



National Conference of State Legislatures

***Promoting Economic Success
for
Montana Families***

January 25, 2006

Marsha A. Goetting

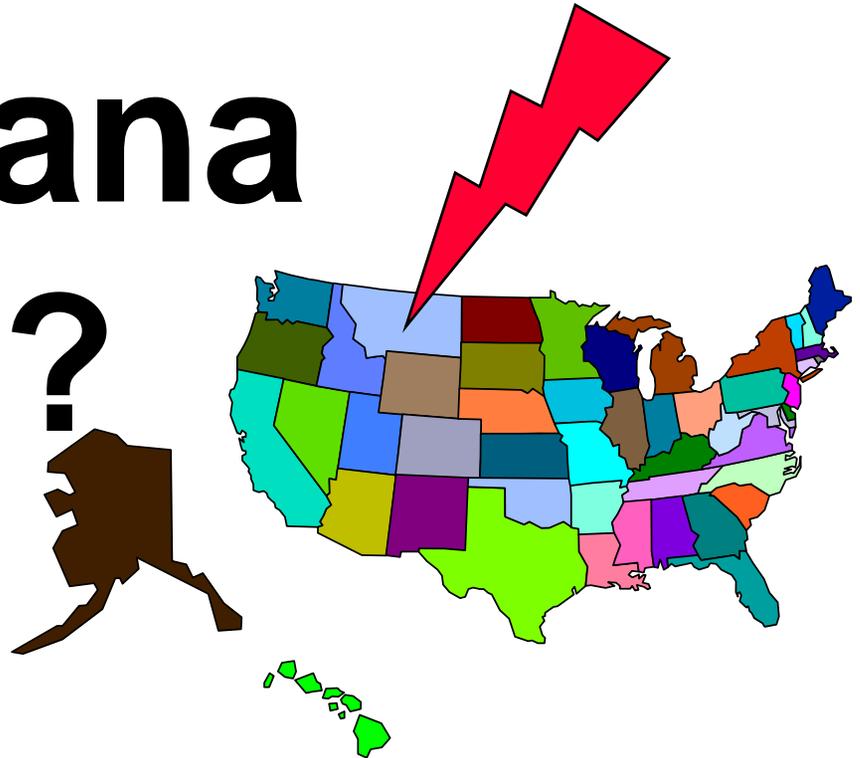
Ph.D., CFP, CFCS

**Professor & Extension
Family Economics
Specialist**

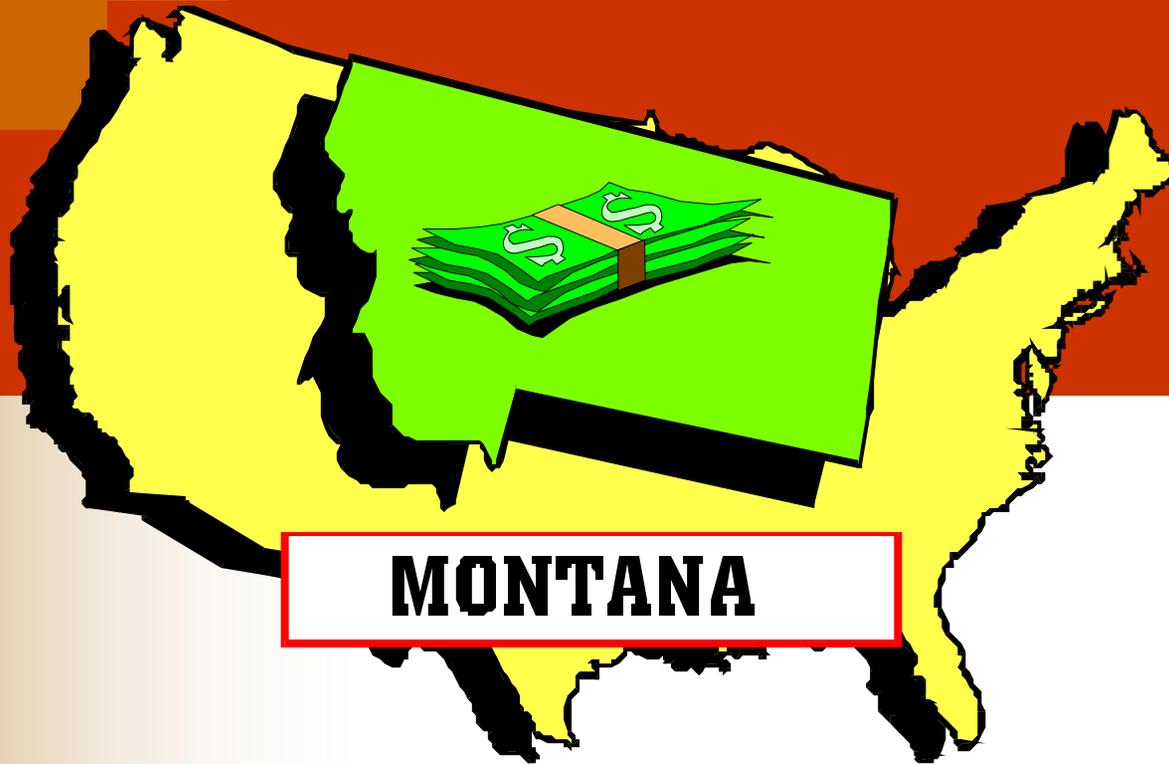


**Department of Agricultural
Economics & Economics**

■ **What is the financial status of Montana families?**

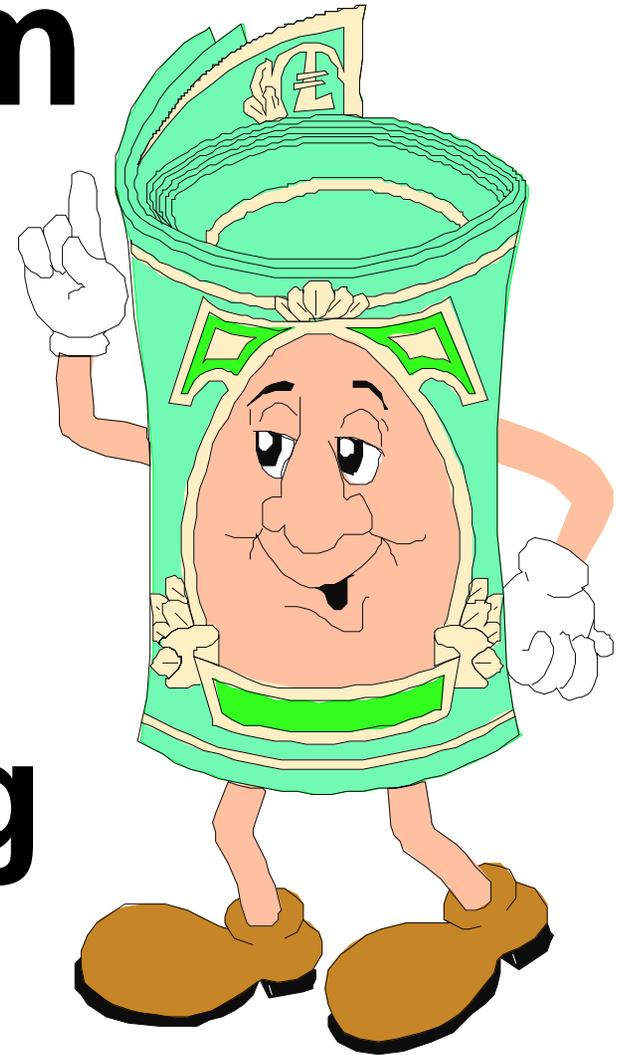


Indicators



■ NCSL Team Contest

□ Valuable prizes to the winning team !!!



Step 1:

- Form teams

- 3 - 5 members



Step 2:

- **Select a Team Name**



- **30 seconds**

Step 3:

- **Sticky Notes**
 - Write *team name* & *answer* on sticky note for each question
 - Place on money board

Indicators

Income & Wages



MONTANA

1. Per Capita 2004?

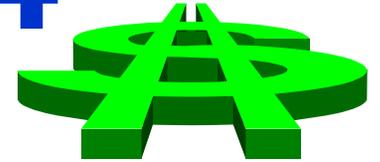
- **Montana
Personal
income**

- ?????**

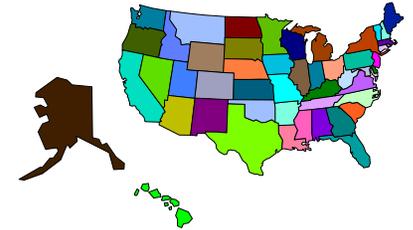
- List amount**



Per Capita- 2004



- **Personal income**
84% of national



□ **\$27,666 Montana**

□ **\$33,041 National**

Per Capita

■ Ranking

□ Montana

Personal Income

□ 44th in 2004



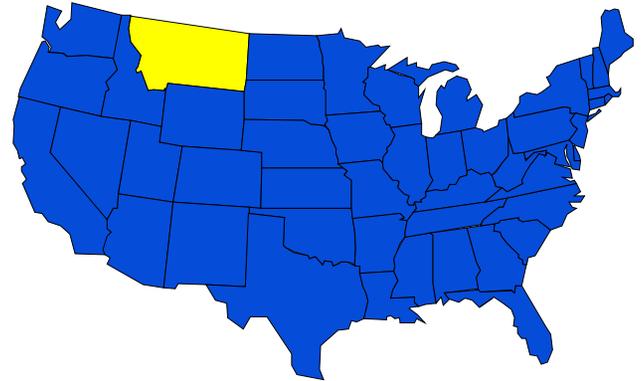
Montana Wages - 2005

- **\$34,449**
- **80% of National**
- **\$43,318**



Montana

- Average annual pay ranking in the nation 2005

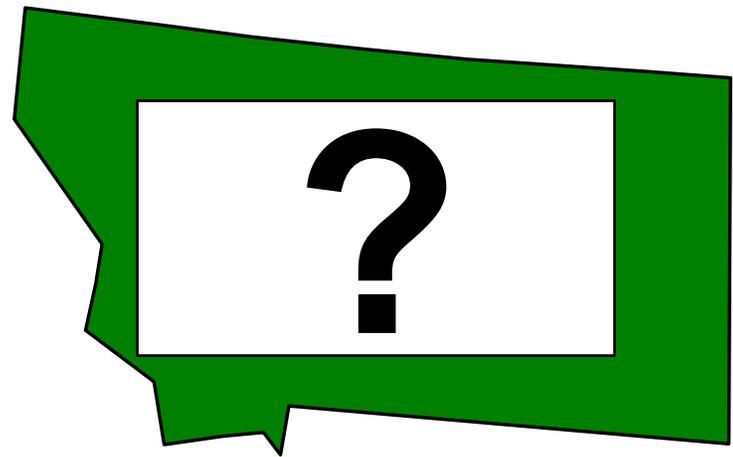


- 46th

- Up from 50th in 2004

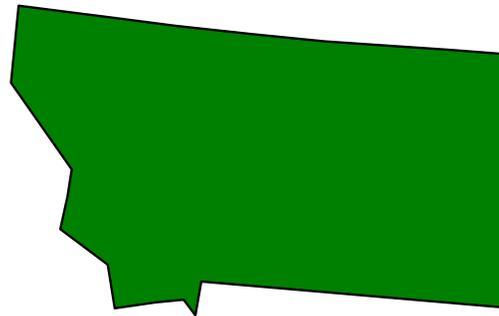
Average Annual Wage

- **What country has the highest wage?**



Average Annual Wage- By County 2004

- **Stillwater** **\$37,077**
- **Sweet Grass** **\$32,706**
- **Lewis & Clark** **\$31,179**



2. Multiple jobs?

- **What percent of Montanans hold second & third jobs?**
 - **average since 1991**

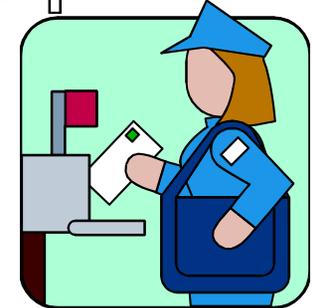


Multiple Job Holders

- *Average of 10% since 1991*

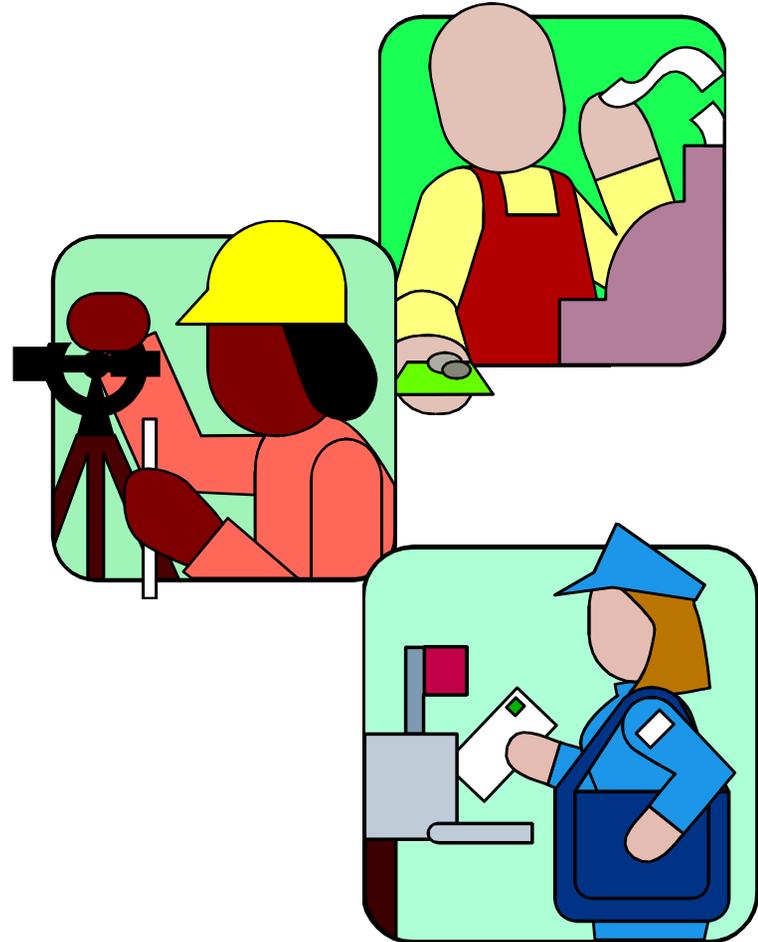
- **National Ranking**

- **3rd or 4th since 1991**



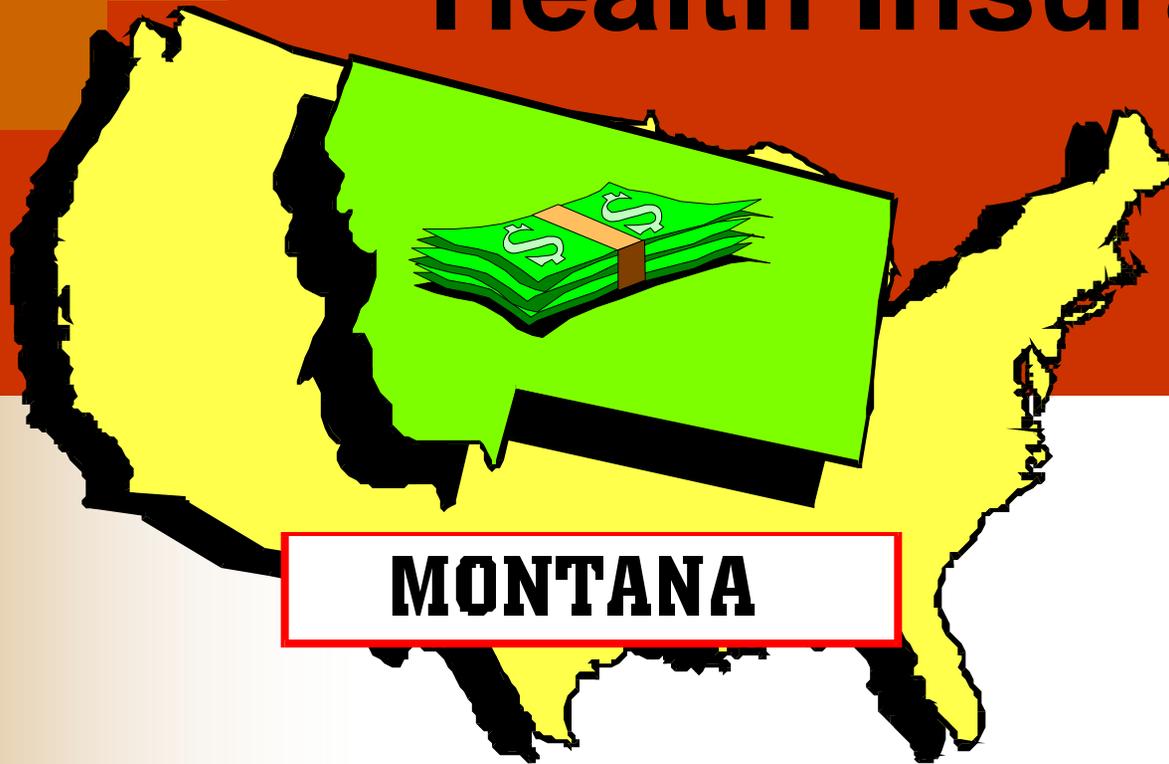
Multiple Job Holders

- *Nebraska*
- *North Dakota*
- *Hawaii*
- *Montana*
- *Wyoming*



Indicators

Health Insurance



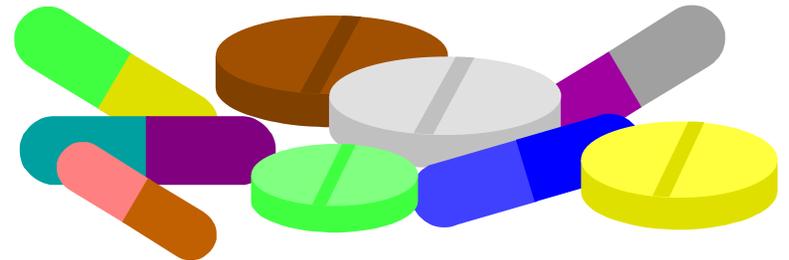
MONTANA

% Without Health Insurance

- **Census Bureau**
- **2002 - 2004**

□ **17.9% MT**

□ **15.7% National**



Poverty Rate

■ **2003 - 2004**



□ **14.6% Montana**

□ **12.6% National**

2005 Poverty Thresholds

■ Family
of 4

□ \$19,157

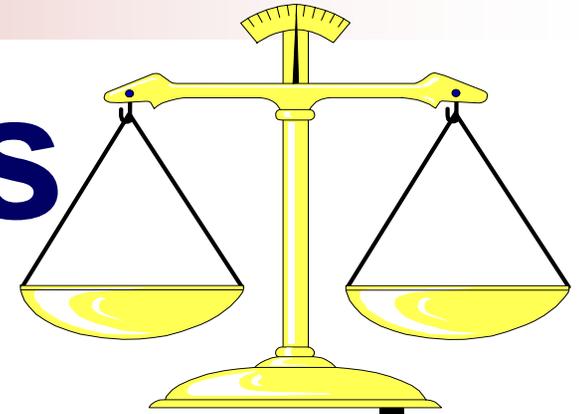


Indicators

Bankruptcies



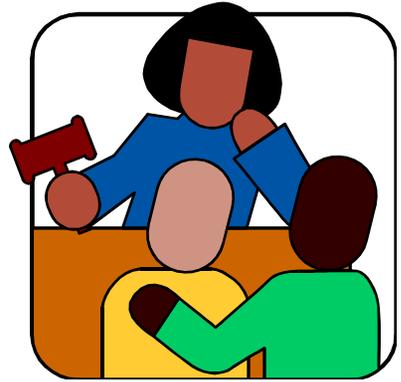
Bankruptcies



- **3. # of Personal Bankruptcies in Montana in 2004??**
(Non-business)

Bankruptcies

- Personal



(Non-business)

- 4,223

- 2004



Montana Bankruptcies

■ Chapter 7 = 3,812

□ 90%--Straight



■ Chapter 13 = 410

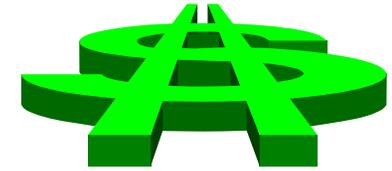
□ 10%--Wage Earner

Indicators

Credit Load



Student Debt



■ Graduating Seniors

□ Credit Card \$ 3,071

□ Student Loan \$17,331

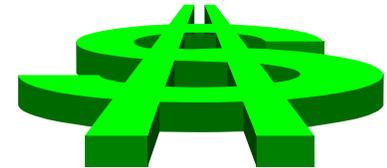
■ Total \$20,402

Senior Citizen Debt

- **Average Credit Card Debt**

- **1/3 Carry Balance**

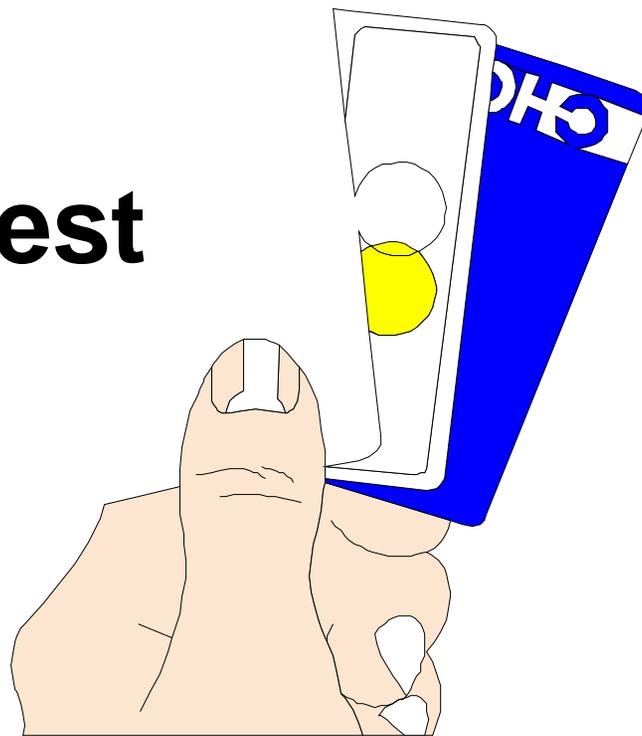
- **\$4,041**



Debt—Credit Card

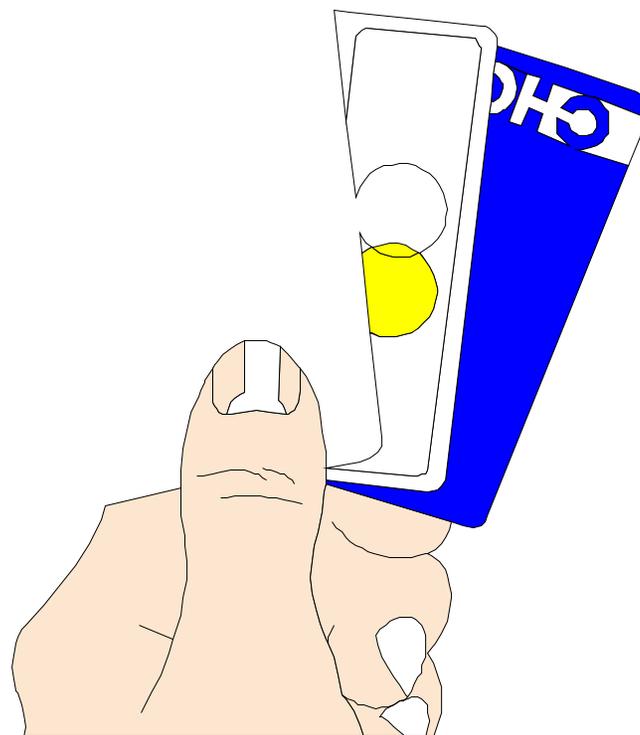
■ **\$8,000**

■ **4. How much interest paid if make 2% minimum payment every month?**



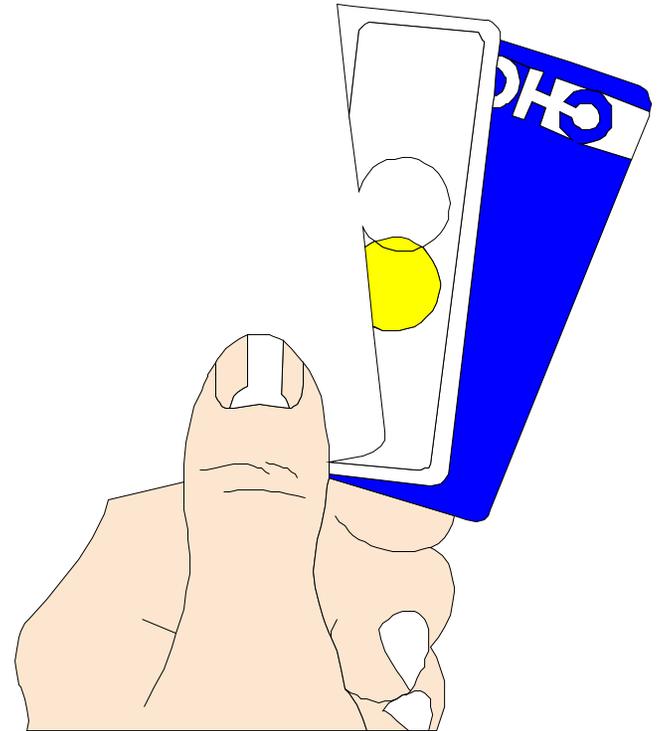
Debt—Credit Card

- \$8,000
- Use Credit Smarts Calculator

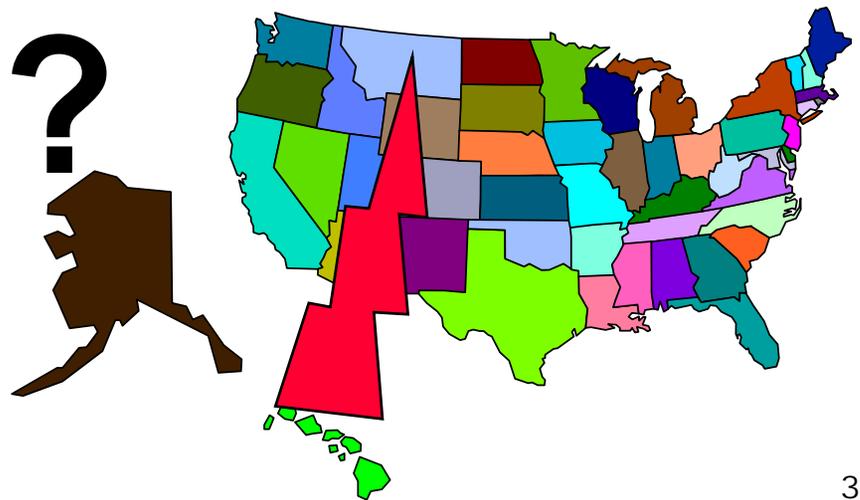


Debt—Credit Card

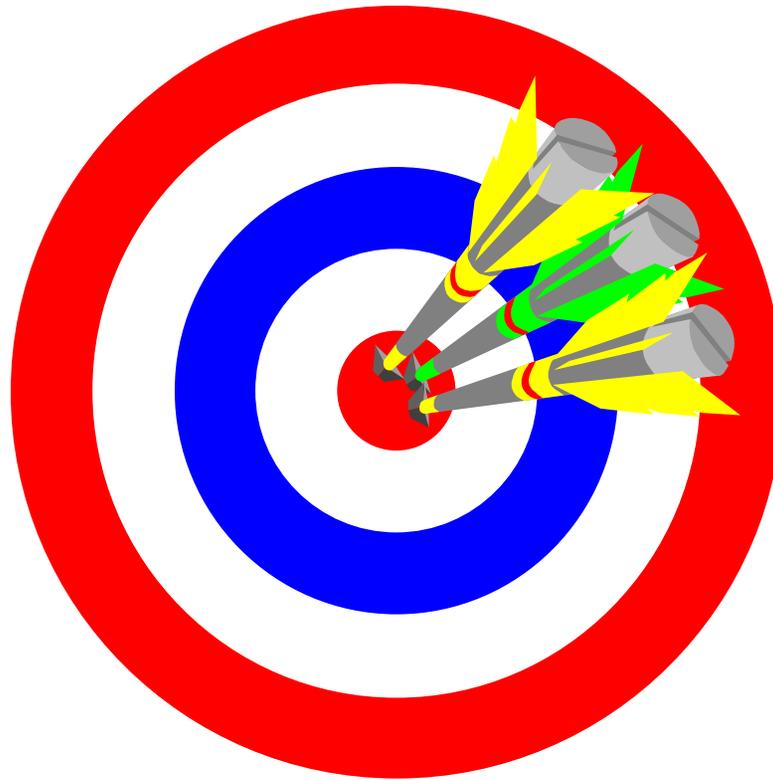
- **\$8,000**
- **\$21,164 in interest**



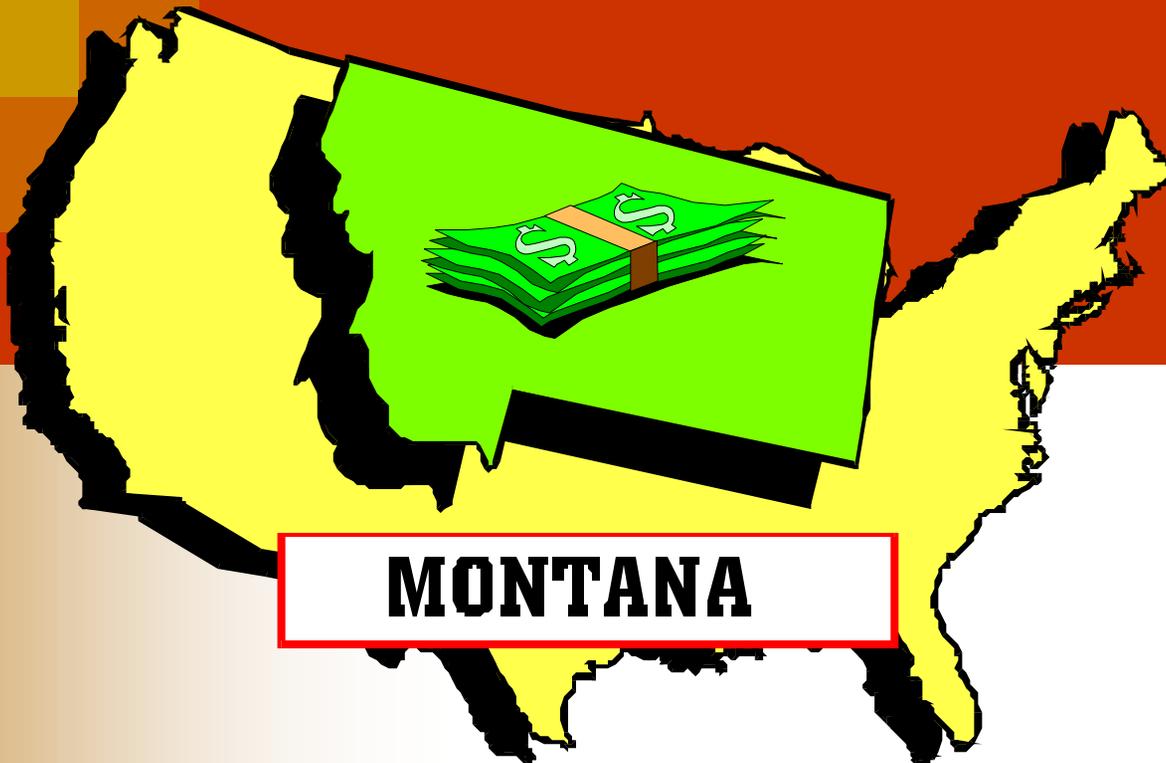
■ Some Indicators of the financial status of Montana families?



What's missing???

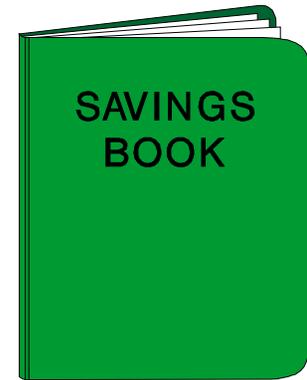


Assets



Asset Base

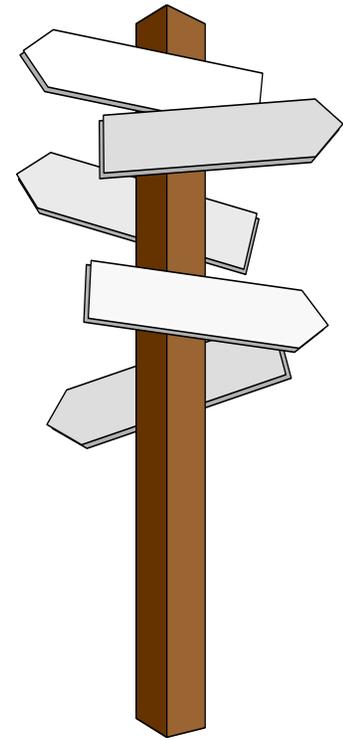
- **Savings Accounts**
- **Homes**
- **Vehicles**
- **Securities**



How assets are TITLED??

Whose name on the accounts?

- **Savings Accounts**
- **Homes**
- **Vehicles**
- **Securities**



What fraction, if any, will brother receive?

~~Bachelor~~
~~Brother~~

~~Sister~~

~~Sister~~

Brother

Brother

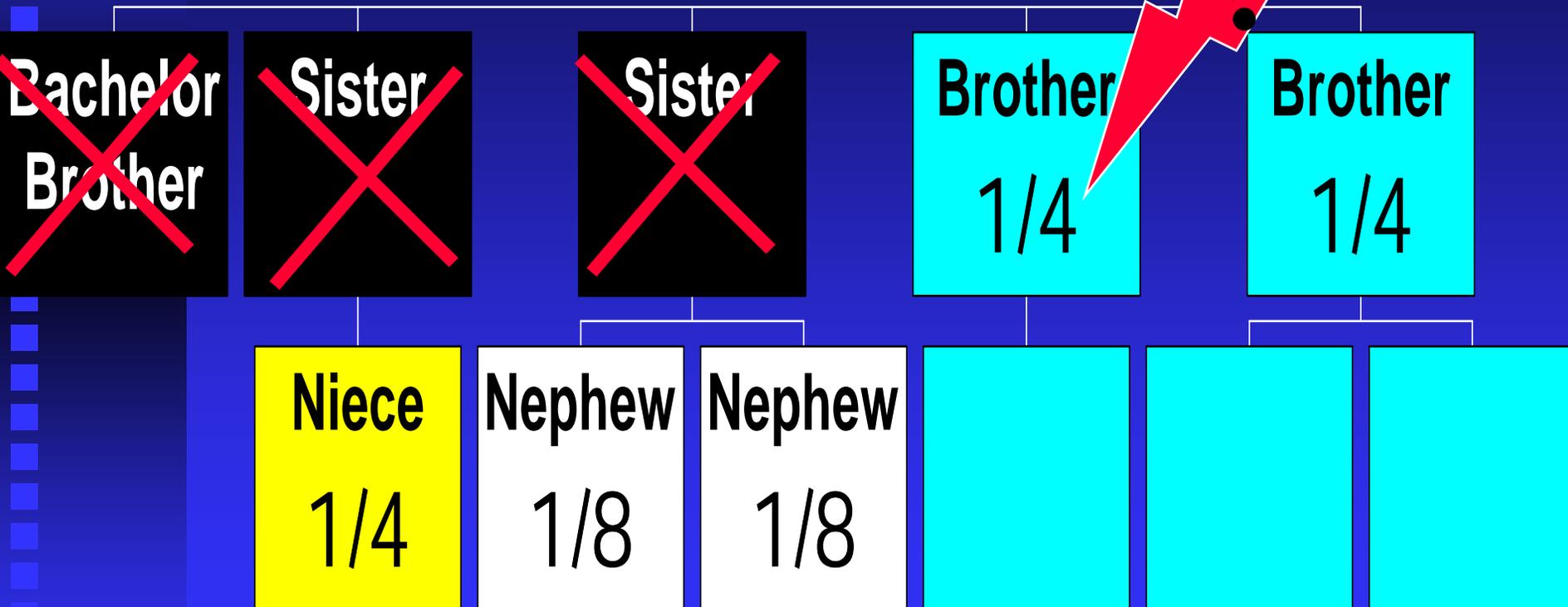
No
will

Niece

Nephew

Nephew

Right of Representation



Married Couple

- John & Mary
property titled

**John's name
only**

- No children



Auto Accident

- John dies first
- Mary dies

**3 days
later**



Question

■ Who
receives
the
property?



Auto Accident

- John dies first
- Mary dies

**3 days
later**



Whose relatives receive property??????

- John dies first
- Mary dies 3rd Day



- **John's relatives
receive property**

Montana Survival Requirement

- An heir must survive 120 hours
- Otherwise, treated as predeceasing the decedent



Whose relatives receive property?????

- John dies first
- Mary dies

6 days later

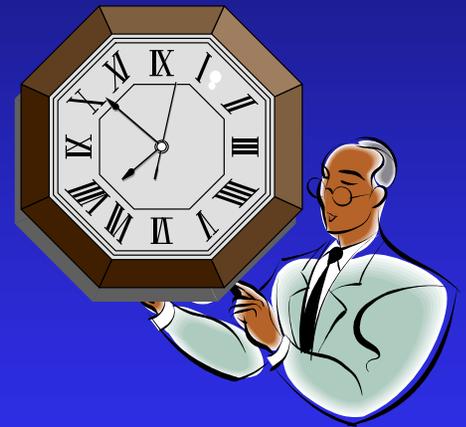
- Mary's relatives receive property



Whose relatives receive property??????

- Depends on
who survives the
longest

- ◆ John's relatives
- ◆ Mary's relatives



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■ Team Winners 2006



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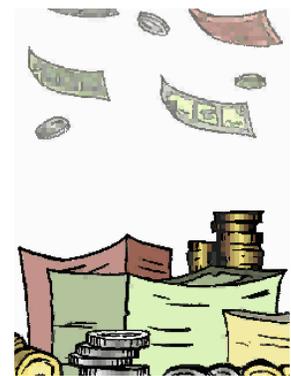
**Department of Agricultural
Economics & Economics**

Federal Gift Tax



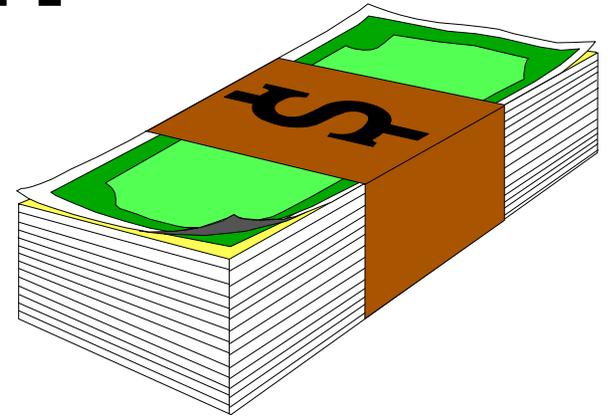
Question

- **What is the amount that can be gifted yearly without a federal gift tax?**



Annual Gifts \$12,000

- To as many people as you wish
- Tax free



Gift-splitting



- Spouse may join in gift

\$24,000

