



CONSOLIDATED
CREDIT COUNSELING SERVICES, INC.™

When debt is the problem, we are the solution.

SHOP SMART AND SAVE



Consolidated Credit Counseling Services, Inc.

5701 West Sunrise Boulevard

Fort Lauderdale, FL 33313

1-800-210-3481

www.ConsolidatedCredit.org

Congratulations on taking this important step to a brighter financial future. Consolidated Credit Counseling Services, Inc. has been helping Americans across the country solve their credit and debt problems for more than a decade.

Our Educational Team has created over twenty publications to help you improve your personal finances. By logging on to www.ConsolidatedCredit.org you can access all of our publications free of charge. We have the tools to help you become debt free, use your money wisely, plan for the future, and build wealth. The topics Consolidated Credit addresses range from identity theft to building a better credit rating; from how to buy a home to paying for college. On our web site you will also find interactive credit courses, a "Best of the Web" debt calculator, a personalized budgeting tool, and much more.

We are dedicated to personal financial literacy and providing a debt-free life for Americans. If you are overburden by high interest rate credit card debt then I invite you to speak with one of our certified counselors free of charge by calling 1-800-210-3481 for free professional advice. We also have partnership programs available where groups, businesses and communities can hold financial workshops and receive free money management guides and workbooks like the one you are reading now. Please call 1-800-210-3481 if you would like to discuss pursuing a personal financial literacy program.

Sincerely,



Gary Herman

President

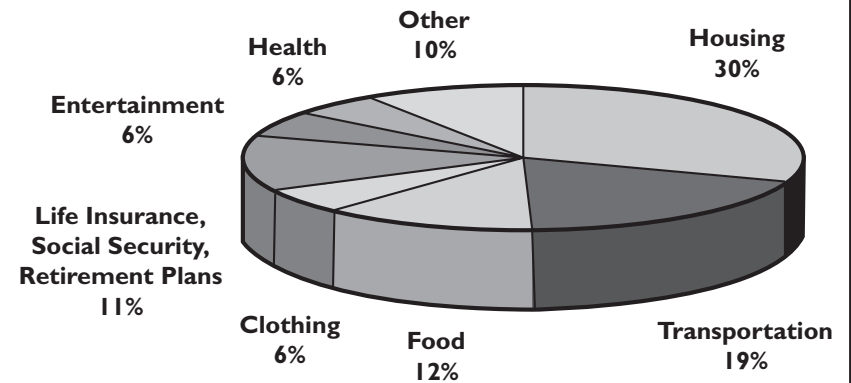
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Where Does Your Money Go?

Budgeting is perhaps the best way to save and spend more wisely. To monitor your spending habits better, keep a record of the money you spend during a one-month period. Then answer the questions below:

1. What patterns can you see in your spending habits?
2. How do you decide what to purchase?
3. What factors influence your purchasing decisions?

How Americans Spend Their Money



Source: The U.S. Bureau of Labor Statistics.

Before You Spend Your Hard–Earned Cash

The next time you're tempted to buy something, stop and think about the following:

- Do I really need this item?
- Is it worth all the time I spent making the money to pay for it?
- Can I use my money in a better way right now?
- Do I really need to buy the priciest item or will a lower-cost item serve me just as well?
- Can I really afford this right now?
- Will the item be on sale soon? Should I wait?
- Do I really need a name brand item, or will a store brand serve my purposes—and save me money?
- What do consumer magazines say about the item I'm considering?
- Do I know anyone who already owns this item? Do they think it was worthwhile to buy or do they regret their purchase?
- Is there a warranty and/or service contract on the item?

Tips for Spending Smarter

- Pay yourself first. Set up a separate account for savings, and immediately transfer a portion of your salary to the account each pay period. Consider this account to be off-limits, except in the case of an emergency.
- Apply any extra income toward paying off debts.
- Try to save on insurance. Review your policies to avoid duplicate coverage. Consider raising your deductibles; talk to your insurance agent about other ways to save.
- Start saving \$1 per day. Save your pocket change too. You'll be surprised how quickly it adds up.

- Don't buy on impulse. Purchase only the items you originally planned to get. Limit the amount of cash you carry as well as the number of credit cards.
- Wait for sales, and comparison shop. You can save 50% or more by doing so.
- Make two shopping trips before you buy. On your first trip, compare prices. Then, after you have made a thoughtful decision as to an item's price and value, go back to the store a second time and make your purchase.
- Use coupons and rebates as much as possible.
- Shop at consignment shops, and consider rebuilt and pre-owned items.
- Save money by doing things yourself. Cut your own lawn, for example, or wash your own windows.
- Conduct family meetings each week to discuss ways that you as a family can save money and get out of debt.

Ways to Save Money

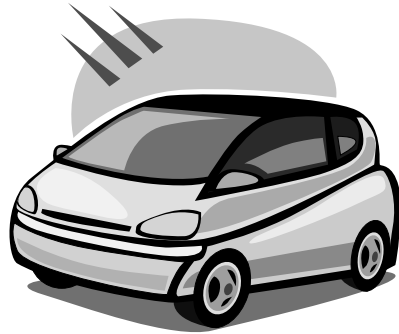
Transportation

Airline Fares

You can reduce the price of a roundtrip ticket by as much as two-thirds if your trip includes a Saturday night stay-over and you purchase your ticket in advance. Always ask your travel or reservation agent if you're getting the lowest fare. Watch for price wars, sales, and special offers (such as "Friends Fly Free"), and be prepared to act quickly.

Car Rentals

Car rental rates vary greatly; shop around for the best basic rates and special offers. Check with your insurance agent and credit card company to see what type of coverage you have. That way, you can avoid paying for duplicate insurance coverage.



New Cars

You can save thousands of dollars by choosing a model that has a low purchase price, low financing, and reasonable insurance rates. Purchasing a car that has good gas mileage and low maintenance and repair costs can save you a great deal of money in the future. You can find new car guides that offer great advice in your local library. Comparison shopping for an automobile can save you hundreds of dollars. Call at least five dealers for price quotes, and let each know that you are calling others.

Used Cars

Before buying a used car, compare the asking price with the blue book price. You can access blue book prices on-line at www.kbb.com. Have a trusted mechanic check the car, particularly if the car is being sold without a warranty. Consider buying a used car from a person you know and trust; he or she might be more inclined to charge a lower price and/or point out any problems with the car.

Leasing A Car

Leasing a car isn't right for everybody. Here are some guidelines to use when you're considering leasing:

Don't be tempted to lease a car just because the payments are lower than on a conventional auto loan. Lease payments are arrived at by using a complicated formula involving the purchase price, your down payment or trade-in, monthly payments, and term. Other charges, such as fees for excess mileage, excess "wear and tear," and the purchase option price at the end of the lease factor in as well.

Try to keep your term less than four years. At the end of your lease, you will need to either:

- a) Return the vehicle to the lessor.
- b) Trade your leased vehicle for a new one. If you have equity in the car, it shouldn't cost anything to trade it in. (This will typically not be the case until you are at or near the end of your lease.)
- c) Purchase the vehicle from the lessor for the residual value stated in your lease agreement, plus any additional fees you owe.

Auto Loans

If you have money in the bank that's earning a low interest rate, consider making a large down payment or even paying for your car in cash. This could save you hundreds in finance charges. Shop around for a low-interest loan. Contact several banks, your credit union, and the auto manufacturer's own finance company. You can also check www.BankRate.com for the best current deals.

Car Repairs

Every year, Americans spend billions of dollars on unnecessary or improperly done car repairs. Make sure you use a skilled, honest mechanic. Look for a mechanic who is certified, well established, and

has done good work for someone you know, and make sure you get a written estimate before work is done.

Insurance

Auto Insurance

Your state insurance department has publications showing typical insurance rates charged by different companies. Call four of the lowest-priced, licensed Insurers, and compare their prices for similar coverage.

Ask your agent or insurance company about raising your deductibles on collision and coverage to at least \$500, or, if you have an older car, consider dropping this coverage altogether.

TIP: You can also save money by obtaining auto insurance and home insurance from the same company; many companies give discounts. Ask your agent or insurance company if any other discounts are available.

Homeowners Insurance

By purchasing homeowners insurance from a low-price, licensed, and insured company, you can save \$100 or more each year. Ask your state insurance department for publications showing typical prices charged by different licensed companies. Then call four of the lowest-priced companies and ask for a quote. Make sure you buy enough insurance to replace your house and its contents. Ask your agent or the insurance company if you qualify for any discounts; newer homes and homes with security systems, for example, qualify for discounts.

Banking/Credit

Checking

You can save over \$100 yearly in fees by opening a checking account with a minimum balance requirement that you can meet. Banks

frequently will drop or lower fees if your paycheck is directly deposited by your employer. Direct deposit offers other advantages as well; it's easy, secure, convenient, and gives you immediate access to your money.

Savings and Investments

Before opening a savings or investment account, ask if the account is insured by the federal government. Many investments, such as annuities and stocks, are not insured. Certificates of deposit (CDs) and treasury bills or notes often earn the highest return with little or no risk, although you will lose access to the money for a period of time. Once you decide on a particular type of investment, compare rates offered by different institutions. These rates can differ and, over time, can considerably affect your return.

Credit Cards

Interest rates on credit cards can be very high. You can save hundreds of dollars a year in interest payments by paying your bill in full each month. If you can't, then find a low-interest card. If you have a large balance on your cards and just can't seem to pay it off, then consider a debt management program.

Consolidated Credit may be able to consolidate your debts, lower monthly payment commitments, and negotiate lower interest charges. Generally, clients see 25 to 50% in monthly savings on interest charges from our negotiations with creditors. To find out if you qualify call 1-800-210-3481 for a free, no obligation consultation.

Food Expenses

Don't forget your cappuccino factor. This refers to how much a person might spend on a fancy coffee each day. In your life, there are probably such small but regular purchases that add up to big money leaking from your household budget.

For example, an American family of four spends more than \$3,000 a year eating out, according to government statistics. Is it really worth cutting back on this expense? Would it really make a difference? In the cappuccino example, a \$3.50 cappuccino every morning for a year adds up to nearly \$1,300. Spending money on beverages, take-out food, and restaurants has evolved. It wasn't long ago that there wasn't an espresso/cappuccino shop on every corner. We all made coffee at home, and it was fine, and it cost pennies.

And if a decade or two ago an entrepreneur had an idea of selling water in a sealed bottle and charging people 100 times what it was worth, he would have been laughed out of business.

Beverages are big budget drains. One credit counselor knew a family with limited income and serious debt problems that was spending more than \$100 a month on soft drinks at convenience stores. Until they examined their spending, they had no idea they were spending that much.

Personal finance experts agree that cutting down on prepared meals, whether at a restaurant or ordering a pizza, is among the best ways to save significant money. The answer to not eating out is eating in, or at least preparing meals at home that you take with you.

It also means spending effort on meal planning, specifically dinner. Planning helps eliminate impulse dining out, when mom or dad comes home too tired to make dinner. Otherwise it's easy to fall back on trips to the fast-food joint and calls for Chinese takeout or pizza.

To make frequent cooking easier, use freezer meals. That's a concept of cooking two or three times what you need for dinner. It takes little

extra effort to make more because the ingredients and cookware are out, and cleanup is about the same.

Instead of making a meat loaf, make two or three. Triple the recipe for a casserole or make 20 hamburgers at a time.

Freeze the extra food, and on those nights you don't feel like starting from scratch, grab a freezer meal and microwave it. It ends up being much cheaper and quicker than eating out, and probably winds up being more healthful too.

Major Appliances

Purchase reliable appliances from reputable manufacturers. To learn more, consult Consumer Reports Magazine or its web site (www.consumerreports.org) for information about particular brands, their reliability, and energy usage.

After you have chosen a particular brand, locate several stores that carry it (either look in the phone book or consult the manufacturer's website for dealers). Call 3 to 4 dealers to get price quotes on the model you want. Try to negotiate the best price! Also inquire about delivery charges.

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Utilities

Electricity

To save on your electric bill, purchase the most energy-efficient appliances you can afford. The energy efficiency of major appliances is found on the Energy Guide Labels affixed to each one; these labels are required by federal law. To cut electric bills, remember to turn off lights and ceiling fans when you leave the room, and run dishwashers and washing machines only when full.

Heat & Air Conditioning

A home energy audit can show you ways to save money on home heating and air conditioning. Your electric or gas company should do an energy audit for little or no money. Setting back thermometers is also a great way to cut your heating and air conditioning bills.

Telephone Service

Check with your phone company to see whether a flat rate or measured service plan will cost you less. You can save money by buying your phones instead of leasing them. Check your local phone bill to see if you have optional services you don't really need or use. Each option you drop could save you \$40 or more each year.

Long Distance Telephone Service

Evening or weekend long-distance calls cost significantly less than weekday calls. If you make more than a few long-distance calls each month, consider signing up for a calling plan. Check with several different long-distance companies to see which has the least expensive plan for the type of calls you make. Whenever possible, dial your long distance calls directly; having the operator complete a call can cost you an extra \$1 to \$3 per call.

About the author and Consolidated Credit Counseling Services, Inc.

Consolidated Credit Counseling Services, Inc. is a consumer-oriented, nonprofit, public education organization. We are an industry leader in providing credit counseling and debt management services throughout the United States. Our mission is to help families end financial crisis and solve money management problems through education and professional counseling.

Gerri Detweiler is Consolidated's educational director and author of this publication. She has written numerous books including *The Ultimate Credit Handbook*, which was featured in *Money* magazine as one of the five best new personal finance books of the year when it was released. Ms. Detweiler has been quoted in thousands of publications including *The New York Times* and *The Wall Street Journal*. She co-hosted an award-winning syndicated financial radio program, and has been a guest on *The Today Show*, *Dateline NBC*, the *CBS Evening News*, and *CNN*. She has testified before Congress and lobbied on behalf of consumers protection measures. She is the former executive director of *Bankcard Holders of America*, as well as a policy director for the *National Council of Individual Investors*. She has also served on the *Board of Directors* for the *National Coalition for Consumer Education* as well as *Experian's Consumer Advisory Council*.

**Call
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**Or visit
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For A Free Consultation**

You can be **debt free**



There is help waiting for you now.

- Reduce or eliminate interest charges.
- Consolidate credit card bills into one lower monthly payment.
- Pay off your debt in half the time.
- Save thousands of dollars.



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