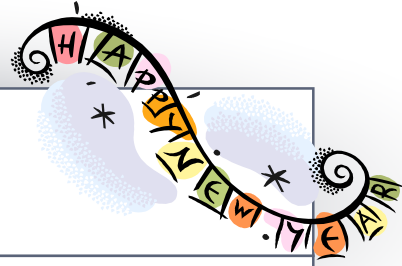


Defeat Debt



Volume 52, Issue 11

Budget Reminders for Your New Years' Resolutions!

Personal finances are always on the top of the list for most common New Years Resolutions. Here is a review of the budget process for your consideration.

Income

- Make sure you account for all net (after taxes) income
- Look beyond your paycheck
- Rental Income
- Bonuses
- Gifts (may be hard to plan for)
- Investments and dividends
- Child support or alimony
- Other (analyze your life, is there anything else you can think of?)
- First, plan on putting as much money as you can afford into your 401(k)
- This money is set aside before taxes allowing you to save and reduce your taxes
- Then put as much as you can into Savings

Expenses

• Fixed

- Fixed expenses do not change from month to month
- Car payment, mortgage/rent, school loan payments, utilities (if you are on a fixed rate plan)
- You have little control over these expenses

• Variable

- These expenses change each month • utilities not on a fixed rate plan), gasoline, medical bills, entertainment
- You can control most of these expenses, up to a point
- Get creative, how can you cut down on these expenses
- Use your AC less, carpool more, etc.
- Don't forget periodic expenses such as insurance and taxes

- (continued on Page 2)

• Black Holes

Inside this issue:

Budgeting Reminders for the New Year 1

Protecting Your Child's Social Security Number 2

Your SS# and Thieves! 3

November's 2009 PIFs 3

January Seminars 4

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New Year's Budget Reminder's continued...

- Is there anywhere money goes that you could eliminate, some good examples are:
 - Cable Television, Car Washes, Cigarettes, Cell Phones, Coffee, Lunches Out, Alcohol, Vending Machines, Bottled Water, Interest Charges on Credit Cards, Manicure, Unused Memberships, etc.
- Keep a record for a few weeks of every dollar and penny you spend, this will help you find your spending black holes

Once you find the black holes, you need to decide what you really *need* and what can be *eliminated*

• Budget Guidelines

Housing including taxes and insurance shouldn't exceed **30%** of your gross monthly income.

- All other monthly debt payments combined (credit cards, card payment, personal loans, etc.) should not exceed **20%** of your monthly gross income.
- Never pay just the minimum payment due. If you have a \$2000 balance on a credit card at 19% interest and pay the minimum due, it will take 23 years to pay the account off even if you never charge another dollar.
- The amount outstanding on all unsecured credit accounts (credit cards, department cards, etc.) should not total more than **one month gross income**.
- Try to get **six months** (minimum) of living expenses in a savings account before taking on any new debt.
- Make down payments as large as possible. This will require you to save money, which gives you time to research your purchases. It will also cut down impulse buying.
- Always read contracts very carefully, check for cancellation/closing penalties.
- Close any accounts (except the oldest ones) you do not use. It is not good for your credit history to have lots of open accounts, it just makes you a high risk in the creditors eyes.

Protecting Your Child's Social Security Number

- Identity thieves like to steal the SSN of children because the theft goes undetected for years. Often it is not discovered until the child becomes an adult and applies for credit.
- Sometimes a parent "borrows" their child's SSN to apply for credit cards or open a new utility account. Even though it might not occur to the parents, this is identity theft.
 - It negatively affects the child's credit history, causing sever consequences including: higher credit card interest rates, higher insurance premiums, and difficulty gaining employment and housing.
 - In order for the child to clear their financial history, they must file a police report. Children feel they are being disloyal to their parents by reporting them to the police.
 - Children whose identities are stolen by their parents often experience the same feelings of betrayal as victims of physical or sexual abuse.

Best Wishes for a Successful and Prosperous New Year from the Board of Directors, Management, Counselors and Staff of Credit Advisors Foundation. It has been an honor to provide consumer financial education assistance to the thousands of people who have reached out to us in 2009 and we look forward with you to 2010!



Your Social Security Number and Identity Thieves

Social Security numbers (SSN) are nine-digit identification numbers issued to United States

citizens, permanent residents, and temporary residents. The numbers are issued by the Social

Security Administration. The primary purpose of this number is for tax collecting and benefit

distribution, but it is also used as a personal identification number by a wide variety of organizations.

Protecting Your Number

- Don't carry your SSN card in your wallet or write the number on checks.
- Only give out your SSN when it is absolutely necessary.
- Some companies will use your SSN as a identification number.
- Ask if they can substitute another number.
- Ask a lot of questions whenever your SSN is requested.
 - Why do you need my SSN?
 - How will my SSN be used?
 - How will you protect my SSN from being stolen?
 - What will happen if I don't give you my SSN?



PIF

It takes time, perseverance, and dedication to become debt free.

Each month, we honor those who paid off all their creditors with a Credit Advisors Debt Management Program.

November 2009

92

Debt Management Programs
Paid In Full
Congratulations!

Reporting Misuse of Your Number

- Contact the Federal Trade Commission
 - Internet— www.ftc.gov/bcp/edu/microsites/idtheft
 - Telephone— 1-877-IDTHEFT (1-877-438-4338)
- Monitor your credit report
- Free credit reports are available at www.annualcreditreport.com
- File a police report.
- In some circumstances, a new Social Security number will be issued.
- This is a last resort because many organizations, such as the Internal Revenue Service, the Department of Motor Vehicles, and private businesses, use SSNs for identification purposes.

Credit Advisors Foundation

1818 South 72nd Street
Omaha, NE 68124

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Free Financial Seminar

**Debt Settlement– How to tell if
it's right for you.**

January 8th, 2010

11am and 2pm

Credit Advisors

1850 South 72nd Street, Omaha, NE 68124

Please RSVP

Call: 402-514-3341

E-mail: todd@creditadvisors.org

If you cannot attend in-person, call our
conference line at 1-866-285-7780
code 4425358.

