

MANAGING YOUR MONEY

Experts Lend A Hand With Tips On Lending Money

(NAPSA)—The smallest bills can cause the biggest stress, especially at the end of the month when due dates seem to come faster than paydays. When the financial outlook is uncertain, many choose to reach out to friends and family for short-term help.

Lending money to friends is a common practice and although people often have the best of intentions, it can sometimes result in sticky situations. According to a recent study by IPSOS and PayPal, 71 percent of Americans have loaned money to family members and friends.

It may seem harmless to help a friend make a car payment or assist a co-worker going through a divorce who just needs “a little help.” But a temporary crisis isn’t always so temporary—and can quickly become an uncomfortable situation if the lender has to ask for the money to be repaid. As easy as it is to lend to someone you know well, it can be just as hard to pester them to pay you back.

According to etiquette experts Kim Izzo and Ceri Marsh, co-authors of “The Fabulous Girl’s Guide to Decorum” and “The Fabulous Girl’s Guide to Grace under Pressure,” money issues between friends and family members are difficult because money is inherently an emotional situation for both parties.

In fact, according to the survey, 57 percent of Americans have seen a relationship end because one person owed the other money. Every-

Tips For Conducting Financial Transactions With Family And Friends

- Be clear that you expect to be paid back; if not, consider making it a gift rather than a loan.
- Set ground rules about the loan and timing for being paid back.
- Consider using PayPal to send reminders to the borrower or set up a payment plan.
- Maintain a business-like arrangement when co-signing a loan or credit card application.
- Don’t lend beyond your means.

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one wants to be a good friend, but no one enjoys feeling like someone is taking advantage of their generosity, say Izzo and Marsh.

“But money lending can be done right,” continues Izzo. “We recommend setting some simple ground rules when considering the possibility of lending money. These ground rules can take some of the stress out of lending to friends and family, and even make it into a positive experience.”

Marsh and Izzo offer several tips for conducting successful financial transactions with friends and family:

- If you’re loaning money to someone close to you and if you’re financially able, consider making it a gift rather than a loan. If not, make it clear you expect to be paid back.

- To make collecting a debt easier and more comfortable, consider using a service called Pay-

Pal. This makes it possible to send and receive payments online. With PayPal, you can send e-mail reminders to the borrower. The lender can then get the money back instantly via email.

- Never co-sign a loan or credit card application for someone else without clear, written parameters, and always maintain a business-like environment.

- Don’t lend beyond your means. Only lend money that you don’t need back immediately so as not to ruin your credit or your relationship with the borrower.

“It’s possible to help out a friend or relative in a way that won’t compromise a relationship, while still making sure you’re not left empty-handed,” says Marsh. “Be fair with both the borrower and your own bank account, and hold to your agreements. This will help keep both the relationship and your wallet intact.”