

YOUR MONEY

Knesset Considers Tax Break on 'Green' Cars

The Knesset Economics Committee began hearing recommendations for a tax break for environmentally friendly cars, as formulated by a joint committee consisting of officials from the Finance, Transportation, National Infrastructures and Environment ministries.

Several parameters are factored into the equation, including all the car's particles and other emissions.

Avi Moshel, deputy manager of the air quality division at the Environment Ministry, says the team considered basing sales tax partly on each car model's emissions.

"We aspire to motivate people to drive 'greener' cars," Moshel explains. "We don't mean to take money from people, but to give them more through preferring cars with lower emission levels."

Deputy tax commissioner Boaz Sofer clarifies that the committee's recommendations will not affect the Treasury's plan to increase the taxes on use of company cars.

"There is a desire to strengthen the consumer power of the private sector," Sofer says. "The price of a new car will be lower when its emission levels are lower; therefore the discount will apply when the car gets to Israel, irrespective of discounts given to the business sector."

ILA to Market Land To Build 10,000 Rentals

The Israel Lands Administration (ILA) will begin marketing land for the construction of 10,000 rental apartments in various

locations, the ILA's governing council confirmed last week.

Any Israeli company that can prove financial viability will be eligible to participate in the tenders. The winners will receive a 98-year lease on the land, but for the first 25 years, they will only be able to use it to build rental apartments.

"This is good news for anyone who cannot afford to buy an apartment," said Housing Minister Meir Sheetrit. "Instead of subjugation to a long-term mortgage, we are creating an alternative that constitutes a revolution in how housing is seen in Israel."

Gas Station Air Gauges To Be Supervised (Eventually)

New regulations relating to weights and measures are to take effect on June 3, and include an entire chapter on gauges that measure the air pressure in vehicle tires — a field that has never been supervised.

The new regulations were drafted in accordance with recommendations by the International Organization for Legal Metrology (OIML), which coordinates worldwide activities to ensure accuracy in measuring devices.

Israel is a member of OIML, and the regulations, which require the gauges to undergo strict inspections, are a first step towards reaching standards by other developed nations.

The current regulations, which were drafted in 1963, are obsolete; the new regulations cover new technologies in

continued on page A22

Levy Yitzchak Price Lists To Be All-Shekels

The volatile dollar has led many Israelis to start calculating their business deals in shekels instead of dollars. Now Levy Yitzchak, the renowned appraiser, is scheduled to release his price list for second-hand apartments for the month of June in shekels instead of dollars, as it has been until now.

Levy Yitzchak's rental rate list will also appear in shekels. His vehicle price list has always been based on the Israeli currency, as has the new apartment price list.

Many other price-list publishers are planning to use shekels for their lists because the Israeli currency has displayed relative stability compared to the constantly fluctuating dollar.

"I have received many complaints over the past few months from apartment owners who were bemoaning the drop in the dollar," Yitzchak explained. "I have come to the conclusion that the shekel better represents the true value of the transaction."

"Whoever buys in dollars is making a mistake. People have gotten used to the dollar for some reason, and to this day, many still calculate the exchange rate at NIS 4.2 to the dollar. This is no longer the case and the time has come to talk in shekels."

Meanwhile, more and more rental contracts are now also being drawn up in shekels, according to data released by the Housing Ministry.

The statistics show that while between 96%-97% of rentals were stated in dollars



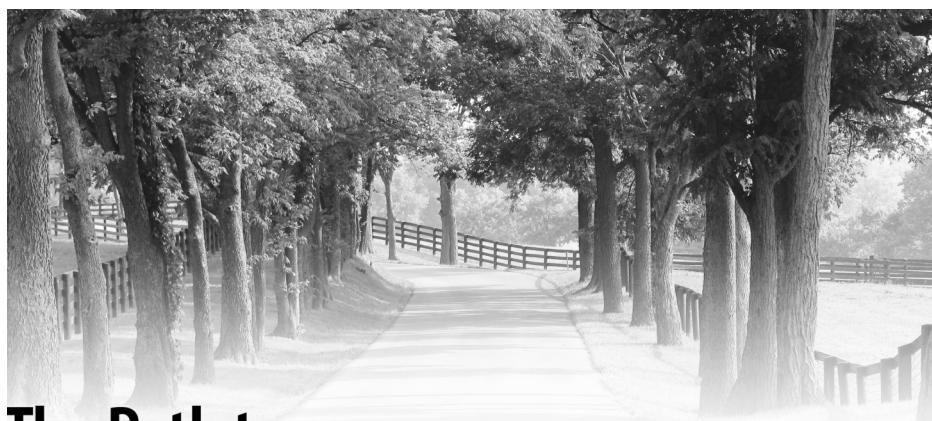
From now, sale and rental prices in shekels.

between 2000-2002, that percentage dropped to between 83%-84% in 2005-2006. Most of the shekel contracts were not linked in any way, a testimony to the shekel's relative stability over the past several years.

"Logic is starting to overcome habit," said Housing Minister Meir Sheetrit, with satisfaction. "Both landlords and tenants are preferring shekel contracts, with an outlook to the strength of the Israeli economy."

He noted that the increase in shekel contracts also bodes well for the construction of rental housing.

"The fact that the rental market will be more stable and less subject to upheavals will carry weight both for the entrepreneurs [who will build rental housing] and the tenants," he said.



The Path to STABILITY

Navigating Contemporary Financial Challenges

My 10-year-old daughter recently earned about \$200 by helping in a day camp. To her, it seems like a fortune. She now wishes to use that money to buy herself extra junk food and the things that she claims all of her friends have.

It kills me to see her squandering her money, but she says that she is the one who earned it, so she has the right to decide how to spend it. My wife and I are unsure how to respond. What do you think?

The Midrash says that when Hashem told Moshe to collect the *machatzis hashekel*, He showed him a *matbei'ah shel eish*, a fiery coin. The *matbei'ah shel eish* can perhaps be understood as a metaphor for money in general: Both fire and money are necessary for survival, but both can be enormously destructive when uncontrolled.

Just as young children should not be allowed to play with fire, they should not be given free rein in handling money. Money is not a toy. It is a potent, intoxicating and dangerous substance whose use needs to be supervised and controlled.

"I worked for the money," your daughter says indignantly, "so it's mine."

Well, she is not quite right. According to halachah, a minor does not have the power to make a *kinyan*, so a girl under the age of 12, or a boy under the age of 13, cannot take possession of any object or money.

If halachah bars minors from taking possession of money, it is an indication that it is not good for children to be independently wealthy. No matter how bright they are, they do not possess the emotional maturity to make the correct decisions with regard to money. They should therefore not be allowed to taste the heady feeling of financial autonomy, nor should they be burdened with the weighty responsibility of managing their own finances.

If your 10-year-old daughter has earned money, it technically belongs to you, not to her. To your daughter, however, your taking control of her hard-earned wages may seem utterly unfair, so you will have to be very careful to present it to her in a way that she can swallow.

Only a few generations ago, it was common for children to work to supplement their parents' income. In many Third World countries, this is still the case: Children are expected to contribute to the family's livelihood, and they hand their earnings over to their parents as a matter of course.

In Western society, however, it would be unthinkable to expect children to give their money to their parents. While this attitude is not the Jewish one, we and our children have unfortunately absorbed this approach from popular culture, and it is not easily eradicated.

We therefore do not recommend that you seize your daughter's money and use it to buy groceries. It may halachically be permissible to do so, but halachah also dictates that we use *seichel* in educating our children. Appropriating your daughter's money will undoubtedly infuriate her, and it is therefore a highly inadvisable course of action.

Instead of exercising your halachic right

to your daughter's money by appropriating it, you should express to her, gently and lovingly, that the money must be spent at your discretion. At the same time, communicate to her that you have a great deal of respect for her and her efforts, and that it is your parental duty to help her use the money she earned in the way that will be the most rewarding and productive.

Your daughter's newfound wealth puts you in the position to teach her crucial values and attitudes toward money. Teach her about *maaser kesafim*, about *tzedakah* and about respecting other people's money. Teach her that money is important — not as an end, but as a means.

Teach her the value of saving money, the value of planning how to use money, and the value of establishing priorities when spending money. Teach her that having money is a responsibility, but that having money does not make anyone a better person. And teach her that money, her own or other people's, should not be the topic of idle conversation.

You cannot impart these attitudes and values to your daughter by lecturing to her in a vacuum. But you *can* teach her these attitudes and values by involving her in the decisions that will be made with regard to her money.

Suggest to her positive ways that she can use her money, and give her the opportunity to offer her own ideas. Explain to her the various options for safeguarding money — bank accounts, *gemach* deposits, or the old-fashioned coin bank — and decide with her how much should be put aside for savings and where the money will be kept. Show her that you respect her input, but make sure that she understands that the final decisions regarding her money must meet with your approval.

Ideally, the time to discuss with children how to use their money is *before* they start earning it. This way, parents can explain ahead of time what will be done with the money, before any misunderstandings arise. Preparing a child in advance of a potentially challenging situation is always easier than trying to deal with the situation after it has occurred.

Mesila believes that teaching good financial habits should be part of the *chinuch* we give our children. By demonstrating to our children the importance of handling money properly, we give them the foundation for a lifetime of financial responsibility and stability.



Mesila is a non profit organization dedicated to helping families and businesses in Israel achieve financial stability and independence. With over 25 chapters across Israel, Mesila is rescuing hundreds of families and businesses from the cycle of poverty and debt through its three-pronged approach of education, counseling and financial assistance. Readers are invited to submit questions and feedback to hamodia@mesila.org. or by fax to (02) 500-0478.