

7 Ways to Clean Your Financial House

- 1. Take a vacation from plastic.** Put your cards on ice by placing them in a bag filled with water in your freezer. Better yet, cut them up and throw them away, or, if you must, keep just one for practical purposes.
- 2. Get professional help.** If collection agencies are calling, consider help from a professional credit counselor, one who is a member of the National Foundation for Credit Counseling (NFCC), such as the nonprofit Consumer Credit Counseling Service (CCCS).
- 3. Notify creditors.** Before you miss a payment, call your creditors and explain your situation. Many lenders will agree to lower your interest rate, temporarily suspend monthly payments, or waive fees and late charges. **Tip:** Get it in writing, and keep the names of the people you talk to.
- 4. Review your credit reports.** You can request a free annual credit report from each of the three national credit bureaus at www.annualcreditreport.com or call 1-877-322-8228.
- 5. Beware of credit repair scams.** No one can legally remove accurate negative information from your credit file. Clear your credit report by paying your bills on time, over time.
- 6. Think twice about a debt consolidation loan.** Packing debts into a tidy home equity loan may result in more debt and jeopardize your home if you fail to repay. Change your spending and saving habits first.
- 7. Stop the preapproved credit offers.** The credit bureaus offer a toll-free number to opt out. Call 1-888-567-8688.



More Tips for Spending Less and Saving More

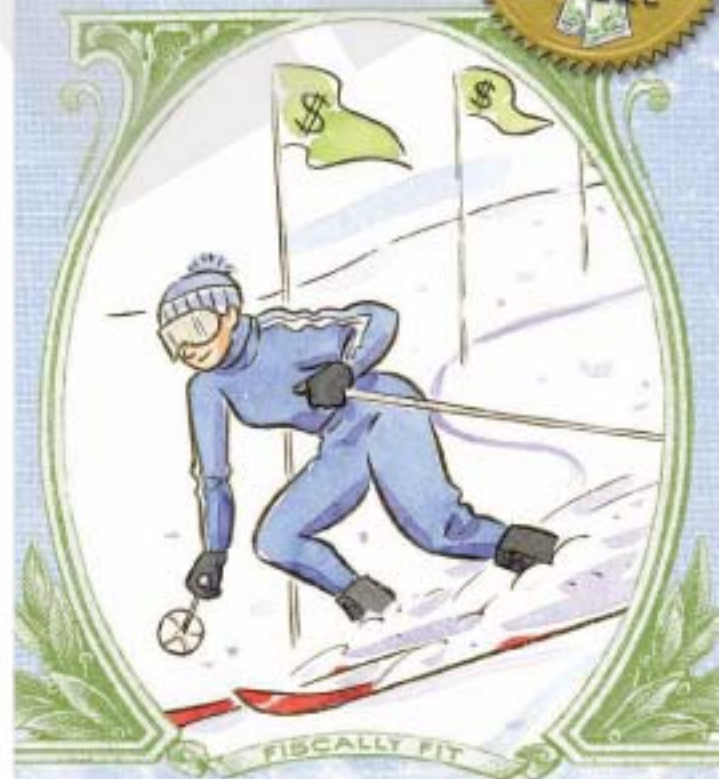
- **Make money from a hobby — and bank it.** Skills such as furniture refinishing or home repair are always in demand.
- **Buy in bulk.** Stretch your dollars by splitting bulk supplies with family, friends or neighbors.
- **Use items wisely.** Things last longer when you take good care of them. Get the recommended maintenance on your automobile to avoid costly repairs.
- **Borrow items.** Think things you don't need very often; tools ... portable household appliances ... camping gear.
- **Shop around.** Compare prices on the Internet, in catalogs and in newspaper ads for the best buy.
- **Cut energy expenses.** Raise the thermostat a degree or two in the summertime and keep your home a little cooler in the wintertime; weatherproof windows and doors; wash clothes in cold water.
- **Raise deductibles.** If you have low deductibles for home and car insurance, consider raising them to lower your premiums. Just be sure you can cover the deductibles in the event you should pursue a claim.
- **Rent it.** It's often cheaper to rent something when you need it for a short-term or one-time use.
- **Tag sales.** Get some of your household needs at garage and tag sales and secondhand stores.
- **Barter.** Trade your knowledge or skills for a neighbor's. Anything goes — from baking to repair work to professional services.



Best advice: Be patient. Focus on your end goal and stick to your debt-management game plan.

GET OUT OF DEBT

Racing Toward Financial Freedom



SET YOUR SIGHTS ON FINANCIAL FREEDOM

Can you imagine life without debt? Credit cards, the rising cost of living, car and house payments ... mounting debt can take a toll on relationships, your health and your ability to function in everyday life.

But people buried in debt have managed to pay it off, ultimately living their lives debt free. These people enjoy financial freedom no matter what their income and occupation ... sales clerk, receptionist, front-end manager, shift supervisor, lawyer or doctor.

Everyone has financial challenges from time to time. But if you're trying to get out of debt, you're in good company. This brochure features some helpful tips.

1-2-3 Debt Strategy

1. Create a spending plan.
2. Minimize and pay off debt.
3. Save, save, save.



Create a Spending Plan

A spending plan identifies what you spend compared to what you earn.

First, keep a **diary** for one month of how much you spend: morning coffee, dry cleaning, rent, car, utilities, tolls, etc.

Divide your **expenses** into three categories: fixed expenses, such as mortgage or rent, and car payment; flexible expenses, such as utility bills, groceries and gas; and discretionary expenses, such as entertainment and personal luxuries.

Finally, at the **end of the month**, add up what you spent and compare it to your take-home income.

Benefit: You'll see a snapshot of how much money you need to meet your fixed expenses and how much you have for flexible (discretionary) spending.

Goal: Analyze your flexible spending and determine ways you can trim expenses. You might be surprised to discover what you can live without.



Minimize and Pay Off Debt

... to ease stress, open more options in life, and improve your credit and buying power.

A little success goes a long way. **Try this strategy:**

1. **Rank** each debt by amount owed, smallest first.
2. **Use** the money you've cut from your spending to pay off the smallest debt first. Try to apply raises or additional income toward this goal.
3. **When** you've paid off one debt, take the next smallest. The sooner you tackle one debt, the sooner you can advance to the next — and eventually get out of debt.

Goal: If you're tempted to buy an impulse item, give yourself a one-week cooling-off period. The key is to avoid taking on more debt.

Save, Save, Save

... for peace of mind and security for you and your family, including money for emergencies and unexpected expenses.

Saving money may seem impossible when you're swimming (in some cases drowning) in debt. But once you've made progress paying off your debt, you'll be able to save — for an emergency fund, retirement, vacation and more.

Smart savings start:

• STEP 1 •

Review your current financial goals and choose a savings method that is best for you.

• STEP 2 •

Build an emergency fund; aim to cover about six months of expenses, particularly your fixed expenses. That's your goal. But remember, any savings is better than none at all.

• STEP 3 •

Commit to save. For example, put away all your spare change; carpool to work to save on gas; and utilize employee benefits that can ease your tax burden and increase your take-home pay. See the back of this brochure for more ideas. Every penny adds up.



Ease Bill-Paying Stress

Create a convenient place to pay bills. Include everything you need to make the job easier — checkbook, calendar, pens, envelopes and stamps.

Schedule a regular payment time, such as once a week or the 1st and 15th of the month. — Aim to manage fewer bills.

Set up a system to track when and how you've paid your bills. — Avoid late or missed payments.

Where It All Starts

You want to pay off your debt and become financially fit, but if you live beyond your means, do you know why? It may be necessity or it might just be overindulgence. Deal with the reasons and commit to long-term changes. Otherwise, like relying on a fad diet, you're likely to regain the financial weight you lost (and then some). Cultivate a financially smart lifestyle for emotional health and prosperity.