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Last-minute holiday shopping

Searching for
the best deals?
Check your
options



PHOTO ILLUSTRATION BY LLARA SCHULTZ

By SARAH M. LIFSHIN
Dispatch/Sunday News

If the nation's current economic slump has taught consumers anything this holiday season, it's how to be smart shoppers. Shoppers now, more than ever, will need to remember their new-found "skills" during the next few days — which retail analysts anticipate to be the busiest shopping days of the year — when millions of Americans are expected to hunt for last-minute gifts.

There are ways to find those special gifts without breaking your pocketbook. Whether comparing prices on the Internet, in-store shopping or poring over promotional flyers — shoppers must remember to "shop around."

"Shoppers are smart, and

anyone who says they are not are kidding themselves. They are telling us what prices they will pay for things at the end of the day," said Ken Lakin, chief executive officer for the Reading-based Boscov's Department Stores LLC.

Retail experts say stores will only get busier and sales more profitable as Christmas Eve approaches — with many shopping centers gearing up to handle a last-minute shopping rush in the hours before Santa's annual Yuletide visit.

The Bon-Ton's Mary Kerr said the York-based company took consumer spending into consideration while ordering inventory. "We have been watching what people are purchasing so we can have an assortment on the floor," she said.

Staying within your budget

Here are some tips to ensure holiday gift buying doesn't turn into a financial mess:

■ A shopping list should include exactly how much you plan to spend on each gift.

■ If you must use credit, only use the card with the lowest interest rates.

■ Cut out a picture of the item you wish to buy, place it in a card or email box to be opened on Dec. 25. Purchase the item during the post-holiday sales.

■ Don't make any purchase that you can't afford to

pay off within three months.

■ Often the most expensive toys are the ones that end up in the back of the closet.

■ When your list is complete, you are done. Stop, leave the mall and head home.

■ If you have already gotten off on the wrong foot, tally up what you already spent, figure out how much you have left, and then shop accordingly. Then sit down and devise a plan to pay off the charges you have already accumulated.

Source: Money Management International

The spokeswoman for the Springettsbury Township-based retailer said it's obvious why so many shoppers are waiting to buy closer to Christmas.

"They aren't shopping until they really need something, and they are being much more cau-

SHOPPING

Know options for last-minute gifts

Continued from Page E1

tious with spending," she said.

Nearly 30 percent of those shoppers are expected to make purchases during the period which began yesterday and ends Christmas Eve. That compares to only 10 percent on Black Friday weekend — once called the busiest shopping time of the year.

Companies including the big-box retailer, also have increased their hours in hopes of attracting last-minute shoppers. Kmart, which is operating under Chapter 11 bankruptcy protection, on Friday started its non-stop shopping promotion, which it did last year. Stores will be open continuously until 8 p.m. Christmas Eve.

But shoppers trying to be price-conscious need not get caught in the holiday rush by maxing out their credit cards during the few days left before Christmas.

Financial advisers say sticking to a list, comparing product prices and shopping during traditional sale periods may help prevent a customer's financial meltdown.

"To be a smart shopper is quite simple ... focus on paying for gifts with cash before credit and avoiding shopping during peak days and hours," said Rudy Cavazos, spokesman for the

Texas-based Money Management International, a credit counseling organization.

Slow season predicted: Financial and industry experts since last summer have predicted a lackluster holiday season — affected by events ranging from the continuing economic outcome of last year's terrorist attacks to recent West Coast port closures.

But earlier numbers could have been deceiving.

"The port strike on the West Coast left many retailers short on inventory. And retailers, expecting a dismal holiday season, are also understocked. Items selling out could make this an interesting holiday season," said Wilkes University's economics professor Anthony Liuzzo.

He is predicting a small 2 percent gain in holiday retail spending. "Consumers have shown that they are not willing to let up in their spending," he said, adding that consumer confidence is at its lowest in decades.

"It's been slow and painful ... there is an impending war and volatility in the stock market going up and down 100 and 200 points in a given day," Liuzzo said. "But we have a solid economy and consumers have shown surprising resilience and confidence."

Liuzzo said that's why shoppers — who may be wary of spending — hit stores on Thanksgiving weekend. Sales were up 12 percent on Black Friday, while they increased 7 percent on Saturday.

"The deals are out there," Liuzzo said.

But retailers also have taken consumers' hesitance in consideration while planning sales and promotions. "They have to go shopping for that last rush ... they should really check the inserts to see the promotions by the retailers," Kerr said.

Cavazos said last-minute shoppers searching for the best deals should try researching all pricing avenues before deciding to purchase a particular item.

Online buying: Several online companies, ranging from online book dealers to clothing retailers, will be swamped with orders from those shoppers who need a particular gift but don't want to deal with the mall time rush.

But Cavazos said there are ways around the rush — which may save a shopper money. "Shop when everything has died down a bit," he said. "Find a picture of what you are looking for, put it in a box and then wait for the post holiday sales."

However, that doesn't mean that shoppers won't be heading the stores. Looming financial concerns won't dampen consumers' plans to provide a "gift-filled" holiday season for their friends and family — especially toy-seeking children.

"It's the busiest time of year," said Lakin, whose company operates a store at the York Galleria mall in Springettsbury Township. "We are doing two or three times more volume than a normal day or week. There is nothing like this time of year in the world."



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Elderly turn to credit cards, debt for basic needs

For this Depression-era generation, the lesson has been to pay your debts and owe no one.

But at a time when the elderly should be basking in their retirement, a disturbing trend is emerging: Many are struggling to pay off credit-card bills.

And the use of credit cards by the elderly will continue to increase over the next two decades, according to Robert D. Manning, professor of humanities at Rochester Institute of Technology in New York.

"The elderly are living longer, and that's leading to a host of abuses," Manning said. "The aging of the boomer generation means you've got people aging into debt, which typically you didn't have."

Eventually, Manning said, the use of bank credit cards by seniors will mirror their use in the general U.S. population.

"We're seeing some serious debt — \$40,000, \$50,000 and \$60,000 in credit-card debt," said Suzanne Cobb, director of the Guardianship and Money Management program at Senior Citizens of Greater Dallas, a nonprofit organization.

"They're using those credit cards to pay for basic necessities, prescription drugs, groceries. The credit-card company will send them another application, and it just snowballs on them."

A big reason for the increasing debt, experts say, is that many of the elderly haven't saved enough for retirement.

"A lot of times, people are ill-prepared to retire and use the credit card as supplemental income" for basic expenses, said Howard Dvorkin, presi-

dent and founder of Consolidated Credit Counseling Services in Fort Lauderdale, Fla.

That's the case with Juanita Spencer, 84, of Dallas, who charges more than \$200 a month on medicines.

Spencer, like most of the elderly, receives Medicare, but it only covers prescription drugs in a few cases.

"I never was one to owe anybody," said Spencer, who's legally blind.

"These are all necessities," she said, holding up a large plastic bag of drugs she takes for various health problems. "There ought to be a way people can have medicine without going into debt for it."

Congress is considering adding a prescription drug benefit to Medicare, but the likelihood of legislation being enacted is slim. According to the Congressional Budget Office, Medicare beneficiaries represented nearly 15 percent of the population in 1999, but they purchased about 40 percent of the \$100 billion in outpatient prescription drugs sold that year.

Total average debt of households headed by someone age 65 or older soared from \$8,000 in 1992 to \$23,000 in 2000 — an increase of 188 percent — according to SRI Consulting Business Intelligence in Princeton, N.J., a research and consulting firm. By comparison, the average credit-card balance for those ages 25 to 34 is \$3,224.

The total average debt figure includes debt from credit cards, home-equity loans, installment loans, vehicle loans and margin accounts from brokerage firms. The average credit-card balance carried by

seniors also rose, from \$1,280 in 1992 to \$1,897 in 2000 — an increase of 48 percent.

By 1996, the elderly's average credit-card balance actually had jumped to \$3,436, but that number dropped steadily during the next four years.

One reason for the decrease is that the economy and stock market were still booming at that time, said Anthony Luzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa. "People were making money," he said, and were able to pay down their debt.

So how do the elderly end up in such debt? Many find themselves in the hole because they don't understand how credit works, experts say.

They don't understand the "nature of high interest charges and penalties that can accrue with credit-card bills," Luzzo said. "By making the minimum payment, your balance can actually go up."

Not to mention the time it takes to pay off the bill.

For example, an \$8,000 credit-card bill with an 18 percent interest rate would take 53 years to pay off if you made only the minimum monthly payment, said John Waskin, executive director of American Credit Counselors Corp. in Huntersville, N.C. That's accounting for the fact that most of the payment goes toward interest.

Many others get in credit-card trouble by helping family members, experts say.

"We see folks helping out children who are struggling," Dvorkin said. "They let the child use

SEE CREDIT, F4

Credit

Continued from Page F3

credit cards for various reasons."

The easy availability of credit and a desire to keep up with the Joneses also contribute to seniors' credit problems, experts say. "They also feel peer pressure to spend beyond their means," Luzzo said.

If you find yourself with credit problems, sit down and create a spending plan, listing your income and expenditures, experts say. That will tell you what money is coming in and where you're spending it.

"It's important because otherwise you will spend money you

don't have or spend money you can't pay back," Waskin said.

And avoid taking cash advances on credit cards. Cash advances carry a higher interest rate than purchases, said Brian Ashe, a financial adviser at the Million Dollar Round Table, an organization of life insurance and financial services professionals.

So avoid using credit for basic living expenses "unless you have a sure way to generate the revenue that will support that debt," Banks said. "In the case of medications, look for special programs that will help you."

Pamela Yip is a business writer for The Dallas Morning News at www.dallasnews.com.

Discounts fail to save November sales

By MARIA M. PEROTIN
STAR-TELEGRAM STAFF WRITER

Retailers lured holiday shoppers with big discounts on Thanksgiving weekend, but the end-of-the-month buying spree wasn't enough to salvage weak November sales.

Retailers saw a 0.1 percent decline in same-store sales in November, according to the Bank of Tokyo-Mitsubishi's

RETAIL Lackluster sales in November could force retailers to offer steep discounts this month to attract holiday shoppers.

retail chain store sales index. That marked the first year-over-year November decline since the series began in 1970. Same-store sales, considered the best indicator of a

retailer's health, measure revenues at stores that have been open at least a year.

Sears, Target, Dillards and Saks all posted sales drops, while J.C. Penney reported flat sales and Wal-Mart's gain of 2.6 percent fell on the low end of its earlier projections.

More on RETAIL on 3C



A late binge of buying couldn't save retailers from reporting that November sales were down from a year ago.
STAR-TELEGRAM/TOM PENNINGTON

RETAIL

Continued from 1C

In part, the declines can be attributed to a quirk of the calendar: Thanksgiving landed so late in November that much of this year's holiday spending isn't expected to happen until December.

Still, sales were brisk during the three days after Thanksgiving, leaving retailers with hope that shoppers will dip deeper into their wallets before Christmas, said Michael Niemira, vice president of Bank of Tokyo-Mitsubishi.

"That was strong. Everybody seemed to agree that that was fine," Niemira said. "It was just too little and too late."

Kurt Barnard, president of Barnard's Retail Consulting Group in New Jersey, said November's anemic sales results will force businesses to slash prices this month.

"They point to one thing, and that is that the consumer is oriented toward bargains," Barnard said. "Retailers will be under tremendous pressure to lower prices, to offer tremendous bargains."

With six fewer shopping days between Thanksgiving and Christmas, Barnard foresees retailers pushing for foot traffic by offering discounts early.

All told, he expects November-December sales to climb

2.5 percent above last year's results. That matches the prediction from Niemira, who anticipates a holiday season with just slightly better results than 2001's 2.2 percent sales increase.

Anthony Liuzzo, director of the business division at Wilkes University in Wilkes-Barre, Pa., is more cautious. He expects sales to rise slightly more than 2 percent, but only if shoppers continue to see the bargains they nabbed last weekend.

"They're treating their holiday shopping as a business," Liuzzo said. "They're using the discounts. They're using their coupons. They're going from store to store. They're bargain-hunting. And it would appear they're finding the bargains."

Some highlights of Thursday's sales results:

■ Apparel stores, overall, boosted sales by 1.7 percent. Abercrombie & Fitch, Ann Taylor and Men's Wearhouse all posted declines. But those were offset by strong performances by Gap and Chico's.

■ Sales were unchanged from November 2001 at Plano-based J.C. Penney's department stores, which fared best in their fine jewelry, women's apparel, and home departments. The company's figures excluded Thanksgiving week sales altogether, however.

■ Gap, owner of the Gap, Banana Republic and Old Navy chains, posted a 9 percent gain — continuing a

Retail sales

Here is a look at the percent change in major retailers' sales from the same month last year, November 2002

Wal-Mart Stores Inc.	2.6% ▲
Target Corp.	6.7% ▼
J.C. Penney & Co. Inc.	0.0%
Sears, Roebuck and Co.	*10.9% ▼
Gap Inc.	9.0% ▲
May Department Stores Co.	7.9% ▼
TJX Cos.	1.0% ▼
Limited Brands Inc.	2.0% ▼
Dillard's Inc.	7.0% ▼
Saks Inc.	7.0% ▼
Pier 1 Imports	1.2% ▲
Bombay Co.	17.0% ▲
Neiman Marcus	2.9% ▲

* Domestic stores only

NOTE: Sales include those from stores open at least a year. Reporting periods vary slightly, and not all retailers have the same fiscal year.

SOURCE: Associated Press

THE ASSOCIATED PRESS

recovery that began in October after more than two years of declines.

■ Sales rose 2.8 percent at Wal-Mart's discount stores and 1.3 percent at its Sam's Club wholesale club. But other discounters fared worse, with Target recording a sales decline of 5.7 percent. Other wholesale clubs generally saw sales increase.

Maria M. Perotin, (817) 685-3808
mperotin@star-telegram.com

Gift selection affects more than the recipients

ECONOMY FROM PAGE E-1

share of the load in recent years, it's up to us — even though the stock market is hurting our retirement funds, layoffs seem to be announced daily and the headlines are sounding the call to war.

"Clearly if consumers were to decide to pack it in and not buy Christmas gifts, we'd be in trouble," said Scott Hoyt, director of consumer economics at Economy.com, in West Chester, Pa. "I don't think that's going to happen."

Hoyt has his reasons for believing we'll come through. For one thing, a dip in mortgage rates in late September and early October spurred a wave of refinancings that should be closing around now. Which means homeowners should get a timely infusion of cash out of the deal or free up household income by lowering their mortgage payments.

Which could translate into more Christmas presents for the kids or perhaps a new roof for the house.

There's a bit of a debate over whether or not your specific gift choices matter in the big picture. Will it help America if you choose sweaters over DVDs?

"Both are probably imported," said Hoyt. Buying something made in the United States would keep a greater portion of the money here, but that's becoming harder to do these days.

Generally, Hoyt said, how much you spend is more important to the overall economy than what you spend it on.

Yet your neighborhood retail landscape in the future will be tied to your spending now, said Anthony L. Luizzo, professor of business and economics at Wilkes University in Wilkes-Barre.

For example, consumer electronic breakthroughs such as personal computers in the 1980s and the Internet in the 1990s drove spending and, in turn, growth of chains such as Best Buy and Circuit City, both of which probably moved within easy access of your house.

Where you spend your money also matters, particularly to struggling chains such as discount giant Kmart. It is trying to pull out of bankruptcy and this holiday season is the biggest sales opportunity it will have to do so until next Christmas. In its most recent fiscal year, the retailer racked up nearly \$11 bil-

lion in sales in the holiday quarter — roughly \$2.5 billion more than every other quarter that year.

Despite rampant rumors around the country that specific Kmart stores have been slated to close, officials at the Michigan retailer say they won't make any decisions until they see how sales come in this season. Which means, whether you like Kmart or not, the future of the store closest to you will depend on how much you and your neighbors shop there now. Actually, the future of the entire chain will be affected — at least a little bit — by what you do.

All shopping decisions have some fallout, either locally or for one particular industry. "The guy who invented the pet rock, it mattered to him what people are buying," pointed out David DeJong, an economics professor at the University of Pittsburgh.

DeJong considers all the attention devoted to holiday shopping just a byproduct of our culture. Sure, retailers bulk up their inventory. Sure, sales traditionally surge during December. The predictable pattern makes this time of year a useful bellwether for those trying to track where the economy is going next.

Without Christmas, he said, that same spending might get spread through the year. Instead of making the kids wait for a pile of goodies on one day, we might pick up a new toy in November and a few more in January.

DeJong said people tend to plan for expenditures. For example, he hasn't been able to persuade his mother-in-law not to buy him a gift. So, instead of buying something for himself in October that he would otherwise get, he puts that on his wish list.

Even if Americans used their money for something other than gift giving, DeJong said, it would find a way into the economy. Perhaps through paying down credit-card debt or home improvements or retirement savings.

His opinion — and one that might take a little pressure off as you debate whether to give a \$50 gift card or a \$20 one: "If everyone just instantly decided to not give gifts, the economic impact is going to be a lot less significant than it looks."

Teresa Lindeman can be reached at tlindeman@post-gazette.com or 412-263-2018.

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IN ALL-IMPORTANT CHRISTMAS SEASON, WHAT YOU CHOOSE TO BUY AND NOT BUY BEARS CONSEQUENCES

(AND NOT JUST FROM YOUR SPOUSE OR CHILDREN)

C225FF 12/1/02

By Teresa F. Lindeman
Post-Gazette Staff Writer

In just 24 days — if you're among those who give gifts Dec. 25 — you likely will have assembled a nice pile of packages to distribute.

It will have taken you hours, days, perhaps months to pull them all together, even if you shopped online. In about 10 minutes, they'll be gone.

The question is, does it really matter what gifts you buy or how much of your paycheck you devote to Christmas spending? Maybe not to your mother. She'll love you in spite of receiving another fuzzy sweater.

But we're talking the big picture here, not what mom, or your spouse or your kids think. The bottom line is, just how big a deal are your decisions at the Toys "R" Us cash register or the Saks Fifth Avenue fragrance counter to the future of capitalism as we know it?

The statistic that financial experts like to drop in casual conversation is the one about how consumer spending accounts for two-thirds of the U.S. economy. And with other economic generators such as business investment and trade failing to pull their

SEE **ECONOMY**, PAGE E-2

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Utah bankruptcies lead nation

203NW
By Dave Anderton

Deseret News business writer

Record levels of consumer debt and a shaky job market pushed Utah bankruptcies to an all-time high for the first 11 months of the year, continuing the state's unenviable distinction as bankruptcy capital of the nation.

In November, the U.S. Bankruptcy Court for the District of Utah reported 1,768 personal and business bankruptcy filings, pushing total filings to 20,445 for the year, up 14 percent compared with filings through November 2001 and surpassing last year's high mark of 19,342 total filings.

Two-thirds of filings this year

were made under Chapter 7 of the bankruptcy code, which allows unsecured debts to be dismissed.

Utah leads the nation in the highest percentage increase in total filings for the 12 months ended Sept. 30, up 45.5 percent, according to the American Bankruptcy Institute, a Virginia-based bankruptcy research organization.

And the Beehive State continues to rank first in the number of households per filing, with 1 of every 33.6 households on average declaring insolvency. Nationally, one of every 68.9 households files for bankruptcy.

In fact, Utah could hit nearly 22,000 filings by the end of the

year, according to William Stillgebauer, clerk of the U.S. Bankruptcy Court, District of Utah.

"It is certainly an issue that the entire Congress and the financial community as a whole needs to take a look at and decide what way they are going to go," Stillgebauer said. "Certainly with what's going on in bankruptcies around the nation I'm sure they will be taking another look at it."

The high number of filings can in part be blamed on rising credit-card debt, according to Anthony Liuzzo, professor of business and economics at Wilkes University.

5 Please see **FILINGS** on D8

FILINGS

Continued from D10

located in Wilkes-Barre, Pa.

"That's a significant reason why we are seeing increased numbers of bankruptcies," said Liuzzo, an authority on consumer debt. "This has been really a phenomenon that has occurred in the last 10 years, and it has gotten worse and worse."

While mortgage interest rates have fallen to near historic lows, credit-card interest rates remain relatively high.

"Consumers as a group either don't recognize it or don't care about it and continue to not show any hesitancy about using plastic," Liuzzo said.

Record filings may fuel renewed action toward bankruptcy reform. The reforms were on the verge of approval in July but were blocked by a handful of House Republicans who objected to a provision that

would have prohibited people who obstruct access to abortion clinics from avoiding court-ordered fines through bankruptcy.

In December, the House passed a version of the bankruptcy bill without the controversial abortion language, but Senate Majority Leader Tom Daschle, D-S.D., pronounced the bill dead on arrival in the Senate.

Sen. Orrin Hatch, R-Utah and the incoming chairman of the Senate Judiciary Committee, has said he plans to push for bankruptcy legislation next year.

The financial services industry also is pushing for a renewed attempt at tightening bankruptcy laws.

"The filing numbers are far exceeding any corresponding slowdown in the economy, and I think that indicates that people are abusing the system, which is one of the reasons why the bill is so necessary," said Tom Lehner, executive vice president of

government affairs for the American Financial Services Association, a trade group based in Washington, D.C., that represents 400 consumer lending companies.

Filings across the country in the three-month period ending Sept. 30, were 401,306, up 12 percent from the same period in 2001 and the highest number of filings for a three-month period in U.S. history, according to the American Bankruptcy Institute.

E-MAIL: danderton@desnews.com

SUNDAY TIMES RECORD
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North Texas teens flock to youth salon

Jamie Stengle

The Associated Press

PLANO, Texas (AP) — Tori Cecil doesn't hesitate when asked the crucial question: "Do you like glitter?"

After assuring the makeup artist that indeed she does, Tori's pink eyelids are made sparkly, and lip liner and gloss are applied to her mouth.

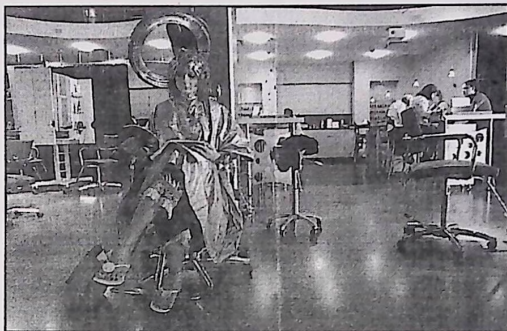
Tori, a 15-year-old from Rowlett, is a new client at the nation's first Seventeen studio spa salon. With pulsating music, sleek modern decor and makeup stations where customers are encouraged to dabble, the salon is dedicated to serving teens. Or, as the Web site puts it, "to create a lifestyle venue for teens that blurs the lines between beauty and fashion."

Tori's grandmother, who also was treating her granddaughter to a haircut, pronounced the salon "cool."

"I thought it was very well done for the market they're attracting," said Marcia Blackburn of Plano, who describes herself as 50-plus. "I wish they'd had a place like this when I was her age."

That's the sentiment that pushed founder Susan Tierney to develop the concept for the salon.

"Teens were going to their



The Associated Press

Tana Worsham of Plano, Texas, receives a hair treatment during a visit to the nation's first Seventeen studio spa salon in Plano, Texas. Worsham said her daughter has visited the salon and that is how she learned about it.

mom's salon," she said. "They really didn't have a place of their own."

Jacqueline Blum, president of Primedia Enterprises, the licensing arm of the magazine's publisher, said the salon was another branding opportunity, like one already in place for products such as hair accessories.

"We felt that Seventeen was the right brand for a girl's first few experiences getting their hair done, getting their nails done," Blum said.

Tierney intends to locate 36 more Seventeen salons across the country by the end of 2006. The goal is to find markets with plenty of teens and plenty of money.

In that respect, Plano fits. Tierney said nine high schools are located within a seven-mile radius. And the average household median income in Collin County was \$70,835 in 2000, the highest in Texas, according to Census figures.

Tierney said parents pay the bill about 65 percent of

the time. Some teens have jobs, others, healthy allowances.

"It's a whole different generation — a very pampered generation," Tierney said.

Bill Steele, a household products and cosmetics analyst for Banc of America Securities in San Francisco, said teens tend to use their considerable income to buy products specially geared toward them — without regard for the big downers of the world, like saving for retirement.

"Teens historically have spent a vast majority of what's available to them," Steele said.

"I think we're getting into the so-called baby boom echo," said Anthony L. Liuzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa.

"We're seeing a larger number of people in the United States in that age category."

The salon sells makeup, and hair and skin products. Teens test color possibilities at the "makeup bar." A cafe sells snacks, smoothies and even cappuccino. Customers relax on a semicircular couch against assorted pillows while their feet get a makeover.

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Retailers not celebrating

► Lackluster holiday sales mean still more savings for shoppers as stores mark down

BY RICK THURMOND
SUN CHRONICLE STAFF

Ho, Ho, Hm.

Retailers who awakened Christmas to the grim reality of lackluster sales hope to entice shoppers with big mark-downs during the post-holiday period.

But industry observers say even that might not be enough to turn around the season, which last year totaled almost a quarter of all retail sales nationally.

Some analysts expect hold-

day sales to increase only 1.5 percent from last year, the most dismal retail showing in 30 years.

Last year, retailers rang up \$201.2 billion during the holidays — a 5.6 percent gain over 2000 holiday sales.

Sensing a slump after Thanksgiving, retailers began discounting early this year — cutting about one-third deeper than was the case last Christmas — and now they're pulling out the stops.

Filene's advertisements late last week trumpeted discounts of 50 to 75 percent with clip-out coupons good for another 10 to 20 percent off.

"Retailers have been very promotional all Christmas; now, they're just going to clear

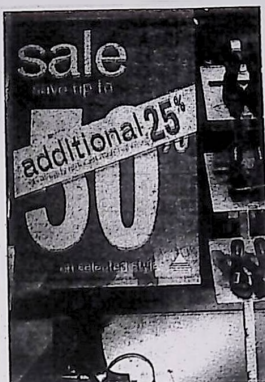
the shelves," said Pam Stubing, a retail analyst with Ernst & Young LLP, a national auditing firm.

Ernst & Young initially forecast a 4.8 percent increase in holiday sales this year, but revised that figure to less than 3 percent — as Christmas approached.

"There are too many stores out there and consumers are not in the mood to spend," Stubing said.

Already, retailers are issuing profit warnings to investors, Stubing said. While they might eke out a small profit, she said, retailers don't expect earnings to be as great as initially anticipated.

SEE RETAIL, PAGE 5 ►



MIKE GEORGE / THE SUN CHRONICLE

Sale on top of a sale at mall last week.

► RETAIL: Lackluster holiday sales may mean savings for shoppers

FROM PAGE 1

John Marcello, manager of Long's Jewelers at Emerald Square mall in North Attleboro, said he expects the store to do about as well as last year.

"We're right about where we were last year," Marcello said. "The beginning of the month was really good — we were way ahead of last year. But after about the 15th, things seemed to settle down."

Long's isn't promoting a big post-holiday sale because the mall store is an outlet operation that already marks down items 30 to 60 percent.

But Marcello said his store benefits from foot traffic drawn by sales at other stores.

Mickey Joe Kleon of Pawtucket was among the crowd that returned to Emerald Square the day after Christmas.

"From the way they were talking, after-Thanksgiving wasn't too good," he said. "But the sales have been pretty good."

Anthony Liuzzo, a business and economics professor at Wilkes University in Wilkes-Barre, Pa., has forecast only a 2 percent increase in holiday sales since September, based in part on less than anticipated turnover during the Labor Day weekend.

"Shoppers this year treated shopping like a business, shop-



ASSOCIATED PRESS

Sign of times

Post-Christmas signs go up at Emerald Square in North Attleboro.

ping for the best bargain," Liuzzo said.

Now retailers are promoting sales as never before in hopes of clearing out remaining inventory to make room for spring lines, he said.

"Because of the duration of the holiday season, retailing has become highly competitive," Liuzzo said. "Retailers

have started the holiday season earlier and earlier, yet shoppers are doing their shopping later and later."

"About 10 percent of all holiday sales come between Christmas and New Year's," he said. "It's getting late. We might be the eighth inning, but the game isn't over yet."

One bright spot, Liuzzo said, is a strong increase in the number of gift certificates sold this year. Gift certificates are not counted as spending until they are redeemed, he explained, and that could help retailers catch up.

The Retailers Association of Massachusetts estimates gift certificate sales in the Bay State are up 40 percent this year, due mainly to increasingly hurried lifestyles and fewer after-Thanksgiving shopping days this season.

Retailers would like gift certificates to be redeemed as quickly as possible, but there's no telling when those sales will actually be recorded because state law prohibits businesses from placing expiration dates on gift cards.

Gift certificates and advertised sales will help shore up the bottom line, but Liuzzo said they might not be enough to turn the tide this season.

"This week can give a little bit of a comeback, but I don't

think it's going to save the day," he said. Kate Rooney, vice president of the Massachusetts retailers association, said more high-profile sales before and after Christmas telegraph an urgency among retailers unfelt in years past.

Holiday sales in Massachusetts increased 4 percent last year, but the retailers association is forecasting only a 2 percent increase this year.

"As long as they do better than last year, I think most retailers will be happy," Rooney said. Sales could continue well into January as retailers work to clear shelves, Liuzzo said.

Stubing, the analyst with Ernst & Young, said retailers, anticipating a more frugal holiday season, cut back on orders in the hope they wouldn't be left with extra inventory.

"They really thought they had their inventory in line," she said. "But demand was even lower than that." Prospects for retailing in 2003 don't look much better, Stubing said.

Ernst & Young projects only 2 percent growth in retail sales in the new year because of the

struggling U.S. economic recovery, high consumer debt load and deflation brought on, in part, because of too many retailers.

Deflation is when prices fall. "There are too many stores, and not enough demand," Stubing said. Expect to see more store closings, she said.

"A lot of retail chains will close unprofitable stores," Stubing said. "That will help the overall situation."

New England is unique because many large national chains have only recently moved into the region.

But New England is not immune, with the demise of regional chains such as Ames.

"It's a matter of penetration," Stubing said. "When big retailers come into a region, the stronger retailers will continue to expand — although maybe not as rapidly as before — and the weaker ones will fall by the wayside."

"Usually, those are the regional chains," she said.

RICK THURMOND can be reached at 508-236-0360 or at rthurmond@thesunchronicle.com.

PUBLICATION *TL 12-24-02*

Wilkes University: Anthony L. Liuzzo, professor of business administration and director of the Business Division and MBA Program, has co-authored the fifth edition of *Essentials of Business Law*, a broad-based introduction to the field of business law for college students and high school students enrolled in advanced placement courses.

The book is currently available through Glencoe/McGraw-Hill.

Key features of the textbook include new case studies and chapters on ethics, contracts, sales, consumer protection, property, commercial paper and business and technology.

A member of Wilkes University's faculty since 1990, Dr. Liuzzo teaches undergraduate courses in Business Law and Entrepreneurship as well as graduate level courses in Human Resources Law and Finance.

He holds a bachelor's degree from Fordham University, a law degree from St. John's University and a Master of Business Administration, Master of Philosophy and doctorate from New York University.

He is a Dallas resident.

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Retailers still looking for seasonal employees

By Lorraine Mirshalla
The Baltimore Sun

Despite worries over consumer spending during the holidays, retailers are hanging out help-wanted signs or posting jobs on the Internet in hopes of hiring as many or slightly more seasonal store workers than last year.

Retailers are expected to add 400,000 to 500,000 temporary jobs in November and December—about 1.5 percent to 2.5 percent more than during nonholiday months, the National Retail Federation

Continued: Workers/11

Workers: Retailers not taking chances

Continued from A10

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This year, even with consumer confidence at a nine-year low, retailers are taking no chances on losing business to better-staffed competitors and won't likely skimp on the number of workers, experts say.

"Retailers know it's always busy, and the last thing they want to do is disappoint customers or not serve them because they don't have enough on staff," said Ellen Tolley, an NRF spokeswoman. "Most retailers, from small gift card shops to huge discount or department stores, are looking to add on for the holiday season."

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Though the number of seasonal workers might beat last year's, it still won't approach the more robust numbers of years past. Between 1998 and 2000 retailers added an average of 739,000 workers in November and December, the NRF said.

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"Consumers are far more price sensitive than in the past, so whoever has the lowest prices, those guys will get the sales," said Anthony Luzzo, professor of business and economics at Wilkes University in Pennsylvania.

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MUSKEGON CHRONICLE

MUSKEGON, MI
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Magazine offers teens a salon of their own

By Jamie Stengle
ASSOCIATED PRESS

PLANO, Texas — Tori Cociel doesn't hesitate when asked, "Do you like glitter?"

She certainly does, she assures the makeup artist, who begins turning Tori's eyelids a sparkly pink and marking her lips with a dark liner before adding a pink gloss.

Tori, a 15-year-old from Rowlett, is a new client at the nation's first Seventeen (a division of the magazine) studio spa salon. With pulsating music, sleek modern decor and makeup stations where customers are encouraged to dabble, the salon is dedicated to serving teenagers.

Marcia Blackburn, who was treating her granddaughter Tori to a haircut as well as the salon makeover, pronounced the salon cool.

"I thought it was very well done for the market they're attracting," said Blackburn, who describes herself as 50-plus. "I wish they'd had a place like this when I was her age."

It's just that sentiment that pushed founder Susan Tierney to develop the concept for the salon. "Teens were going to their mom's salon," she said. "They really didn't have a place of their own."

Jacqueline Blum, president of Prima Enterprises, the licensing arm

of Seventeen magazine's publisher, said the salon is another branding opportunity, like one already in place for products such as hair accessories.

"We felt that Seventeen was the right brand for a girl's first few experiences getting their hair done, getting their nails done," Blum said.

Tierney intends to locate 36 more Seventeen salons across the country by the end of 2006. The goal is to find markets with plenty of teens and plenty of money.

In that respect, Plano fits. Nine high schools are located within a seven-mile radius of Plano, a Dallas suburb of about 233,000. And the average median household income in Collin County was \$70,835 in 2000, the highest in Texas.

Parents pay the bill about 65 percent of the time, though some teens have jobs, and others healthy allowances.

"It's a whole different generation — a very pampered generation," Tierney said.

Bill Steele, a household products and cosmetics analyst for Banc of America Securities in San Francisco, said teens tend to use their considerable income to buy products specially geared toward them — without regard for the big downers of the world, like saving for retirement.

"Teens historically have spent a vast majority of what's available to them,"



On the 'Net

Here's where to find more information:

• www.seventeenpa.com

Erica Sutherland, left, of Mansfield, Texas, receives a nail treatment from Susie Nguyen during a visit to the nation's first Seventeen studio spa salon in Plano, Texas.

Photo: Associated Press

Steele said.

Anthony Liuzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa., characterizes today's teenagers as the so-called baby boom echo. "We're seeing a larger number of people in the United States in that age category," he said.

The salon sells makeup, and hair and skin products. Teens test color possibilities at the "makeup bar." A cafe sells snacks, smoothies and even cappuccino. The young customers relax on

a semicircular couch against assorted

pillows while their feet get a makeover. Looking for a little privacy? There are rooms for facials, massages or eyebrow waxings. To make the experience less stressful: No tipping allowed.

Customers browse computers featuring movie previews and polls aimed at teens. Music videos play on several televisions, and of course, the supply of Seventeen magazines is endless.

A haircut, style and finish by a designer is \$30, \$45 for a senior design-

er. A makeup consultation and lesson costs \$40, an eyebrow tweezing and lesson, \$12. A spa manicure is \$25, a spa pedicure \$38. There's even a \$12 nail detail or \$15 buzz cut for the guys.

Such pampering may help boost the self-esteem of teens who are insecure about their appearance, said Kristy Hagar, a pediatric neuropsychologist at Children's Medical Center of Dallas.

But, she said, parents should make sure their children don't focus too much on appearance.

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A Good Season to Shop Early

By Elizabeth Sanger

STAFF WRITER

The traditional part of the holiday shopping season kicks off Friday, but with six fewer days and a limping economy, merchants are skittish about what Santa will bring them.

Thanksgiving is as late as possible this year, Hanukkah is early (it starts Friday) and Christmas, of course, is set in stone. The vagaries of the calendar work out to a shorter season, leading some analysts to speculate that fewer dollars may be spent overall.

Most observers expect retailers to dangle promotions to move goods. In an American Express survey, 86 percent of consumers polled said sales will drive their purchases.

On the other hand, inventories are lean, so "It's a good year for customers to shop early," said Anthony Liuzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa. "I don't see any last-minute bargains."

Promotions have already started. Ann Taylor is offering 25 percent off cashmere sweaters, and Gap has lopped 25 percent off the price of men's and women's fleece. At Banana Republic, women's stretch cotton turtle-necks are marked down to \$49.50 from \$68 — a 27 percent savings — but a \$248 cashmere turtle-neck remains at full price.

Analysts surveyed by the International Council of Shopping Centers said potential hot products include video games, DVD players, flat-screen TVs, outerwear, arts and crafts products, jewelry and accessories. American Express says that books and experiential gifts, such as a spa visit, vacation or perfume, are expected to be more popular than last year.

Based on a survey of 13,000 U.S. residents, Deloitte & Touche LLP expects November and December's sales to climb 3 percent to 4 percent in general merchandise, apparel and home furnishings, a drop from the 5.6 percent gain posted last year. In sheer dollars, holiday retail sales were \$201.2 billion last year, 23.3 percent of the annual



The holiday shopping season has already begun for many people, including Rita and Ron Calcerano of Oyster Bay

al total, according to the National Retail Federation.

Individually, shoppers surveyed at the end of October by the International Mass Retail Association predicted they would spend an average of \$863 on gifts — exactly the same amount they forecast they would spend last year. However, shoppers usually spend 15 percent to 30 percent more than their initial estimates, the group said.

"People started shopping early this year," said Nicole Greco, manager of the jewelry department at Saks Fifth Avenue's flagship store, who started seeing customers buying presents in late October.

Last year, the Sept. 11 attacks caused many people to delay their shopping. Also, while some chose to make monetary donations as gifts, Greco

is finding that this year they are "more in a giving mood for tangible things." Jewelry has proved popular at all price points, she said, because it's viewed as an heirloom. "It might only cost \$80 but if you give it to your granddaughter it can get passed on."

Several surveys indicate that shoppers plan to spend the most money in discount stores, with department stores getting a smaller chunk of the holiday pie. According to Deloitte & Touche, the Internet and "dollar stores" are gaining favor.

Whatever their destination, many shoppers, after stuffing themselves with Thanksgiving turkey and the trimmings, spend the next day strolling the sidewalks or malls to get ready for the next big holiday — and maybe walk off some calories.

UNION LEADER

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Retailers expect holiday hiring at same level as last year

By LORRAINE MIRABELLA
The Baltimore Sun

Despite worries over consumer spending during the holidays, retailers are hanging out help-wanted signs or posting jobs on the Internet in hopes of hiring as many or slightly more seasonal store workers than last year.

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Brown, the Penney spokeswoman, said the pool of qualified applicants has grown and includes more people with business and customer service experience.

One respondent to the Challenger, Gray & Christmas hiring survey said holiday season applicants used to be mostly teenagers.

Now, said Wanda Easley-Small, the human resources manager for Macy's West in Albuquerque, N.M., the stores are seeing older applicants, including retirees and white-collar professionals who have lost their jobs to downsizing.

More seasonal workers to be hired for holidays

THE BALTIMORE SUN

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Retailers foresee brisk holiday hiring season

Up to 500,000 jobs need to be filled

By Lorraine Mirabella
THE BALTIMORE SUN

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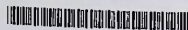
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Retailers Expect More Holiday Hiring

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The Baltimore Sun

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Retailers hanging out holiday hiring signs

The number of seasonal workers to be hired might beat last year's

By LORRAINE MIRABELLA
LOS ANGELES TIMES NEWS SERVICE

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J.C. Penney Co. Inc. is trying to woo applicants by making it as easy as possible to apply — in stores, online or through a toll-free number — by offering special incentives such as bonuses and by paying more than last year in most markets. Penney hires holiday help based on the need and size of each store, typically 10 percent to 15 percent more than the annual crew, but "overall, hiring levels are going to remain flat as compared to last year," said Stephanie Brown, a spokeswoman.

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Teen girls find haven in salon

So-called 'baby boom echo' locates a place to be like mom

BY JAMIE STENGLE
THE ASSOCIATED PRESS

PLANO, Texas — Tori Cecil doesn't hesitate when asked, "Do you like glitter?"

She certainly does, she assures the makeup artist, who begins turning Tori's eyelids a sparkly pink and marking her lips with a dark liner before adding a pink gloss.

Tori, a 15-year-old from Rowlett, is a new client at the nation's first Seventeen (a division of the magazine) studio spa salon. With pulsating music, sleek modern decor and makeup stations where customers are encouraged to dabble, the salon is dedicated to serving teenagers.

Marcia Blackburn, who was treating her granddaughter Tori to a haircut as well as the salon makeover, pronounced the salon cool.

"I thought it was very well done for the market they're attracting," said Blackburn, who describes herself as 50-plus. "I wish they'd had a place like this when I was her age."

It's just that sentiment that pushed founder Susan Tierney to develop the concept for the salon. "Teens were going to their mom's salon," she said. "They really didn't have a

place of their own."

Jacqueline Blum, president of Primedia Enterprises, the licensing arm of Seventeen magazine's publisher, said the salon is another branding opportunity, like one already in place for products such as hair accessories.

"We felt that Seventeen was the right brand for a girl's first few experiences getting their hair done, getting their nails done," Blum said.

Tierney intends to locate 36 more Seventeen salons across the country by the end of 2006. The goal is to find markets with plenty of teens and plenty of money.

In that respect, Plano fits. Nine high schools are located within a seven-mile radius of Plano, a Dallas suburb of about 233,000. The average median household income in Collin County was \$70,835 in 2000, the highest in Texas.

Parents pay the bill about 65 percent of the time, though some teens have jobs, and others healthy allowances.

"It's a whole different generation — a very pampered generation," Tierney said.

Bill Steele, a household products and cosmetics analyst for Banc of America Securities in San Francisco, said teens tend to use their considerable income to buy products geared toward them — without regard for the big downers of the world.

"Teens historically have



TONY GUTIERREZ/ASSOCIATED PRESS

Teens receive treatments from nail technicians at the nation's first Seventeen studio spa salon in Plano, Texas.

spent a vast majority of what's available to them," Steele said.

Anthony Liuzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa., characterizes today's teen-agers as the so-called baby boom echo. "We're seeing a larger number of people in the United States in that age category," he said.

The salon sells makeup, and hair and skin products. Teens test color possibilities at the "makeup bar." A cafe sells snacks, smoothies and even cappuccino. The young customers relax on a semicircular couch against assorted pillows while their feet get a makeover.

Looking for a little privacy? There are rooms for facials, massages or eyebrow waxings. To make the experience less stressful: No tipping allowed.

Customers browse computers featuring movie previews and polls aimed at teens. Music videos play on several televisions, and of course, the supply of Seventeen magazines is endless.

A haircut, style and finish by a designer is \$30, \$45 for a senior designer. A makeup consultation and lesson costs \$40, an eyebrow tweezing and lesson, \$12. A spa manicure is \$25, a spa pedicure \$38. There's even a \$12 nail detail or \$15 buzz cut for the guys.

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Seventeen makes its mark on teen salon

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By Jamie Stemple
Associated Press Writer

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Associated Press

Young customers sit in a private room as they receive treatments from nail technicians at the nation's first *Seventeen* studio spa salon in Plano.

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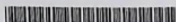
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Teen salon gives 'baby boom echo' generation a chance to be like mom

Experts say getting girls hooked early on salon and spa services will make them loyal customers

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<http://www.seventeenspa.com>



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'Baby boom echo' finds a place in teen salon

By JAMIE STENGLE
Associated Press Writer

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Associated Press Writer

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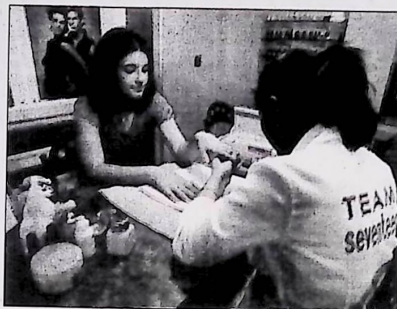
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Erica Sutherland, left, of Mansfield, Texas, receives a nail treatment from Susie Nguyen during a visit to the nation's first Seventeen studio spa salon, Aug. 15 in Plano, Texas. With pulsating music, sleek modern decor and makeup stations where customers are encouraged to dabble, the salon is dedicated to serving teens.

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Teens

Continued from 1-C

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Please see Teen, 3-C

New salon chain caters to teen-agers' vanities

Texas teens have their own place to get pampered without mom around

By JAMIE STENGLE

ASSOCIATED PRESS

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Young feet get the full treatment at the Seventeen Studio Spa salon in Plano, Texas.

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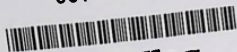
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So-called 'baby boom echo' finds a place to be like mom: their own teen salon

By JAMIE STENGLE
Associated Press Writer

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(See SALON, Page 2)

Salon

(Continued From Page 1)

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<http://www.seventeenspa.com>

Now teens getting their own salons

By Jamie Stengle

ASSOCIATED PRESS

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ASSOCIATED PRESS

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BusinessWatch

If Santa can't do it, try the Great Pumpkin

Facing slow season, retailers
start holiday sales earlier

by C. Benjamin Ford
Staff Writer

Traditionally, the holiday shopping season begins the day after Thanksgiving and runs through Jan. 1.

But disappointed by depressed holiday sales in recent years, more retailers are planning their holiday sales promotions earlier than they had in the past.

Leslie Atanasoff, owner of Molly's Meandering, a gift shop in downtown Frederick, said she will start selling Christmas items at the end of this month.

"I want to make sure there's a long enough lead time to sell what I've got," she said.

"So the result is Christmas shopping season is moving earlier and earlier," said Anthony Liuzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa., who has forecast holiday retail sales since 1988. "Fifteen years ago, it really kicked off the day after Thanksgiving. More recently it was the day after Halloween. Now it's early October."

More than just gift-giving and good spirits

is hanging on the holiday shopping season. For most retail shop owners, the holiday season is the make-or-break period for profitability. For state tax officials, a decline in gift spending means less in sales tax. For economists, a poor sales season may indicate where the overall economy is headed because, for example, consumer spending has propped up the faltering economy so far this year.

Last year, a sluggish holiday season in Maryland saw consumer spending rise about 3.2 percent, below the five-year average of 3.3 percent.

Spending in restaurants and nightclubs rose 4.3 percent compared to the previous year, but department stores, merchandise

stores and discount stores saw only a slight 1.1 percent gain.

So far, this year has not been strong either, confirms the state Comptroller's Office.

Consumer spending has generated \$2.7 billion in sales and use tax receipts, a lackluster gain of 1.5 percent compared to the previous year.

"We're concerned about all the revenue streams coming into the state," said Michael D. Golden, a spokesman for the Comptroller's Office. "We're always hopeful we'll pull out of it."

Said Thomas Saquella, president of the

See Sales, page A-47

SALES

Continued from A-45

Maryland Retailers Association, "Everyone expects it to be a tough holiday season." His group tracks sales figures across the state, and lobbies for retailers in Annapolis.

"Retailers can probably expect to see the most disappointing shopping season in a decade," said Liuzzo, who blames anxiety over the declining stock market and the prospect of war with Iraq.

Liuzzo bases his forecast on consumer confidence surveys, recent same-store sales figures and stock market performance.

Add rising unemployment levels, surveys showing that consumer confidence has fallen for four consecutive months, and anxiety over war.

While retail sales on autos, home furnishings and discount stores have done well this year, Liuzzo added, that is due in large measure to low interest rates helping car and home buyers.

National Retail Federation Chief Economist Rosalind Wells said consumers have been cautious in their spending, mainly because of the sluggish economic recovery.

Consumer and business confidence have wavered due to corporate governance concerns, the stock market has declined, threats of terrorism persist, and the chance of war against Iraq looms," Wells said.

Holidays key to the sales year

John Doddridge, sales manager at Kensington's Sporting Classics Inc., which sells gift items, said a good holiday season can turn around a bad year.

"In our business, the holidays are very important. You do 20 to 30 percent of your business in those two months," he said.

Doddridge is depending on a strong season to turn things around. Business has been down about 20 percent this year, he said.

About half the store's customers are corporations looking to give gifts to employees and clients.

"It's hard to justify spending money on promotional items when people are losing their jobs," Doddridge said.

Even customers who are buying gifts are spending less, he said. A corporation that bought \$35 shirts five years ago during the economic boom is now buying lower-quality shirts for \$18 each.

"During the boom period, you worked 12 hours a day every day for two months to get everything done," Doddridge said. Now, many previous customers have told him they will not be buying gifts to give this year.

Katherine Graf, an owner of family-owned jeweler O'Rourke Ltd. in Bethesda, said she is hopeful the store will do well during the holidays, but she is also anxious about the economy.

The shop does about 40 to 50 percent of its annual sales in November and December, she said.

"This year began looking up and then slowed down," Graf said. "The economy has a lot of people backing off a little in their buying. But we hope to have a good year."

"It's become so unpredictable lately," she said. "We had a good Christmas last year. The one before wasn't so great. But the one before that was absolutely great. It's so

hard to tell."

Debbie Young, a spokeswoman for Westfield Shoppingtown Wheaton, said retailers are "cautiously optimistic. Of course, everyone is kind of nervous."

Still, Young said, more seasonal carts — used by small retailers to sell their goods in the mall walkways — have been leased this year than last. Many of the retailers she has spoken to say people will stay closer to home instead of taking vacations and will end up buying more gifts during the holidays, she said.

Aimee Sands, a spokeswoman for Target Corp. of Minneapolis, which has five stores in Maryland, said her company does not release

sales forecasts. "But we are proceeding carefully and cautiously" through the holidays.

There is plenty of reason for caution because there are indications people are holding onto their money instead of spending it, Liuzzo said.

A survey released last week by the National Retail Federation and the Bank of Tokyo-Mitsubishi Ltd. reported retail CEOs and senior executives, coming off disappointing back-to-school sales, are not optimistic about the short-term future of the sector.

"Retailers still see many challenges ahead," said Michael P. Niccum, senior economist with the Bank of Tokyo-Mitsubishi. "Despite

the rampant price-cutting, customer traffic still falls below normal levels."

"When Wal-Mart doesn't do as well as expected, it's not a good harbinger of things to come," Liuzzo said.

Although final September sales numbers will not be released until Oct. 10, retail giant Wal-Mart Stores Inc. of Bentonville, Ark., has warned analysts that same-store sales in September would be considerably lower than its earlier forecasts.

Target's August numbers, while up 7.5 percent from last year, were below targeted projections, according to a company statement.

The May Department Stores Co.

of St. Louis — parent corporation of Lord & Taylor, which has five Maryland stores, and Hecht's, which has 20 throughout the state — reported same-store sales decreased 8.6 percent in August compared to the same period last year.

Sharon Hatenman, a spokeswoman of the May Department Stores, said the company remains optimistic about the holidays, but declined to discuss sales projections.

But as Saquella puts it: "August was not so great, and everyone was hoping September would be better."

This story originally appeared in The Business Gazette.

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See OWN, P. 4B

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It's just that sentiment that pushed founder Susan Tierney to develop the concept for the salon. "Teens were going to their mom's salon," she said. "They really didn't have a place of their own."

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TRENDS

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By Jamie Stengle
THE ASSOCIATED PRESS

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PHOTOS BY THE ASSOCIATED PRESS

Above, Erica Sutherland, left, of Mansfield, Texas, receives a nail treatment from Susie Nguyen, right, during a visit to the nation's first Seventeen studio spa salon, in Plano, Texas. Left, young customers sit in a private room with plush red seats as they receive treatments from nail technicians at the salon.



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Seventeen salon pampers teens

Associated Press

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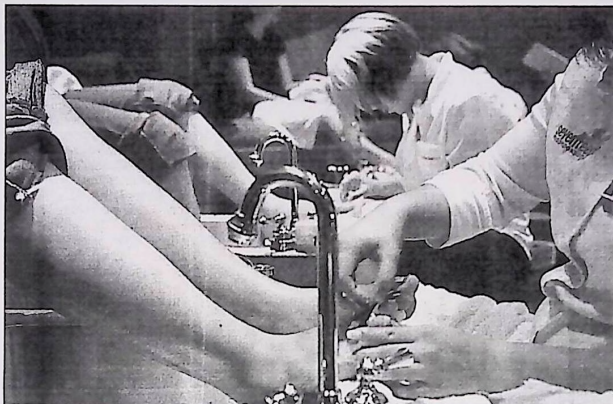
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Associated Press

YOUNG CUSTOMERS sit in a private room with plush red seats as they receive treatments from nail technicians at the nation's first Seventeen studio spa salon in Plano, Texas.

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"I'll become a lifelong discipline," said Melissa Yamaguchi, incoming president of The Salon Association, a nonprofit organization of salon and spa owners.

So-called 'Baby Boom Echo' Finds Place To Be Like Mom

By JAMIE STENGLE

Associated Press Writer

PLANO, Texas (AP) — Tori Cecil doesn't hesitate when asked, "Do you like glitter?"

She certainly does, she assures the makeup artist, who begins turning Tori's eyelids a sparkly pink and marking her lips with a dark liner before adding a pink gloss.

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Marcia Blackburn, who was treating her granddaughter Tori to a haircut as well as the salon makeover, pronounced the salon cool.

"I thought it was very well done for the market they're attracting," said Blackburn, who describes herself as 50-plus. "I wish they'd had a place like this when I was her age."

It's just that sentiment that pushed founder Susan Tierney to develop the concept for the salon. "Teens were going to their mom's salon," she said. "They really didn't have a place of their own."

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'Baby boom echo' finds a place to be like mom: Their own teen salon

By JAMIE STENGLE
Associated Press Writer (770) 444-1111

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Burrelles

Salons looking for lots of teens with lots of money

Getting girls hooked on beauty services creates a lucrative market down the road

By Jamie Stengle
ASSOCIATED PRESS

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Erica Sutherland (left) of Mansfield, Texas, receives a nail treatment from Susie Nguyen during a visit to the Seventeen studio spa salon in Plano, Texas.

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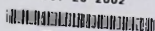
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Burrelles

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Just like Mom: Teens want their own hair salon

P 163 NW
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Seventeen's newest venture is salon experience just for teens

By Jamie Stangle
Associated Press Writer
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Article also found in:

Lyons Daily News - Lyons, KS

10-16-02

Norman Transcript - Norman, OK

10-13-02

Fort Worth Star Telegram - Fort Worth, TX

11-8-02

Fort Worth Star Telegram - Fort Worth, TX

10-28-02

Herald Republican - Angola, IN

10-24-02

Evening Star - Auburn, IN

10-24-02

Daily Review - Towanda, PA

10-26-02

Ponca City News - Ponca City, OK

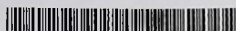
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Seventeen magazine launches teen salon

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Spas, salons marketing services to teens

By Jamie Stengle
The Associated Press

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"I thought it was very well done for the market they're attracting," said Blackburn, who describes herself as 50-plus. "I wish they'd had a place like this when I was her age."

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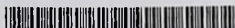
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On the Web:
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JOURNAL GAZETTE

FORT WAYNE, IN
MONDAY 57,000
OCT 14 2002



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Seventeen moves beyond print in opening trendy teen salons

By Jamle Stengle
Associated Press

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MANCHESTER, NH
SUNDAY 72,700
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Marketing

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The Associated Press

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IMPERIAL VALLEY PRESS

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So-called 'baby boom echo' finds a place to be like mom: teen salon

» **REALLY COOL:** With pulsating music and makeup stations where customers are encouraged to dabble, the salon is dedicated to serving teen-agers.

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AP PHOTO

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Salon caters to style, taste of teens

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Jacqueline Blum, president of



The Associated Press

Erica Sutherland, left, of Mansfield, Texas, receives a nail treatment from Susie Nguyen, right, during a visit to the nation's first Seventeen studio spa salon, Aug. 15 in Plano Texas. With pulsating music, sleek modern decor and makeup stations where customers are encouraged to dabble, the salon is dedicated to serving teens.

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Salon just for teens

Seventeen
opens first spa
in Texas, plans
36 nationwide

BY JAMIE STENGLE
ASSOCIATED PRESS

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ASSOCIATED PRESS

Tori Cecil gets a make-up consultation at the Seventeen studio spa in Plano, Texas



Young customers get toenail treatment in private room.

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First of 36 salons planned for teens opened in Plano

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Such pampering may help boost the self-esteem of teens who are insecure about their appearance, said Kristy Hagar, a pediatric neuropsychologist at Children's Medical Center of Dallas.

But, she said, parents should make sure their children don't focus too much on appearance.

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If Santa can't help, try the Great Pumpkin

In the face of a slow season, retailers start holiday sales earlier

by C. Benjamin Ford
Staff Writer

Traditionally, the holiday shopping season begins the day after Thanksgiving and runs through Jan. 1.

But disappointed by depressed holiday sales in recent years, more retailers are planning their holiday sales promotions earlier than they had in the past.

Leslie Alanasoff, owner of Molly's Meandering, a gift shop in downtown Frederick, said she will start selling Christmas items at the end of this month.

"I want to make sure there's a long enough lead time to sell what I've got," she said.

"So the result is Christmas shopping season is moving earlier and earlier," said Anthony Liuzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa., who has forecast holiday retail sales since 1998. "Fifteen years ago, it really kicked off the day after Thanksgiving. More recently it was the day after Halloween. Now it's early October."



Sales Manager John Dodderidge and President John H. Hickman of Sporting Classics Inc. in Kensington want a strong holiday season. Dodderidge said half the store's customers are corporations, and business has been down this year.

More than just gift-giving and good spirits is hanging on the holiday shopping season. For most retail shop owners, the holiday season is the

make-or-break period for profitability. For state tax officials, a decline in gift spending means less in sales tax. For economists, a poor sales season may

indicate where the overall economy is headed because, for example, consumer spending has propped up the faltering economy so far this year.

Last year, a sluggish holiday season in Maryland saw consumer spending rise about 3.2 percent, below the five-year average of 3.3 percent.

Spending in restaurants and nightclubs rose 4.3 percent compared to the previous year, but department stores, merchandise stores and discount stores saw only a slight 1.1 percent gain.

So far, this year has not been strong either, confirms the state Comptroller's Office.

Consumer spending has generated \$2.7 billion in sales and use tax receipts, a lackluster gain of 1.5 percent compared to the previous year.

"We're concerned about all the revenue streams coming into the state," said Michael D. Golden, a spokesman for the Comptroller's Office. "We're always hopeful we'll pull out of it."

Said Thomas Squella, president of the Maryland Retailers Association, "Everyone expects it to be a tough holiday season." His group tracks sales figures across the state, and lobbies for retailers in Annapolis.

"Retailers can probably expect to see the most disappointing shopping season in a decade," said Liuzzo, who blames anxiety over the declining stock market and the prospect of war with Iraq.

Liuzzo bases his forecast on con-

See Holiday, page A-5

HOLIDAY

Continued from A-50

sumer confidence surveys, recent same-store sales figures and stock market performance.

Add rising unemployment levels, surveys showing that consumer confidence has fallen for four consecutive months, and anxiety over war.

While retail sales on autos, home furnishings and discount stores have done well this year, Liuzzo added, that is due in large measure to low interest rates helping car and home buyers.

National Retail Federation Chief Economist Rossiland Wells said consumers have been cautious in their spending, mainly because of the sluggish economic recovery.

"Consumer and business confidence have wavered due to corporate governance concerns, the stock market has declined, threats of terrorism persist, and the chance of war against Iraq looms," Wells said.

Holidays key to the sales year

John Dodderidge, sales manager at Kensington's Sporting Classics Inc., which sells gift items, said a good holiday season can turn around a bad year.

"In our business, the holidays are very important. You do 20 to 30 percent of your business in those two months," he said.

Dodderidge is depending on a strong season to turn things around. Business has been down about 20 percent this year, he said.

About half the store's customers are corporations looking to give gifts to employees and clients.

"It's hard to justify spending money on promotional items when people are losing their jobs," Dodderidge said.

Even customers who are buying gifts are spending less, he said. A corporation that bought \$35 shirts five years ago during the economic boom is now buying lower-quality shirts for \$18 each.

"During the boom period, you worked 12 hours a day every day for two months to get everything done," Dodderidge said. Now, many previous customers have told him they will not be buying gifts to give this year.

Katherine Graf, an owner of family-owned jeweler O'Rourke Ltd. in Bethesda, said she is hopeful the store will do well during the holidays, but she is also anxious about the economy.

The shop does about 40 to 50 percent of its annual sales in November and December, she said.

"This year began looking up and then slowed down," Graf said. "The economy has a lot of people backing off a little in their buying. But we hope to have a good year."

"It's become so unpredictable lately," she said. "We had a good Christmas last year. The one before wasn't so great. But the one before that was absolutely great. It's so hard

to tell."

Debbie Young, a spokeswoman for Westfield Shoppingtown Wheaton, said retailers are "cautiously optimistic. Of course, everyone is kind of nervous."

Still, Young said, more seasonal carts — used by small retailers to sell their goods in the mall walkways — have been leased this year than last. Many of the retailers she has spoken to say people will stay closer to home instead of taking vacations and will end up buying more gifts during the holidays, she said.

Aimee Sands, a spokeswoman for Target Corp. of Minneapolis, which has five stores in Maryland, said her company does not release sales forecasts. "But we are proceeding carefully and cautiously" through the holidays.

There is plenty of reason for caution because there are indications people are holding onto their money instead of spending it, Liuzzo said.

A survey released last week by the National Retail Federation and the Bank of Tokyo-Mitsubishi Ltd. reported retail CEOs and senior executives, coming off disappointing back-to-school sales, are not optimistic about the short-term future of the sector.

"Retailers still see many challenges ahead," said Michael P. Niemira, senior economist with the Bank of Tokyo-Mitsubishi. "Despite the rampant price-cutting, consumer traffic still falls below normal levels."

This story originally appeared in The Business Gazette

TOPEKA, KS
TUESDAY 80,000
SEP 24 2002



Burrelle's

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Tori Cecil, of Rowlett, Texas, receives a makeup consultation from makeup artist Christie McMillon.



Salons such as Seventeen's salon in Texas are geared toward teens. They're property, and more are on the way



Erica Sutherland, left, receives a nail treatment from Susie Nguyen, right, during a visit to the nation's first Seventeen studio spa salon, in Plano Texas. With pulsating music, sleek modern decor and makeup stations where customers are encouraged to dabble, the salon caters to teens.

203NW Wilkes Lane

priming & pedicures

Story by Jamie Stengle Photographs by Tony Gutierrez/The Associated Press

or Cecil doesn't hesitate when asked the crucial question: "Do you like glitter?" After assuring the makeup artist that indeed she does, Tori's pink eyelids are made sparkly, and lipliner and gloss are applied to her mouth.

Tori, a 15-year-old from Rowlett, is a new client at the nation's first Seventeen studio spa salon. With pulsating music, sleek modern decor and makeup stations where customers are encouraged to dabble, the salon is dedicated to serving teens. Or, as the Web site puts it, "to create a lifestyle venue for teens that blurs the lines between beauty and fashion."

Tori's grandmother, who also was treating her granddaughter to a haircut, pronounced the salon "cool."

"I thought it was very well done for the market they're attracting," said Marcia Blackburn, of Plano, who describes herself as 50-plus. "I wish they'd had a place like this when I was her age."

That is the sentiment that pushed founder Susan Tierney to develop the concept for the salon.

"Teens were going to their mom's salon," she said. "They really didn't have a place of their own."

Jacqueline Blum, president of Primedia



Tana Worsham receives a hair treatment during a visit to the Seventeen studio spa salon.

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"We felt that Seventeen was the right brand for a girl's first few experiences getting their hair done, getting their nails

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In that respect, Plano fits Tierney said

See **PRIMEDIA**, page 3B

Party on!

Instead of waiting for a Seventeen studio spa salon to open a closer location to Kansas, use their party ideas to make your own plans, gather your posse and host your own pampering party.

The Big Day package:

Seventeen's staff pamper you 'picture perfect' with a spa manicure and pedicure, Quik-Fix facial, haircut, style, and make-up application.

Pedicure Pit party: Enter through the velvet curtain grab a seat in the pillow-filled 'pit.' Seventeen's experts will make your feet sparkle and shine with a luscious spa pedicure treatment.

Sushi Manicure party: No raw fish here — just 'sushi-style' bar stools and tables. Watch top designers cut and style hair while the staff files, buffs, conditions and polishes nails to perfection!

Make-Up 101 party: You'll feel like a professional model, as our make-up artists share their secrets on how to achieve the hottest looks of the season.

Primping: Salons geared toward teenagers

Continued from page 1B

nine high schools are located within a seven-mile radius. And the average household median income in Collin County was \$70,835 in 2000, the highest in Texas, according to census figures.

Tierney said parents pay the bill about 65 percent of the time. Some teens have jobs and others, healthy allowances.

"It's a whole different generation — a very pampered generation," Tierney said.

Bill Steele, a household products and cosmetics analyst for Banc of America Securities in San Francisco, said teens tend to use their considerable income to buy products specially geared toward them — without regard for the big downers of the world, like saving for retirement.

"Teens historically have spent a vast

majority of what's available to them," Steele said.

"I think we're getting into the so-called baby boom echo," said Anthony L. Luzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa. "We're seeing a larger number of people in the United States in that age category."

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Looking for a little privacy? There are rooms for facials, massages or eyebrow waxes. Also, to make the experience less stressful: No tipping allowed.

Customers browse computers featuring movie previews and polls aimed at teens. Music videos play on assorted

televisions, and of course, the supply of Seventeen magazines is endless.

A haircut, style and finish by a designer is \$30, \$45 for a senior designer. A makeup consultation and lesson is \$40, an eyebrow tweezing and lesson, \$12. A spa manicure is \$25, a spa pedicure \$38. There is even a \$12 nail detail or \$15 buzz cut for the guys.

The spa also is booking parties for girls 12 and older "like nobody's business," said Krista Castillo, events and promotion director. The gatherings can be tailored to include such luxuries as catering and limousines. A pedicure pit party, for instance, would cost \$40 per person.

"They come out of here feeling like a princess," Castillo said.

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Burrelle's
PUBLISHED BY BURRELLE'S

830

North Texas teens flock to youth-oriented salon

203 NW

BY JAMIE STENGLE
THE ASSOCIATED PRESS

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"Teens were going to their mom's salon," she said. "They really didn't have a place of their own."

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TONY GUTIERREZ/THE ASSOCIATED PRESS

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GREENSBURG, PA
SUNDAY 142,235
OCT 13 2002



Burrelle's

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So-called 'baby boom echo' finds a place to be like mom: their own teen salon

By Jamie Stengle

Associated Press Writer

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Associated Press

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DAILY RECORD

WOOSTER, OH
SUNDAY 26, 200
OCT 13 2002



Burrelles

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'Baby boom echo' finds a place to be like mom: a teen salon

By JAMIE STENGLE

Associated Press Writer

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DANVILLE, KY
FRIDAY 13,000
OCT 11 2002

PHOTO BY JAMIE STENGLE FOR THE ADVOCATE-MESSENGER

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Teen salon

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http://www.seventeenspa.com

Pampered

North Texas teens flock to youth-oriented salon

BY JAMIE STENGLE
Associated Press Writer

PLANO, Texas — Tori Cecil doesn't hesitate when asked the crucial question: "Do you like glitter?"

After assuring the makeup artist that indeed she does, Tori's pink eyelids are made sparkly, and lip liner and gloss are applied to her mouth.

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Tori's grandmother, who also was treating her granddaughter to a haircut, pronounced the salon "cool."

"I thought it was very well done for the market they're attracting," said Marcia Blackburn of Plano, who describes herself as 50-plus. "I wish they'd had a place like this when I was her age."

That's the sentiment that pushed founder Susan Tierney to develop the concept for the salon.

"Teens were going to their mom's salon," she said. "They really didn't have a place of their own."

Jacqueline Blum, president of Primedia Enterprises, the licensing arm of the magazine's publisher, said the salon was another branding opportunity, like one already in place for products such as hair accessories.

"We felt that Seventeen was the right brand for a girl's first few experiences getting their hair done, getting their nails done," Blum said.

Tierney intends to locate 36 more Seventeen salons across the country by the end of 2006. The goal is to find markets with plenty of teens and plenty of money.

In that respect, Plano fits. Tierney said nine high schools are located within a seven-mile radius. And the average household median income in Collin County was \$70,835 in 2000, the highest in Texas, according to Census figures.

Tierney said parents pay the bill about 65 percent of the time. Some teens have jobs, others, healthy allowances.

"It's a whole different generation — a very pampered generation," Tierney said.

Bill Steele, a household products and cosmetics analyst for Banc of America Securities in San Francisco, said teens tend to use their considerable income to buy products specially geared toward them — without regard for the big



TIPS: Tori Cecil, of Rowlett, Texas, receives a makeup consultation from makeup artist Christie McMillon during a visit to the nation's first Seventeen studio spa salon, Aug. 15, in Plano, Texas.

AP photo/Tony Gutierrez

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"Teens historically have spent a vast majority of what's available to them," Steele said.

"I think we're getting into the so-called baby boom echo," said Anthony L. Liuzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa. "We're seeing a larger number of people in the United States in that age category."

The salon sells makeup, and hair and skin products. Teens test color possibilities at the "makeup bar." A cafe sells snacks, smoothies and even cappuccino. Customers relax on a semicircular couch against assorted pillows while their feet get a makeover.

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The spa also is booking parties for girls 12 and older "like nobody's business," according to events and promotion director Krista Castillo. The gatherings can be tailored to include such luxuries as catering and limousines. A pedicure pit party, for instance, would cost \$40 per person.

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Oct. 8<

^So-called 'baby boom echo' finds a place to be like mom: their own
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^By JAMIE STENGLE=

^Associated Press Writer=

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New Seventeen salon caters to teen-ager

Pampered 'baby boom echo' finds place to be like mom

By JAMIE STENGLE
Associated Press

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Her way: Erica Sutherland, left, of Mansfield, Texas, receives a nail treatment from Susie Nguyen, right, during a visit to the nation's first Seventeen studio spa salon in Plano, Texas. With pulsating music, sleek modern decor and makeup stations where customers are encouraged to dabble, the salon is dedicated to serving teens.

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Not your mom's salon: A teen twist on buying beauty

By Jamie Stengle
Associated Press Writer

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AP Photo

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For teens only

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Please see SALON, page 44



Associated Press

Young customers sit in a private room with plush red seats as they receive treatments from nail technicians at the nation's first Seventeen studio spa salon in Plano, Texas. The spa's atmosphere features pulsating music, sleek modern decor and makeup stations where customers are encouraged to dabble.

Salon: Seventeen spa caters to the desires of teen-age girls

Continued from 41

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high schools are located within a seven-mile radius of Plano, a Dallas suburb of about 233,000. And the average median household income in Collin County was \$70,835 in 2000, the highest in Texas.

Parents pay the bill about 65 percent of the time, though some teens have jobs, and others have allowances.

"It's a whole different generation — a very pampered generation," Tierney said.

Bill Steele, a household products and cosmetics analyst for Banc of America Securities in San Francisco, said teens tend to use their considerable income to buy products specially geared toward them — without regard for the big downers of the world, like saving for retirement.

"Teens historically have spent a vast majority of what's available to them," Steele said.

Anthony Iuzzo, professor of business and economics at Wilkes University in Wilkes-Barre, characterizes today's teen-agers as the so-called baby boom echo. "We're seeing a larger number of people in the United States in that age category," he said.

The salon sells makeup, and hair and skin products. Teens test color possibilities at the "makeup bar."

A cafe sells snacks, smoothies and even cappuccino. The young customers relax on a semicircular couch against assorted pillows while their feet get a makeover.

Looking for a little privacy? There are rooms for facials, massages or eyebrow waxings. To make the experience less stressful, no tipping allowed.

Customers browse computers featuring movie previews and polls aimed at teens. Music videos play on several televisions, and of course, the supply of Seventeen magazines is endless.

A haircut, style and finish by a designer is \$30. \$45 for a senior designer. A makeup consultation and lesson costs \$40, an eyebrow tweezing and lesson, \$12. A spa manicure is \$25, a spa pedicure \$38. There's even a \$12 nail detail or \$15 buzz cut for the guys.

The spa also found brisk business booking parties for girls 12 and older. They can be tailored to include such luxuries as catering and limousines. A pedicure pit party, for instance, would cost \$40 per person.

"They come out of here feeling like a princess," said Krista Castillo, the events and promotion director.

Beauty experts suggest that get-

ting girls hooked early on and spa services will make loyal customers who are going to try new treatments.

"It'll become a lifelong plane," said Melissa Yan, incoming president of T Association, a nonprofit trade of salon and spa owners.

Such pampering may be the self-esteem of teens secure about their appearance, said Kristy Hagar, a pediatric psychologist at Children's Hospital of Dallas. But parents should make sure children don't focus too much on appearance.

"It's important that it be phrased as an end-all-be-have perfectly manicured," she said. "I think that it's as long as it's not talk board."

Fifteen-year-old Jani Guenz recently tried out herself while also treating Holly to a day of beauty-geminals, toenails, make-cial — for her 18th birthday were impressed.

"Everyone's real nice relaxing," Janie said. "It where teen-agers can have fun."

For more information, visit www.seventeenspa.com.

BUFFALO NEWS

BUFFALO, NY
TUESDAY 230,000
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PERSONAL FINANCE

Debt is swamping some senior citizens

By PAMELA YIP

Dallas Morning News

For this Depression-era generation, the lesson has been to pay your debts and owe no one.

But at a time when senior citizens should be basking in their retirement, a disturbing trend is emerging: Many are struggling to pay off credit-card bills.

And the use of credit cards by the elderly will continue to increase over the next two decades, according to Robert D. Manning, professor of humanities at Rochester Institute of Technology.

"The elderly are living longer, and that's leading to a host of abuses," Manning said. "The aging of the boomer generation means

you've got people aging into debt, which typically you didn't have."

Eventually, Manning said, the use of bank credit cards by seniors will mirror their use in the general U.S. population.

"We're seeing some serious debt — \$40,000, \$50,000 and \$60,000 in credit-card debt," said Suzanne Cobb, director of the Guardianship and Money Management program at Senior Citizens of Greater Dallas, a non-profit organization.

"They're using those credit cards to pay for basic necessities, prescription drugs, groceries. The credit-card company will send them another application, and it just snowballs on them."

And Consumer Credit Counseling Service of Greater Dallas has

seen a steady growth of people 55 and older seeking credit counseling, said Bette Banks, senior vice president of education. Year after year, the number has increased 21 percent — from 167 on June 1, 2001, to 202 on May 31, 2002.

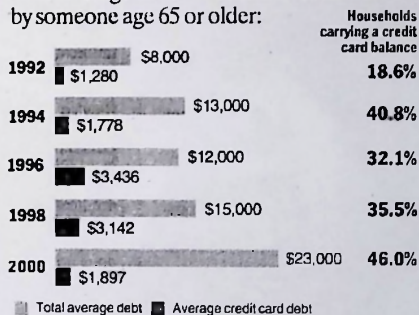
Savings are inadequate

A big reason for the increasing debt, experts say, is that many seniors haven't saved enough for retirement.

"A lot of times, people are ill-prepared to retire and use the credit card as supplemental income" for basic expenses, said Howard Dworkin, president and founder of Consolidated Credit Counseling

Seniors carrying debt

Total average debt* of households headed by someone age 65 or older:



*Includes credit card debt, home equity loans, installment loans, margin accounts at brokerage firms and vehicle loans

Debt: Some seniors don't understand how interest builds

Continued from Page B4

Services in Fort Lauderdale, Fla.

That's the case with Juanita Spencer, 84, of Dallas, who charges more than \$200 a month on medicines.

Spencer, like most senior citizens, receives Medicare, but it only covers prescription drugs in a few cases.

"I never was one to owe anybody," said Spencer, who's legally blind.

"These are all necessities," she said, holding up a large plastic bag of drugs she takes for various health problems. "There ought to be a way people can have medicine without going into debt for it."

Congress is considering adding a prescription drug benefit to Medicare, but the likelihood of legislation being enacted is slim. According to the Congressional Budget Office, Medicare beneficiaries represented nearly 15 percent of the population in 1999, but they purchased about 40 percent of the \$100 billion in outpatient prescription drugs sold that year.

Cobb said some of the clients at the Dallas senior agency pay \$300 to \$600 for prescription drugs each month, which easily gobbles up 50 percent to 60 percent of their income.

Spencer suffers from high blood pressure and other ailments involving her stomach, thyroid and bladder. She receives \$827 a month in Social Security benefits, which must cover everything from utilities and the mortgage to medical bills and sometimes groceries.

"That's all I have," she said.

Debt load rising

Total average debt of households headed by someone age 65 or older soared from \$8,000 in 1992 to \$23,000 in 2000 — an increase of 188 percent — according to SRI Consulting Business Intelligence in Princeton, N.J., a research and consulting firm. By comparison, the average credit-card balance for those ages 25 to 34 is \$3,224.

The total average debt figure includes debt from credit cards, home equity loans, installment loans, vehicle loans and margin accounts from brokerage firms. The average credit-card balance carried by seniors also rose, from \$1,280 in 1992 to \$1,897 in 2000 — an increase of 48 percent.

By 1996, seniors' average credit-card balance actually had jumped to \$3,436, but that number dropped steadily during the next four years.

One reason for the decrease is that the economy and stock market were still booming at that time, said Anthony Liuzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa. "People were making money," he said, and were able to pay down their debt.

So how do senior citizens end up in such debt? Many find themselves in the hole because they don't understand how credit works, experts say.

They don't understand the "nature of high interest charges and penalties that can accrue with credit-card bills," Liuzzo said. "By making



Juanita Spencer, 84 and legally blind, uses a magnifying glass to study bills for the \$200 worth of medicines she charges each month.

the minimum payment, your balance can actually go up."

Not to mention the time it takes to pay off the bill.

For example, an \$8,000 credit-card bill with an 18 percent interest rate would take 53 years to pay off if you made only the minimum monthly payment, said John Waskin, executive director of American Credit Counselors Corp. in Huntersville, N.C. That's accounting for the fact that most of the payment goes toward interest.

Many others get in credit-card trouble by helping family members, experts say.

"We see folks helping out children who are struggling," Dvorkin said. "They let the child use credit cards for various reasons."

The easy availability of credit and a desire to keep up with the Joneses also contribute to seniors' credit problems, experts say. "They also feel peer pressure to spend beyond their means," Liuzzo said.

What to do

If you find yourself with credit problems, sit down and create a spending plan, listing your income and expenditures, experts say. That will tell you what money is coming in and where you're spending it.

"It's important because otherwise you will spend money you don't have or spend money you can't pay back," Waskin said.

And avoid taking cash advances on credit cards. Cash advances carry a higher interest rate

than purchases, said Brian Ashe, a financial adviser at the Million Dollar Round Table, an organization of life insurance and financial services professionals.

So avoid using credit for basic living expenses "unless you have a sure way to generate the revenue that will support that debt," Banks said. "In the case of medications, look for special programs that will help you."

Boomers next in line

While senior citizens abhor debt, the free-spending baby boomers will find themselves mired in debt well into their retirement, said Manning, author of "Credit Card Nation: The Consequences of America's Addiction to Credit."

"Unlike their parents and grandparents, many future U.S. seniors will experience more severe hardships in their older years due to greater household debt, more limited and fragmented family support networks, higher medical costs, increased longevity and shrinking public assistance programs," Manning said in his book.

"As a result, many older adults are finding that they have little choice but to abandon their conservative attitudes toward debt and embrace a credit-dependent lifestyle."

For Spencer, paying off her credit cards is the one legacy she'd like to leave.

"I just don't think I'm going to be here too much longer, so that's why I'm trying to get out of debt," she said. "I can't be in debt and die."

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Credit-card debt afflicts growing ranks of seniors

DALLAS MORNING NEWS

For the generation that came of age in the Great Depression, the bywords have been to pay your debts and owe no one.

But at a time when senior citizens should be basking in their retirement, a disturbing trend is emerging: Many are struggling to pay off credit-card bills.

And the use of credit cards by the elderly will continue to increase over the next two decades, according to Robert D. Manning, professor of humanities at Rochester Institute of Technology in New York.

"The elderly are living longer, and that's leading to a host of abuses," Mr. Manning said. "The aging of the boomer generation means you've got people aging into debt, which typically you didn't have."

Eventually, Mr. Manning said, seniors' use of bank credit cards will mirror that in the general U.S. population.

A big reason for the increasing debt, experts say, is that many haven't saved enough for retirement.

"A lot of times, people are ill-prepared to retire and use the credit card as supplemental income" for basic expenses, said Howard Dvorkin, president and founder of Consolidated Credit Counseling Services in Fort Lauderdale, Fla.

That's the case with Juanita Spencer, 84, of Dallas, who charges more than \$200 a month on medications.

She suffers from high blood pressure and other ailments involving her stomach, thyroid, and bladder. Her income is \$827 a month in Social Security benefits.

Total average debt of households headed by someone age 65 or older soared from \$8,000 in 1992 to \$23,000 in 2000, according to SRI Consulting Business Intelligence in Princeton, N.J., a research and consulting firm.

The figure includes debt from credit cards, home equity loans, installment loans, vehicle loans, and margin accounts from brokerage firms. The average credit-card balance carried by seniors rose from \$1,280 in 1992 to \$1,897 in 2000. By comparison, the average credit-card balance for those ages 25 to 34 is \$3,224.

How do senior citizens end up in such debt? Many don't understand the "nature of high interest charges and penalties that can accrue with credit-card bills," said Anthony Liuzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa. "By

Experts expect the problem to spread as the boomer generation ages.

making the minimum payment, your balance can actually go up."

Not to mention the time it takes to pay off the bill.

For example, an \$8,000 credit-card bill with an 18 percent interest rate would take 53 years to pay off if only the minimum monthly payment were made, said John Waskin, executive director of American Credit Counselors Corp. in Huntersville, N.C. That's because most of the payment goes toward interest.

In addition, said Mr. Dvorkin, "We see folks helping out children who are struggling. They let the child use credit cards for various reasons."

And said Mr. Liuzzo, "They also feel peer pressure to spend beyond their means."

The free-spending baby boomers will find themselves mired in debt well into their retirement, said Mr. Manning, author of *Credit Card Nation: The Consequences of America's Addiction to Credit*.



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DEBT

Credit card balances increase among the elderly

More older people are using plastic to pay for medicine and groceries.

DALLAS MORNING NEWS

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"They're using those credit cards to pay for basic necessities, prescription

drugs, groceries. The credit-card company will send them another application, and it just snowballs on them."

Lack of savings

A big reason for the increasing debt, experts say, is that many seniors haven't saved enough for retirement.

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Spencer, like most senior citizens, receives Medicare, but it covers pre-

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"These are all necessities," she said, holding up a large plastic bag of drugs she takes for various health problems. "There ought to be a way people can have medicine without going into debt for it."

Congress is considering adding a prescription-drug benefit to Medicare, but the likelihood of legislation being enacted is slim.

The numbers

Total average debt of households headed by someone age 65 or older soared from \$8,000 in 1992 to \$23,000 in 2000 — an increase of 188 percent — according to SRI Consulting Business Intelligence in Prince-

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By 1996, seniors' average credit card balance actually had jumped to \$3,436, but that number dropped steadily during the next four years.

One reason for the decrease is that the economy and stock market were still booming at that time, said An-

thony Liuzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa. "People were making money," he said, and were able to pay down their debt.

So how do senior citizens end up in such debt? Many find themselves in the hole because they don't understand how credit works, experts say.

They don't understand the "nature of high interest charges and penalties that can accrue with credit card bills," Liuzzo said. "By making the minimum payment, your balance can actually go up."

For example, an \$8,000 credit card bill with an 18 percent interest rate would take 53 years to pay off if you made only the minimum monthly payment.



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A NEW AND GROWING TREND

Seniors struggle in credit card trap

Increasingly, plastic is used to fill medical and other basic needs

By PAMELA YIP
The Dallas Morning News

For this Depression-era generation, the lesson has been to pay your debts and owe no one.

But at a time when seniors should be basking in their retirement, a disturbing trend is emerging: Many are struggling to pay off credit-card bills.

The use of credit cards by the elderly will continue to increase over the next two decades, according to Robert D. Manning, professor of humanities at Rochester Institute of Technology in New York.

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A big reason for the increasing debt, experts say, is that many seniors haven't saved enough for retirement.

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Congress is considering adding a prescription drug benefit to Medicare, but the likelihood of legislation being enacted is slim. According to the Congressional Budget Office, Medicare beneficiaries represented nearly 15 percent of the population in 1999, but they purchased about 40 percent of the \$100 billion in outpatient prescription drugs sold that year.

Cobb said some of the clients at the Dallas senior agency pay \$300 to \$600 for prescription drugs each month, which easily gobbles up 50 percent to 60 percent of their income.

Spencer suffers from high blood pressure and other ailments involving her stomach, thyroid and bladder. She receives \$827 a month in Social Security benefits, which must cover everything from utilities and the mortgage to medical bills and sometimes groceries.

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making money," he said, and were able to pay down the debt.

So how do senior citizens end up in such debt? Many find themselves in the hole because they don't understand how credit works, experts say.

They don't understand the "nature of high interest charges and penalties that can accrue with credit-card bills," Liuzzo said. "By making the minimum payment, your balance can actually go up."

Not to mention the time it takes to pay off the bill.

For example, an \$8,000 credit-card bill with an 18 percent interest rate would take 53 years to pay off if you made only the minimum monthly payment, said John Waskin, executive director of American Credit Counselors Corp. in Huntersville, N.C. Most of the payment goes toward interest.

Many others get in credit-card trouble by helping family members, experts say.

"We see folks helping out children who are struggling," Dvorkin said. "They let the child use credit cards for various reasons."

The easy availability of credit and a desire to keep up with the Joneses also contribute to seniors' credit problems, experts say. "They also feel peer pressure to spend beyond their means," Liuzzo said.

If you find yourself with credit problems, sit down and create a spending plan, listing your income and expenditures, experts say. That will tell you what money is coming in and where you're spending it.

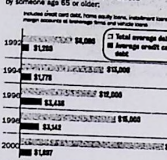
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And avoid taking cash advances on credit cards. Cash advances carry a higher interest rate than purchases, said Brian Ashe, a financial adviser at the Million Dollar Round Table, an organization of life insurance and financial services professionals.

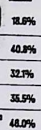
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Seniors carrying debt

Total average debt of households headed by someone age 65 or older



Households carrying a credit card balance



DEBT

FROM PAGE F1

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Cable said some of the clinics at the Dallas senior agency pay \$300 to \$600 for prescription drugs each month, which many seniors pay 30 percent to 40 percent of their income.

Spencer suffers from high blood pressure and other ailments involving her stomach, thyroid and bladder. She receives \$47 a month in Social Security benefits, which must cover everything from utilities and the mortgage to medical bills and sometimes groceries.

"That's all I have," she said.

Total average debt of households headed by someone age 65 or older

rose from \$1,100 in 1970 to \$4,187 in 2000 — an increase of 18 percent — according to SRI Consulting Business Intelligence in Princeton, N.J., a research and consulting firm. By comparison, the average credit card balance for those ages 25 to 34 is \$3,224.

The total average debt figure includes debt from credit cards, home equity loans, installment loans, vehicle loans and margin accounts from brokerage firms. The average credit-card balance carried by seniors also rose, from \$1,280 in 1992 to \$1,897 in 2000 — an increase of 48 percent.

By 1996, senior average credit-card balance actually had jumped to \$2,536, but that number dropped steadily during the next four years.

The reason for the decrease is that the economy and stock market were still booming at that time, said Anthony Linn, president of business and economics at Willey University in Wilkes-Barre, Pa.

"People were making money," he said, and were able to pay down their debt.

For Larry Jose Wilson, using a credit card is the only way she can afford the \$23-a-year special stockings she must wear to prevent blood clots in her leg.

"I try to get three pairs a year," said Wilson, 66, of Lutzville, Texas, who lives with her 70-year-old mother. She takes about 13 medications for her ailments.

"I have medications that are over \$100," said Wilson, who carries balances on four credit cards. "I don't believe the high interest rates. It's just a waste of money, but you can't live without it."

So how do senior citizens end up with more debt than young adults? It's not that they don't know how to use credit cards, experts say.

They don't understand the "nature of high interest charges and penalties that can accrue with credit card bills," Linn said. "By making the minimum payments, your balance can actually go up."

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The easy availability of credit and a desire to keep up with the Joneses also contribute to senior credit problems, experts say. "They also feel peer pressure to spend beyond their means," Linn said.

If you find yourself with credit problems, sit down and create a spending plan, listing your income and expenditures, experts say. That will tell you what money is coming in and where you're spending it.

"It's important because otherwise you'll spend money you don't pay back," Waskin said.

Avoid taking cash advances on credit cards. Cash advances carry a higher interest rate than purchases, said John A. Francis, a financial adviser at the Million Dollar Round Table, an organization of life insurance and financial service professionals.

So avoid using credit for basic living expenses "unless you have a sure way to generate the revenue that will support that debt," Linn said.

In the case of medications, look for special programs that will help you.

Senior Citizens of Greater Dallas offers a free money management program aimed at helping low-income, disabled elderly people who have difficulty managing their finances. The program trains volunteers to help seniors with such tasks as writing mail, opening bills, balancing a checkbook and writing checks.

Mary Smith, Spencer's volunteer, helped her pay down her credit card from more than \$1,000 to about \$1,000.

Smith helped Spencer consolidate the debt on three credit cards — each with an interest rate of 18 percent to 20 percent — in one card with a Card rate of 9 percent.

Smith, who owns a graphics design firm in Dallas, got one card issuer to waive the \$50 in balance-transfer fee because the company didn't discount them.

"I wrote to the card issuer and said, 'Wherever did you say there was a transfer fee?'" he said.

Smith balances Spencer's checkbook and makes sure she pays her bills on time. "She's determined to pay the debt down," he said.

While senior citizens of Spencer's and Wilson's generation shelve debt, the free-spending baby boomers will find themselves mired in debt well into their retirement, said Manning, author of "Credit Card Nation: The Misadventures of America's Addicted to Credit."

"Unlike their parents and grandparents, many future U.S. seniors will experience more severe hardships in their older years due to greater household debt, more limited and fragmented family support networks, higher medical costs, increased longevity and shrinking public assistance programs," Manning said in his book.

"As a result, many older adults are finding that they have little choice but to abandon their conservative attitudes toward debt and embrace a credit-dependent lifestyle."

For Spencer, paying off her credit cards is the one legacy she'd like to leave.

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CHECKS AND BALANCES: Junita Spencer uses a magnifying glass to look over checks paying her bills. The checks were prepared by a volunteer in Dallas.

Credit cards being used for medical, basic needs

BY PAMELA YIP

For this Depression-era generation, the lesson has been to pay more debts, and more on time.

But at a time when senior citizens should be basking in their retirement, a disturbing trend is emerging: Many are struggling to pay off credit-card bills.

And the use of credit cards by the elderly will continue to increase over the next two decades, according to Robert D. Manning, professor of humanities at Rochester Institute of Technology in New York.

The elderly are living longer and that's leading to a host of abuses," Manning said. "The aging of the boomer generation means you've got people aging into debt which typically you didn't have."

Eventually, Manning said, the use of bank credit cards by senior citizens will mirror their use in the general U.S. population.

"We're seeing some serious debt — \$40,000, \$50,000 and \$60,000 in credit-card debt," said Suzanne Cobb, director of the Guardianship and Money Management program at Senior Citizens of Greater Dallas, a nonprofit.

They're using those credit cards to pay for basic necessities: prescription drugs, groceries. The credit-card company will send them another application, and it has snowballs on them."

A big reason for the increasing debt, experts say, is that many senior citizens haven't saved enough for retirement.

"A lot of times, people are ill-prepared to retire and use the credit card as supplemental income" for basic expenses, said Howard Dvorkin, president and founder of Consolidated Credit Counseling Services in Fort Lauderdale.

Spencer, like most senior citizens, receives Medicare, but it only covers prescription drugs in a few cases.

Seniors carrying debt

Total average debt of households headed by someone age 65 or older:

Year	Debt (\$)	Average credit card debt (\$)	Ratio (Debt / Credit Card Debt)
1992	\$1,330	\$4,000	18.6%
1994	\$1,771	\$13,608	40.8
1996	\$1,428	\$12,000	32.1
1998	\$1,542	\$16,000	35.5
2000	\$1,897	\$21,000	46.0

Source: STI Consulting Business Intelligence

body," said Spencer, who's legally

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More retirees are grappling with large credit card debt

Medicine, over-spending
listed as reasons for trend

KNIGHT RIDDER/TRIBUNE

For this Depression-era generation, the lesson has been to pay your debts and owe no one.

But at a time when senior citizens should be basking in their retirement, a disturbing trend is emerging: Many are struggling to pay off credit card bills.

And the use of credit cards by the elderly will continue to increase over the next two decades, according to Robert D. Manning, professor of humanities at Rochester Institute of Technology in New York.

"The elderly are living longer, and that's leading to a host of abuses," Manning said. "The aging of the boomer generation means you've got people aging into debt, which typically you didn't have."

Eventually, Manning said, the use of bank credit cards by seniors will mirror their use in the

general U.S. population.

"We're seeing some serious debt — \$40,000, \$50,000 and \$60,000 in credit card debt," said Suzanne Cobb, director of the Guardianship and Money Management program at Senior Citizens of Greater Dallas, a non-profit organization.

"They're using those credit cards to pay for basic necessities, prescription drugs, groceries. The credit card company will send them another application, and it just snowballs on them."

A big reason for the increasing debt, experts say, is that many seniors haven't saved enough for retirement. Or that some costs, like medication, are grabbing increasingly large shares of their limited income.

That's the case with Juanita Spencer, 84, of Dallas, who charges more than \$200 a month on medicines.

Spencer, like most senior citizens, receives Medicare, but it covers prescription drugs in only a few cases.

"These are all necessities," she said, holding up a large plastic bag of drugs she takes for various health problems. "There ought to be a way people can have medicine without going into debt for it."

Spencer suffers from high blood pressure and other ailments involving her stomach, thyroid and bladder. She receives \$827 a month in Social Security benefits, which must cover everything from utilities and the mortgage to medical bills and sometimes groceries.

"That's all I have," she said.

Total average debt of households headed by someone age 65 or older jumped from \$8,000 in 1992 to \$23,000 in 2000 — an increase of 188 percent — according to SRI Consulting Business Intelligence in Princeton, N.J., a research and consulting firm. The total average debt figure includes debt from credit cards, home equity loans, installment loans, vehicle loans and margin accounts from brokerage firms. The average balance carried by

seniors also rose, from \$1,280 in 1992 to \$1,897 in 2000 — an increase of 48 percent.

Many senior citizens end up in such debt because they don't understand how credit works, experts say. They don't understand the "nature of high interest charges and penalties that can accrue with credit card bills," said Anthony Liuzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa. "By making the minimum payment, your balance can actually go up."

Not to mention the time it takes to pay off the bill. For example, an \$8,000 credit card bill with an 18 percent interest rate would take 53 years to pay off if you made only the minimum monthly payment, said John Waskin, executive director of American Credit Counselors Corp. in Huntersville, N.C. Most of the payment would go toward interest.

The easy availability of credit and a desire to keep up with the Joneses also contribute to se-

niors' credit problems, experts say. "They also feel peer pressure to spend beyond their means," Liuzzo said.

While senior citizens of Spencer's generation abhor debt, the free-spending baby boomers will find themselves mired in debt well into their retirement, said Manning, author of *Credit Card Nation: The Consequences of America's Addiction to Credit*.

"Unlike their parents and grandparents, many future U.S. seniors will experience more severe hardships in their older years due to greater household debt, more limited and fragmented family support networks, higher medical costs, increased longevity and shrinking public assistance programs," Manning said in his book.

For Spencer, paying off her credit cards is the one legacy she'd like to leave.

"I just don't think I'm going to be here too much longer, so that's why I'm trying to get out of debt," she said. "I can't be in debt and die."

They owe

Credit-card debt surges as seniors try to keep pace with cost of basic needs

P275FF

By Pamela Yip
Knight-Ridder Newspapers

For this Depression-era generation, the lesson has been to pay your debts and owe no one.

But at a time when senior citizens should be basking in their retirement, a disturbing trend is emerging: Many are struggling to pay off credit-card bills.

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Congress is considering adding a prescription drug benefit to Medicare, but the likelihood of legislation being enacted is slim.

Spencer uses a magnifying glass to look over checks that were made out by a senior services volunteer to pay her bills.

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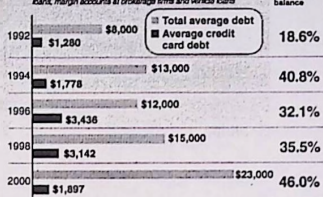
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Seniors carrying debt

Total average debt of households headed by someone age 65 or older;

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Households carrying a credit card balance



Source: SRI Consulting Business Intelligence
Graphic: Knight-Ridder Newspapers

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The easy availability of credit and a desire to keep up with the Joneses also contribute to seniors' credit problems, experts say. "They also feel peer pressure to spend beyond their means," Luzzo said.

If you find yourself with credit problems, sit down and create a spending plan, listing your income and expenditures, experts say.

That will tell you what money is coming in and where you're spending it.

"It's important because otherwise you will spend money you don't have or spend money you can't pay back," Waskin said.

And avoid taking cash advances on credit cards. Cash advances carry a higher interest rate than purchases, said Brian Ashe, a financial adviser at the Million Dollar Round Table, an organization of life insurance and financial services professionals.

So avoid using credit for basic living expenses "unless you have a sure way to generate the revenue that will support that debt," Banks said. "In the case of medications, look for special programs that will help you."



Knight-Ridder photo

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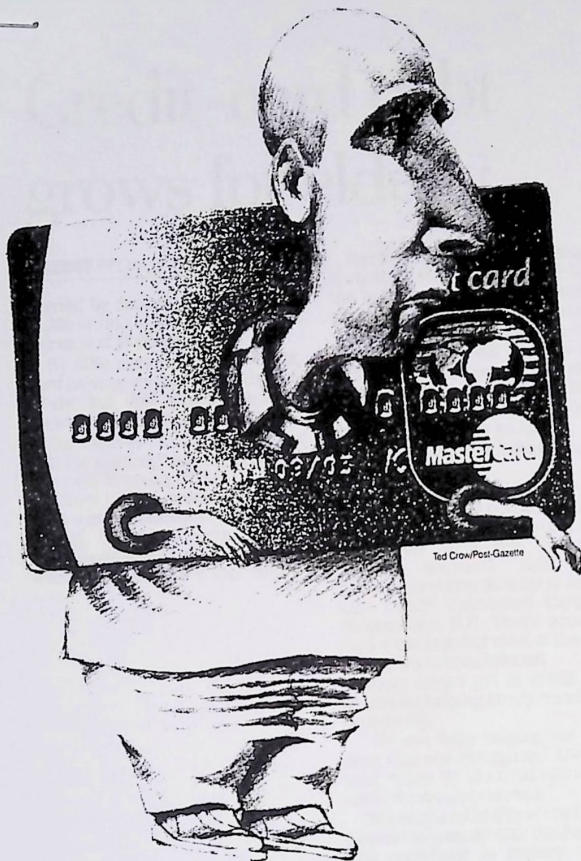
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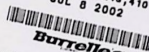
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By 1998, seniors' average credit-card balance actually had jumped to \$3,436, but that number dropped steadily during the next four years.



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PITTSBURGH, PA
MONDAY 243,410
JUL 8 2002



SENIOR CITIZENS ARE RELYING MORE AND MORE ON CREDIT CARDS AND IT'S PUTTING THEM DEEPER

IN THE HOLE

By Pamela Yip
The Dallas Morning News

For this Depression-era generation, the lesson has been to pay your debts and owe no one.

But at a time when senior citizens should be basking in their retirement, a disturbing trend is emerging: Many are struggling to pay off credit-card bills.

And the use of credit cards by the elderly will continue to increase over the next two decades, according to Robert D. Manning, professor of humanities at Rochester Institute of Technology in New York.

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A big reason for the increasing debt, experts say, is that many seniors haven't saved enough for retirement.

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scription drug benefit to Medicare, but the likelihood of legislation being enacted is slim. According to the Congressional Budget Office, Medicare beneficiaries represented nearly 15 percent of the population in 1999, but they purchased about 40 percent of the \$100 billion in outpatient prescription drugs sold that year.

Cobb said some of the clients at the Dallas senior agency pay \$300 to \$600 for prescription drugs each month, which easily gobbles up 50 percent to 60 percent of their income.

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Credit-card debt grows for elderly

CREDIT FROM PAGE B-1 D

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One reason for the decrease is that the economy and stock market were still booming at that time, said Anthony Liuzzo, professor of business and economics at Wilkes University in Wilkes-Barre. "People were making money," he said, and were able to pay down their debt.

So how do senior citizens end up in such debt? Many find themselves in the hole because they don't understand how credit works, experts say.

They don't understand the "nature of high interest charges and penalties that can accrue with credit-card bills," Liuzzo said. "By making the minimum payment, your balance can actually go up."

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The easy availability of credit and a desire to keep up with the Joneses also contribute to seniors' credit problems, experts say. "They also feel peer pressure to spend beyond their means," Liuzzo said.

If you find yourself with credit problems, sit down and create a spending plan, listing your income and expenditures, experts say. That will tell you what money is coming in and where you're spending it.

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So avoid using credit for basic living expenses "unless you have a sure way to generate the revenue that will support that debt," Banks said. "In the case of medications, look for special programs that will help you."

Brokers countering clients' cash-out urge

By JERRY LYNOTT
jlynott@leader.net

TL 7-23-02

As the stock markets yo-yoed through another down day Monday, area brokers counseled clients against selling to salvage their investments.

Nine weeks worth of declines have investors searching for answers to when the plunge will bottom out and what will remain of their portfolios.

"People are concerned; I don't think panic is the right word," said John Gager, president of Susquehanna Asset Management in Kingston.

Gager said he has fielded very few calls from worried clients and has been telling investors to sit tight.

"It might be too early to buy, but it's probably too late to sell."

See BROKERS, Page 10A

BROKERS

Continued from Page 1A

The bull market of the late '90s has turned tail to the bear market feeding upon investors' frustrations and loss of confidence in earnings reports as Wall Street lengthens the list of companies caught in accounting scandals.

The bankruptcies of Enron, Adelphia Communications Inc. and WorldCom Inc. overshadow the good news of companies with sound finances. "Earnings don't look that bad in general," Gager said.

Time will tell how the market fares and time will be the catalyst for a turnaround, he said.

For a small investor such as David Leahigh, the wait could mean a longer time on the job.

"I've been watching my retirement age get pushed off," said Leahigh, an associate professor of finance at King's College.

He's been watching the market fluctuations from a unique perspective, literally and physically, from the William G. McGowan School of Business at the downtown Wilkes-Barre college.

McGowan, an Ashley native and force behind MCI's rise to the nation's No. 2 long-distance phone carrier, donated millions toward the construction of the business school building. After his death, MCI was acquired by WorldCom.

"He wanted to win more than anything, but he wanted to play by the rules," Leahigh said of what he's heard of McGowan. If other chief executive officers did the same, the market wouldn't be so disrupted, he added.

"I'm somebody who's right out front, pro-market, pro-capitalism, but it has to be played by the rules," said Leahigh. As a result of the corporate shenanigans, the little guy

suffers.

"These things are driven primarily by institutions," Leahigh said of the trading direction. "All that's going to happen to small investors is you're going to get run over."

Leahigh advised against panicking and jettisoning all stocks, however. Trim off the problem sectors like telecoms and consider consumer products such as Procter & Gamble Co.

The continuing decline has made for some anxious clients, said Nadine Oliver, president of Red & Black Inc., a Pittston investment service. Some want to know what's happening and what they should do, like "move everything to cash."

Not just yet, Oliver said. "Sell only if you need to raise cash," is her advice. Look at the big picture and not just your individual portfolio, she said. Consider buying because there are bargains to be found. "It's a blue-light special right now," she said.

Where there are sellers they are buyers, and now is the time look for bargains, said Robert Graham, president of Riggs Asset Management, a Wilkes-Barre investment company.

Some people are more nervous than others, but "we believe this is one of the greatest buying opportunities we've seen in some time. Perhaps 30 years," Graham said.

"No one goes through this period unscathed, but quite frankly, we're looking at this as an opportunity," said Graham.

The effects of the plunge are going to be different for people nearing or in retirement and for those new to the investment game, said Wilkes University economics professor Anthony Liuzzo. But in each case, his advice is to let the market right itself.

"I think the key is for people not to panic, but just stay with it," said Liuzzo. "Bear markets are normal, they happen."

DALLAS MORNING NEWS

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In plastic society, seniors charge on

FRONT PAGE

Credit card debt grows
for elderly as they try to
fill medical, basic needs

By PAMELA YIP
Personal Finance Writer

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"The elderly are living longer, and that's leading to a host of problems," Dr. Manning says. "The baby boomer generation has got people aging into categories typically you didn't

have."

Eventually, Dr. Manning says, the use of bank credit cards by seniors will mirror their use in the general U.S. population.

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"They're using those credit cards to pay for basic necessities, prescription drugs, groceries. The credit card company will send them another application, and it just snowballs on them."

And Consumer Credit Counseling Service of Greater Dallas has seen a steady growth of people 55 and older seeking credit counseling, says Bettye Banks, senior vice president of education. Year after year, the number has increased 21 percent — from 167 on June 1,

See SENIORS Page 26A

Seniors unaccustomed to debt woes

Continued from Page 1A

2001, to 202 on May 31, 2002.

A big reason for the increasing debt, experts say, is that many seniors haven't saved enough for retirement.

"A lot of times, people are ill-prepared to retire and use the credit card as supplemental income" for basic expenses, says Howard Dvorkin, president and founder of Consolidated Credit Counseling Services in Fort Lauderdale, Fla.

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PRESCRIPTION AID

Senior Citizens of Greater Dallas has a free Senior Prescription Assistance Program, which helps low income seniors apply for free or low-cost medications through the indigent drug programs of various drug companies. For information, contact the seniors group at 214 823-5700.

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One reason for the decrease is that the economy and stock market were still booming at that time, says Anthony Luzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa. "People were making money," he says, and were able to pay down their debt.

For Laura June Watson, using a credit card is the only way she can afford the \$235-a-pair special stockings she must wear to prevent blood clots in her legs.

"I try to get three pairs a year," says Ms. Watson, 66, of Hattiesburg, who lives with her 90-year-old mother.

She takes about 13 medications for her ailments.

"I have medications that are over \$100," says Ms. Watson, who carries balances on four credit cards. "I don't believe the high interest rates. It's just a waste of



RON BASELICK/Staff Photographer

"I can't be in debt and die," says Juanita Spencer, who is legally blind and receives help from a volunteer to pay credit card bills.

money, but you can't live without it."

So how do senior citizens end up in such debt? Many find them-

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See EXPENSES Page 27A

Expenses, needs a delicate balance

Continued from Page 26A

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"We see folks helping out children who are struggling," Mr. Dvorkin says. "They let the child use credit cards for various reasons."

The easy availability of credit and a desire to keep up with the Joneses also contribute to seniors' credit problems, experts say. "They also feel peer pressure to spend beyond their means," Dr. Luzzo says. If you find yourself with credit problems, sit down and create a spending plan, listing your income and expenditures, experts say. That will tell you what money is coming in and where you're spending it.

"It's important because otherwise you will spend money you can't pay back," Mr. Waskin says.

And avoid taking cash advances on credit cards. Cash advances carry a higher interest rate than purchases, says Brian Ashe, a financial adviser at the Million Dollar Round Table, an organization of life insurance and financial services professionals.

So avoid using credit for basic living expenses "unless you have a sure way to generate the revenue that will support that debt," Ms. Banks says.

"In the case of medications, look for special programs that will help you," she says.

Senior Citizens of Greater Dallas offers a free money management program aimed at helping low-income, disabled elderly people who have difficulty managing their finances.

The program trains volunteers to help seniors with such tasks as sorting mail, organizing bills, balancing a checkbook and writing checks.

Mark Smith, Ms. Spencer's volunteer, helped her pay down her credit card from more than \$4,000 to about \$1,000.

Mr. Smith helped Ms. Spencer consolidate the debt on three credit cards — each with an interest rate of 18 percent to 20 percent — to one card with a fixed rate of 9 percent.

And Mr. Smith, who owns a graphics design firm in Dallas, got one card issuer to waive the \$90 in balance-transfer fees because the company didn't disclose them.

"I wrote to the card issuer and

said, 'Nowhere did you say there was a transfer fee,'" he says.

Mr. Smith balances Ms. Spencer's checkbook and makes sure she pays her bills on time.

"She's determined to pay that debt down," he says.

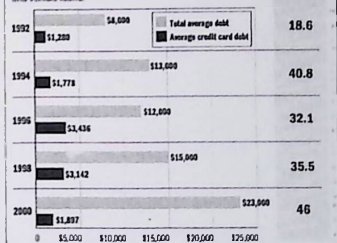
While senior citizens of Ms. Spencer's and Ms. Watson's generation abhor debt, the free-spending baby boomers will find themselves mired in debt well into their retirement, says Dr. Manning, author of *Credit Card Nation: The Consequences of America's Addiction to Credit*.

"Unlike their parents and grandparents, many future U.S. seniors will experience more severe hardships in their older years due to greater household debt, more limited and fragmented family support networks, higher medical costs, increased longevity and shrinking public assistance programs," Dr. Manning says in his book.

"As a result, many older adults are finding that they have little choice but to abandon their con-

SENIOR DEBT

Total average debt of households headed by someone age 65 or older has increased dramatically in the last 10 years. Total average debt includes debt from credit cards, home equity loans, installment loans, margin accounts at brokerage firms and vehicle loans.



SOURCE: SRI Consulting Business Intelligence

Small graphic

servative attitudes toward debt and embrace a credit-dependent lifestyle."

For Ms. Spencer, paying off her credit cards is the one legacy she'd like to leave.

"I just don't think I'm going to be here too much longer, so that's why I'm trying to get out of debt," she says. "I can't be in debt and die."

By mlp1p16@dallasnews.com

SCRANTON TIMES

SCRANTON, PA
SATURDAY 43,076
JUN 8 2002

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BABY BOOMER KIDS FLOOD COLLEGE



KIMBERLY BACHMAN / STAFF PHOTOGRAPHER

Tim Herbert works on orientation materials for incoming freshmen at the University of Scranton. At left are Michael Draney and Melissa Harrison. Erin Sweeney is at far right. They will be seniors in the fall. The university has seen a rapid increase in applications over the past year.

The ECHO effect

FRONT PAGE

032574 W123
A generational bubble has caused a steep increase in college applications locally and nationwide.

BY JOE SYLVESTER / REGIONAL STAFF WRITER

Some 3,800 students applied to the University of Scranton in 2001. From that pool, the university formed its largest freshman class ever this past school year — 1,012 students.

This year, the university has received 5,100 applications.

While university officials want to keep the freshman class under 1,

000 this year to prevent overcrowding in the residence halls, the fact there is an ever-growing number of applicants is one sign of a growing population of college-age students.

University of Scranton director of admissions Joe Roback said the university's marketing and its quality education are reasons more students are applying, but he said a big reason for the growth is the so-called "baby boom echo" — the children of baby boomers who are reaching college-age in growing numbers.

Lackawanna College in Scranton has seen a 20 percent increase in students in the past 10 years, with much of that increase in enrollment occurring since 1996, spokesman

Boomtime again

The effect of the so-called "baby boom echo" can be felt here in Northeastern Pa. and nationwide: The University of Scranton's applications are up 32 percent over 2001. The Pennsylvania Department of Education predicts increases in college enrollment every year through 2008. According to the U.S. Census Bureau, college students under age 25 reached a record high of nearly 10 million in 2000.

Kevin O'Hara said.
Enrollment in degree programs

Please see ECHO, PAGE A2

ECHO: Kids of baby boomers pouring into colleges

FROM A

at the two-year school was 986 last fall, he said. Estimates are enrollment will rise to more than 1,000 this fall, he added.

"Certainly part of that has to be more students reaching (high school) graduation age," Mr. O'Hara said.

He said another factor is a job market that requires people to adapt to changing conditions.

At Penn State University's Worthington Scranton campus in Dunmore, enrollment went from 1,250 in 1991 to 1,700 this year, said Bruce Sherbine, chief academic officer. But Mr. Sherbine said he was not sure how much of that increase could be attributed to the baby boom echo because the school had added baccalaureate courses in that time.

Marywood University also is seeing an increase in students. Christian DiGregorio, Marywood's assistant director of admissions, said 1,138 students were enrolled at the school in May 2001. In May 2002, 1,202 students were attending the school.

Mr. DiGregorio said the number of new students has been increasing each year, from the 411 in 1998 to 494 in 2001. "That's a huge jump," he said.

This year, Marywood has received 1,574 applications, over 100 more than last year.

But the increases are seen across Pennsylvania and across the country. According to state Department of Education figures, the number of full-time undergraduate students in 1991 totaled 331,821 in Pennsylvania. That increased to 344,861 by 1998. A year later, that figure jumped to 355,655.

"More students are going to college," Mr. Roback said.

"Where that increase in demographics is occurring is an echo baby boom."

Vance Grant, a statistician with the U.S. Department of Education in Washington, D.C., said college enrollments are rising across the country.

"It's growing more in some states, such as in the West and the South, because the population is growing faster," Mr. Grant said. "The 18-year-old population is growing more."

He said high school enrollments have been growing, as well. He said the growth was due to birth rates that were increasing for a number of years until 1990, the peak year. That means there will be increases in college enrollment through 2008, when the 1990 babies turn 18.

He said they are the children of baby boomers who started families later in life. "Some of them delayed marriage and families, then they decided, well, it's time to do something about this," Mr. Grant said.

There is evidence of a slowdown in Pennsylvania elementary schools, though. According to state Department of Education figures, elementary enrollment has decreased for four consecutive years.

Enrollments overall are decreasing in Lackawanna and Luzerne counties, according to the department. In Lackawanna County, enrollments totaling 28,287 in 1996-1997 are projected to decrease to 23,927 by 2010-2011. In Luzerne County, where enrollments were 42,023 in 1996-1997, projections are they will decrease to 33,280 by 2010-2011.

"This culture really is a product of the baby boom echo," said Tony Liuzzo, a lawyer and business professor and director of the business division and MBA program at Wilkes University.

But he said this burst of growth probably would not be as loud as the original. "The numbers don't suggest as much of a boom," Dr. Liuzzo said.



KIM SCHULTZ/STAFF PHOTOGRAPHER

Erin Sweeney works on orientation materials for incoming freshmen at the University of Scranton.

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Many age into debt

Elderly living longer, falling into bad habits

At a time when senior citizens should be basking in their retirement, a disturbing trend is emerging. Many are struggling to pay off credit card bills.

The use of credit cards by the elderly will continue to increase over the next two decades, according to Robert D. Manning, professor of humanities at Rochester Institute of Technology in New York.

"The elderly are living longer, and that's leading to a host of abuses," Manning says. "The aging of the boomer generation means you've got people aging into debt, which typically you didn't have."

"We're seeing some serious debt — \$40,000, \$50,000 and \$60,000 in credit card debt," says Suzanne Cobb, director of the Guardianship and Money Management program at Senior Citizens of Greater Dallas, a nonprofit organization.

"They're using those credit cards to pay for basic necessities, prescription drugs, groceries. The credit card company will send them another application, and it just snowballs on them."

A big reason for the increasing debt, experts say, is that many seniors haven't saved enough for retirement.

"A lot of times, people are ill-prepared to retire and use the credit card as supplemental income" for basic expenses, says Howard Dvorkin, president and founder of Consolidated Credit Counseling Services in Fort Lauderdale, Fla.

Cobb says some of the clients at the senior agency pay \$300 to \$600 for prescription drugs each month, which easily gobbles up 50 percent to 60 percent of their income.

For Laura June Watson, using a credit card is the only way she can afford the \$235-a-pair special stockings she must wear to prevent blood clots in her legs.

"I try to get three pairs a year," says Watson, 66, of Hutchins, Texas, who lives with her 90-year-old mother.

She takes about 15 medications for her ailments.

"I have medications that are over \$100," says Watson, who carries balances on four credit cards. "I don't believe the high interest rates. It's just a waste of money, but you can't live without it."



TERRENCE HORAN / Staff

So how do senior citizens end up in such debt? Many find themselves in the hole because they don't understand how credit works, experts say.

They don't understand the "nature of high interest charges and penalties that can accrue with credit card bills,"

says Anthony Liuzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa. "By making the minimum payment, your balance can actually go up."

"We see folks helping out children who are struggling," Dvorkin says. "They let the child use credit cards for various reasons."

The easy availability of credit and a desire to keep up with the Joneses also contribute to seniors' credit problems, experts say. "They also feel peer pressure to spend beyond their means," Liuzzo says.

If you find yourself with credit problems, create a spending plan, listing your income and expenditures, experts say. That will tell you what money is coming in and where you're spending it.

Avoid taking cash advances on credit cards. Cash advances carry a higher interest rate than purchases, says Brian Ashe, a financial adviser at

the Million Dollar Round Table, an organization of life insurance and financial services professionals.

So avoid using credit for basic living expenses "unless you have a sure way to generate the revenue that will support that debt," says Bettye Banks of the Consumer Credit Counseling Service of Greater Dallas.

"In the case of medications, look for special programs that will help you," she says.

While senior citizens of Watson's generation abhor debt, the free-spending baby boomers will find themselves mired in debt well into their retirement, says Manning, author of "Credit Card Nation: The Consequences of America's Addiction to Credit."

"Unlike their parents and grandparents, many future U.S. seniors will experience more severe hardships in their older years due to greater household debt, more limited and fragmented family support networks, higher medical costs, increased longevity and shrinking public assistance programs," Manning says in his book.

"As a result, many older adults are finding that they have little choice but to abandon their conservative attitudes toward debt and embrace a credit-dependent lifestyle."

Pamela Yip is a syndicated columnist.

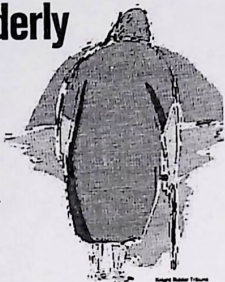


PAMELA YIP
pyip@
dallasnews.com

YOUR MONEY

Credit card debt sneaks up on unlikely group: the elderly

Some can't afford day-to-day living expenses, and others simply don't understand how credit works



Robert Marzetta

BY PHILIP TAP

Dan Marzetta lives

For the Depression-era generation, the lesson has been to pay your debts and live on credit.

But at a time when senior citizens should be heading to retirement, a disturbing trend is emerging: Many are struggling to pay off credit card bills. The use of credit cards by the elderly will continue to increase over the next two decades, says Robert Marzetta, professor of business at Ball State University of Technology in New York.

"The elderly are living longer and don't realize the cost of a credit card," Marzetta says. "The cost of the longer generation means you're not paying down debt, which typically you don't have."

Marzetta, Marzetta says, the use of credit cards by the elderly will mirror their use in the present U.S. population.

"We're seeing some serious debt - \$40,000, \$50,000 and \$60,000 in credit card debt," says Suzanne Calkins, director of the Credit and Money Management program at Senior Citizens of Greater Dallas, a nonprofit organization.

"They're using their credit cards to pay for basic necessities, prescription drugs, groceries. The credit card company will send them another application, and it just snowballs on them."

A big reason for the increasing debt, experts say, is that many seniors haven't saved enough for retirement.

"A lot of times, people are prepared to retire and use the credit card as supplemental income," he says. "They're not saving enough for retirement."

However, like most senior citizens, Marzetta, he is only covers prescription drugs in a few cases.

"I never was one to live day-to-day," says Marzetta, who is 84. "There are no necessities about it, but it's a large plastic bag of drugs and other things."

Marzetta says he has no credit cards, but he has a credit card for his car.

Consequently, Marzetta is a prescription drug benefit to Marzetta, but the CardShield by Marzetta is not working in him.

According to the Congressional Budget Office, Marzetta beneficiaries represented nearly 13 percent of the population in 1999, but they purchased about 60 percent of the \$100 billion in outpatient prescrip-

tion drugs sold that year. Calkins says most of the clients at the senior agency pay \$200 to \$300 for prescription drugs each month, which usually adds up to 10 percent to 15 percent of their income.

Total average debt of households headed by someone age 65 or older rose from \$4,000 in 1997 to \$13,000 in 2000, an increase of 184 percent, according to Citi Consulting Business Intelligence in Princeton, N.J., a research and consulting firm.

The total average debt figure includes debt from credit cards, home equity loans, installment loans, vehicle loans and margin accounts from brokerage firms. The average credit card balance carried by seniors also rose, from \$1,200 in 1997 to \$1,997 in 2000, an increase of 66 percent.

So how do senior citizens end up in such debt? Marzetta finds them in the bank because they don't understand how credit works, experts say.

"They don't understand the nature of high interest charges and penalties that can accrue with credit card bills," says Anthony Luzzo, professor of business and economics at Wichita University in Wichita, Kan. "By making the minimum payment, your balance can actually go up."

Many seniors get in credit card trouble by helping relatives, experts say.

"We see kids helping our children who are struggling," Calkins says. "They let the child use credit cards for various reasons."

The easy availability of credit and a desire to help up with the Joneses also contribute to senior credit problems, experts say.

"They live just past pressure to spend beyond their means," Luzzo says.

If you find yourself with credit problems, as shown and create a spending plan, limit your income and expenses, experts say.

"That will tell you what money is missing in and where you're missing it."

It's a good idea to know where you will spend money you can't pay back, says John Winkler, director of American Credit Counseling Corp. in Harrisville, N.C.

And avoid making cash advances on credit cards. Cash advances carry a higher interest rate than purchases, says Winkler, a financial adviser at the Hillman Dollar General Bank, an organization of life insurance and financial services professionals.

So avoid using credit for basic living expenses "unless you have a sure way to generate the revenue

that will support that debt," says Marzetta. Senior citizens should be educated in Consumer Credit Counseling Service of Greater Dallas. "In the case of education, look for special programs that will help you."

While senior citizens of Seniors' generation advice debt, the two spending habits seniors will find themselves in debt will be their retirement, says Marzetta, author of "Credit Card Basics: The Consumer's Guide to America's Most Popular Credit Card."

"While their parents and grandparents, many 65-year-olds will experience more severe hardship in their older years than the greater household debt, more limited and fragmented family support networks, higher medical costs, increased dependency and expanding public assistance programs," Marzetta says in the book.

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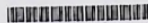
Marzetta says in the book.

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Burrelles

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Credit-card debt growing for elderly as they try to fill medical, basic needs

By PAMELA YIP
The Dallas Morning News

For this Depression-era generation, the lesson has been to pay your debts and owe no one.

But at a time when senior citizens should be basking in their retirement, a disturbing trend is emerging: Many are struggling to pay off credit-card bills.

And the use of credit cards by the elderly will continue to increase over the next two decades, according to Robert D. Manning, professor of humanities at Rochester Institute of Technology in New York.

"The elderly are living longer, and that's leading to a host of abuses," Manning said. "The aging of the boomer generation means you've got people aging into debt, which typically you didn't have."

Eventually, Manning said, the use of bank credit cards by seniors will mirror their use in the general U.S. population.

"We're seeing some serious debt — \$40,000, \$50,000 and \$60,000 in credit-card debt," said Suzanne Cobb, director of the Guardianship and Money Management program at Senior Citizens of Greater Dallas, a nonprofit organization.

"They're using those credit cards to pay for basic necessities, prescription drugs, groceries. The credit-card company will send them another application, and it

just snowballs on them."

A big reason for the increasing debt, experts say, is that many seniors haven't saved enough for retirement.

"A lot of times, people are ill-prepared to retire and use the credit card as supplemental income" for basic expenses, said Howard Dvorkin, president and founder of Consolidated Credit Counseling Services in Fort Lauderdale, Fla.

That's the case with Juanita Spencer, 84, of Dallas, who charges more than \$200 a month on medicines.

Spencer, like most senior citizens, receives Medicare, but it only covers prescription drugs in a few cases.

"I never was one to owe anybody," said Spencer, who's legally blind.

"These are all necessities," she said, holding up a large plastic bag of drugs she takes for various health problems. "There ought to be a way people can have medicine without going into debt for it."

Congress is considering adding a prescription drug benefit to Medicare, but the likelihood of legislation being enacted is slim. According to the Congressional Budget Office, Medicare beneficiaries represented nearly 15 percent of the population in 1999, but they purchased about 40 percent of the \$100 billion in outpatient prescription drugs sold that year.

Cobb said some of the clients at

the Dallas senior agency pay \$300 to \$600 for prescription drugs each month, which easily gobbles up 50 percent to 60 percent of their income.

Spencer suffers from high blood pressure and other ailments involving her stomach, thyroid and bladder. She receives \$827 a month in Social Security benefits, which must cover everything from utilities and the mortgage to medical bills and sometimes groceries.

"That's all I have," she said.

Total average debt of households headed by someone age 65 or older soared from \$4,000 in 1992 to \$23,000 in 2000 — an increase of 188 percent — according to SRI Consulting Business Intelligence in Princeton, N.J., a research and consulting firm. By comparison, the average credit-card balance for those ages 25 to 34 is \$3,224.

The total average debt figure includes debt from credit cards, home equity loans, installment loans, vehicle loans and margin accounts from brokerage firms. The average credit-card balance carried by seniors also rose, from \$1,280 in 1992 to \$1,897 in 2000 — an increase of 48 percent.

By 1996, seniors' average credit-card balance actually had jumped to \$3,436, but that number dropped steadily during the next

four years.

One reason for the decrease is that the economy and stock market were still booming at that time, said Anthony Luzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa. "People were making money," he said, and were able to pay down their debt.

So how do senior citizens end up in such debt? Many find themselves in the hole because they don't understand how credit works, experts say.

They don't understand the "nature of high interest charges and penalties that can accrue with credit-card bills," Luzzo said. "By making the minimum payment, your balance can actually go up."

Not to mention the time it takes to pay off the bill.

For example, an \$8,000 credit-card bill with an 18 percent interest rate would take 53 years to pay off if you made only the minimum monthly payment, said John Waskin, executive director of American Credit Counselors Corp. in Huntersville, N.C. That's accounting for the fact that most of the payment goes toward interest.

Many others get in credit-card trouble by helping family members, experts say.

"We see folks helping out chil-

dren who are struggling," Dvorkin said. "They let the child use credit cards for various reasons."

The easy availability of credit and a desire to keep up with the Joneses also contribute to seniors' credit problems, experts say. "They also feel peer pressure to spend beyond their means," Luzzo said.

If you find yourself with credit problems, sit down and create a spending plan, listing your income and expenditures, experts say. That will tell you what money is coming in and where you're spending it.

"It's important because otherwise you will spend money you don't have or spend money you can't pay back," Waskin said.

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PERSONAL Business

CLASSIFIEDS INSIDE



INSIDE

Liberman & Lavine:
Selecting a financial
adviser.

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SECTION

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MONDAY
JULY 8, 2002

SENIOR CITIZENS ARE RELYING MORE AND MORE ON CREDIT CARDS AND IT'S PUTTING THEM DEEPER

IN THE HOLE

By Pamela Rip
The Dallas Morning News

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And the use of credit cards by the elderly will continue to increase over the next two decades, according to Robert D. Manning, professor of humanities at Rochester Institute of Technology in New York.

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Credit-card debt grows for elderly

CREDIT FROM PAGE B-1

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So avoid using credit for basic living expenses "unless you have a sure way to generate the revenue that will support that debt," Banks said. "In the case of medications, look for special programs that will help you."



Burrelle's

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This beauty salon made for teens only

■ A chain of 37 salons for teens is expected to span the country by 2006.

PLANO, Texas (AP)—Tori Cecil doesn't hesitate when asked, "Do you like glitter?"

She certainly does, she assures the makeup artist, who begins turning Tori's eyelids a sparkly pink and marking her lips with a dark liner before adding a pink gloss.

Tori, a 15-year-old from Rowlett, is a new client at the nation's first Seventeen (a division of the magazine) studio spa salon. With pulsating music, sleek modern decor and makeup stations where customers are encouraged to dabble, the salon is dedicated to serving teen-agers.

Marcia Blackburn, who was treating her granddaughter Tori to a haircut as well as the salon makeover, pronounced the salon cool.

"I thought it was very well done for the market they're attracting," said Blackburn, who describes herself as 50-plus. "I wish they'd had a place like this when I was her age."

It's just that sentiment that pushed founder Susan Tierney to develop the concept for the salon. "Teens were going to their mom's salon," she said. "They really didn't have a place of their own."

Jacqueline Blum, president of Primedia Enterprises, the licensing arm of Seventeen magazine's publisher, said the salon is another branding opportunity, like one already in place for products such as hair accessories.

"We felt that Seventeen was the right brand for a girl's first few experiences getting her hair done, getting her nails done," Blum said.

Tierney intends to locate 36 more Seventeen salons across the country by the end of 2006. The goal is to find markets with plenty of teens and plenty of money.

In that respect, Plano fits. Nine high schools are located within a seven-mile radius of Plano, a Dallas suburb of about 233,000. And the average median household income in Collin County was \$70,835 in 2000, the highest in Texas.

Parents pay the bill about 65



Tana Worsham of Plano, Texas, gets a hair treatment at the nation's first Seventeen spa salon.

percent of the time, though some teens have jobs, and others healthy allowances.

"It's a whole different generation — a very pampered generation," Tierney said.

Anthony Liuzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa., characterizes today's teenagers as the so-called baby boom echo. "We're seeing a larger number of people in the United States in that age category," he said.

The salon sells makeup, and hair and skin products. Teens test color possibilities at the "makeup bar." A cafe sells snacks, smoothies and even cappuccino. The young customers relax on a semicircular couch against assorted pillows while their feet get a makeover.

Looking for a little privacy? There are rooms for facials, massages or eyebrow waxings. To make the experience less stressful: No tipping allowed.

Customers browse computers featuring movie previews and polls aimed at teens. Music videos play on several televisions, and of course, the supply of Seventeen magazines is endless.

A haircut, style and finish by a designer is \$30, \$45 for a senior designer. A makeup consultation and lesson costs \$40, an eyebrow tweezing and lesson, \$12. A spa manicure is \$25, a spa pedicure



Tori Cecil of Rowlett, Texas, gets a makeup consultation during a visit to the salon. Pulsating music, sleek modern decor and makeup stations that encourage dabbling cater to teens.

\$38. There's even a \$12 nail detail or \$15 buzz cut for the guys.

The spa also found brisk business booking parties for girls 12 and older. They can be tailored to include such luxuries as catering and limousines. A pedicure pit party, for instance, would cost \$40 per person.

"They come out of here feeling like a princess," said Krista Castillo, the events and promotion director.

Beauty experts suggest that getting girls hooked early on sa-

lon and spa services will make them loyal customers who are more willing to try new treatments.

Such pampering may help boost the self-esteem of teens who are insecure about their appearance, said Kristy Hagar, a pediatric neuropsychologist at Children's Medical Center of Dallas.

But, she said, parents should make sure their children don't focus too much on appearance.

Teen salons

PLANO, Texas (AP) — Turi Cecil doesn't hesitate when asked, "Do you like glitter?"

Toni, a 15-year-old from Rowlett, is a new client at the nation's first Seventeen (a division of the magazine) studio spa salon. With pulsating music, sleek modern decor and makeup stations where customers are encouraged to dabble, the salon is dedicated to serving teenagers.

Jacqueline Blum, president of Primedia Enterprises, the licensing arm of Seventeen magazine's publish-



Associated Press

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Please see **SALON/C7**

Salon for teens, 1st of its kind, a big hit

Continued from C1
Texas.

Parents pay the bill about 65 percent of the time, though some teens have jobs, and others healthy allowances.

"It's a whole different generation — a very pampered generation," Tierney said.

Bill Steele, a household products and cosmetics analyst for Banc of America Securities in San Francisco, said teens tend to use their considerable income to buy products specially geared toward them — without regard for the big downers of the world, like saving for retirement.

"Teens historically have spent a vast majority of what's available to them," Steele said.

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Looking for a little privacy? There are rooms for facials, massages or eyebrow waxings. To make the experience less stressful: No tipping allowed.

Customers browse computers featuring movie previews and polls aimed at teens. Music videos play on several televisions, and of course, the supply of Seventeen magazines is endless.

A haircut, style and finish by a designer is \$30, \$45 for a senior designer. A makeup consultation and lesson costs \$40, an eyebrow tweezing and lesson, \$12. A spa manicure is \$25, a spa pedicure \$38. There's even a \$12 nail detail or \$15 buzz cut for the guys.

The spa also found brisk business booking parties for girls 12 and older. They can be tailored to include such luxuries as catering and limousines. A pedicure pit party, for instance, would cost \$40 per person.

"They come out of here feeling like a princess," said Krista Castillo, the events and promotion director.

Beauty experts suggest that getting girls hooked early on salon and spa services will make them loyal customers who are more willing to try new treatments.

"It'll become a lifelong discipline," said Melissa Yamaguchi, incoming president of The Salon Association, a nonprofit organization of salon and spa owners.

Such pampering may help boost the self-esteem of teens who are insecure about their appearance, said Kristy Hagar, a pediatric neuropsychologist at Children's Medical Center of Dallas.

But, she said, parents should make sure their children don't

focus too much on appearance.

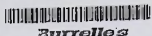
"It's important that it's not emphasized as an end-all-be-all to have perfectly manicured nails," she said. "I think that it can be positive as long as it's not taken overboard."

Fifteen-year-old Janie Rodriguez recently tried out the salon herself while also treating sister Holly to a day of beauty — hair, fingernails, toenails, makeup and facial — for her 18th birthday. The sisters were impressed.

"Everyone's real nice. It's real relaxing," Janie said as a manicurist worked on her hands. "It's a place where teenagers can hang out and have fun."

As her 13-year-old daughter got a haircut, Linda Cunningham flipped through a Seventeen magazine. "It hasn't changed a lot," she observed.

Cunningham said the prices seem to be in line with other good salons. "I think it's great for the kids."



Burrelles

387 151 H....

Aging into debt

Credit-card debt grows
as seniors try to fill
medical, basic needs

By Pamela Yip
Knight Ridder Newspapers

For this Depression-era generation, the lesson has been to pay your debts and owe no one.

But at a time when senior citizens should be basking in their retirement, a disturbing trend is emerging: Many are struggling to pay off credit-card bills.

And the use of credit cards by the elderly will continue to increase over the next two decades, according to Robert D. Manning, professor of humanities at Rochester Institute of Technology in New York.

"The elderly are living longer, and that's leading to a host of abuses," Manning said. "The aging of the boomer generation means you've got people aging into debt, which typically you didn't have."

'Serious debt'

Eventually, Manning said, the use of bank credit cards by seniors will mirror their use in the general U.S. population.

"We're seeing some serious debt — \$40,000, \$50,000 and \$60,000 in credit-card debt," said Suzanne Cobb, director of a Guardianship and Money Management program at Senior Citizens of Greater Dallas, Texas, a nonprofit organization.

"They're using those credit cards to pay for basic necessities, prescription drugs, groceries. The credit-card company will send them another application, and it just snowballs on them."

A big reason for the increasing debt, experts say, is that many seniors haven't saved enough for retirement.

Ill-prepared to retire

"A lot of times, people are ill-prepared to retire and use the credit card as supplemental income" for basic expenses, said Howard Dvorkin, president and founder of Consolidated Credit Counseling Services in Fort Lauderdale, Fla.

That's the case with Juanita Spencer, 84, of Dallas, who charges more than \$200 a month on medications.

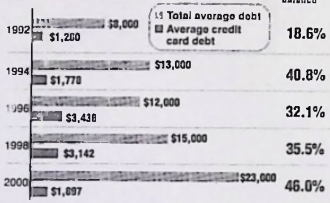
Spencer, like most senior citizens, receives Medicare, but it only covers prescription drugs in a few cases.



Seniors carrying debt

Total average debt of households headed by someone age 65 or older

Includes credit card debt, home equity loans, installment loans, margin debt, and all brokerage firms and vehicles loans



Source: SRI Consulting Business Intelligence Graphic: The Dallas Morning News

Households carrying a credit card balance

1992	18.6%
1994	40.8%
1996	32.1%
1998	35.5%
2000	46.0%

© 2002 KRT

"I never was one to owe anybody," said Spencer, who is legally blind.

"These are all necessities," she said, holding up a large plastic bag of drugs she takes for various health problems. "There ought to be a way people can have medicine without going into debt for it."

Congress is considering adding a prescription drug benefit to Medicare, but the likelihood of legislation being enacted is slim. According to the Congressional Budget Office, Medicare beneficiaries represented nearly 15 percent of the population in 1999, but they purchased about 40 percent of the \$100 billion in outpatient prescription

drugs sold that year.

Cobb said some clients pay \$300 to \$600 for prescription drugs each month, which easily gobbles up 50 percent to 60 percent of their income.

Spencer suffers from high blood pressure and other ailments involving her stomach, thyroid and bladder. She receives \$827 a month in Social Security benefits, which must cover everything from utilities and the mortgage to medical bills and sometimes groceries.

"That's all I have," she said.

Average debt soared

Total average debt of households

headed by someone age 65 or older soared from \$8,000 in 1992 to \$22,000 in 2000 — an increase of 188 percent — according to SRI Consulting Business Intelligence in Princeton, N.J., a research and consulting firm. By comparison, the average credit-card balance for those ages 25 to 34 is \$3,224.

The total average debt figure includes debt from credit cards, home equity loans, installment loans, vehicle loans and margin accounts from brokerage firms. The average credit-card balance carried by seniors also rose, from \$1,220 in 1992 to \$1,697 in 2000 — an increase of 40 percent.

By 1990, seniors' average credit-card balance actually had jumped to \$3,438, but that number dropped steadily during the next four years.

One reason for the decrease is that the economy and stock market were still booming at that time, said Anthony Luzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa. "People were making money," he said, and were able to pay down their debt.

So how do senior citizens end up in such debt? Many find themselves in the hole because they don't understand how credit works, experts say.

"They don't understand the nature of high interest charges and penalties that can accrue with credit-card bills," Luzzo said. "By making the minimum payment, your balance can actually go up."

Not to mention the time it takes to pay off the bill.

For example, an \$8,000 credit-card bill with an 18 percent interest rate would take 53 years to pay off if you made only the minimum monthly payment, said John Waskin, executive director of American Credit Counseling Corp. in Huntersville, N.C. That's accounting for the fact that most of the payment goes toward interest.

Helping children

Many others get in credit-card trouble by helping family members, experts say.

"We see folks helping out children who are struggling," Dvorkin said. "They let the child use credit cards for various reasons."

The easy availability of credit and a desire to keep up with the Joneses also contribute to seniors' credit problems, experts say. "They also feel peer pressure to spend beyond their means," Luzzo said.

If you find yourself with credit problems, sit down and create a spending plan, listing your income and expenditures, experts say. That will tell you what money is coming in and where you're spending it.

"It's important because otherwise you will spend money you don't have or spend money you can't pay back," Waskin said.

And avoid taking cash advances on credit cards. Cash advances carry a higher interest rate than purchases, said Brian Ashe, a financial adviser at the Million Dollar Round Table, an organization of life insurance and financial services professionals.

So avoid using credit for basic living expenses "unless you have a sure way to generate the revenue that will support that debt," Banks said. "In the case of medications, look for special programs that will help you."

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More senior citizens charging into debt

Longer lives, medical costs among reasons

By Pamela Yip
The Dallas Morning News

For this Depression-era generation, the lesson has been to pay your debts and owe no one. But at a time when senior citizens should be basking in their retirement, a disturbing trend is emerging: Many are struggling to pay off credit-card bills.

And the use of credit cards by the elderly will continue to increase over the next two decades, according to Robert D. Manning, professor of humanities at Rochester Institute of Technology in New York.

"The elderly are living longer, and that's leading to a host of abuses," Manning said. "The aging of the boomer generation means you've got people aging into debt, which typically you didn't have."

Eventually, Manning said, the use of bank credit cards by seniors will mirror their use in the general U.S. population.

"We're seeing some serious debt - \$40,000, \$50,000 and \$60,000 in credit-card debt," said Suzanne Cobb, director of the Guardianship and Money Management program at Senior Citizens of Greater Dallas.

"They're using credit cards to pay for basic necessities, prescription drugs, groceries. The credit-card company will send them another application, and it just snowballs on them."

A big reason for the increasing debt, experts say, is many seniors

"I never was one to owe anybody. These are all necessities," she said, holding up a large plastic bag of drugs she takes for various health problems. "There ought to be a way people can have medicine without going into debt for it."

Juanita Spencer, who charges more than \$200 a month for medicines

haven't saved enough for retirement.

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Spencer suffers from high blood pressure and other ailments involving her stomach, thyroid and bladder. She receives \$827 a month in Social Security benefits, which must cover everything from utilities and the mortgage to medical bills and sometimes groceries.

"That's all I have," she said. Total average debt of households headed by someone 65 or older soared from \$8,000 in 1992 to \$23,000 in 2000 according to SRI Consulting Business Intelligence in Princeton, N.J., a research and consulting firm. By comparison, the average credit-card balance for those 25 to 34 is \$3,224.

The total average debt figure includes debt from credit cards, home equity loans, installment loans, vehicle loans and margin accounts from brokerage firms. The average credit-card balance carried by seniors also rose, from \$1,280 in

1992 to \$1,857 in 2000.

By 1996, seniors' average credit-card balance actually had jumped to \$3,436, but that number dropped steadily during the next four years.

One reason for the decrease is that the economy and stock market were still booming at that time, said Anthony Liuzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa. "People were making money," he said, and were able to pay down their debt.

So how do senior citizens end up in such debt? Many find themselves in the hole because they don't understand how credit works, experts say.

"They don't understand the 'nature of high interest charges and penalties that can accrue with credit-card bills,'" Liuzzo said. "By making the minimum payment, your balance can actually go up."

Not to mention the time it takes to pay off the bill.

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The easy availability of credit and a desire to keep up with the Joneses also contribute to seniors' credit problems, experts say. "They also feel peer pressure to spend beyond their means," Liuzzo said.

If you find yourself with credit problems, sit down and create a spending plan, listing your income and expenditures, experts say. That will tell you what money is coming in and where you're spending it.

By putting plants in local area,
European firms help financially

Foreign aid for economy

TL 10-6-02



As the worldwide market increases, companies both foreign and domestic could open more overseas businesses, experts say. Schott Glass Technologies in Duryea is owned by the Schott Group, a company in Germany, for example.

By M. PAUL JACKSON
michaelj@leader.net

When the U.S. Defense Department needed high-technology glass products, it didn't turn to an American company. It turned to Germany.

And when a British company wanted to manufacture steel cables, the company didn't establish a new manufacturing plant in Great Britain.

Both European companies found homes in Northeastern Pennsylvania.

A growing number of foreign-owned companies are establishing a foothold in Northeastern Pennsylvania, creating businesses that expand the local economy.

While some critics argue that overseas companies should stay out of American businesses — the purchase of Pennsylvania-American Water Co. by a German company is the latest example — the number of foreign companies will increase, experts said.

As many as a dozen local companies employing thousands of workers are the offspring of foreign firms — including Offset Printing, the King Fifth Wheel Company, Schott Glass Technologies and Itoh Denki USA.

For example, King Fifth Wheel, an airplane parts manufacturer, is owned by Smiths Aerospace, a British company. Itoh Denki USA, a conveyor systems manufacturer in the Hanover Industrial Estates, is owned by the Itoh Denki Electric Co. in Japan.

"This is a national phenomenon," said Dr. Anthony Liuzzo, an economy professor for Wilkes University. "Companies merge and acquire one another all the time."

"We live in a global economy," he said. "This is the way of the world. It's the way of corporate



A row of black sunglass lenses comes down a packing line

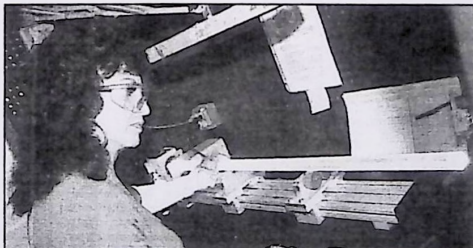


TIMES LEADER STAFF PHOTO/CON CARLEY

Joe Klopotoski inspects a sheet of raw optical glass at the Schott Glass Technologies plant in Duryea. Schott Glass is owned by the Schott Group, a German company.



A glowing sheet of optical glass comes through a furnace at the Schott Glass Technologies plant in Duryea. The 500-employee company is actually owned by a German business — one of an increasing number of local plants owned by overseas firms.



Sylvia Vilchick inspects fiber-optic rods at Schott Glass Technologies in Duryea. The plant, owned by a German company, is one of nearly a dozen foreign-owned businesses in Luzerne County. As the global market increases, businesses both foreign and domestic could open more overseas facilities, experts say.

See FOREIGN, Page 20

FOREIGN

Continued from 1D

America."

Schott Glass Technologies, located in Duryea, is part of the Schott Group of Mainz, Germany.

Other foreign-owned companies with a current or planned local presence include:

- Tru-Form Inc. and Valley Manufacturing Corp., both in Wilkes-Barre, also are owned by Smiths Aerospace. The British company manufactures military and civil aircraft parts.

- Offset Printing is owned by Bertelsmann AG, the massive German conglomerate that also owns the Lycos Web site, Barnes and Noble Booksellers and the Random House publishing company.

- Haribo of America, a German-owned company, has planned for several years to build a "Gummi Bear" candy factory in the Humboldt Industrial Park.

Schott Glass came to Northeastern Pennsylvania when the German company was asked by the United States to design high-technology glass systems, spokesman David Schimmel said.

The Schott Group, which opened its 500-employee Duryea plant in 1969, was the only company dedicated to producing elaborate glass and laser systems, he said.

"This is the largest market in the world," Schimmel said of the United States "If you're not manufacturing here," businesses cannot remain competitive, he said.

Competition has driven much of the recent influx of foreign companies, experts said.

Overseas companies have expanded by opening branches around the world — and not just in the United States, said Michael Horvath, international trade manager for the Northeastern Pennsylvania Alliance.

"Just as businesses try to stay close to their consumers," overseas companies are doing the same thing," Horvath said. "Foreign companies look to establish themselves in a market," he said.

For the Bridon American Corp., a wire rope manufacturer in the Hanover Industrial Estates, the Luzerne County plant has been key to establishing its U.S. market.

The company, owned by the Bridon Group, a London firm, benefited from the region's mining industry, Managing Director John Churchfield said.

"We're committed to being located in Pennsylvania," Churchfield

said. "We're delighted with the location."

But, sometimes establishing a foreign manufacturing facility can be tough. According to officials for Haribo, the company's plans announced in the late 1990s to bring its U.S. headquarters to Hazleton have stalled. Christian Jegen, Haribo's president, could not be reached for comment.

Businesses also may find themselves defending against local criticism of their foreign ownership. Some firms have been derided for being controlled by non-U.S. companies.

RWE AG of Germany, has plans to purchase the American Water Works Co. Inc. — parent company of the Pennsylvania-American Water Co. — for about \$7.6 billion. The company also purchased a British water company in 2000.

But the plans have faced public

outcry, with local critics questioning the British company's environmental history.

Liuzzo said the derision is often misplaced.

Foreign companies that establish a local presence provide jobs and benefits for workers and bolster the monetary system, he said.

"It's really in our detriment to criticize foreign ownership, he said. "If you practice a policy of isolationism and you keep foreign companies out," you weaken the economy, he said.

The number of foreign-owned companies with a Northeastern Pennsylvania presence will increase, experts said.

"Companies are just looking for opportunities," Schimmel said. "American companies have many factories overseas, too."

M. Paul Jackson, a staff writer, may be reached at 829-7134.

Back-to-school boosts retailers

By M. PAUL JACKSON
michaelj@leader.net

TL
9-17-02

Local stores say that seasonal sales this year show significant increases over last year.

WILKES-BARRE — The economy might be struggling, but don't tell that to businesses catering to Northeastern Pennsylvania school children.

Despite early fears of a recession, retail sales increased in August, as consumers showed renewed interest in auto and furniture sales, according to retail figures.

And, back-to-school sales saw an increase as well, area retailers reported.

According to the U.S. Commerce Department, retail sales increased 0.8 percent in August, more than double what economists had expected.

"The economy is in a depression,

but don't tell it that yet," said Dr. Anthony Liuzzo, a Wilkes University economics professor.

According to the Commerce Department, auto sales increased 1.9 percent from July, as zero-percent financing promotions helped attract consumers.

Locally, sales of clothing for girls, boys and toddlers increased as well, retailers said.

Returning students spent more on athletic wear than they have in the past, said Mina Hailstone, assistant manager at Boscov's Department Store in Wilkes-Barre.

Hailstone could not immediately provide sales figures. She estimated

retail sales on girls' clothing items increased between eight and 10 percent from last year.

Hailstone attributed the increase to better buying choices from the store's purchasers, more attractive displays and the fact that new clothes are a necessity for a new school year.

"Kids grow," she said.

Other retailers agreed.

The Wyoming Valley Mall — which includes Sears, Kaufmann's and J.C. Penney stores — saw its July sales figures increase about 1 percent from July 2001, officials said.

The mall is owned by Johnstown-based Crown American Realty Trust.

The company also owns the Viewmont Mall in Dickson City.

Company spokeswoman Chris Menna said the Viewmont Mall saw its sales figures increase 2 percent since July 2001.

Back-to-school shopping has changed in recent years, with more consumers waiting until after the school year begins to complete their shopping. Hailstone attributed the change to consumers' desires to stay current with newer clothing trends.

Wyoming Valley Mall August sales figures were not available.

See RETAILERS, Page 4D

RETAILERS

Continued from Page 1D

Menna said the mall recorded most of its August back-to-school sales in late September. She estimated the mall would probably show a 1 or 2 percent increase from last year.

The rising sales come in the midst of terrorism fears and a shaky stock market. Despite the worries, experts said the coming Christmas season could be strong as well.

"Consumers are moving forward," Liuzzo said. "That's probably a sign the strength of this economy."

More seniors carrying more debt

Trying to fill medical, basic needs with a credit card is increasing senior debt, experts say

By Pamela Yip
DALLAS MORNING NEWS

For this Depression-era generation, the lesson has been to pay your debts and owe no one. But at a time when senior citizens should be basking in their retirement, a disturbing trend is emerging: Many are struggling to pay off credit-card bills.

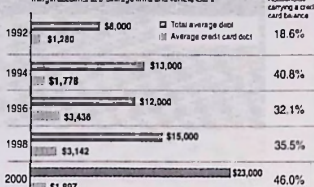
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Eventually, Manning said, the use of basic credit cards by seniors will mirror their use in the general U.S. population.

Seniors carrying debt

Total average debt of households headed by someone age 65 or older



Sources: SPI Consulting Business Intelligence, The Dallas Morning News

WRIGHT KEEFER/PHILADELPHIA

"We're seeing some serious debt — \$40,000, \$50,000 and \$60,000 in credit-card debt," said Suzanne Cobb, director of the Guardianship and Money Management program at Senior Citizens of Greater Dallas, a nonprofit organization.

"They're using those credit cards to pay for basic necessities,

prescription drugs, groceries. The credit-card company will send them another application, and it just snowballs on them."

A big reason for the increasing debt, experts say, is that many seniors haven't saved enough for retirement.

"A lot of times, people are ill-prepared to retire and use the



JUANITA SPENCER, 84, uses a magnifying glass to look over checks paying her bills that were prepared by a volunteer in Dallas.

credit card as supplemental income" for basic expenses, said Howard Dworkin, president and founder of Consolidated Credit Counseling Services in Fort Lauderdale, Fla.

That's the case with Juanita Spencer, 84, of Dallas, who

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See SENIORS, Page 7

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Seniors

FROM PAGE 1

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ness has not yet fully recovered this year. "We just need more business to come downtown," he said.

Some say it's over; others say it's entrenched

PHILADELPHIA, PA
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GETTING SOLVENT

Here's some advice from Patty Hasson, president of the nonprofit Consumer Credit Counseling Service of the Delaware Valley.

➤ **Make a budget.** "People get into credit trouble," said Hasson, "because they don't know how much they are spending. Next time you withdraw cash from an ATM, write what you spend it on."

➤ **Quarantine your credit cards,** at least temporarily, and assess the damage.

➤ **Make the largest payments** to the card with the highest interest rate so that is paid off first.

➤ **Make at least the minimum payment** on all loans, including mortgage and car loans, credit cards and charge cards (like American Express) to avoid being delinquent or having to make late payments and even higher charges as a result.

The **Counseling Service** offers help to people who are deeply in debt. "We get creditors to reduce interest and waive fees," said Hasson. The phone number is 800-989-2227.

CREDIT CARDS

"I thought it was a good idea to get a credit card for emergencies. But then I'd decide it was an emergency when I wanted to go out to eat with friends and didn't have cash."

RACHAEL FATULA, recent college grad

Lure of plastic \$\$\$ can trap you in debt



Rachael Fatula of Northern Liberties shows the credit card she has had to hide until she can pay off nearly \$5,000 in debt she has accumulated.

AS BALANCES CLIMB, INTEREST AND CONFUSING BANK FEES TAKE CHARGE

CREDIT CARDS are the siren songs of our time.

Like the sirens of legend whose beautiful voices lured sailors to unwittingly crash their ships on rocks, credit cards lure us with a happy tune: money whenever you want it, *tra la*.

But watch out for those rocks: balances that climb faster than you'd planned; interest rates as high as 29 percent; and one of the least-understood problems, fees tucked in the fine print.

Recent college grad Rachael Fatula of Northern Liberties admits she tripped over a few rocks after being lured by a card with a low introductory interest rate in her junior year.

"I thought it was a good idea to get a credit card for emergencies," she recalls. "But then I'd decide it was an emergency when I wanted to go out to eat with friends and didn't

have cash."

By the time she graduated, Fatula's balance was near her card's \$5,000 max.

That's an all-too-common story, said Anthony Liuzzo, director of the business division at Wilkes University in Wilkes-Barre who has studied credit card use. "Students find cards easy to come by and there's a tremendous amount of peer pressure to buy things they can't afford," he said.

Fatula was sure she'd find a job within a few weeks of graduation and she did, with the publishing firm, W.B. Saunders, but she found her salary didn't allow her to pay off her credit card, pay back her student loans, and still live as well as she had in college.



THE RTP-OFF RANGER

"That really shocked me," said Fatula. "I realized I now had expenses I hadn't been paying in college, like room and board."

Another shock she'd known that after one year, her credit card rate would go up from 4.9 percent to 9.9 percent. But she didn't anticipate that after she'd run up a big balance, the rate would jump to 13.9 — even though she was repaying more than the minimum required each month.

That's a common experience. Recently, Provident Financial Corp. raised its interest rate for its "high risk" (mainly low-income) card holders from 23.9 percent to a whopping 29.9 percent.

Provident says if its customers don't want to pay that higher rate they can simply pay off the balance

and get another card.

Right. Sure. Provident knows how unlikely it is that people deeply in debt will be able to wipe it out with a single check.

Many people use credit cards to get a cash advance, maybe using a check sent to them by the card company or bank. ("Hi, thought you might need extra money right about now.") Did you know that in addition to paying interest, you will also pay a fee equal to two to three percent of the amount of the advance?

"Most people don't realize that because they don't read the fine print in their credit card agreement," said Patty Hasson, president of the Consumer Credit Counseling Service of the Delaware Valley.

There are also fees for late payment and fees for exceeding your

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credit limit. Did you know you can go over your limit even when you haven't actually spent the money?

According to Bankrate.com, this can happen because of a custom called "blocking."

Say you swipe your card to pay for gas. The gas station's computer may automatically block \$50 from your account. You end up buying only \$15 worth of fuel. The remaining \$35 will be "unblocked" but that can take another day or two. If you were already close to maxing out, you might unknowingly incur an over-the-limit fee in that time.

Rachael Fatula is determined to straighten out her finances. "I quit using a credit card," she said. "I don't go out to eat as much. I'm not the shopper I used to be. I know it's going to take me years to pay off my balance."

You may think that Fatula's decision to hide her card at a time when her debt is high and her in-

come low is simply what anyone would do.

Not so. According to the Cambridge Consumer Credit Index, roughly a quarter of all Americans who *added* to their credit card debt load in January did so *because* their income has been reduced. That is, they turned to credit cards to make up for a lost paycheck or a cutback in overtime hours.

These people assume the problem is temporary. They'll be able to pay it back soon. And maybe so.

But maybe not.

Fatula's decision to belt-tighten turned out to be doubly-wise when W.B. Saunders decided to move its marketing department to St. Louis and she found herself job-hunting again.

Meanwhile, the credit-card bills keep coming. So do offers of additional credit cards.

"Pretty funny," Fatula said. ★

Rose DeWolf assisted the Rip-off Ranger with this report. Do you have a consumer question? Send it to Rip-off Ranger, 400 N. Broad St., Box 7788, Philadelphia, Pa. 19101 or e-mail the Ranger at feedback@phillynews.com