



**Highlights**

- **The Importance of Managing Your Money.**  
A good, sound, practical money management education series for developing good financial habits.
- **It's New Year's Check Up Time**  
Important steps to take in order to ensure that this year, and future years, are financially successful ones
- **Read and Understand Your Credit Card Statements**  
Almost every creditor's statement is slightly different, varying in format, billing cycle and interest calculations.
- **Teenagers and Credit Cards**  
It is important to make sure that your child understands the responsibilities having a credit card brings.
- **Review Monthly Creditor Statements**  
By carefully reviewing your statements every month you can alert us of any changes that might require corrective action on our part.

# The importance of managing your money

*Part 1 of a three-part series that provides sound, practical money management education as well as arming you with many weapons to develop good financial habits.*



effectively take control of your finances once and for all. Now I'm sure some of you are thinking, "I don't need this information, I don't have a problem, after all I'm paying my bills on time and I never get calls from creditors." Well the truth of the matter is, everyone can benefit from better money management, and unfortunately some people simply don't realize there is a problem, and still others deny that a problem even exists. So whether you think you're doing a good job now or you know there is a problem or you are somewhere in between, we can all benefit by applying a few good common sense rules and developing some sound money management tactics.

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**W**ith consumer debt spiraling out of control, having doubled in the last 10 years, it is now more critical than ever for consumers to take control of their personal finances. Consumer debt, which includes revolving charge accounts and car loans, but not mortgages, reached a record \$1.98 trillion, which translates to some \$18,700 per U.S. household. In addition, consumer bankruptcies have exceeded 1 million a year since 1996 hitting a record 1.54 million in 2002 (2003 stats are not yet available, but will likely set another record). With these disturbing figures in mind, it is clearly evident that many of us could use some good, sound, practical money management education.

But before we can fix a problem, we have to identify and admit there is a problem. So there are a number of basic questions we need to ask ourselves to determine if there is a problem. Some of them are obvious, while others are not. Let's begin with the easy ones.

- Do you pay only the minimums on your revolving charge cards? Depending on interest rates, you could be paying that debt off for 10-30 years when you only pay the minimum.
- Do you have too much month for the money?
- Have you missed payments on your credit card?
- Have you taken a cash advance from one card to pay off another or, worse yet, to pay for every day expenses? (extremely high int.) This is financial suicide!
- Have you floated checks? (sent checks

This article is designed to arm you with as many weapons as possible to fight this never ending battle. We will introduce some ideas and assist you in developing good financial habits which will enable each of you to more

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## It's New Year's Check-Up Time

**W**ell yet another New Year has rolled around, and your TCCF family would like to wish all of our clients a happy, healthy and debt free year. Of course with each New Year there are certain important steps we should be taking to help ensure that this year, and future ones, are successful ones in terms of our financial health. While this list is not extensive, here are some important steps you should take right now:

- Every year the Social Security Administration sends you a statement of your current and past earnings that serve as a gauge of what your monthly benefit will be in the future. If their records are inaccurate, you may not receive all the benefits to which you are entitled – or those due your family in the event of death or disability.
- Based on whether you had to pay additional income tax or received a refund the previous year, a quick review of your pay stub can be very helpful. For instance, if you received a refund, you should increase your exemption status so you have less money deducted each week, leaving more for paying down bills and/or savings. Remember, Uncle Sam does not pay you interest on any monies you over-pay. Conversely, if you had to make an additional IRS payment when you filed your return, you will want to reduce your exemptions so that more money will be taken out each week. This sure beats having to come up with a large sum all at once.



- If you haven't already formulated a budget now is the time to start. If you already have one, review it to make sure it is adjusted to reflect any changes in your spending habits. Most importantly, you want to make sure you have a workable budget, one that is commensurate with your lifestyle. If you see you have more going out than coming in or you are unable to save money each month, it's time to analyze where your money is going and to make some lifestyle adjustments. Depending on the severity of the problem, this may merely mean cutting out that morning coffee and donut or range up to you or your spouse getting an additional job. One of the most common errors made is not allowing for emergencies, which invariably crop up, and for savings. Most experts recommend putting aside 10% every week or month to build a nest egg.

Since proper money management is a lifelong project it is wise to acquire and apply as many good habits as possible. Go to the library and borrow some books, attend lectures or enroll in a course at your local community college. Taking the time now to get your financial house in order now can save you countless time, money and headaches in the future. Also, if you have children, instill good money management skills in them from an early age, and make this an integral part of your parenting duties. And remember that the staff at TCCF is here and ready to assist you. So give us a call!

## Teenagers and Credit Cards

**I**f you have a teenage son or daughter you can be sure they are getting offers for credit cards. And while we all know how important having a credit card is in case of an emergency, it is just as important to make sure your child understands the responsibilities having a credit card brings. So take a few moments to talk to your children **before** they sign on the dotted line. Make sure they are aware of:

- The annual percentage rate.
- What is the grace period?
- If you are late how much is the late fee?
- What happens if you go over the limit?
- How is the minimum payment figured?

Then you need to set the ground rules. How is this card going to be used – for emergencies only, gas or for all general purchases? What is their spending limit? Who is going to pay the bill –will you each contribute and if so what percentage? Where will the child's money come from –summer job or after school job? And if the latter, will this affect studying,

homework or participating in after school activities?

Most importantly, make sure your child fully understands that his payment history on this card and all future credit extensions will directly impact their credit report. Impress upon them the need to keep their credit score as high as possible, not only to help obtain additional credit when they need it, but to obtain the most favorable interest rates possible. Besides affecting their credit, they also should be made aware that their credit report can impact many other facets of their life; for instance their ability to get a job, get into college, get housing, or enter and remain in the Armed Forces. So before they assume the responsibility of accepting a credit card, make sure they fully realize the need to treat it with the utmost respect and are aware that, whether good or bad, their credit history will have a major affect on many areas of their adult life.



## Read and Understand Credit Card Statements

**H**ave you ever looked at your credit card statement and ended up just scratching your head in frustration? Well join the club! But don't take any comfort in the fact that you have plenty of company, because lack of knowledge can cost you...right on your credit report, and once there can stay with you a while.

Adding to the challenge is that almost every creditor's statement is slightly different, varying in format and billing cycle and interest calculations. You first want to check what you purchased and what you borrowed, so make sure you save all your receipts to make certain you weren't charged for something you didn't buy or were double billed. Immediately dispute any discrepancies via phone and in writing.

Next you'll want to verify the interest rates being applied for each type of purchase. Remember, cash advances almost always carry a higher interest than normal purchases and interest usually accrues from the date you received the money. Also, if you have any balance transfers with introductory interest rates, verify that it is correctly noted and hasn't been

increased prematurely. Review how your interest is calculated (this information is usually on the back of your statement) and make sure that the right rate has been used for each category. On purchases, most cards take your average daily balance over the billing cycle and divide it by one-twelfth of your annual percentage rate (APR).



Lastly, but maybe most importantly, make sure you send your payment in well before the due date. In order to have your payment credited on time to avoid a late fee, it must be **posted by the due date shown on the statement**. Therefore, if paying by mail, it is advisable to mail your payment at least a week in advance. For those whose cash flow doesn't allow an early remittance, paying by phone or on-line might be a good alternative.

## What To Expect In The First 30-60 Days

**T**he timeframe for completely setting up your account with the various creditors may take about two months or two billing cycles. While we are working closely with each creditor's consolidation process from the moment you sign on with TCCF, the development and acceptance of your personal proposals as well as the ironing out of details, finance rate reductions, the elimination of new penalties and fees takes a bit of time. We need to make sure we dot every "i" and cross every "t" when it comes to handling the finances of each valued client.



Still, no matter how quickly we proceed on your behalf, each creditor has its own timing to set up an account and complete the process. Like all large organizations, some creditor institutions are quicker than others. And very often, in fact in *most* cases, the creditor's billing department is not aware that you have entered into a debt management and credit counseling program. They are not informed until the entire arrangement has been completed, and after timely payments are established they generally re-age the account, consolidate all amounts

into one final balance, adjust the interest rate and eliminate fees/penalties.

However, and this is important, for the first few months a new participant in the debt management program might see late fees and possible penalties applied to the bills received. The billing department, completely unaware of your activities in an altogether different department of the financial institution simply (usually entirely through automation) notes a non-payment and adjusts the account accordingly – sending you a bill with no noted payment and a late fee.

This is par for the course, it happens to millions of new consolidation clients every year and it is no cause for alarm. Still, some people feel concerned when this happens, and we encourage you to call us if you get a bill with charges you don't understand. The fact is, for the first couple of cycles this will be the case unless you can afford to make both the minimum payments to your creditors and the new monthly payment your creditors are requiring for your debt management program. As this is not required nor is it feasible for the vast majority of our clients, rest assured that once our program kicks in all the creditors will be on the same page so to speak, and all of the bills after that will reflect the new balances and you'll actually start to see your balances going down more appreciably, with no penalties, no fees and no "past due" notices!

THE CREDIT COUNSELING FOUNDATION

**\$25****For referring  
new clients  
who enroll in  
our services**

TCCF is offering you \$25 for referring new clients who enroll in our debt consolidation and credit counseling services. Visit our website or call 800-790-3882



A Non Profit 501(C)(3) Organization

3350 NW 53rd Street, Suite 101  
Fort Lauderdale, FL 33309

Phone: 800-790-3882 Fax: 954-590-1222

Email: info@GoDebtFree.com

## Review Monthly Creditor Statements

We would like to once again take this opportunity to remind all of our clients of the importance of reviewing their monthly creditor statements and remitting copies of those accounts included in the program to our office on a quarterly basis. As most of you are aware, we do not receive copies of your statements from your creditors. Therefore, by carefully reviewing your statements each and every month you can alert us of any changes that might require corrective action on our part. Things like a change in your annual percentage rate (APR), a late fee assessment or an increase in your balance should be reported to us as soon as detected so we can hopefully nip the problem in the bud. Also you should be on the lookout for any notices you receive from your creditors whose accounts are included in your debt management program and immediately advise us of their content. And if you receive notices pertaining to any active accounts you still maintain, make sure you review them for any changes in interest rates, expiration of low interest rates, universal default agreements and inflated late fees.

So, to ensure you are provided with the “gold standard” in service, please remember to check those statements monthly and keep them coming in quarterly. You may: Call the information into your account manager @ 800-648-9583, Fax them to 954-590-1222

Email them to [paymentreminder@godebtfree.com](mailto:paymentreminder@godebtfree.com), or mail them. And please remember to note your client ID number on each page.

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## The importance of managing your money

hoping they wouldn't clear before your next deposit)

- Are struggling just to meet your fixed expenses such as mortgage or rent, car payments, utilities and insurance?
- Has your charge card ever been declined? (Not only embarrassing but telling)
- Do you panic when unexpected expenses crop up and have you ended up charging them?
- Do you get creditor calls?
- Do you argue about money matters with your spouse or companion? Money troubles are the number one cause of divorce in the U.S.
- Do you find it impossible to save money? Always saying next month, but next month never comes.
- Have you ever exceeded your credit limit?
- Have you ever paid late fees and/or over the limit fees?
- Do they know you at the check cashing store? If your credit is such that you can't set up or maintain a checking account and have to pay someone to cash your hard earned pay check this is a major problem.
- Are you spending over 20% of your income on installment credit?
- Are you now charging what you used to pay for with cash?
- Is your overall debt increasing?

Now if any of you have answered “yes” to one or more of these questions, there is either an existing problem or a potential problem brewing, and the faster you come to grips

with this problem the faster you can take the necessary steps to avoid continued problems and possible financial ruin. The first step in tackling this problem is to admit and then identify where you are having a problem, and the only way to do that is to set up a good, truthful budget. This will show where the problem(s) lie, then, by using good common sense and employing some of the helpful hints we will be discussing, formulate a workable strategy and then have the resolve to stick to your new game plan (you must be committed). If you don't already have a comprehensive budget worked out, take some time to do this at your earliest convenience. Without a proper budget you are shooting in the dark. Your budget should be as accurate and truthful as possible, making sure you include all your income and all your expenses right down to the donut and coffee you buy every morning. If, after totaling all your expenses and income, you find that you have less than 10% left over for savings or are spending more than 15% on discretionary spending you need to make some lifestyle adjustments. This can either be done by trimming your spending habits, and studies have shown that in most cases we can cut out 15%-20% of our expenses with practically no perceivable lifestyle changes or by you or your spouse or significant other getting an additional job or by doing both. The plan of attack will vary depending on the size of the problem.

***In Part 2 we will provide you with some excellent ways to help get out of this rut and to avoid problems from resurfacing in the future. In the meantime, if you answered yes to any of the warning signs, why not give us a call for a free consultation***