

Of Interest

from your

Affiliated Employee Assistance Program

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Money Money Money

by Liz Ashe

In today's tough economic times, with mortgage foreclosures and high winter fuel bills just around the corner, I can't help but think of the musical Cabaret when Joel Grey sang the song "Money makes the world go round..." Well it sure does. We need money for our basic needs and no matter how much there is, there never seems to be enough. No matter our incomes, inflation saps away the value of our dollars more and more.

Worries over money can put us all under stress and frustration. This can lead to depression, mood swings, constant anxiety and worry, health issues, family arguments and marital problems and can affect workplace performance. And if something unexpected like a major medical illness, layoff, or job loss enters the mix, it can be devastating.

A standing joke in my family used to be about the difference between need and want. While shopping one of us would say, "you don't need that" and the other, "But I want it." We used to laugh about this a lot. Little did I know that Credit Counselors start with that basic concept when trying to help folks budget and to look for ways to cut back. Overspending is common at any income level, but learning to say "no" to things we don't need is a vital key in controlling finances. It is far too easy to rack up the credit card balances because we "want" things we can't really afford.

Whether you are "just a bit behind" or overwhelmingly deep in debt, there are some things you can do yourself and sometimes you may need expert help to develop a plan, hold off creditors and find ways to manage your situation. There are many professionals who can help.

BASIC FINANCIAL MANAGEMENT TACTICS

The following information is not intended as a substitute for professional financial or credit counseling. Material was adapted from articles and pamphlets written by Consumer Credit Counseling Services Inc.

Recognize warning signals

Fighting about money, increased anxiety and tension or inability to sleep, being broke when the bills are due, borrowing or taking credit card cash advances to pay for basic living expenses, scrambling to get more credit cards, charging items (especially expensive ones) you would not buy if you were paying cash, having no savings account, letting payments "slide" until the next paycheck, your credit card balance is approaching the limit and or piles of "past due" notices.

Simple Rules for Smarter Shopping

Source: Consumer Credit Counseling Services

- Plan your shopping trips. Know exactly what you need and why you are going.
- Make a grocery list based on a week's menu and stick to it.
- Curb impulse buying. Ask yourself, "Do I really need this?"
- Acquire merchandise when it is not in season or when traditionally marked down.
- Don't buy little used items that you may use only once or twice a year. Rent instead.
- Be a comparative shopper. Look for the lowest prices.
- Don't shop for groceries when hungry.
- Be aware that not all sales are a bargain.
- When on sale, stock up on toothpaste, toilet paper and other goods you use regularly

Tricks to Build Your Savings Account

Source: Consumer Credit Counseling Services

- Try to save at least 5% of your net monthly income
- Save all of your loose change or designated coins (dimes, quarters) in a jar or bank. When full, put in your savings.
- After you've paid your last installment on your car or other loan, pay the same amount to your savings account.
- Other things to put in your account; tax refunds or stock dividends in your account; commissions, bonus checks, raises and overtime pay, money received as gifts and any other extra cash on hand.

Affiliated EAP

- It's confidential.
- It's a free benefit to you.
- It really works.

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Don't ignore bills you can't pay. Contact the creditor immediately and explain your situation and why you are unable to pay. Many will work with you and some are willing to receive partial payment until your situation improves.

Track where your money goes. Use a small notebook to jot down your everyday expenses for a month including every soda, magazine, etc. bought. Miscellaneous purchases can add up fast. For example if you spend \$3.00 a day for two bottles of soda at work, that's \$15.00 a week or \$750.00 a year (allowing for a 2 week vacation). Scary thought. Once you realistically see where your money goes, you can make decisions on where you can cut back.

Plan a realistic budget. Budgeting is actually looking at what money you take in (net) and how much you need for bills and living expenses. Prioritize these then determine the amount you can budget for savings, entertainment, luxuries and personal allowances. Credit counselors have worksheets you can use.

Analyze and Divide. List your large once-a-year costs like property taxes or insurances and rather than be overwhelmed by the large bill, plan for it by putting aside one-twelfth of the amount monthly or one-fourth quarterly so you can meet the payments without anxiety. Have a special "put-aside" savings account and don't touch it.

Don't Ignore Saving. A common mistake is saying you'll save what is left over – and it generally means you don't. A good rule is to "pay yourself" first. Experts recommend saving 5% -10% of your take home. A long-range saving target should be to save at least 3 months net earnings in a year for emergencies.

Identify Your Spending "Weak Spots" such as daily or weekly visits to the dollar or other discount stores and buying things that you don't need just because they are cheap. Other problem areas can include buying movies rather than renting them, buying a lot of items not on your grocery list, or costly habits such as compulsive gambling or other addiction problems. Once you find the weak spot, start plugging those leaks and control your spending.

Attack credit card debt with a vengeance. Work hard to pay off the balance as soon as you can. But always make the minimum payment on time to avoid finance charges and credit problems. In choosing a credit card company research their interest rates, balance calculation methods and finance charges.

Discipline yourself and do not increase the debt you already have. This may mean putting off buying something and adopting a save now, buy later philosophy.

For Your Information

You are responsible for your debts but you are protected from unfair treatment by collectors by the Fair Debt Collection Practices Act. The Fair Debt Collection Practices Act (aka FDCPA), 15 U.S.C. § 1692 et seq., is a statute added in 1978 as Title VIII of the Consumer Credit Protection Act. Its purposes are to eliminate abusive practices in the collection of consumer debts, to promote fair debt collection and to provide consumers with an avenue for disputing and obtaining validation of debt information in order to ensure the information's accuracy. The Act creates guidelines under which debt collectors may conduct business, defines rights of consumers involved with debt collectors, and prescribes penalties and remedies for violations of the Act. It is sometimes used in conjunction with the Fair Credit Reporting Act.

Don't Wait Too Long To Get Help!

The sooner you seek help, the sooner a sense of order can be restored in your financial life.

For help call your EAP at the number below.

Consumer Credit Counseling Services:

To locate a service in your state contact: Money Management International (24 hours, 7 days/week) 1-866-889-9347 or go to their website at www.moneymanagement.org

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