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GREAT GIFTS FOR GRADS

BRENTWOOD, Tenn. – June is graduation time, an important rite of passage for young graduates. One-third of all Americans typically give at least one graduation gift at this time of year. Sometimes it can be difficult to find just the right gift to mark the occasion, but the Tennessee Society of CPAs recommends these money-savvy options.

KICK IN FOR TUITION

Cash is the most popular graduation gift, but there are many creative ways to give it. The average college graduate leaves school with roughly \$21,000 in student loan balances, according to the Project on Student Debt. That means they will appreciate any help in cutting that debt load. To ensure your gift gets used for this purpose, find out if it's possible to write a check directly to their college or student loan company. That way you help them whittle down their debt and remove the temptation to spend a cash gift on an impulse purchase.

START THEM ON THE RIGHT ROAD TO RETIREMENT

The years after college are a great time to begin saving for retirement, but few young people do it because there are so many expenses associated with beginning their adult lives. In addition, it's often tough to take retirement seriously when it's so far away. You can do a new graduate a favor by making the first deposit in a Roth individual retirement account for them. Earnings on a Roth IRA are tax free and the withdrawals are tax free if they are made after age 59½. Even if the graduate doesn't begin chipping in right away, you've started him or her on the right path and begun a nest egg that will grow as the years pass.

GET THE RIGHT GIFT CARD

It's hard to go wrong giving a gift card, since the graduate can then pick out the item he or she really wants. In fact, gift cards are the second most popular type of graduation gift, after cash. To make yours special, think ahead to what your graduate will need in the coming months, including linens for a dorm room or first apartment or new electronics or books for classes, and decide which store or online option will best meet their needs. Remember, though, to be aware of the potential drawbacks to gift cards when you buy one. Find out whether there are any restrictions on how or where the recipient can use the card and if it has an expiration date. Ask also if there are any fees that will be deducted from the card's value. Some merchants charge purchase fees, transaction fees, inactivity fees and shipping and handling costs, which can slash the card's value in a hurry.

IMPROVE THEIR FINANCIAL SAVVY

Whether they are graduating from high school or college, young people are facing a new wave of financial responsibilities as they enter this stage of life. To educate them on how money works, consider buying your graduates subscriptions to your favorite personal finance magazine.

About Money Management

Money Management is a weekly column on personal finance prepared and distributed by the Tennessee Society of Certified Public Accountants (TSCPA) as a part of its financial literacy initiative.

Members of TSCPA are CPAs residing and practicing primarily in Tennessee in all areas of public accounting, education, government, business and industry. TSCPA offers a speakers bureau for many types of business and educational engagements. For details, visit www.tscpa.com. TSCPA is headquartered in Brentwood, Tenn.

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