



GRANITE FINANCIAL

## NEWS

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### **Growing up Is Never Easy** *The Pains of Recession Should Lead to More Mature Financial Practices*

St. Cloud, MN (March 31, 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 Patricia Hinds, founder of Granite Financial in St. Cloud, “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

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stands at 25.0 (1985=100), down from 37.4 in January. According to The 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 Hinds. “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, Hinds 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 Hinds. “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 Patricia Hinds and Granite Financial Inc.**

Patricia Hinds, a branch manager for Securities America, Inc. and founder of Granite Financial Inc., has been a part of the financial services industry for over 19 years. She is a CERTIFIED FINANCIAL PLANNER™ practitioner and holds the Board Certified in Estate Planning (BCE) designation from the Institute of Business & Finance.

Hinds specializes in providing personal wealth management services to financially established women entering or near retirement. She uses a consultative approach to help develop and effectively implement a financial plan. Her process includes investment consulting, relationship management and

advanced planning in four areas; wealth enhancement, wealth transfer, wealth protection and charitable gifting.

Hinds is a member of the Financial Planning Association, the Better Business Bureau, the National Association of Professional Women and the St. Cloud Area Chamber of Commerce. She conducts regular financial planning seminars and has contributed to articles in several leading trade publications including Wealth Manager, Financial Advisor, Investment News, Research and On Wall Street as well as consumer outlets such as Kiplinger's Personal Finance and Minnesota Business Magazine. Visit [www.granitefinancial.net](http://www.granitefinancial.net) for more information about Ms. Hinds and Granite Financial Inc.

**NOTE:**

When you need a knowledgeable professional to speak on complicated financial topics in a clear and concise manner, please call Patricia Hinds and the advisors at Granite Financial Inc.

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