habits. Like children, this nation demanded instant gratification. The retail concept of lay-away, so popular just 30 years ago went the way of the drive-in movie. No longer satisfied with buying only what is affordable, Americans embraced run away equity lines and defined themselves by what could be bought on credit. But those days are no more – and maybe it’s for the better.

According to John Jenkins, Founder, President and CEO of Asset Preservation Strategies, “Faced with plummeting investment accounts, declining home values, and the real prospect of job loss, Americans suddenly are doing what they’ve needed to do all along – spend less and save more.”

In fact, in the last three months of 2008, the government reported Americans' savings rate, as a percentage of after-tax incomes, rose to 2.9 percent. That's up sharply from 1.2 percent in the third quarter and less than 1 percent just a year ago. Today, a shopping spree no longer appears to be the initial response to a wave of bad news. In February, the Commerce Department reported consumer spending fell for a record sixth straight month in December, dropping 1 percent amid worries about surging layoffs. The hunkering down trend likely will continue. The Conference Board Consumer Confidence Index, plummeted further in February reaching yet another all-time low. The Index now stands at 25.0 (1985=100), down from 37.4 in January. According to The

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Federal Reserve, although consumer borrowing rose slightly in January, economists still expect borrowing will remain weak this year with news of the unemployment rate surging to a 25-year high.

“With pessimism about the state of the economy increasing daily, suddenly it’s chic to be cheap,” says Jenkins. “Frugality is back in style and splurges on widescreen TVs, top-of-the-line kitchens, and designer clothes are out.” Across America, people have not only stopped borrowing, but they are actually paying back debt by paying down those car loans, mortgages and credit card bills. Consumers are actually talking about how to save money – with their neighbors and, more importantly, with their bankers, credit card companies, and household service providers.

The fallout from collective belt-tightening has been referred to as the "paradox of thrift." That is, what's good for the people — spending less, and saving more — does nothing to lift the economy out of recession. While many economists suggest that it’s bad news for our recession-battered economy when consumers pay off credit cards, increase their cash reserves, and skip a few pizza deliveries, Jenkins begs to differ.

“I believe child-like spending played a role in this economic mess but our increasingly mature attitudes toward money management could make us healthier in the long run,” says Jenkins. “Just as growing up can be painful, enduring the difficult repercussions of this recession may pay off by putting an end to bad financial habits.” This recession may be what it takes to help American consumers break free from a lifestyle of greed supported by excessive borrowing, leveraging and spending.

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#### **About John Jenkins and Asset Preservation Strategies, Inc.**

John Jenkins is president and founder of San Diego-based Asset Preservation Strategies, Inc., which provides a team of financial professionals collaborating to address all of the elements of successful wealth management. He has conducted numerous financial planning workshops during his career and has been a guest on the PBS show “The Money Makers” and its successor, “The Financial Advisors,” as well as the syndicated news magazine show “Heartbeat of the City.” Jenkins has also authored and co-authored several financial planning books and publications. He is frequently quoted in the financial press, including Financial Planning News, The San Diego Union-Tribune, the La Jolla Light and the San Diego Business Journal. He has been named for three years in a row as a 5 Star, Best in Client Satisfaction Wealth Manager by San Diego Magazine based on surveys of more than 30,000 clients of wealth managers and data from more than 4,000 financial service professionals. Learn more at [www.asset-preservation.com](http://www.asset-preservation.com)

**NOTE:**

When you need a knowledgeable professional to speak on complicated financial topics in an easy-to-understand and engaging manner, please call John Jenkins at Asset Preservation Strategies, Inc.

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Written by John Jenkins, Securities America, Inc. Registered Representative, with industry journalist, Marie Swift, President of Impact Communications.

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