

“Debt Help Secrets”

***Your guide to eliminating debt, creating a smart budget,
repairing credit history, and achieving financial freedom.***

Presented by Jennifer Ambrose
<http://www.DebtHelpSecrets.com>

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Welcome to “Debt Help Secrets”,

Debt can affect every single aspect of your life, not just your bank account. It can cause fights in a marriage, broken promises to children hoping for the latest toy for their birthday, sleepless nights, health problems due to stress, and many more unfortunate consequences.

If you are in debt now, or just want to prevent yourself from ever going down that road, than this ebook is exactly what you need. By arming yourself with this information and these resources now, you are setting yourself up for a debt-free tomorrow.

Inside “Debt Help Secrets” you are going to learn how to create and stick to a budget that you can afford, negotiate lower interest rates for your credit cards, knock off 7 years or more from your mortgage, repair bad credit, teach your children the proper way to handle money, and much more.

This is an ebook that you are going to want to read through more than once. In fact, you are probably going to find yourself referring back to it from time to time to offer you guidance as new financial obstacles appear in your life.

Unfortunately debt is very easy to get into, and not so easy to get out of. Picture getting rid of all of your credit card debt, paying off your cars, saving for retirement, paying down your mortgage, and then *BAM* you are hit with buying your 16 year old a car (and paying for the insurance) ... then *BAM* it is time to send her to college, and the rates have risen more than you originally saved for, then *BAM* she's ready to get married and wants a bigger wedding than Trista and Ryan from “The Bachelorette.”

There are always going to be unexpected expenses that you need to be ready to handle. That is what is so great about “Debt Help Secrets.” You can use the advice and resources in the book as often as you need to. This information is yours for life.

I hope that you get as much out of this ebook as I have.

Yours in Success,
Jennifer Ambrose

<http://www.DebtHelpSecrets.com>

Bad Credit Information and Resources

Beware of Falling Minimum Payments

7 Surefire Ways to Repair Bad Credit

Credit Repair Scams

4 Steps to Creating Good Credit

Beware of Falling Minimum Payments

by James H. Dimmitt

If you opened a credit card statement recently and were pleasantly surprised to find that your minimum payment due was lowered, don't be so quick to "jump for joy". What may appear as a small boost to your monthly budget is actually the rock that can weigh you down in debt for a lifetime.

More and more credit card companies are moving to requiring a minimum payment of 2% of your total outstanding balance. Consumer Action, a consumer advocacy group out of San Francisco, found that the number of card companies with a 2% minimum payment reached 53%, up from 43% just a year ago.

Some creditors have even gone so far as to call this a "consumer friendly" move claiming it will assist consumers faced with today's economic woes. In reality, a lower minimum payment causes you to take longer to pay off your debt to the creditor while winding up paying them more money in interest payments.

For example, let's say you have a credit card debt of \$2500.00 @18% annual percentage rate (APR). Your monthly minimum payment based on a 2.5% pay back rate would be \$62.50 per month. Oh and by the way, here's what the credit card company really doesn't want you to know -it will take you 20 YEARS to pay off your \$2500.00 balance paying the minimum monthly due. And you will have paid the credit card company \$3,365.51 in interest!

Now lets look at the same example using the rate of 2% minimum monthly payment. Your monthly payment drops to just \$50.00 a month. You might be tempted to think "wow, I've got an extra \$12.50 a month to play with, yippee!". Not so fast! That lower minimum payment now means it will take you 34.5 YEARS to pay off your balance of \$2500.00 and you'll wind up paying \$6,430.93 in interest!

Beware of Falling Minimum Payments cont...

Consumer Action also reports that many credit card companies are imposing higher late payment fees and “more than a third of card issuers said they will raise existing cardholders’ rates because of poor credit histories – with other creditors – even if the consumer has made regular, timely payments with that issuer”.

My advice is to watch your use of credit carefully, always pay more than the minimum monthly due, and be sure to read the fine print on any credit card offers or changes to your existing accounts.

James H. Dimmitt is editor of “TO YOUR CREDIT”, a weekly free newsletter. Subscribe to the newsletter by visiting <http://tinyurl.com/bgo9> He is also author of “Identity Theft - How to Avoid Becoming the Next Victim!” available at <http://tinyurl.com/bc45>

7 Surefire Ways To Repair Bad Credit

by Wesley Atkins

If you are suffering from bad credit, then here are 7 surefire ways to resolve your situation

Do you have a poor credit rating? If so, you are one of tens of thousands of Americans with the same problem. In fact, it seems that this has become a national 'disease.' And just what do people need that have a disease? They need a cure.

Here are some sure-fire solutions to 'repair bad credit'. Keep in mind, like most 'diseases,' credit repair can take some time, but complete healing is possible.

The First Step

The first thing you need to do is find out what is being reported about you. This is easy and inexpensive. For under \$10, you can get your credit report from one of the three main credit reporting companies: Equifax, Experian, or TransUnion. Keep in mind however, that if you have recently been denied credit, you can get a free report from the same credit bureau the lender used to reject you as long as you do so within 30 days.

What You Don't Need

You don't need a repair clinic. Why? There is no legal way to 'repair' your credit. Those that claim to know loopholes and shortcuts are merely out for your money. They may even get you into legal trouble by having you fudge the facts or creating a whole new file for you. Anything legal that a clinic can do, you can do just as easily and without the cost of 'professional' help. Further Steps to Take

1. Stop using your credit cards immediately. Put them somewhere where they will not tempt you. You may consider keeping at least one card for emergency purposes. Additionally, with poor credit, you may find it more difficult to get a credit card in the future. If you keep at least one account open, then you won't have to worry about applying.
2. Be Honest With Yourself. Taking a good hard look at your financial situation, particularly if it isn't good, can be very difficult. Yet, to get out debt you have to fully understand what the situation is.

7 Surefire Ways To Repair Bad Credit cont...

3. Find the Errors. Believe it or not, up to 40% of all credit reports have errors in them. If you find that your credit report shows something that is not true, you need to write to them with all the details. Be sure to use certified mail so that you can keep track of who you wrote to, when you wrote, and who received the mail on the credit bureau's end. Then ask the credit bureau to send a corrected report to anyone who has requested a report on you in the last 6 months.

4. Find the Omissions. By law, you are allowed to add information to your report that you believe will help your rating. This might be additional information about a repayment of a loan, good credit you have with companies that do not report to the credit bureau, or salary increases.

5. You Must Have a Plan. Whether you determine to pay your bills down little at a time, take a second job, go to credit counseling, or file bankruptcy, you need to make a plan and stick to it. In order for your credit to be improved, you have to have a plan and then take action!

6. Talk to those that you owe. Creditors want their money. They do not want you to default (quit paying). In fact, most creditors will work with you to get a reduced payment schedule. If you can keep them from reporting you to the credit bureau, then it won't hurt your credit. The catch here is this: be sure to stick to the new negotiated plan – they won't renegotiate if you fail to comply.

7. The Best Cure is Time. Have you ever heard the saying 'time heals all wounds'? It also heals your credit. After 7 years, most items will be dropped. This is good news if you are working to correct your credit. As each year passes, more and more bad items will drop off and more and more good items will be included. Eventually, the disease will be cured.

Follow these steps and you will find that your credit looks healthier and healthier each day. Eventually this path will lead you to full recovery. Good Luck!

Wesley Atkins is the owner of <http://www.credit-cards-advisor.com> - which aims to get you fitted with the best credit cards to suit your situation. With numerous credit card articles and easy online credit card applications you will never choose the wrong credit card again.

Credit Repair Scams

by James H. Dimmitt

“Erase Bad Debt !”

“Remove Negative Items From Your Credit Report”

You’ve probably seen these headlines and others just like it promising to clean up or “fix” bad credit. For someone who suffers from a bad or poor credit rating, these headlines are certainly an appealing offer.

Imagine finally being able to buy that new car, get debt collectors off your back, and enjoy a new found freedom from your past debts.

Sound too good to be true ? It probably is. Once you fall prey to the credit repair offer and pay the hefty fees involved to clean up your record, here’s what happens:

- 1) The credit repair scam artist contacts the credit bureaus and reports that the negative information in your file is false.
- 2) The credit bureau removes this negative information from your report while they investigate the claim.
- 3) The scam artist will then show you the cleaned up version of your credit report and “ta-da” your credit history has been fixed !

But here’s what the scammer doesn’t tell or show you. After the credit bureau completes their investigation the negative information is placed back on your credit report.

Negative but accurate information cannot be removed from your credit profile. Only incorrect information can be removed.

Accurate information remains on your credit file for a period of 7 years from the time it is reported to the credit agencies; a bankruptcy appears for a 10 year period.

Many legitimate companies exist that can help you with your debt problems. But how do you spot a scam offer ? Easy, they’ll ask you for their fees up front. By law, credit repair agencies cannot ask for payment until they’ve provided the service they promised.

Credit Repair Scams cont...

Additionally many states require that a credit repair service, whether they are for-profit or not-for-profit, must provide you with a detailed written contract, an explanation of your legal rights, and the opportunity to cancel any signed contract within 3 days.

Also, be aware that a "credit repair offer" could be an attempt to steal your identity by getting you to provide personal information such as a Social Security number, bank account and credit card account numbers.

Always make sure you know who you are dealing with before accepting any offer to help you repair your credit. Those who don't can have their credit ruined further and create more debt problems.

James H. Dimmitt is editor of "To Your Credit", a free weekly online e-zine focusing on personal finance news and tips. He is also author of "IDENTITY THEFT - How To Avoid Becoming the Next Victim!" Visit http://tinyurl.com/bc45 for more details.
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4 Steps to Creating Good Credit

by James H. Dimmitt

As a consumer you've learned the importance of establishing a good credit rating with your lenders. Whether you are shopping for a new home or auto, or searching for the best deals on insurance, your credit worthiness will be judged by your credit rating or credit score.

A bad credit history or bad credit habits will place "black marks" on your credit profile. These include things such as late payments, having an account assigned to a collection agency, and of course bankruptcy.

Establishing good credit habits and therefore a good credit rating will improve your credit worthiness. This will be reflected in potential lenders offering you substantially lower interest rates and better deals on credit offers.

Here are 4 tips to help you create a shining credit profile:

1) Pay Your Bills On Time

Lenders only have your past payment history on which to decide the type of credit risk you present to them. How you pay off your debts now indicates to them how you will pay off future debts.

2) Don't Use Too Many or Too Few Credit Cards

How much is too much ? How little is too little ? Many credit experts and financial planners suggest owning two to four credit cards is just the right mix.

3) Pay At Least The Minimum Due

Always pay at least the minimum due payment, but never less. And remember, just paying the minimum payment means it will take you years and years to pay off that credit card.

Example: Paying off a \$2,000 credit payment at 18% APR with a minimum monthly payment of 2% (\$40 dollars or less) will take you 30 years to pay off the amount plus interest.

4 Steps to Creating Good Credit cont...

4) Review Your Credit Report Regularly

Monitor your credit report from all three major credit bureaus - Experian, TransUnion, and Equifax - on a regular basis. Check your credit profile at least annually. Review it carefully and make sure that any past mistakes or disputes have been corrected.

Also, if you notice an account listed that you know that you have not personally opened, contact that creditor and the credit bureaus immediately. This could be a sign that you've had your identity stolen. Request to have a fraud alert placed on your profile and account to protect yourself and your credit. Identity theft is the fastest growing consumer crime in America, with an estimated 1 million people victimized each year.

Establish good credit habits early in life and reap the benefits that your good credit rating will provide you for the rest of your financial future.

James H. Dimmitt is editor of "To Your Credit", a free weekly online e-zine focusing on personal finance news and tips. He is also author of "IDENTITY THEFT - How To Avoid Becoming the Next Victim!" Visit <http://tinyurl.com/bc45> for more details.

Budget Information and Resources

Living Within Your Budget

The Secret to Keeping Your Budget on Track

Has the Money Sponge Absorbed YOUR Money?

Budgeting When Your Paycheck Varies

Are You Afraid Of A Budget

How Did I Get In This Mess?

Living Within Your Budget

by Chemain Evans

Having a budget and living within it are two different things. There are always things that we want (or need) and credit is so easy to get. This article will discuss ways to help you establish good budgeting habits.

First, determine why you want to budget. You need a pretty good reason or you won't feel obligated to do what it takes. Do you want to get out of and/or stay out of credit card debt? Or save for a new car or big vacation? Whatever it is, you need a reason so that you won't be enticed to overspend. Write down your reason or goal where you see it every day.

Second, examine your spending. Are you tracking your expenses often enough? If you aren't looking at your expenses every few days, you probably have no idea how much money you have and where it is going. Spend a few minutes each day or at the end of the week updating your records instead of saving it all for the end of the month (or tax season).

Third, recognize why and where you are overspending. Look at your expenses and see where you've crossed the line. Did you have a large, unexpected medical, house, or automotive expense? Does this happen frequently? Establishing some short-term savings can help cover these expenses when they occur.

Begin thinking of things in terms of what it costs you over a long period of time, such as a year. For example, if you pay \$3/week to withdraw money from your ATM, that's over \$150/year. Instead limit withdrawals to twice a month (or less) and that's over \$75/year in your pocket!

Living Within Your Budget cont...

Below are some other ways to reduce both mandatory and discretionary expenses:

- Increase your car insurance deductible to \$500.
- Check around for better car insurance rates.
- Conserve utilities when possible.
- Consolidate your credit card and other consumer debt into a home equity loan and then cancel the cards, cut them up, and don't apply for new ones.
- If you are renting, try to buy a house; tax advantages for paying home loan interest often make it cheaper to own than to rent.
- Eat out less; brown-bag your lunch; find less expensive places to eat.
- Find cheaper entertainment (rent a movie instead of going out to one).
- Consolidate errands to use less gas.
- Limit grocery shopping to one day a week; shop at more than one store for groceries, if time permits.
- Shop around for a better long-distance calling plan or cell phone plan.
- Borrow books from the library instead of buying them.
- Some find it necessary to go to a cash-based system. This is sometimes called the "envelope method." It involves cashing your paycheck and depositing only what is needed to write checks for bills or to cover bills that are automatically withdrawn from your checking account.

The remaining cash is divided into envelopes marked for expenses such as food, gas, etc. Once the money in an envelope is gone, to make any additional purchases you either have to shift money from another envelope or wait until you get paid. This really helps to develop discipline.

You may eventually find that there are no more places to cut and you need to increase your income. This doesn't necessarily mean getting a second job, although that is a possibility. Below are some other ways to increase your spendable money:

First, take a look at your tax return. If you're getting anything but a small return, you're letting the government earn interest for itself with your money. You probably wouldn't let anyone else do that! Consider raising your exemptions. You can acquire a new W-4 form to fill out from your Human Resource department or manager.

Living Within Your Budget cont...

Second, save or invest wisely to obtain dividends. This is money that you don't have to work for! It's money working for you.

Third, acquire new skills that can help you get a promotion, or even a new job. Get your GED or college diploma, if you don't have one. There is a lot of financial aid available, and you may even be able to attend college for free.

Fourth, consider starting a home-based business. There are a host of tax deductions for home businesses, not to mention the extra income that may come from just a few hours a week. Although a home-based business is not for everyone, you may enjoy it enough to turn it into your next career!

Living within your budget is possible, but you must have a good reason to motivate yourself. Track your expenses often. Cut expenses and/or increase your income if you need to. Decide to make changes and do them today.

Chemain Evans is a quality control specialist for Simple Joe, Inc., makers of the popular Simple Joe's Expense Tracker PC software. Expense Tracker is a quick and simple way to keep track of your expenses and stay within your budget. Expense Tracker is ideal for tracking personal, business, home and club expenses.

<http://www.simplejoe.com/expensetracker/index2.htm>

The Secret to Keeping Your Budget on Track

by Darlene Arechederra

"Don't find fault; find a remedy." -- Henry Ford

B-u-d-g-e-t. The very word can cause us to tremble in our new boots! But a hard-working soul need not fear -- there's a simple way to win the battle of the budget. It's great fun, and what better time to get started! So what's the secret?

Build Some Rewards and Fun Into Your Budget!

Think this tip is too simple to be effective? Consider the last time you blew your budget. You were probably zipping along just fine. Life was great. A month later, you slipped up just a bit. Two months later -- boom! Your budget's blown, big time. How long did it take you to get back on track after that?

Think back on your most recent project. Was there a reward waiting for you after completion? If not, did you feel as if the project took forever, with no light at the end of the tunnel? Your rewards will serve as a mini-light at the end of your tunnel.

How to Set Up Your Goodies List

Here's where the fun starts. Your Goodies List will be your own personal list of rewards, fun, or items you'd like to buy or do. Jot down some things that excite you, things you can look forward to. Why? Because there's no budget on the earth that will work if you have no motivation to keep going.

The Secret to Keeping Your Budget on Track cont...

How to Use Your Goodies List to Motivate You

For every month (or week) you're able to stay on track with your budget, reward yourself with one item from your Goodies List. Keep your reward in a range you can easily afford (just make sure it's enough to motivate you.) Try \$40 or less for a monthly reward. For weekly, try \$10. Even \$5 can energize you.

In the past, you might have felt as if you were 'giving up' things to stay on track. You'll find that you're not giving up anything at all. You're simply targeting the things you really want or need, and rewarding yourself for not making those budget-blowing purchases. It's easy to burn out or feel deprived if there's nothing to show for your hard work.

Affordable Suggestions for Your Goodies List

Longing to change the colors in your bathroom?

Try:

- A towel to match your new color scheme.
- A can of paint
- A new shower curtain
- A new rug

Dreaming of taking up writing?

How about:

- A course on writing
- A book on writing a best seller
- Paper, pens, resources, software for writers
- A new writing area in your home

Yearning for fancy new tires for your hot rod?

Try:

- For each month/week you stay on track, write yourself a check for your reward amount and tuck it into an envelope.
- When you've saved up enough to purchase one tire, go shopping! Write one check for the tires, then destroy the other checks. Update your checkbook, making up any small difference.
- Buy your tires one at a time as you 'earn' them. If there's a huge discount for buying more than one at a time, simply keep saving your checks until you can buy more than one (only do this if you can stay motivated.)

The Secret to Keeping Your Budget on Track cont...

Simply want to feel more secure?

If money itself will motivate you, consider this:

- Write yourself a check as your reward instead. Use it to open a savings account. Name your account, writing the name on the cover of a pocket notebook.
- Carry it in your pocket or purse, tracking every deposit you make in this notebook. Keep your balance up to date.
- Make it a big deal (it is, you know).

So, how motivating is that? Keep in mind, your rewards are not just for keeping your budget on track. Use your Goodies List to help you ward off procrastination and keep you energized to complete your projects (even those dreaded chores).

Now, tweak your plan until you've got it working for you. Go ahead -- get started today!

Darlene Arechederra offers simple, unique strategies to help others move from spending to saving. She believes the trick is to discover which ideas work best for each person – because their money isn't one-size-fits-all. Darlene encourages others to discover their *own* unique strategies for saving money! Sign up today for free newsletter:
<http://www.RatRaceRemedies.com>

Has the Money Sponge Absorbed YOUR Money?

by Darlene Arechederra

You drag your tired body from the cab of the tow truck. Ah... home, sweet home -- three hours and \$65 later. Who could have known the transmission would call it quits right in the middle of evening rush hour? Of course, your mechanic has been warning you for months now.

There's no money for a transmission, new or old. You can't afford new car payments, either. You just charged the towing to a credit card.

It's not as though you haven't worked hard to save some money. For over a year now, you've brought your lunch 4 times a week. You've cut out all long-distance calls, as well as miscellaneous spending. You'd estimate the money saved at around \$3,000.

Plopping onto the sofa, you sip a hot cup of coffee. Your half-frozen fingers begin to thaw... Feels good to finally relax. But then the worry sets in...

All that Work for Nothing

Where is the \$3000 you worked so hard to save? It's not in the checkbook. No sign of it in your savings account.

Hmmm...

There's a well-kept secret that we're going to expose now. A secret exposed no longer holds the power it once had...

The MONEY SPONGE has been visiting your checkbook while you were about the business of living.

The \$3000 you *saved* was not taken out of circulation, put into a savings account, tucked away. It was left high and dry, totally defenseless in your checkbook. Steadily, quietly the Money Sponge absorbed it, one bite at a time. There is now NO evidence that you ever saved \$3000.

You need that money urgently right now, but it's simply not there. It slowly got spent on other things. Things you couldn't identify if asked. You begin to feel as though you're not any better off than you were a year ago... All that work -- for nothing!

Has the Money Sponge Absorbed YOUR Money? cont...

Take it out of Circulation

Friend, you must put up ALL money saved. If you don't, chances are that you may work hard at *saving*, yet never really get ahead. If the money will not be there when you need it, why are you working so hard to save it? How long will you stay motivated if you never see the 'fruits' of your labor?

If you don't begin putting up smaller amounts of money, chances are that you'll never put up larger amounts. That day simply won't arrive.

The Money Sponge is sitting there quietly, comfortably settled in for the years ahead... Are you going to let it win?

Now, kick back, finish your coffee. And while you're at it, figure out *how* you will tuck away that little bit of money, even if it's only \$5 at a time. You earned it by not spending it. Take it out of circulation!

Darlene Arechederra offers simple, unique strategies to help others move from spending to saving. She believes the trick is to discover which ideas work best for each person -- because their money is not one-size-fits-all. Darlene encourages others to discover their *own* unique strategies for saving money! Free weekly newsletter.

<http://www.ratracemedies.com>

Budgeting When Your Paycheck Varies

by Terry Rigg

How can you decide how much you have for bills and expenses when your paycheck varies from one payday to the next? That's a question a lot of people struggle with.

A few of the occupations that I can think of off hand that could fall into this category are waitresses or waiters working for salary and tips, truck drivers that are paid by the mile and never know how many miles they are going to get, the self-employed that their business income varies from season to season, and the list could go on.

Trying to manage your finances with a steady income is hard enough but when you never know what your paycheck will be seems almost impossible, but it's not. It is, however, going to be a little more tricky.

In my Budget and Bill Organizer I talk about averaging your expenses like your phone and electric bills that vary from month to month. The same principle can be used to average your income.

The first step you need to take is to find records of your pay for as far back as you can. It would be best if you had records going back for at least 6 months.

Take these records and total the amounts you were paid for the entire period. Then divide that by the number of months you have records for. This will give you your average monthly income.

If you don't have any record of your previous pay you may need to go to your employer to get the information. If there is no way to get this information you should start a log of how much you get paid and use this to develop your budget.

Once you have determined your average monthly income you will need to develop your budget just as if this was your regular pay.

Here's where it gets tricky. You aren't always going to make the amount you have budgeted. The only way to handle this is to save when you make more than what you have budgeted.

Budgeting When Your Paycheck Varies cont...

Here's an example:

You have determined that your monthly budget is \$2000 per month;

In January you earn \$2500. You will need to put away \$500 of that money so that you can make up for any month that your income falls below \$2000.

This sounds like a simple solution to a complex problem but it may not be as easy as it sounds unless you are accustomed to saving money. It will take some discipline to make sure that money is there when you need it.

There could be a bright side to this method. If you are able to put the extra money away and you have several months that you make more than your budget you could end up with a sizable savings account.

When setting up your budget make sure that you don't underestimate your bills and expenses. This is one of the major reasons many budgets fail.

By averaging your income it will prevent the "Feast to Famine" approach to your spending. It only makes sense to spread your income out so that you can cover all of your bills and expenses every month.

Terry Rigg is the author of "Living Within Your Means - The Easy Way" and editor of The FREE Budget Stretcher Newsletter and Budget Stretcher web site. He has 25 years of experience counseling individuals and families concerning their personal finances. Visit <http://homemoneyhelp.com>

Are You Afraid Of A Budget

by Terry Rigg

There's that horrifying word. The one that makes so many people cringe at it's very utterance. It seems like they could make a very good spooky movie with the title "You Have To BUDGET!".

Yeah, that's a little dramatic but I have been helping people with their personal finances for almost 30 years and it's not too far off base. The word scares the daylights out of some people.

You should see their faces when I tell them they are already budgeting no matter whether they have anything written down or not. It's a fact.

Whether you run your budget out of your wallet or on a printed budget form you are still budgeting your money. The main difference is that running your budget out of your wallet doesn't have a plan or anyway to control your spending.

Maybe we should refer to managing our finances as a road map instead of a budget. It doesn't sound quite as bad and it identifies what you are doing more clearly.

Budgeting is exactly like taking a trip in your car. You know where you are and where you want to go but you need a road map to find out how to get there. You are simply developing a plan or route if you prefer.

No one would even consider starting out on a trip to unfamiliar places without a road map. Why would you consider managing your money without a budget?

The reason most people give for not budgeting their money is that it will deprive them of the things that they want. They are right to a certain extent.

If they want something that they can't afford then, if they are living by their budget, they won't be able to get it right now. However, if they plan their budget correctly they will eventually be able to get what they want and know that they can afford it.

Almost all of the people that I have counseled over the years either don't have a budget in place or wouldn't have any idea of how to start one. This is one of the main reasons that so many people are having serious financial problems.

Are You Afraid Of A Budget cont...

Then you have the people that start a budget and within a few days or weeks it's just sitting in a drawer somewhere. Chances are that the budget they had was too difficult and takes entirely too much time to manage. That's a big mistake.

A budget should be as simple as possible and take only a few minutes on payday to manage. Sure, it does take some time and effort to setup your budget properly but after that you just sit down on payday, write out your bills, make a few notations on your budget forms and do some filing. This is what it takes to stick to a budget.

The best part about having a budget is that you will always be able to answer the question we ask ourselves many times in our lifetime, "Can I Afford That". You will have the answer at your fingertips. Yep, sometimes the answer will be NO!

Terry Rigg is the author of Living Within Your Means - The Easy Way <http://www.homemoneyhelp.com/ebookadpage.html> and editor of The FREE Budget Stretcher Newsletter and Budget Stretcher web site <http://www.homemoneyhelp.com>. He has 25 years of experience counseling individuals and families concerning their personal finances.

How Did I Get In This Mess?

by Terry Rigg

When I was younger and having all kinds of money problems, I ask myself this question a thousand times. It seemed like one day we were doing fine financially and the next we owed everybody. How can it happen so quick?

This is a problem that a lot of people are experiencing today. It can be one of the most helpless and frustrating situations most of us can find ourselves in. To make matters worse, it seems the harder we try to get a handle on our finances the deeper in debt we become.

There isn't an answer that covers everybody, naturally, but I believe that in most cases we simply weren't paying close enough attention to the details of our finances. We figure that an extra payment here or there won't make a difference, until it's too late.

I know for myself and most of the people I have counseled over the years, that it wasn't until we took a good hard look at how we got ourselves in debt, that we were able to start working on a way out. This isn't for the purpose of placing blame, but is necessary to determine what changes needed to be made and to prevent it from happening again.

I have found that very few people, including myself, have ever been taught even the basics of proper money management, either at home or at school. This hit home when I had to teach all three of my kids how to fill out and maintain a check book, after they graduated from high school. I assumed that they would learn this in school. I realize now that I should have been more aware of what they were not learning and accepted the responsibility of teaching them the fundamentals of handling their money myself. That was my job.

If you are just starting out in the work force or going to college, it is time for you to learn that you have to work at managing your money, everyday. It is essential that you learn as much as you can about setting up a budget and using every expense cutting method you can think of. Even if you are making good money you need to know exactly what you have coming in and what you have going out. There are a lot of people making \$70,000 or more a year that are having money problems.

There usually isn't just one thing that causes us to accumulate debt. It can be anything from buying more house than we can afford to running our credit card balances to the hilt. It almost always happens a step at a time.

How Did I Get In This Mess? cont...

Let me give you an example: You buy a house with payments that are more than you wanted to pay, but it is exactly what you were looking for, so you decide you can cut back in other areas. Now you've used all of your cash for the down payment on the house, but you still need furniture. It's time to break out the credit cards. You don't realize just how much the furniture, curtains, pictures, rugs, etc. will cost. Now your credit cards are reaching their limit. Then the electric bill comes in and it is double what you were expecting. This can all happen within just a couple of months.

The above example may not fit your situation, however, chances are no one purchase caused the problem. This is why it is absolutely necessary to pay close attention to your finances and plan every purchase. The only way to know if you can afford something is to have a budget in place.

For most people, there are too many expenses for the average individual or family to keep track of in their head. You have to take what ever time you need to put this information down on paper after considering all of your possible expenses. You can do this on a piece of notebook paper or find a simple budget form. Which ever way you choose, make sure that you review it before you make any purchases.

As I stated before, it is necessary to know what events led to your money problems so that you will know what actions to avoid in the future. This will be vitally important on the road to your financial recovery.

For an easy to setup and maintain budget, visit:

<http://www.homemoneyhelp.com/BBOonline.html>

Terry Rigg is the author of Living Within Your Means - The Easy Way and editor of The FREE Budget Stretcher Newsletter and Budget Stretcher web site. He has 25 years of experience counseling individuals and families concerning their personal finances.

Credit Card Debt Information and Resources

Avoiding Credit Card Traps

The Credit Card Disease

Lower your credit card interest rate now

Credit cards for people with bad credit scores

Avoiding Credit Card Traps

by James H. Dimmitt

The next time you open your credit card statement, take a closer look at the small insert titled "changes to your credit card agreement". You know the one I'm speaking about. It's that small, folded paper written in legalese that you promise to read some other time (but of course that time never comes) or you just discard it with the other "junk" inserts.

First and foremost you must understand that using your credit card after you've received this notification results in your automatic "agreement" to the new terms in the notice. To prevent these new terms from affecting your account you must stop using that credit card immediately or by the date given in the notification statement.

The most common modifications to credit card agreements include new APR's (annual percentage rates), new fees and/or changes to existing fees, or a change to the grace period on your account. The grace period is the number of days during which any credit used for purchases may be repaid in full without incurring a finance charge.

Not knowing or not keeping track of the dollar amount limit on your card is another trap you should avoid. Credit card issuers will allow you to charge a small amount over the limit set on your account. However, don't be surprised when you get hit with an "over limit fee", usually around \$35.00 or higher, on your next statement. Also, be prepared for your APR to be increased if you go over your credit limit.

You'll also trigger an increase to your interest rate if you miss your payment due date. Some companies consider your payment late if not received by noon or 1 p.m. on the date due. Along with the higher rate, you'll also pay a "late fee" of \$29 on up. Be sure to use the company's preprinted envelope when sending your payment. These envelopes allow the pre-printed bar code to be scanned by the post office so that it can be delivered more efficiently.

If you've counted on those few extra days from the time you mail your check and the time the check clears your bank, beware! Many credit card issuers have switched from the traditional method of processing checks to a new electronic process. This new system shaves off a day or more from the traditional method it normally takes for your check to clear by electronically debiting your account.

Avoiding Credit Card Traps cont...

If you're considering paying your credit card bills online, check to see if any additional fees will be charged for using this type of payment. I recently received an e-mail message from one of my credit card companies announcing how easy it would be to make my payments online. Included in fine print at the bottom of the e-mail was this note - "A fee of up to \$14.95 may be charged for this service and will be deducted from your checking account". Hmmm, spend 37 cents on postage and mail my payment five days before the due date or pay now and get charged an additional \$14.95 fee? I'll bet you can guess which choice I made.

Taking the time to carefully read and understand your credit card agreement now will help you save money by avoiding unnecessary fees or climbing interest rates later down the road.

James is editor of "To Your Credit" a FREE weekly newsletter focusing on money management news and tips. You can subscribe to his newsletter and also get a FREE copy of your credit report when you visit: <http://www.yourfreecreditreportnow.com>

The Credit Card Disease

by Jim Noel

The little disease that comes with those credit cards. Oh yes, we all get it in the mail, all those offers to get a credit card.

So tempting 0% financing for a year, no payment for 3 months, \$10,000 credit line, and the most dangerous, YOU ARE APPROVED!

We have all had a credit card in our possession at one time or another. Whether it is a department store, or gas card, or the most dangerous of all the MasterCard or Visa! Good at most places in the world.

Let's talk about the MC/Visa cards for a moment. These you can use everywhere, even at McDonalds. These cards tempt you with there low rates, big credit lines, and the ease of applying for one of these.

Now why do I call the credit cards a disease? Well you begin paying for that dinner out on the town, next thing you are doing is picking up a few items at your local Wal-Mart or other discount store.

You get the bill in the mail and you pay it off. Next month you put a little bit more on it, when the bill comes you pay it in full. Well this goes on for a few months, and you think, I am in control of this situation.

WRONG! Before you know it you are charging bigger ticket items, then you have that little problem with the car, and you use your MC/Visa to pay for it. The month is coming to an end and you are running low on cash.

Well you figure I just need a few groceries, so I will just put them on the ole charge card. Well the bill for that month arrives and your hair stands up on end because the balance is a lot higher than you thought.

What now, I don't have the money to pay it in full, so I will pay half of it. The cycle of spending on the credit card goes again for the next month. Sure you try to keep it down, but when the bill comes again you have sticker shock!

And now you have that balance starting to climb, and again you cannot pay the whole bill in full. As the months go by the ole credit card keeps getting used.

The Credit Card Disease cont...

Then the bad month comes up, the refrigerator goes out, the toilet over runs etc. Well even though you might have paid cash for these items, the one thing you forgot to pay was the credit card bill!

Oh my, it was due on the 10th of the month, and you did not send off the payment till the 8th of that month!
Woops, the payment arrived on the 11th.

To your dismay your next month credit card bill no longer has 0% interest; it has jumped to 18.9% or worse, just for being that one day late.

What I am trying to say here is that credit cards not only put your in a financial strain, but all so cause you health problems as the stress of being in debt has now gotten to you.

Bad things happen to good people. We don't intend for this to happen but it does, and sometimes out of our control.

Credit cards can be used for anything these days, and sometimes what life deals us gives us no choice but to use one if we have it. Even for hospital bills, medicines, food and what ever else we need to survive.

I know this for a fact! I am a person due to some very unfortunate circumstances find myself in this position, and it was not planned!

This is why I decided to sit down and write this article, to try to help get the word out that credit cards are bad for you financially and health wise.

The Credit Card Disease cont...

It does not matter what walk of life you are from, what color you are, where you live, etc., more and more people are filling for bankruptcy everyday, due to having problems with credit cards.

Even worse yet people are loosing there homes and possessions cause they cannot pay there credit card bills. Please don't get caught up with this disease, due it for you and your family.

If you would like to read more about my history with credit cards, I have set up a cheap little website to better tell you my story.

Jim Noel - Like to read more about my story go to: <http://www.freewebs.com/savejim>

Lower your credit card interest rate now!

by Jakob Jelling

With today's credit card companies, there are many opportunities to get your cards rate of 21% or more reduced. The higher the amount of interest your card charges will cost you more for a simple purchase and ultimately may take you years to pay off instead of months, should you make the minimum payment allowed. People often just pay the minimum balance as a way to improve their credit rating; this couldn't be a more dangerous way to increase your credit score. Leveraging the credit card company to say "Uncle" to your ability to switch over is easier than you think.

The switch over tactic

If your credit card interest rate is over 20% you should definitely seek relief in several ways. One of these ways is to let them know you are thinking of moving to a competitor's credit card because they are offering a lower rate. They will move promptly to earn your dollars and interest. Let them know how unsatisfied you are about their ability to reduce your percentage rate commensurate with your ability to pay your bill in a timely manner. They will probably put you on hold immediately and speak with a manager to get your rate reduced.

Don't be afraid to move to another credit card company

Some credit card companies will not budge when it comes to reducing your rate: even if you threaten to leave them. That is when you look for another credit card that meets your immediate financial needs. Shop around to the major credit card companies and seek out the best possible rates. You can also search on the Internet for sites that give the best credit card ratings. This will allow you to make a financial decision that can save you hundreds if not thousands in the long run.

There are a dozen reputable credit card companies in the market who are willing to sign you up to earn your interest. These cards will even offer to assume your previous credit card debt to help reduce the interest you are bearing on those accounts.

Jakob Jelling is the founder of http://www.cashbazar.com . Visit his website for the latest on personal finance, debt elimination, budgeting, credit cards and real estate.
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Credit cards for people with bad credit scores

by Jakob Jelling

Sometimes life lands you in a situation that causes your credit to suffer. A job loss or illness can send your credit rating south leaving you with nothing to do about it. Some creditors may let you slide a month or two, but your records will still show a delinquency. A stolen identity can also leave you feeling violated and unable to resume a normal life with credit. It is during these times you may have to search a little harder to find companies that want to deal with people who have bad credit. There are a handful of lenders who will help you re-establish your creditworthiness by using one of their credit cards.

The price you will pay

Searching the Internet will give you a good idea of what types of credit card companies will deal with bad credit. Companies like Capital One, Orchard Bank, Provident Financial and even Citibank have plans to help you get back on your feet again. But at what price will you have to pay? The price is interest. Interest rates from these companies can be up to 25-30% annually. So it is important to manage your money and credit more wisely.

One of the many benefits of using one of these preferred lenders is that they report positively to the major credit scoring repositories. That means if you make timely payment it will be in your favor and will help boost your credit rating back up. The interest you pay is a small price to pay to get back on your credit worthy feet.

The secured credit card route

Most of the major banks and lending institutions may seek a deposit matching mechanism called a secured credit deposit before backing a credit card for you. This card is used the same way that a normal credit card is, however the cardholder must fund it before using. If the cardholder deposits \$100 into the interest bearing account their credit card is funded at 100% of their deposit. Some credit cards can at their disposal issue double or triple matches to boost the amount the creditor can spend. The deposit of \$100 can return \$300 in credit terms. Secured credit cards also report positively to the credit agencies and will eventually become normal revolving accounts and the balances held for deposit are credited back to the cardholder's account. A very positive way for people with bad credit to obtain the financial vehicles they need.

Jakob Jelling is the founder of http://www.cashbazar.com . Visit his website for the latest on personal finance, debt elimination, budgeting, credit cards and real estate.
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Credit Score Information and Resources

4 Steps You Can Take If Your Online Credit Card Application Has Been Refused

How To Boost Your Credit Score

Do you Know the Benefits of Checking your Credit Report?

Some Truth About Credit

4 Steps You Can Take If Your Online Credit Card Application Has Been Refused

by Wesley Atkins

You received an envelope in the mail with a great offer for a low interest credit card. You read all the details, even the boring small print and decided that this card fit your needs to a tee. You filled out the required forms and anticipated the day that the card would arrive – you even got to pick which background you got. However, what came in the mail was not an acceptance and a brand new card but a denial. What is your first reaction? Perhaps anger. Perhaps sadness. Perhaps fear. Yet none of these will help you get a card!

So, what should you do?

1. The first thing to do is read the letter carefully. Two important pieces of information must be included in the letter you receive when you're credit application is disapproved: The specific reasons you were denied credit, or information on how to obtain those reasons, and, if a credit report was used in making that decision, the name and address of the credit reporting agency. Here are some possible reasons for denial:

Haven't lived at your current location long enough

Haven't been employed at your current job long enough

Your income is not sufficient to meet this particular creditor's minimum income requirement

Information supplied by the credit bureau

2. If the reason for your denial is unclear to you, then call the company for clarification. What were the exact reasons? What were the exact standards that you did not meet? This information is important to know and understand. If you apply for credit again and are turned down, then this reflects poorly on your credit report. The best advice for this situation is to wait at least 6 months if you have been denied by two different companies in quick succession.

4 Steps You Can Take If Your Online Credit Card Application Has Been Refused cont...

3. If you've been denied credit because of information supplied by a credit bureau, federal law requires the creditor to give you the name, address, and telephone number of the bureau that supplied the information. You should contact this agency for a copy of your credit report. Federal law states that you are entitled to a free copy if you've been turned down. Once you receive your report, check it for accuracy. Up to 40% of reports have errors. If you find an error, then you need to report this to the bureau in writing. Be sure to send along whatever proof you may have. Getting the credit bureau to investigate an error will not cost you anything and will save you a lot of time and frustration when it is corrected.

4. If mistakes on your report led to the rejection of your application, ask the credit bureau to send a corrected copy to the lender. Then you can ask the lender to reconsider your application. If however, you were denied because of a poor rating, only better spending habits and time will help you get the credit you desire.

Wesley Atkins is the owner of <http://www.credit-cards-advisor.com> - which aims to get you fitted with the best credit cards to suit your situation. With numerous credit card articles and easy online credit card applications you will never choose the wrong credit card again.

How To Boost Your Credit Score

by James H. Dimmitt

Years ago your credit score was a big secret, known only to a select few such as your mortgage and credit card companies. In 2000, Fair, Isaac Co., the major supplier of credit scoring software, announced they would begin sharing credit scores, also known as FICO scores, with consumers.

What is a credit score? A credit score is a tool used by credit grantors to determine your ability to repay your debts. The information in your credit report is compared and evaluated against tens of millions of other consumer credit reports which gives you a credit score or number ranging from 350 (highest credit risk) up to 800 (lowest credit risk). A higher score means you are less likely to make late payments or default on the credit extended to you. Your credit score will change as the information in your credit report changes over time.

Following is a short overview of the five major categories of credit information that are used in determining your credit score and guidelines for scoring higher.

PAYMENT HISTORY (35 percent)

Paying your current bills on time is the single most important factor in obtaining a high credit score. This category includes credit cards like Visa and MasterCard, retail accounts, installment loans such as those for a car or education, loans from finance companies, and home mortgages. Also included in this category are matters of public record such as bankruptcies, liens, wage garnishments, and collection accounts. The key to a higher score: Pay your bills on time!

HOW MUCH DEBT YOU CARRY (30 percent)

This category considers the amount of debt you owe on your various credit accounts. If you've "maxed out" your available credit, this could indicate that you are overextended financially and won't be able to make your payments on time or repay your debts completely. This category also examines how many of your accounts carry balances and how much money you've already repaid. Closing accounts with a zero balance does not generally improve your score in this area. The key to a higher score: Keep your credit card balances low.

How To Boost Your Credit Score cont...

LENGTH OF ESTABLISHED CREDIT (15 percent)

The longer you've had credit accounts the higher you will score in this area. The age of your oldest account and the average age of all your accounts are used in determining your score. Old accounts that have gone unused are also considered. The key to a higher score: Establish good credit and keep accounts active.

APPLICATIONS FOR NEW CREDIT (10 percent)

Opening multiple credit accounts within a short period of time represents a greater risk of becoming overextended. Each time you apply for credit an inquiry is made into your credit history and these inquiries show up in your credit report. A high number of credit inquiries will lower your score.

Some inquiries are not considered in your score. These include: requests by you for your credit report, inquiries from companies for pre-approved offers or companies that already do business with you, along with inquiries from potential employers. Some requests for credit are treated as a single inquiry especially when you are shopping for the best loan rate. The key to a higher score: Only apply for and open new credit accounts when you need them.

YOUR CREDIT MIX (10 percent)

This category examines the types of credit accounts you have and how many of each. Can a person have too many accounts? Yes and no. It really depends on whether you have an established credit history or no credit history at all. The key to a higher score: Open credit accounts only if you intend to use them.

Don't despair if you have a low score or are just beginning to establish credit. Your credit score will change for better or worse depending on how well you understand and use these five keys to your advantage in planning your financial future.

James is editor of "TO YOUR CREDIT", a weekly free newsletter to help you manage your personal finances. Subscribe to the newsletter by visiting http://www.yourfreecreditreportnow.com. He is also author of "Identity Theft - How to Avoid Becoming the Next Victim!" available at http://tinyurl.com/bc45
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Do you Know the Benefits of Checking your Credit Report?

by Mary Arce

Do you know why you should check your credit report?

Of course you do, because you have undoubtedly experienced them working in your life!

No matter where you roam, your credit report follows you through life, updating all aspects of your life: your employment, where you live, your opened credit accounts, your closed accounts, your payment history, and even City Hall public records on you.

In this country, a good credit history brings you benefits of all kinds—a home mortgage, an apartment lease, an auto loan, or even more credit—with ease.

Like a job resume, your credit file carries a lot of weight, that's why you need to keep an eye on what it says about you. Many options are cut off to you if you do not look "credit worthy" on paper. A bad report can mean higher rates on loans and insurance. It can also mean whether you get hired or promoted by a growing number of employers who now use them.

Even if you think you have a good credit standing and you pay your bills on time, you still need to review your credit file for accuracy.

Studies have shown that credit files have an error rate as high as 70%, often the result of simple human or computer error. Sometimes these errors show you being late in paying your bills when you are not.

Your file might even leave out information that could sway a decision in your favor. The most common error is where damaging information of another person, with a similar name or account number, is mixed into your profile.

Monitor your personal credit file so that you are alerted whenever negative or derogatory items are reported against you.

A neglected credit file can lead to some major inconveniences in the future. You should fix mistakes or remove any incorrect information as soon as you find it.

Do you Know the Benefits of Checking your Credit Report? cont...

Errors that creep onto your report take time to correct. Catching these mistakes when they occur helps resolve them faster.

When you improve your credit worthiness you can qualify for better rates - which adds up to big savings for you.

Even if you think you have an unblemished past, checking your report lets you know what a future lender or employer will learn about you.

If your credit report is less than perfect now, you can deal with lingering problems effectively, and move towards a better credit standing in the future.

A good credit rating means more money in your pocket and less out the door!

Mary Arce is a consumer advocate and author helping Americans solve their credit problems and save massive amounts of money on mortgage and credit card interest.
<http://www.1st-wealth.com/check-your-credit-report.htm>

Some Truth About Credit

by Darrin F. Coe, MA

Credit is currently and has been historically an integral component of our economy. Credit contribute a person's net worth, and financial power. No matter who you are or what type of business you are considering, credit is a vital component to be considered when developing your business idea and business plan.

Your credit history and status will always be a factor when lenders consider financing your entrepreneurial endeavor. No matter what type of loan, even loans for those who may struggle to acquire traditional financing, such as the SBA funded micro loan, will consider credit as one of the underwriting factors.

Because your credit history and status greatly impact your bankability and ability to acquire business funding, it behooves you to spend a significant amount of time developing and creating positive credit status and repairing poor credit history.

== personal note ==

When I got married I gifted my wife with a huge debt load and a toilet level credit status. Through diligence, patience, and time, I've been able to repair my history and develop credit status that has allowed us to finance vehicles, mortgage and refinance homes, and acquire construction financing. So I know you can repair your credit history and develop positive credit status but it takes patience, diligence, and a willingness to reprioritize your financial outlook.

== personal note ==

Some Truth About Credit cont...

Now, here is the not-so-secret formula for developing good credit and repairing poor credit.

1. Time

-- You will need to plan ahead if you want to acquire business financing. It takes time for bad spots in your credit file to be removed. It also takes time to engage in the process of having them removed. You must also spend some time engaging in positive credit behavior.

2. Diligence

-- You will need to pay very careful attention to your financial details. If you want to start a business in two years, you'll need to begin keeping very careful and detail files concerning all of your credit practices. You'll need to be on top of payments and purchases you make and always be alert to avoid behavior that could be detrimental to your credit status.

3. Patience

-- Developing and repairing credit is a process that does not happen over night. Every time you challenge an item on your credit report it involves a process that requires patience. Every time you apply for credit, the application process will require patience. This goes hand in hand with time; developing good credit that you can invest in a business idea takes time and won't happen overnight so be patient. That's why you need to be passionate about your business idea. It must be able to stand the test of the financing and credit process.

4. Financial Wisdom

-- You must begin to start making sound financial decisions. Consider every financial decision you make as if it were contributing to you becoming a millionaire. Be wary of high interest commercial credit and instead attempt to acquire lower interest banking credit such as vehicle loans, mortgages, or home improvement loans. Consider each purchase you make in light of it's impact on your credit. If you make a give purchase will it inhibit you from making a loan payment and reducing debt. Begin to think in terms of debt reduction and expense reduction as ways to increase your wealth and credit status. Having less debt is just as important and financially beneficial as having extra spendable cash.

Some Truth About Credit cont...

In the end, you need to take a long term view concerning funding and credit as you begin preparing to make your business dreams come true. It won't happen overnight but if you do it right and pay attention to the details, such as building sound credit, it will happen and you'll increase your wealth and power.

Darrin F. Coe is a weekly columnist and the author the ebook, "Micro Loans: Finance Your Dreams" available at <http://dcoe1.tripod.com/microfinance>

Debt Elimination Information and Resources

The Simple \$10 Debt Elimination Solution

Debt Reduction Companies - What to Watch Out For

Create Your Own Ultimate Debt Elimination Plan

Finding The Right Answer For Your Debt Problems [About Bankruptcy]

Debt relief from debt consolidation

5 Surefire Ways To Eliminate Credit Card Debt

How To Avoid The Pitfalls Of Creeping Debt

The Simple \$10 Debt Elimination Solution

by James H. Dimmitt

Ask a friend what resolutions they made for 2004 and you're bound to hear them reply "Pay off my credit cards." Ask them how they planned on reaching that goal and many of them will not have a clear cut answer.

The obvious first step to paying off credit card debt or paying down credit debt load is to cut back or eliminate the use of your credit cards. For some people this first step can often be the most difficult. If you're used to spending freely with plastic and worrying about the consequences later, it's difficult to break free from this "buy now, pay later" attitude.

To gain control of their careless credit card spending habits, some people cut up their credit cards therefore making it impossible to use them. Others lock up their credit cards or hide them in a safe place and vow to use them only in an emergency.

The second step to paying down credit debt is to pay more than the minimum balance due. Most credit card companies require a minimum monthly payment of 2.5% of the outstanding balance. For example, if you have an outstanding balance of \$1100.00 on a credit card charging an Annual Percentage Rate (APR) of 18.9% your minimum monthly payment would be \$27.50. It will take you 66 months or 5.5 years to pay off your balance of \$1100.00 making the minimum payments. The credit card company will make \$676.94 in interest from your use of their credit card.

Monthly payments are purposely kept low by the credit card companies so that they can earn as much as possible from the interest rate charged to you the consumer. Paying just the minimum payment will keep you tangled in credit's web for years and years to come.

If you've been paying only the minimum due month after month, ask yourself this question, "Do I have an extra \$10.00 I could apply to this month's payment?" I'm sure that most of us could find some way to come up with an extra \$10.00 for the month. Try cutting out a few cups of coffee or lunches at your nearby fast food outlets and in no time flat you'll have saved up the extra money that you need.

The Simple \$10 Debt Elimination Solution cont...

Now, it's time to unveil "The Simple \$10.00 Debt Elimination Solution." Take that extra \$10.00 and add it to the minimum monthly payment above, therefore making a payment of \$37.50. By adding just that \$10.00 a month to your minimum payment, you'll trim 23 months or nearly two years off of that credit debt! On top of that you'll save \$277.00 in interest alone! That's money you can put toward savings or paying off other debts. Imagine how much you'd be able to save if you applied this same simple strategy to each of your other credit card debts!

Paying down credit debt doesn't always mean having to make huge monthly payments or sacrifices. It just takes some basic planning and a simple effective strategy to make it work.

James is editor of "TO YOUR CREDIT", a weekly free newsletter to help you manage your personal finances. Subscribe to the newsletter by visiting <http://www.yourfreecreditreportnow.com>. He is also author of "Identity Theft - How to Avoid Becoming the Next Victim!" available at <http://tinyurl.com/bc45>

Debt Reduction Companies - What to Watch Out For

by David Berky

Question:

I have recently heard of agency out there that will reduce your debt by 70%, just by them somehow talking to them [your creditors]? Do you know anything about this method? Is it legit? I have even heard it on my local radio station and they talk like it is totally legit. - Kevin

Answer:

It really depends on what they mean by "reduce your debt by 70%" and most likely it is "up to 70%" and not all customers can get a 70% debt reduction.

What could this mean?

Several things. One could be bankruptcy. Several "companies" and "debt counselors" are just fronts for bankruptcy attorneys. A Chapter 13 bankruptcy can significantly reduce your debt. All your creditors get notified and have to respond in order to maintain their claim on you. If they don't respond, they lose out and you don't have to repay the debt.

A judge will then look at your income and decide what you can afford to pay toward your debts each month. S/he then decides how long you will make payments and what portion of each payment goes to which remaining creditors.

But, of course, a bankruptcy on your credit report completely hoses your credit. You can still borrow money, but you will be paying 25% rates and it will cost much more in the long run. Also your bankruptcy may not be approved and you could end up owing the attorney money for his/her time.

OR it could be a form of debt negotiation. The company calls up your creditors and tells them that you are considering bankruptcy. If they want to help you avoid bankruptcy (and thus preserve your debt to them) they must either lower the amount you owe, reduce the interest rate, or halt the interest charges.

Sometimes this works, sometimes not. But when a creditor writes off part of your debt, they usually report it to the credit agencies and it appears on your credit report and also adversely affects your credit scores. They may also flag your file as a possible bad debt and later deny you additional credit or services.

Debt Reduction Companies - What to Watch Out For cont...

OR it could be that they are trying to help you lower your monthly payments, usually through a debt consolidation loan, home equity loan or a complete refinancing of your home. If this is the case and you don't own a home, they will quickly "refer you to someone who can help" (yeah, right!) because they are just looking to make a quick \$5000 on loan fees. These companies are just fronts for mortgage brokers.

OR other companies want you to make a single payment to them and offer to pay your bills for you. They use teasers like reducing your debt 70% to get you in their door. While it may seem nice to only have to make one payment instead of 10, there is usually a hefty start-up fee and you pay the company monthly fees of up to \$50 or more for this service. (10 stamps are much cheaper.)

The problem with this arrangement is that you have not done anything to change the habits and actions that got you into trouble to begin with. And you have no direct feedback as to how the debts are being paid off. And if the company should have financial troubles and miss some of your payments, your credit report could get hammered (this happened in Utah recently).

These companies realize that you probably will continue to get further into debt, but by doing this you will continue to be a good customer for them. If they make money off of you, they have a motive to keep making money from you. So do they really want to see you get completely debt free or just remain a steady customer?

Watch out for companies that want a large up front fee (more than \$200) or will charge monthly fees to manage your bills. Watch out for companies that claim they can clear up your credit report; some try illegal tactics that will get you (not them) into trouble. Remember you are considering employing them to negotiate with your creditors on your behalf; be sure you know exactly what they are going to do and say. If they don't disclose their methods, watch out.

Debt Reduction Companies - What to Watch Out For cont...

Also remember, just like they say, "Don't believe everything you read," don't believe everything you hear, especially in advertisements. Radio and TV stations generally do not take much responsibility for what their advertisers say; that is up to the FCC and FTC. If you purchase an ad you can pretty much say what you want so long as it doesn't get the station in trouble. Check out some 2 a.m. infomercials; they are a hoot!

David Berky is president of Simple Joe, Inc. makers of the popular Debt Eraser PC software, which helps people create a rapid debt reduction plan to get themselves out of debt much sooner and save \$1000s in interest payments. Visit <http://www.simplejoe.com/debteraser> for more information.

Create Your Own Ultimate Debt Elimination Plan

by David Berky

The method is simple.

- 1) Set a monthly amount.
- 2) Pay all minimum amounts.
- 3) Pay extra money toward the debt with the highest interest rate.

This method will ensure that you pay the least amount of interest and repay your debts as soon as possible.

The trick to paying the least amount of interest possible is to pay extra money toward the debt with the highest interest rate. Obviously you want that debt paid off as soon as you can. Each month it costs you the most.

The trick to paying off your debts in the least amount of time is to set a fixed total amount to pay each month. The trap many people fall into is that they only pay the minimum payments. These minimum payments are designed to keep you paying that high interest rate for as long as possible.

By paying a fixed total amount each month, as one debt is paid off, you will have more money to pay towards another debt. This is often called the “snow-ball” effect.

But first things first.

First, determine your ability to pay. If your total payments are much more than you can afford, you are in trouble. You may need to contact a non-profit credit counseling agency. You can find them in your local phone book or online.

But be careful of companies that want an up front fee. Check with your local Better Business Bureau for recommendations.

Next you need to make a commitment to stop getting further into debt. Cut up your extra credit cards or put them where you cannot easily get them. If you are living a lifestyle that depends on credit, you will soon dig a hole you cannot easily climb out of.

Create Your Own Ultimate Debt Elimination Plan cont...

Stop spending more than you make each month and don't count on future bonuses, inheritances, refunds or other non-dependable income to bail you out. If you make \$2000 a month you can only spend \$2000 a month. Look for ways to cut back and purchases you can postpone or do without.

Now, let's look at each step of your ultimate debt reduction plan more closely.

First, determine how much you can afford to pay each month toward your debts. At the minimum it should be the total of all your minimum payments for the current month.

You may need to examine your spending for the last several months. Find things you can eliminate or do without for a while. Postpone purchases, cancel subscriptions. Anything to free up more money to pay off your debts.

You may even want to postpone investing for awhile. Are your investments beating that 18% you are paying on your credit card? If not, a better investment would be to repay your debts.

Once you have your monthly debt repayment amount set, you need to write down each monthly debt you are paying. Record the creditor's name, the current balance, and the interest rate. Then take a separate sheet of paper and reorder the debts so that the debt with the highest interest rate is at the top.

Now as each monthly bill comes in pay the minimum payment. Subtract the minimum payment amount from your set monthly total. After all the bills are paid for the month, take any extra money left over and make another payment on the debt at the top of your list.

You can make an additional payment this month or save the money to add to next month's bill. But don't spend it!

Create Your Own Ultimate Debt Elimination Plan cont...

As each debt is repaid, cross it off your list, but keep paying the total monthly amount you set at the beginning. This will accelerate your debt repayment and save you hundreds or even thousands in interest charges.

The two keys to your ultimate debt elimination plan are to 1) stop getting further into debt and 2) set your monthly debt repayment amount. The rest is easy. You will be debt free before you know it!

Debt Eraser can help anyone get out of debt quickly and inexpensively by creating a Rapid Debt Reduction Plan. This article may be freely distributed as long as the copyright, author's information and an active link (where possible) are included.
<http://www.simplejoe.com/debteraser/index2.htm>

Finding The Right Answer For Your Debt Problems [About Bankruptcy]

by James H. Dimmitt

As credit card bills begin to stuff our mailboxes, many consumers are faced with the hard reality that they went overboard with their holiday shopping. And for those who don't pay the balance due in full, you'll also wind up paying interest charges. For some people this can be the beginning of the end as they can't see a way to manage the burden of their credit card and other debts.

"Wipe the slate clean", "escape the pressure of credit card debt", "call our bankruptcy hotline for an easy way out" the bankruptcy lawyers proclaim in their slick television commercials. Last year 1.6 million people filed for bankruptcy in the U.S. Is bankruptcy the right answer for your debt problems? Make sure you have the facts before making a decision that has lingering effects.

A bankruptcy stays on your credit report for 10 years. You'll be able to get credit in the future, but at higher interest rates, even after your bankruptcy is completed.

A bankruptcy does not "wipe the slate clean" nor does it mean you are totally debt-free. Alimony, child support, back taxes and most student loans are not exempt from bankruptcy proceedings.

There are two basic types of personal bankruptcy: Chapter 7 and Chapter 13. Both must be filed in a federal bankruptcy court. You will have to pay about \$160.00 in court fees. Attorney fees are additional.

Chapter 7 bankruptcy involves the liquidation of all your assets that are not exempt from the bankruptcy settlement. Exempt property may include automobiles, some household furnishings, and property needed for work-related use; for example if you were a mechanic the tools you use to perform your work would be exempt from the bankruptcy settlement. Exemption dollar amounts vary from state to state.

Under this plan the court appoints a trustee to handle the liquidation of your nonexempt property. The trustee can sell or turn over your property to your creditors if you have more than the allowed equity.

Finding The Right Answer For Your Debt Problems [About Bankruptcy] cont...

A Chapter 13 bankruptcy allows you to keep property, like a mortgaged house (provided there are no liens on it) or a car, as long as you have a steady income. A Chapter 13 bankruptcy is a court-ordered and approved repayment plan to your creditors, usually over a 3-to-5 year period without surrendering any property. However, any earned income over the budgeted amount for basic maintenance will be distributed to your creditors.

Financial experts agree that a bankruptcy should always be the last resort used for managing your debts. An alternative to bankruptcy is personal credit counseling. Call the Consumer Credit Counseling Services at 800-388-2227 to find an office near you. A professional counselor can help you decide the best way to handle your debt problems.

James is editor of "TO YOUR CREDIT", a free weekly newsletter offering money management news and tips. Subscribe to the newsletter by visiting <http://www.yourfreecreditreportnow.com>. He is also author of "Identity Theft - How to Avoid Becoming the Next Victim!" Details available at <http://tinyurl.com/bc45>

Debt relief from debt consolidation

by Jakob Jelling

If you are up to your neck in debt, there may seem like there is no relief in sight. In fact this is not necessarily the truth. There are ways to take all of your stifling bills and roll them up into one neat package by using debt consolidation in two very popular forms Home Equity Loans, Refinancing Loans, and a Consolidation Credit Card. All of these instruments provide the debtor with one thing “relief” from the current debt by shrinking it down to a single manageable debt.

Using home equity to consolidate debts

One of the popular methods of debt consolidation today is the Home Equity Loan. What happens is that the debt is extinguished using the equity from a homeowner's home. A loan is created outside of the mortgage in order to satisfy the debts. Should the homeowner default on the loan, their house is in jeopardy of being foreclosed upon if that loan is not satisfied with a specified amount of time.

Refinancing loans

People often consume the debt by rolling it into a new mortgage. This way the house costs more money to the borrower, but the debt is extinguished at close and the debt is neatly rolled away into the mortgage securely. Upon settlement of the loan, the debts are paid in full and satisfied. The clock on the mortgage is reset to day one.

Credit card consolidation

A low interest credit card is offered to the borrower to include any outstanding credit and loan balances. The interest rate is a low fixed rate for a period of up to one year, upon the year's end it will resume at its normal rate. Upon acceptance and terms the account should be closed once paid in full and payments be made directly to the new credit card provider. Some people have been able to master paying off one credit card with another to keep the debt revolving and interest rates low. Some people fail to close out the previous creditors account and run them back up again as well.

Debt relief from debt consolidation cont...

All three of these options provide solid relief for the debt and help them reconstruct and manage their debt better.

Jakob Jelling is the founder of <http://www.cashbazar.com>. Visit his website for the latest on personal finance, debt elimination, budgeting, credit cards and real estate.

5 Surefire Ways To Eliminate Credit Card Debt

by Wesley Atkins

Summary: If you are suffering from credit card debt, here are 5 surefire ways to get you back on track

Do you have enormous credit card debt? You are certainly not alone. According to research, the average family in the United States has \$7000 in credit card debt and pays about \$1000 in interest each year! Throw in a late payment or two, or an over-the-limit charge, and that number skyrockets. Imagine what you could do with that \$1000 if it weren't being spent on interest.

Let's imagine for a moment that you have \$5000 debt on one credit card that is charging you 17.5% APR. Let's also imagine that you pay only the minimum due of \$25/month on this card. Guess what? You will never pay it off! The interest alone on this card is \$73/month!

That means that each month you get further and further into debt. By the time you have been paying on this \$5000 for 10 years, assuming you have not used the card during this entire period of time, you will owe \$20,385! That's over \$15,000 in interest. If you triple your payment to \$75, it will take you over 20 years.

So, what do you do? How do you get out of debt and use that money towards other necessities, savings, and investments? Here are a few simple methods that you can use without having to go to an expensive financial counselor.

Tip #1: Cut Up Your Cards

The very best way to reduce your credit card debt is to STOP using your credit cards! There is no need to have more than one card, so pick the one with the lowest interest rate and cut up the rest. The one you keep should be deemed an 'emergency card.' These are true emergencies, not mere inconveniences. For instance, buying a new TV would not be an emergency, but renting a car in order to get to the bedside of a dying loved one would be. You can carry your emergency card with you, but don't make it too easy to use. One good suggestion is to cover the card tape and paper and write on it: For Emergencies Only.

5 Surefire Ways To Eliminate Credit Card Debt cont...

Tip #2: Move Your Debt

If you have more than one credit card payment, you may want to consider moving debt from a card with a higher APR to one with a lower APR. This will lower the amount of money you are spending towards the interest and get you out of debt faster.

Tip #3: Use the Snowball Principle

List all of your credit card debts, and the amount you are paying each month. Pay off the lowest amount first. Then use that money to start paying off the second lowest amount. And then the next and the next. Let's look at an example.

If you have a \$7000, \$5000, and \$2000 card with payments of \$150, \$125, and \$100, you will finish paying off the \$2000 card first. Once it is paid off, you take that \$100 and put it towards the \$5000 credit card. That means you are now paying \$225/month. You have increased your payments which will pay off that credit card sooner and will have you paying a lot less in interest. Once that is paid off, you apply the \$225 to the \$7000 card, making your monthly payment \$375. This will greatly accelerate the payment of this card, reducing your interest payments even further. When everything is paid off, you now have \$375/month extra to put towards savings or investments!

Tip #4: Prioritize Your Debt Repayment

One of the best ways to pay off your debts is to get rid of the highest interest payment first. Looking back at the snowball example, you took the lowest and paid it first. If, however, the \$2000 card had the lowest interest rate, you would want to pay off the card with the highest rate first. This will save you much more in interest payments.

If the math gets too hard here, don't despair. There are many places on the Internet where you can find good debt reduction calculators. It is then just a matter of punching in your numbers and reading the report.

5 Surefire Ways To Eliminate Credit Card Debt cont...

Tip #5: Consider Consolidation

If you own a home, you may want to consider consolidating your debt using a home equity loan. Since a home loan is a secured loan (they can take away your house if you don't pay) you have a much lower interest rate than you do on your credit cards. Paying a lower interest rate is always a good thing! Not only that, but the interest you pay on your home loan is tax deductible. This is NOT true for credit cards.

By following these tips, anyone can take control of and completely eliminate credit card debt.

Wesley Atkins is the owner of <http://www.credit-cards-advisor.com> - which aims to get you fitted with the best credit cards to suit your situation. With numerous credit card articles and easy online credit card applications you will never choose the wrong credit card again.

How To Avoid The Pitfalls Of Creeping Debt

by Debs

Reducing debt usually isn't a high priority for people until they have already gotten into trouble with overspending. Using a few basic guidelines, and debt calculations, can help you see when your debt load is getting into the danger zone.

Budgeting Guidelines

First off, creditors use budgeting guidelines when reviewing and approving credit. If your debt exceeds the financial communities recommended guidelines, then you have a higher risk of credit applications being denied.

Getting, and keeping, your debt in line with recommended budgeting guidelines, is an important step in reducing debt. Use the following recommended budgeting guidelines (the same ones used by Financial Institutions) to review the items in your budget:

- Housing 35% - Mortgage or rent, taxes, repairs, improvements, insurance, and utilities;
- Transportation 20% - Monthly payments, gas, oil, repairs, insurance, parking & public transportation;
- Debt 15% - Credit cards, personal loans, student loans & other debt payments;
- All other expenses 20% - Food, insurance, prescriptions, doctor & dentist bills, clothing & personal;
- Investments & Savings 10% - Stocks, bonds, cash reserves, retirement, rental real estate, art, etc.

Debt Income Ratios

The second step is calculating your debt income ratio. Once you know what your ratio is, you will understand just how important debt load is to your overall financial picture. Your debt income ratio is the percent of your monthly take-home pay that goes to paying debts.

You calculate it by taking the amount needed to repay debts each month, including rent or mortgage, and divide by your take-home pay (your net pay after taxes). Remember, this is "Debt" ratio, so only include actual debt repayment in the calculation.

How To Avoid The Pitfalls Of Creeping Debt cont...

Credit To Debt Ratio

Just because you pay off a credit card is no reason to close your account. One little known fact about the Credit to Debt Ratio is the reverse effect it has on your credit score. If you pay off a credit card, and close the account, you are actually negatively impacting your credit score.

The reason for this negative effect is in the calculation of the Credit to Debt Ratio itself. This ratio is the relationship of your debt total vs. your credit limit.

You calculate it by dividing the total credit limit of all credit cards and loan accounts by the total of the actual debt (spent total). Now, if you pay off a credit card, you are reducing the actual debt, which is great, but, if you close the account, you are also dramatically reducing the credit limit you have, and usually by a higher percentage than you are reducing debt.

Pay Yourself First

Essential to long-term financial success, and protecting your future, is paying yourself first. While this may seem easy to do, it happens to be the last thing most people do, instead of first.

Debts and other financial obligations, money for entertainment, and other spending always seem to take a higher priority. All I can say is, STOP! Think about it, if you aren't worth being paid first, then who is? Always put something away in your savings, and leave it alone. It doesn't matter if it's only \$5 a week, just do it!

Snowball The Credit Cards

Last, but not least, is making extra payments, not just the minimum payments, on your credit cards. You have probably already seen this method to reducing debt many times, but it just can't be stressed enough.

Paying just \$10 extra a month on a credit card, above the minimum required payment, can cut your repayment term in half, if not more! So, squeeze out that extra payment, however small, every month, and take advantage of the compounding effect of snowballing your way to reducing debt.

How To Avoid The Pitfalls Of Creeping Debt cont...

The Power of Financial Knowledge

Remember, you don't have to be a financial whiz to understand what's going on with your credit and debt. Just a few simple calculations, and an eye on the future, will go a long way to help you succeed financially and keep your debt under control. Be safe, be smart, do the math!

Debs is the editor of <http://www.DebtSteps.com> where you can get the answers you need about debt relief, consolidation, credit counseling and more. Subscribe to the free newsletter and discussion list at <http://www.debtsteps.com/debt-help.html> and get free money management worksheets in PDF and spreadsheet format. Get more information:

Compare the pros and cons of debt consolidation loans, service companies, and credit counseling. <http://www.debtsteps.com/consolidate-debts.html>

Understanding how your credit score can affect your debt relief choice
<http://www.debtsteps.com/credit-score.html>

Free Money Management Tutorials
<http://www.debtsteps.com/money-management.html>

**Family Finances
Information and Resources**

Teaching Teens The Value Of Money

Teaching Kids the Value of Money

Student Credit Cards 101: A Student's Guide to Credit

Money Is A Family Affair

Teaching Teens The Value Of Money

by Rachel Paxton

It isn't easy raising teens in today's materialistic society. The older they get, the more expensive the things they want or think they need. If they don't learn how to manage their money at a young age, they won't be able to make it in the real world.

We've tried to teach our teenage daughter from a young age that money and the things that money can buy can't bring you happiness, but that is no easy task. Especially when her parents aren't perfect role models.

We have picked up some tips along the way, however, that have given our daughter a better appreciation for money and how to manage her own spending habits.

- * We gave her a small allowance until she was old enough to get a part time job, and then the allowance went away. When she was getting an allowance, it wasn't enough to buy most things she wanted. She had to decide what she wanted to spend her money on and save to get it.

- * I helped her open her own checking account when she turned 16, and taught her how to balance her checkbook every month.

- * We encourage her to think of others, and not only herself. She decided on her own to set aside a portion of her income (tithe) to sponsor a child from the Dominican Republic. That experience has been very rewarding for her and she enjoys writing her own check out for it every month and receiving letters from her child.

- * I buy our daughter several outfits when school starts, and then a few things here and there throughout the school year. Anything extra or too expensive she buys herself if she really wants it.

Teaching Teens The Value Of Money cont...

- * Our daughter has learned to love a great bargain. She often shops at yard sales and thrift stores to save money.
- * We told our daughter we would buy her an inexpensive car for her 16th birthday, but she would have to pay for gas and insurance. This was a difficult adjustment at first, but has taught her to budget her monthly income.
- * She provides her own entertainment. I'll take her out to the movies or out to lunch, but if she wants to go with her friends, she pays. It's surprising how often she decides not to spend the money.

We don't expect our daughter to pay for all of her own expenses. We pay for a cell phone for her in case her car breaks down or she needs to let us know where she is. The point is not to make your teen 100% independent quite yet, but they should be close to being able to take care of themselves at this age and manage their own money. Our daughter has been learning how to manage her finances from a young age and I feel confident she will successfully manage her money on her own.

Rachel Paxton is a freelance writer, mom, and owner of four home and family web sites. For complete resources for the Christian home, visit her web site at <http://www.Christian-Parent.com>.

Teaching Kids the Value of Money

by Rachel Paxton

My husband and I have a 12-year-old daughter who wanted to go to a winter retreat with her church youth group last year. Price of trip – \$45. I told her I'd talk to her dad about it. "HOW much is it?" he asked, "didn't she just go somewhere with the youth group?" "Yes," I replied, "and also to two friends' birthday parties. Another one is coming up this weekend." We both agreed that was a lot of money for us to spend for our daughter to have fun with her friends.

But the retreat was a church activity. So we should have forked out the money for her go, right? Well, maybe. In the past year or so our daughter had made a lot of new friends and had been asked to be involved in a lot of new social activities. Last summer was the first year we could afford to let her go to summer camp for a week. It pleased me more than anything to tell her she could go.

The more we've let our daughter go do things with her friends, the more she takes those things for granted, and expects more. She then resents doing something so menial as her household chores. So now we make sure her chores are done before she goes anywhere. "Room's not clean, laundry not started? Better hurry and do them before you go do something with your friends. Don't have time? Then I guess you're out of luck." But that was only the start. Whenever the attitude starts in she's given a warning and then privileges start being taken away, one by one.

You have to figure out what works for you. You may have to teach each child individually, because each is motivated differently. If your children cheerfully hand over their allowance every time they don't take out the garbage, you should take some other privilege away.

Resist the urge to give your children too much allowance. Don't buy them things that they can save money for themselves, like designer clothes, CD's, magazines, make up, video games, etc. Even young children can be taught to save for small things. Almost nothing makes me more sad than seeing children who take their allowances for granted and never have to work for it. Parents aren't doing their children any favors by teaching them to expect everything to be handed to them. We sacrifice, and they don't appreciate it. Why should they? They don't have anything to lose.

Teaching Kids the Value of Money cont...

So did our daughter get to go on her retreat? We decided she could go if she paid \$20 of the \$45. She was not happy about it. She only gets \$3 a week allowance, and she was saving her money for a new CD. She stewed about it for awhile, and then forked over what money she had. We worked out a payment schedule for her to come up with the rest of the money before the weekend of the retreat, and we let her do extra chores to earn a few more dollars. Are we guilty of child abuse? Our daughter thinks so, but her dad and I know better.

Originally published at Suite 101.com. Rachel Paxton is a freelance writer, mom, and owner of four home and family web sites. For complete resources for the Christian home, visit her web site at <http://www.Christian-Parent.com>.

Student Credit Cards 101: A Student's Guide to Credit

by Rebecca Lindsey

If you're a college student, you probably already have a credit card. If not, you may have plans to get one or more soon. So why should you read on?

- Because financial debt is one of the main reasons that many students end up dropping out of college.
- Because your college years can be some of your most memorable—and some of your most costly. They don't, however, have to be the beginning of an adult life strapped with debt.
- Although you may still feel in limbo between your teen years and adulthood, it's time to take charge of your finances and manage them as an adult. The sooner you do, the sooner you'll be able to start saving and spending your own money.

For those new to credit cards and for others who know all about credit, let's go back to the basics.

Why do credit card companies court college students?

It's obvious by the friendly representatives who offer a free t-shirt or CD just for signing up in the student center. Or the applications slipped into bookstore bags. Or mail boxes crowded with card offers. Credit card companies want college students to carry their card.

Did you ever stop to wonder why? One reason is loyalty—once a person has a card in their wallet, they are likely to keep that particular card and its upgrades for years to come. Another reason: college students are good customers.

While this may seem ironic considering that most college students are without a steady source of income, Robert Manning, Ph.D., Professor in the College of Business at Rochester Institute of Technology and author of Credit Card Nation, says this is one example of how the credit card industry has changed radically in the past decade or so. "Previously, conservative rules deemed a good customer as one that paid their bills on time," he says. "Now, a good customer is one that can't repay their debt."

Student Credit Cards 101: A Student's Guide to Credit cont...

“Credit is no longer an earned privilege,” continues Dr. Manning. “It’s now considered a social entitlement, and the screening criteria (for card applicants) is weak.”

Banks make money by charging annual fees, late payment penalties and interest fees on unpaid credit card balances. Therefore, card holders with revolving debt (those who do not pay their balances in full each month) are desirable.

NellieMae.org illustrates this point beautifully through an example of a student with a credit card balance of \$7,000 at an interest rate of 18.9%. If this student faithfully makes the minimum monthly payment of 3% or \$25 – whichever is higher, and does not charge anything else to the account, it will take more than 16 years and \$7,173 in interest fees to repay the bill!

Additionally, Manning notes the banking industry has learned that college students will draw upon various sources of income to pay their debt—including student loans, money from part-time jobs, and as a last resort, many will ask a family member to supply the funds to get them out of debt.

How to make credit work for you, not against you

According to Nellie Mae, 81% of college freshman have at least one credit card. And for good reason. Credit cards enable online purchases—from text books to concert tickets, make it possible to rent a car, and help with medical emergencies or vehicle breakdowns. Used wisely, credit cards can be helpful throughout college, and can assist you in the development of financial management skills.

As soon as you get your first credit card or loan, you have entered the world of credit reports and scores. A credit report is compiled by credit bureaus and contains information about your identity and credit relationships, among other things. Credit scoring is a system that lenders use to help determine your ‘credit worthiness.’ Credit scores are based upon your bill-paying history, the number and type of accounts you have, late payments, collection actions, outstanding debt and the age of your accounts.

Student Credit Cards 101: A Student's Guide to Credit cont...

It's vital to know that your credit score affects your ability to get loans, car loans, and home mortgages. Future jobs and insurance premiums can also be influenced by your credit score. By paying your bills in full or in a timely manner, a credit card will help you establish a good credit score. Late payment or no payment will help you earn a poor credit score. For more information on credit reports and scores and how they affect you, check out CardRatings.com.

Developing a new view about credit

Mary Ann Campbell, CFP, founder of MoneyMagic.com and a money educator, cites unrealistic expectations as a major reason for high student debt.

Campbell, who teaches personal finance courses, says "Many students' expectations of their earning potential after college far exceeds what their actual income will be." She notes that some students use their credit cards with abandon during college, planning to pay off their debt when they land that great job after college. Indeed, some students forget that in order to get to the top of the career ladder, there are a few rungs, i.e., less paying jobs, they have to climb first. And the expense of starting a new job and life on your own can just add to existing debt.

Manning's website, CreditCardNation.com, contains a great resource for students seeking a more realistic view of the first few years after college. Using the 'Budget Estimator,' a module designed by Manning, students can identify an average yearly or monthly starting salary for jobs in their particular major. The program automatically figures in estimates for taxes and social security payments. Students can then plug in expenses for housing, car payments, utilities, food, insurance, telephone and internet bills, clothing, credit card bills, student loan payments, and entertainment, etc. The module lets you know when you have spent more money than you make, and allows you to adjust payments as necessary until you get the hang of how your money is best distributed.

Students that seem to have the most credit woes? Those who believe their standard of living during and after college should not vary from when they lived at home on their parents' income. Cable television, cell phones with cameras, and new cars become 'necessities' instead of nice extras.

Student Credit Cards 101: A Student's Guide to Credit cont...

Advice to grow on

When it comes to credit cards, students have great advice for other students. Heather, a college junior from Arkansas, recommends getting one card with a low limit. "This limits the amount of credit you have access to and therefore removes the temptation to spend more than you have or more than you can pay off immediately," she says.

Another student recommends selectivity. "Don't sign up for a card that charges an annual fee to use it, and read the terms of the card before applying. You wouldn't believe how many people don't know what an APR rate is." For more information on finding the best rated cards, check out CardRatings.com. You can read reviews of cards from other students and get the lowdown on perks of various credit cards.

Campbell has three recommendations for students: The first is open communication. Campbell says students who are educated about financial matters seem to have a better overall attitude regarding credit cards. Students should find a trusted source to talk openly with about money issues. Second, students should switch from spending behaviors (such as shopping) to activities that help you achieve the same feeling of gratification or reward, such as intramurals, exercise or campus organizations.

Last, but certainly not least, enroll in a personal finance course as soon as your schedule allows. Says Campbell, "If it's not required coursework, take it as an elective. You will learn a set of life skills that will not only help you right now, but also after college and for the rest of your life."

Rebecca Lindsey is a Senior Staff Writer for CardRatings.com . She began writing articles about consumer credit issues for CardRatings.com in September 2000.

Money Is A Family Affair

by Terry Rigg

If you are single and don't have kids this tip won't mean much to you. For the rest of us that have others to consider when making money decisions it just may make things a little easier.

I guess the best knock-down, drag-out fights my wife and I ever had was about money. No, it never came to blows because she's meaner than I am. Believe me you can have a lot of fights in almost 40 years.

At some point we realized that it wasn't accomplishing anything. We still didn't have any money but we never earned a nickel fighting about it.

To get a handle on your finances it is going to take a team effort. The whole family has to be working in the same direction.

My suggestion would be to sit down and talk your money situation over with your spouse and the kids. It's important for everybody in the family to know what is going on.

You may be surprised at what the kids will come up with.

When I bought my first house I made a miscalculation on how much I would need to come up with for the down payment. When I realized it we had maxed out our credit cards and wasn't sure where we would get the rest of the money.

My wife and I discussed this with the kids and they offered to baby-sit and mow lawns. They came up with enough to cover the down payment. I'll never forget how proud that made them feel and how proud we were of them.

All too often one person in the family is strapped with making the money decisions. This is a great idea and the best way to keep things organized but they shouldn't take all the blame when something doesn't work out.

A family solves difficult problems everyday. Money is just one of them.

Terry Rigg is the author of Living Within Your Means - The Easy Way <http://www.homemoneyhelp.com/ebookadpage.html> and editor of The FREE Budget Stretcher Newsletter and Budget Stretcher web site <http://www.homemoneyhelp.com>. He has 25 years of experience counseling individuals and families concerning their personal finances.

Home Debt Information and Resources

Little Known Secret: Eliminate your Mortgage in 23 years or less!

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Credit Help for Buying Houses: 14 Common Credit Mistakes

Little Known Secret: Eliminate your Mortgage in 23 years or less!

by Tom Levine

Wanna know a little secret? There is an ingenious method you can use, to pay off your 30 year fixed rate loan, in 23 years or less. It's straightforward, simple, and easy to understand. In this article, we're going to explore this little known secret, and we'll provide several examples of how it works, a few methods on how to implement, along with some information on where to go and how to get started.

1. Accelerated Payments:

By accelerating the payment structure on your loan, the life of the loan is reduced:

In a normal 30 year fixed rate loan situation, your monthly payment is applied towards principle and interest. It is amortized over the course of 30 years.

So any money above and beyond your normal payment is applied solely towards the principle of the loan.

By reducing the principle of the loan, you are reducing the total amount of interest that must be paid, and that equates to an early loan payoff.

2. An Illustration:

You bake a cake (principle), and put it in the oven. Once the cake is out of the oven, you'll need to frost it with icing (interest). Let's say your cake is 12 inches in diameter, and let's say you need 3 jars of icing.

But you're hungry, so you eat half the cake early. Now, the cake is only 6 inches in diameter. Because of this, you only need 1 jar of icing.

By reducing the cake (principle), you've reduced how much icing (interest) you need.

Furthermore, it takes less time to frost 1 jar of icing.

So, by paying a little more in principle, you reduce the interest owed. That reduces the life of the loan.

Little Known Secret: Eliminate your Mortgage in 23 years or less! cont...

3. Methods:

Think of it this way: All you have to do is make 1 extra monthly house payment a year. Do that and you reduce the life of your fixed rate loan by about 7 years! You can be as creative as you want to accomplish this, but here are 3 known methods:

Bi-Weekly Payments: Normally, you make your house payment once a month, or 12 times a year. But with a Bi-Weekly payment structure, you take your normal house payment, and divide it by two. This is the amount paid every two weeks, instead of once a month. By doing this, you basically make 1 extra (monthly) payment a year.

Double Payments: Double Payments simply means an extra house payment. Once a year, you write out a check for twice the amount. So, if your house payment is normally \$1,000 a month, then on December 1st, for example, you'd write out a check for \$2,000. This, in essence, accomplishes the same thing that Bi-Weekly Payments accomplish. You make 1 extra payment a year.

1/12 increase in payment: Increase your monthly mortgage payment by 1/12, and you accomplish the same thing. Let's say your house payment is normally \$1000. 1/12 of your house payment is \$83. So, you start making payments for \$1,083. Guess what? Your loan is paid off in about 23 years instead of 30.

Sidenote: A "Bi-Monthly" payment is not necessarily the same thing as a Bi-Weekly payment. It may just mean that you are paying $\frac{1}{2}$ your monthly payment on the 15th and $\frac{1}{2}$ is paid on the 30th. The key is this: Are you paying a little more each year, such as 1 extra house payment? If you are, then early payoff is your ripe reward!

Little Known Secret: Eliminate your Mortgage in 23 years or less! cont...

4. Here's an Example:

Bob has a \$300,000 loan at 7% interest, and his monthly mortgage payment is currently \$1995.91. Each year, Bob pays \$23,950.92.

Bob calls his lender, and his payment schedule is restructured as a bi-weekly payment. Every two weeks, Bob writes a check out for \$997.96. Because of the two extra payments this year, Bob will have paid \$25,946.83. His loan is reduced by about 7 years.

Or, on December 1st, Bob writes out a check for \$3,991.82. Because of this 1 extra payment, Bob will have paid \$25,946.83. His loan is reduced by about 7 years.

Or, Bob pulls out his calculator, and adds 1/12 to his monthly payments, which equates to \$166.33. Bob now writes out a check each month for \$2,162.24. At the end of the year, Bob will have paid \$25,946.83, and his loan is reduced by about 7 years.

5. The Next Step:

How disciplined are you? Because, if you're not disciplined at all (like myself), then what are the chances of you sticking with the program? Call your lender, and set up the bi-weekly payment. This way, you are totally hands off and it will all become automatic and habitual. You can always change it back if times get rough, but at least there's no temptation to revert back to cheaper payment.

Or, do you have online bill-pay with automatic payments? If so, go into your bank online, and add 1/12 to your monthly payment.

Can you afford to accelerate your payments even further? Adding 2 extra monthly payments a year, for example, reduces your loan by about 10 years. Of course, now it might be time to consider examining a new secret strategy, the 15 year fixed-rate loan!

Little Known Secret: Eliminate your Mortgage in 23 years or less! cont...

We've enjoyed providing this information to you, and we wish you the best of luck in your pursuits. Remember to always seek out good advice from those you trust, and never turn your back on your own common sense.

Copyright 2004, by LoanResources.Net Tom Levine provides a solid, common sense approach to solving problems and answering questions relating to consumer loan products. His website seeks to provide free online resources for the consumer, including rate-watch, tips and articles, financial communication, news, and links to products and services. You can check out Tom's website here: <http://loanresources.net>, or you can email Tom at info@loanresources.net.

Credit Help For Renters And Others On The Horizon

by James H. Dimmitt

"Sue" is a homeowner and pays her mortgage and other bills on time like a good credit consumer. Sue's on-time mortgage payments are reflected in her credit score profiled by the three major credit bureaus; Equifax, Experian and Trans Union.

"Joe" on the other hand is a renter, who wants to buy his first home in the near future. He pays his rent on time every month as well as his phone and utility bills. Joe is also a good credit consumer but his on-time payments are not reflected in his credit profiles. Why? Because the major credit reporting agencies are not set up to track this type of payment and therefore they are not reflected in Joe's credit score. Chances are good that Joe's credit score will be lower than Sue's because his on-time rent payments go untracked by the credit bureaus.

As a result Joe will be quoted a higher interest rate and higher fees to his lender when he applies for his first home mortgage. Seems a bit unfair doesn't it? The good news for Joe and other renters like him is that the credit reporting system is about to change.

In a recent Chicago Tribune article, reporter Kenneth R. Harney points to the creation of a new national credit bureau whose "sole mission is to track the payments that nobody else tracks." The new credit reporting agency PRBC (Pay Rent, Build Credit) wants to build credit files on as many as 10 million renters nationwide over the next 5 years.

According to PRBC's founder and chief executive Michael Nathans, the new bureau will earn revenue by selling supplemental credit reports to lenders. CitiMortgage, Inc., one of the nation's major home lenders, is already a subscriber of the new service.

Some other highlights of PRBC's service include:

- 24/7 access to online files by consumers, free of charge.
- Consumers must give permission to have their files accessed by lenders.
- Consumers can input up to 36 months of documented on-time payments.
- They accept payment histories from phone, credit and debit cards so long as the source (merchant) can send a date-stamped electronic receipt of payment.
- Many consumers who bank online can have their payment information recorded by PRBC once the bureau becomes fully functional

Credit Help For Renters And Others On The Horizon cont...

PRBC can benefit not only renters but also young and minority borrowers who have little or no credit history with the traditional bureaus. "We think we can help create equal credit opportunities for everybody who deserves a prime rate loan, " Nathans said.

Consumers can register for free with the new bureau online at <http://www.payrentbuildcredit.com>.

James H. Dimmitt is editor of "To Your Credit", a free weekly online e-zine focusing on personal finance news and tips. He is also author of "IDENTITY THEFT - How To Avoid Becoming the Next Victim!" Visit <http://tinyurl.com/bc45> for more details.

The power of a home equity loan to pay down debt

by Jakob Jelling

Households across the country are finding themselves in a similar situation. They lack the financial funds to make the necessary changes to their home and need to find a way to fund upgrades and eliminate debt. A popular way of financing these changes without killing themselves is by taking a home equity loan to pay down their debt.

The Home Equity Loan has become a fast-track way of paying down large credit card debt, financing college education and even taking a vacation. Since the stock market has lost quite a bit of appreciation, people have been purchasing homes as a means of investment, thus sending housing prices through the roof. With higher prices comes a great deal of appreciation in the home. People who have found themselves in 20 – 30 thousand dollars in debt can pay it down by taking a home equity loan. Home Equity Loans have been a source of relief and flexibility to get the homeowner out of debt and moving forward in life.

The home equity tax shelter

The greatest benefit from taking a Home Equity Loan is being able to crush debt, but also reduce the amount you owe the government every year. Most loans by design do not provide any tax relief, whereas a Home Equity Loan provides a direct line item to reduce your debt. To figure out your home equity value you can hire a professional appraiser to come out and tell you how much it is worth to a bank or financial institution. Once you have that figure you can easily find out how much equity you have in your home. For example, should your home appraise for \$150,000 and you owe \$ 60,000 you have \$90,000 in equity. This equity will not become a taxable event should you buy a bigger home and spend more money. Should you step down in your home, you can be penalized for the difference, provided that you have not already taken the one-time exemption allowed by the government.

The power of a home equity loan to pay down debt cont...

Debt relief

Once you have found out how much your home is now worth, it is time to apply for the loan. During the loan process you can bring your credit card statements as well as any other debts you may owe to the table. Explain to the loan officer your situation and ask that these debts also be included in the Home Equity Loan. If your home has at least 40% equity in your property you should have no problem getting them dissolved into the loan. There are many reputable lenders who will help you find the right loan for you. The Home Equity Loan will restart the 15 or 30-year clock from day one. Your payment may increase or decrease depending on how much debt you add or cash you take out of the property.

Jakob Jelling is the founder of <http://www.cashbazar.com>. Visit his website for the latest on personal finance, debt elimination, budgeting, credit cards and real estate

Getting pre-approved for a home loan is one of the best ways to get a leg up on the competition when shopping for a home.

by Syd Johnson

The real estate market is soaring because of low interest rates that have brought home buying to average Americans. All over the country, more renters are buying and homeowners are upgrading their properties. In this hot seller's market, a pre-approval letter from your mortgage lender can help you secure a winning bid on the home of your dreams.

A pre-approval involves much more than filling out a questionnaire. It is essentially going through the entire mortgage application process and having the lender give you an exact figure of how much money they are willing to lend you and at what interest rate. Having the letter is like having the cash in the bank. This shifts your focus from financing to getting the best real estate agent and finding the best home that you can afford.

Pay attention to the terms of the letter before you start shopping for your home: What terms did your mortgage lender extend?

A simple prequalification where they took down your information and made an informal guess of what type of loan you will receive is usually not very effective. This basic prequalification of course is subject to running a full credit check, full disclosure of your assets, and no drastic changes in your financial situation.

Any lapsed payments on credit cards, student loans or a job change, can give your mortgage lender sufficient reasons to back out of the deal.

Getting pre-approved for a home loan is one of the best ways to get a leg up on the competition when shopping for a home. cont...

Here's how to get the maximum benefits out of the pre-approval process:

1. Start by using the resources on any major search engine. Look for "mortgage lenders," "home loans," or "pre-qualify for a mortgage".
2. Fill out an application and make sure it goes through the underwriting process. If you're not sure, call the lender using their customer service number and ask them what happens after all the information is submitted.
3. Find out if there are any fees involved for pulling your three bureau credit reports, and for the underwriting. Some lenders will charge the fees up front and others will wait until you are approved for the loan.
4. Fill out any extra paperwork such as proof of employments and statement of your resources. You have to prove that you enough cash on hand for a down payment, unless you are getting a no money down home loan. Also, you have to prove that the cash is yours and not a loan.

If you want to a loan from your parents for example, try to get it six to eight months in advance and keep it in your savings account. Otherwise, it will count as a debt and could increase your debt to income ratio and have the opposite effect; showing that you don't have any cash and disqualify you from a much bigger loan.

5. Get a pre-approval letter from the lender stating the exact amount of the loan that you will receive and the interest rate.
6. Pay attention to the expiration date on the letter. If you are in a market such as Southern California where competition is particularly fierce, make sure you have the most flexible expiration date that your lender will allow.

Whether it's 30 days or 60 days, get it stated in writing. If you lose out on your first or second choice for a home (typical), you won't be stressed to settle for anything just to get a house.

Syd Johnson is the Executive Editor of RapidLingo.com, a Financial Solutions Website. You can see more articles at http://www.rapidlingo.com
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Demystifying the Reverse Mortgage

by Craig Romero

The term is being heard by homeowners near and far, but what exactly is a “reverse mortgage?” It’s a relatively new option, and one that is surrounded by many myths and misunderstandings.

When you get down to it, a reverse mortgage is a rather simple and straightforward option for many homeowners who can take advantage of the benefits that this mortgage method affords them. A reverse mortgage is a loan on a home that does not have to be paid back for as long as the homeowner lives in that home.

To qualify for a reverse mortgage, homeowners must meet certain criteria, and normally must be 62 years of age or older. This type of mortgage offers homeowners the benefit of taking out a home equity type of loan, without the obligation of having to make monthly payments to repay the money borrowed. With today’s economy, and so many senior citizens living at or below poverty level, this relatively new mortgage program may offer the perfect opportunity for qualifying seniors to get back on their feet.

There are three main types of reverse mortgage programs offered today. They fall into three categories:

1. FHA Insured
2. Lender Insured
3. Uninsured

The exact details of each of these reverse mortgage types differ, and for homeowners thinking about pursuing a reverse mortgage program, a reverse mortgage counselor should be consulted to find out which type of reverse mortgage best suits your needs.

Demystifying the Reverse Mortgage cont...

With a standard or “forward” mortgage or home equity loan, a home owner is responsible for making monthly payments to repay the debt of the loan. Reverse mortgages only require the homeowner or the homeowner's heirs to pay the loan back when the homeowner is no longer living in the home. If the homeowner decides to sell the home and move out, the loan will be paid back by the proceeds of the home sale. If the homeowner has passed on, and the heirs are responsible for paying the reverse mortgage back, the mortgage can be satisfied by rolling the reverse mortgage into a “forward” mortgage or selling the home and using the proceeds to satisfy the loan requirement.

When a homeowner does opt for the reverse mortgage option, there are three main ways that they receive the funds from the loan. Homeowners can receive a one-time lump sum in cash, a regular monthly cash disbursement, or an open credit line that allows the homeowner to determine how and when they need the funds paid to them.

If you, or someone you know, is a homeowner 62 years of age or older and is in need of cash to cover their daily living expenses or would like their home to provide a source of regular income, this is an option that is growing ever popular and should be looked into and considered.

Craig Romero is an author and mortgage analyst dedicated to helping homeowners maximize the investment in their homes. Discover how to quickly build a minimum of \$40,000 worth of home equity and pay your mortgage off in 10 years or less without making biweekly mortgage payments. Visit: <http://www.wisemortgageinfo.com>

Already Refinanced? Do it Again!

by Craig Romero

Many homeowners are under the mistaken impression that if they have already refinanced their home, that is it, they can not do it again.

Wrong. Many people can, and do, refinance their homes a second time, sometimes more.

There is a definite increase in the trend of refinancing more than once among homeowners today. It only makes sense that if something saved you money once and can save you money again, you should take advantage of it; and homeowners across the nation seem to be catching on.

More and more people find themselves refinancing a second time. Some homeowners are even refinancing within a few short months of their first refinance process.

When should you refinance a second time? It's a personal choice and depends on a number of factors, but a safe rule of thumb to follow is to refinance when you can save one to two percent, or more off your current mortgage rate by doing so.

It's also important to note that when you refinance a second time, you will be able to deduct the points of the entire current loan off of your taxes.

When you're paying the loan off monthly over a period of years, the deductions for points must be taken gradually as well. By refinancing a second time, you get to deduct the points all at once.

The best way to make refinancing a second time affordable to you is to seek out no-cost refinancing options. By doing this, the only costs you will usually incur up front are the appraisal costs, and if you can use the appraisal from the first refinancing, you will save even more money.

Already Refinanced? Do it Again! cont...

The tax savings may even be enough to pay for the costs involved with the refinance. Of course you should consult with a tax advisor to determine exactly how these rules can benefit you.

So when does refinancing a second time not make sense? When there is a prepayment penalty, especially if you have already paid a prepayment penalty with the first refinance. Before refinancing, it is very important for homeowners to check if there is a prepayment penalty policy with their existing mortgage.

In today's economy it is so important for consumers to save money and tighten the belt in any way they can, and if that means refinancing a second time, they should go for it.

Craig Romero - Discover how to quickly build a minimum of \$40,000 worth of home equity and pay your mortgage off in 10 years or less without making biweekly mortgage payments. Visit: <http://www.wisemortgageinfo.com>

97 % Of American Homeowners Overpay Their Lender In Mortgage Interest Every Month

by Craig Romero

If you own a home, have just re-financed or are shopping for a mortgage, you'll be outraged.

Housing: Americans across the country were shocked to hear of a new poll that states 97% of homeowners here in America are overpaying millions of dollars each month in mortgage interest.

The National poll was conducted last month to determine how many homeowners take advantage of the prepayment loophole in our mortgage system, which eliminates costly interest overpayments.

The shocking results showed only 3% of America's homeowner population utilize this loophole and take advantage of the valuable benefits created by it.

When Sean Drover, a Chicago businessman and homeowner found out he was overpaying \$217 in mortgage interest every month, he was appalled.

"Honestly, I was sick to my stomach when I thought back on all the monthly payments I'd made. If I would have known about the pre-payment loophole when I first bought my home I could have put all that money into equity instead of my lenders pocket."

The problem lies with what the banking industry calls "front loading". This is when the majority of a homeowner's payment is applied towards the interest on the loan instead of the original amount borrowed.

The disturbing fact about front loading is it ensures you'll pay over three times the original amount borrowed. Thus, resulting in enormous profits coming straight out of your pocket and directly into your lenders.

... Most people (97%) never stop and take a good look at how damaging the system really is. Unfortunately, it's just the way conventional mortgages are structured here in America.

97 % Of American Homeowners Overpay Their Lender In Mortgage Interest Every Month cont...

Average Homeowner overpays \$60,000

In fact, the average homeowner in America is overpaying \$2000 in mortgage interest every year, or \$60,000 over the life of the mortgage.

“That’s an enormous amount of money”. Says top mortgage analyst, Craig Romero. “This is money that homeowners are needlessly giving away each year. Imagine what a person could do with an extra \$60,000.

While gaining back thousands of dollars from these overpayments is a huge benefit, it’s not the only one. Cutting up to 10 years from the term of a traditional mortgage is also another major advantage.

“I’ve been using the prepayment loophole for years”. Says Denver homeowner, Curtis Landau. “I’ve actually been able to remodel my home and pocket about \$25,000...all from the equity that was built so quickly.”

Americans must understand this prepayment loophole isn’t something lenders are eager to share with their customers. If they did, they would risk taking a huge cut in profits.

With over 50 million mortgages in force, it’s estimated Americans overpay their lenders in excess of \$12 billion every year. It’s no wonder this loophole is kept secret...lenders are undoubtedly getting rich off these interest overpayments.

Free report on how to implement a proper bi-weekly payment plan visit: http://www.equityfast.com. Craig Romero is an author and mortgage analyst dedicated to helping homeowners maximize the investment in their homes.

Why Should You Consider a Bi-Weekly Mortgage?

by Craig Romero, Mortgage Analyst

Homeowner's all over the nation are changing the way they pay their mortgages. While monthly payments used to be the standard way the average household paid their house payment, more and more homeowners are changing to a bi-weekly mortgage payment plan.

Why? The answer is quite simple, and quite surprising. Homeowners who are using this up and coming payment method are saving tens of thousands of dollars and paying their mortgages off years in advance.

Think it sounds like a fairy tale? It's not. By paying your mortgage every other week, instead of once a month, you are making the equivalent of one extra mortgage payment per year, and are shaving years off your mortgage while saving thousands of dollars in the process. How significant are the savings? Take a thirty-year mortgage of \$100,000 at 7.875 percent interest. By paying this mortgage bi-weekly, instead of monthly, the homeowner will have their mortgage paid off approximately seven years earlier than if paying a normal monthly payment and will have saved over \$40,000 in interest over the lifetime of the loan. That's a brand new luxury car!

There is absolutely no reason why homeowners shouldn't take advantage of the savings this method has to offer them. Homeowner's who use the excuse that they don't have the money to pay a consultant or firm to set up the plan for them probably don't realize the plan is rather simple and with the proper tools, they can do it themselves.

If you're reading this article and you've never heard of a bi-weekly payment method, you might be wondering if it's really as good as it sounds; and if it is, why you've never heard of it before. It's surprising how few people know about bi-weekly payment methods. It could be that banks don't want consumers knowing about it, because while it saves consumers thousands of dollars, that's thousands of dollars of profit that the lenders won't ever see. Profit lost isn't something banks normally look favorably upon.

Now that you know the option is out there, you may want to look into taking advantage of it. What would you buy with the money you save?

Get your Free report on how to properly implement your own biweekly payment plan without spending a dime. Visit: <http://www.EquityFast.com>

3 Secrets to Reduce Stress In the Home Buying Process

by Debbie Dahmen

It has been said that buying a home can be one of the most stressful experiences one will go through. It's right up there with career change, divorce or illness. Fact is, you can reduce your stress while going through the home buying process with a few simple strategies.

Credit Check One thing you can be sure of when you buy a house is going through the arduous process of a credit check. This is a given. In order to reduce the frustrations often associated with this aspect of the buying process take time to get all your information in order. Depending on whether someone else employs you or you are self-employed will determine what information you need to provide. A reputable mortgage planner can assist in this process even before you are ready to purchase.

Hiring a Realtor If you decide to utilize the services of a realtor, check references. Find someone who is interested in what you want, not just gaining a sale. The real estate industry has some incredibly knowledgeable folks who are in the business for the long term. They realize that by taking good care of you during the initial sale, not only will you return to them a second, third and fourth time, you will also refer others. So take your time to find the right person for the job of helping you to buy a home.

Relax in the Process Realize there will be unexpected bumps in the road. Be kind to your spouse, family and friends as you move through the experience. With a seasoned professional you will reduce a lot of stress that many people experience due to either trying to handle everything themselves or working with someone doesn't have the kind of experience the buyer requires.

Debbie Dahmen is a member of the Distinctive Properties team, a unique personalized real estate agency serving the south end of the Salt Lake valley including Draper, Riverton and Sandy. Visit <http://www.distinctivepropertiesSLC.com> for further information.

Credit Help for Buying Houses: 14 Common Credit Mistakes

by Jeanette Joy Fisher

Get the credit you need to buy real estate. Qualifying for a real estate purchase requires different credit than automobile financing or retail credit.

If you plan to finance real estate, either as a home buyer or as an investor, these credit tips will help you with your credit score and save you money on loan costs.

1. Using expensive or undesirable types of credit costs too much and is negatively scored.
2. Accumulating too many lines of credit or too many credit cards causes credit report remarks like "too much consumer credit."
3. Only paying the minimum due keeps balances too high.
4. Being maxed out on any credit card or line of credit causes deep drops in scores.
5. Taking cash advances costs higher interest and extra fees.
6. Exceeding limit and having to pay over-limit fees is a negative with creditors and causes "high proportional amounts owed" remarks on credit reports and subtracts credit score points.
7. Paying a day or more late causes unnecessary late fees and often increases interest rates.
8. Charging more than you can afford causes a snowball effect of amassing debt with no easy way to pay it off.
9. Letting someone else use your credit, such as co-signing a loan, raises your debt-to-income ratio and possibly adds "too many consumer accounts" on your credit report, which lowers your score.
10. Ignoring credit problems causes unnecessary negative impact. Talk to creditors before being late and make arrangements. This action heads off negative reporting to credit bureaus.

Credit Help for Buying Houses: 14 Common Credit Mistakes cont...

11. Failure to report address changes to creditors causes misplaced bills and late payments.

12. Using partial name, different names, initials instead of whole name, or forgetting Sr. or Jr. causes mix-ups. Use your full legal name to protect you from confusion with similarly named borrowers.

13. Failure to report name changes to creditors also causes confusion.

14. Not checking credit report frequently is one of the most common mistakes consumers make.

You can buy real estate with poor credit, but you will save thousands in loan costs if you maintain good credit. A bad credit report leaves home buyers with sub-prime loans which have higher point charges, prepayment penalties, and higher interest charges, which therefore cost more money.

For instance, a mortgage loan of \$150,000, 30-year, fixed-rate mortgage, interest rate of about 5.72 percent costs around \$870 a month poor credit scores raise the interest rate over 9 percent and the payments over \$1,200.

As you see from these payment differences, good credit means that you can finance a more expensive house with the same income, or save \$330 each month.

Credit Help for Buying Houses: 14 Common Credit Mistakes cont...

Credit Requirements for Mortgages

Credit needed to buy real estate is not the same as good credit. Besides your credit score, mortgage lenders consider your debt-to-income ratio and other credit matters, unlike other credit grantors. Your debt-to-income ratio is the comparison of mortgage payment, including taxes, interest, and insurance to your total gross monthly income. Real estate lenders also consider your employment qualifications and your overall debt ratios.

Understanding the difference between good credit and the credit needed to obtain real estate financing helps you buy houses!

Forget what you've been told about credit. Get the Credit You Need to Buy Real Estate. Visit the Credit Help Center at <http://www.recredithelp.com> Subscribe to Credit Help Tips newsletter: send blank email <mailto:CreditTips@gmail.com>

Money Management Information and Resources

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8 BENEFITS OF PAYING BILLS ON TIME

Borrowing Money: Understanding How The Numbers Work

by David Berky

I would like to start out by telling you a true story. The names have been changed to protect the innocent, the ignorant and the dishonest.

John was interested in purchasing a new truck. John had done his homework and knew exactly what make, model and features he wanted on his new truck. He had visited several dealerships looking for the exact truck he wanted. He wanted to get it now and didn't want to wait to have one custom built.

Finally he found a dealership that had the exact truck he was looking for and he even liked the color.

Now it was time to negotiate the price and financing. John realized that he was not very good at numbers so he asked his friend Cindy to come along and help him make sure he was getting a good deal.

The salesperson looked up the pricing information on the truck and added in all the extra fees for tax, title, license, and what-ever-else-we-can-sneak-by-you. The total cost came out to about \$22,000.

Cindy remained quiet while the salesperson explained the financing options that were available to John, checked John's credit and determined an interest rate for the loan. The salesperson then went to check with the manger to make sure the financing application was completed properly and to calculate the monthly payment.

The salesperson returned and announced that the payments on the 5 year loan would be about \$420 a month. Cindy checked the numbers and agreed with the calculations. But John was a little shocked and disappointed.

Seeing his expression, the salesperson mentioned that the monthly payment may be more than what John would feel comfortable with and that maybe they could lower the payment by going to a 6 year loan instead.

John then looked to Cindy, who said that this would lower the monthly payment but John would end up paying more interest because of the longer time for the loan to be paid off. John wasn't too concerned about paying a little extra as long as he could afford the monthly payments (and drive his truck home today).

Borrowing Money: Understanding How The Numbers Work cont...

The salesperson asked John how much he could afford to pay each month on his truck loan. John indicated he could pay up to \$375 per month. The salesperson then went to "get approval" from the manager to extend the length of the loan and to recalculate the monthly payment.

Upon returning the salesperson announced that he was able to "wrangle a good deal out of the manager" and was able to get the monthly payments down to, you guessed it, \$375. John was excited. All he had to do was sign the papers and he could drive home with his new truck at a monthly payment he could afford.

But Cindy was curious. She asked to look at the numbers but this time the salesperson was a bit hesitant. The salesperson tried to change the subject one or two times, but Cindy insisted on seeing the numbers.

Cindy review the numbers and did some of her own calculations and found that the monthly payment on the truck loan should have been about \$350 a month. So how did the salesperson come up with \$375 per month?

After looking at the terms of the contract a bit closer, Cindy noticed that the price of the truck was now \$24,500, an increase of \$2,500. Cindy asked the salesperson why the price of the truck had just gone up? After trying to dodge the question and then blaming it on a mistake by the "finance department," Cindy and John walked out of the dishonest dealership.

As excited as he was to have his new truck, John was angered that the salesperson/dealership had tried to rip him off by taking advantage of his lack of understanding how the numbers in a loan relate.

John then had Cindy explain to him in basic terms how the number related and what to look for in the financing terms.

Cindy explained that there are four elements to a loan; the principal or amount you are borrowing, the interest rate, the time period and the monthly (or weekly, bi-weekly, etc.) payment.

And the numbers relate like this. If the amount goes up the payment goes up. If the interest rate goes up the payment goes up. If the time goes up the payment goes down.

Borrowing Money: Understanding How The Numbers Work cont...

So in the case of John's truck loan they extended the time so that the payment would go down. But the payment went down further than what John was willing to pay. So they decided to increase the amount so that the payment would match what John said he could pay.

But they "forgot" to explain to John that the price went up to make the payment hit his target. And they couldn't come up with a valid reason for the price increase when Cindy questioned them on it.

Without Cindy and her knowledge of how the loan numbers relate, John probably would have got his truck, but he would have needlessly over-paid \$2,500.

John found a truck he liked even better at a different dealership, bought Cindy along to help make sure he was getting a good deal, and then took her out to dinner.

David Berky is president of Simple Joe, Inc. a marketing company that sells simple software under the brand name of Simple Joe. One of Simple Joe's best selling products is Simple Joe's Money Tools - a collection of 14 personal finance and investment calculators. <http://www.simplejoe.com/moneytools/index.htm>

How To Get Over 40% Return On Your Money

by David Berky

"You're full of crap!" is usually the first reaction I hear from people when I explain how they can get over a 40% return on their money.

After they have calmed down a bit I explain how it works. And not only can you achieve over 40% return, you can also become debt free.

And, NO, this isn't some real estate scam or MLM dream. This is a true and proven method for achieving over 40% return on your money and eliminating all of your debt. Nor do you have to declare bankruptcy or move to a foreign country.

The only requirement is that you have some debt. A mortgage or home equity line is good; some credit cards or store cards are even better.

"What do you mean 'It's good that I have debt'?"

The key to achieving the 40% or more return on your money is based on how much interest you will pay on your debts over the next 20-30 years.

What many people don't realize is that the interest on their debts is like a reverse investment program. The longer you take to pay off your debts the more you pay in interest. It is an investment program for the debt companies. They are investing in your debt and making 7% to 25%.

So how can you turn the tables and get over 40% return on your money. It's simple really--just pay off your debts. But the key is not to just pay off your debts by paying the minimum amounts. The key is to keep paying the same amount as you are paying today and to add some extra each month. When one debt is repaid add the amount you were paying toward that debt to the payment of another debt.

This way your overall payment remains the same and you are massively overpaying on one of your debts. This helps the debt get paid off sooner and saves you \$1000s in interest charges.

But where does the 40% return on your money come into play? Well, let's run some numbers.

How To Get Over 40 % Return On Your Money cont...

Let's say a guy by the name of John Indebt has a mortgage, second mortgage, two car loans, a student loan and several credit cards and store loans. The loans have various interest rates and balances. John owes a total of \$266,330 and is making monthly payments of \$3315 on his debts each month.

If John just pays the minimum balances each month it will take him over 27 years to pay off all his debts. And John will pay about \$297,220 in interest. Notice that this is more money than he currently owes. You gotta love interest.

But if John follows our suggestion and maintains the same monthly payment of \$3315 each month, regardless of the minimum payments shown on each statement, John can pay off all his debts in only 9 years and 9 months - less than 10 years to be completely debt free - including his home. No bankruptcy, no debt consolidation loans, no bill payment services. He can do this all on his own.

Not only will John be debt free in less than 10 years, John will also save about \$177,910 in interest charges.

Now here is where the 40% return on money comes into play. If we divide the \$177,910 by the 117 months it takes John to pay off his debts we get a monthly amount of \$1520. In essence, John is saving himself \$1520 of interest each month as he works his way to financial freedom.

Now if you take this savings of \$1520 and divide it by his monthly payment of \$3315 you get a return of over 45%!

Is this money in John's pocket each month? No. But it is money he will not have to spend and that's just about the same thing.

So if John has a choice of investing in the stock market hoping for the 30 year average 11% return versus "investing" in his debts and achieving an actual, guaranteed return of over 45% plus helping himself become debt free - it's a no brainer!

So how can John achieve this miracle 45% return on his money and guaranteed financial freedom? It's simple. John just needs to write down a list of each of his debts, their current balance, current payment, and interest rate.

How To Get Over 40 % Return On Your Money cont...

Then John must commit to paying the total of his current minimum payment plus any extra each month for as long as it takes to pay off his debts. (John also ought to commit to not incurring more debt.)

Now John simply pays off his minimums (or more) each month. Any extra money can go either to the debt with the lowest balance or the debt with the highest interest rate. Focusing on the lowest balance debts first would encourage John by seeing some results soon - fewer debts. Focusing on the debt with the highest interest rate will help John save as much on interest charges as possible.

Once one of his debts is paid off John keeps paying the same monthly amount, but applies the extra to the next debt (next lowest balance or highest interest rate). John continues until all his debts are paid off and achieves an effective return on his monthly payments of over 45%.

John is now debt free and has \$3315 each month he can use to invest or play with - you know what we would recommend, don't you?

David Berky is president of Simple Joe, Inc. makers of the popular Debt Eraser PC software, which helps people create a rapid debt reduction plan to get themselves out of debt much sooner and save \$1000s in interest payments. Visit http://www.simplejoe.com/debteraser/index.htm for more information.
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Consumers Beware - The Profits Are In The Fine Print

by James H. Dimmitt

"Fees From Riskiest Card Holders Fuel Profits - Late Payers and Big Borrowers Are Becoming Cash Cows as Rates Balloon" ... the headlines read in a recent article featured on America Online from the Wall Street Journal's Mitchell Pacelle. The article outlined how banks are squeezing more revenue from consumers and more often from the ones who can least afford it.

In the first example cited in the article, a woman found that the rate on her \$12,000-limit credit card jumped from 19.98% to 24.98% over a one month period. She was neither late with a payment nor over her credit limit, two of the most common reasons for your card company to increase your rate.

When she spoke with a bank representative she was told the increased rate was a result of running up debt on two other cards and that she was paying just a little more than the minimum payment due on her card each month. According to the article, the bank "now saw her as a credit risk and feared it would take her forever to pay off her debts." Her response? "Isn't that what you want consumers to do?"

In the past, banks profited from charging consumers annual fees (typically in the \$25-\$49 range) and high interest rates (usually 18%). Today banks compete for their share of the market by advertising low interest rates (often teaser or introductory rates that apply only to the first 6-9 months) and make their profits from a variety of penalty fees. More banks are also offering credit to consumers with less-than-average credit in their efforts to gain a larger piece of the consumer credit pie.

In another example, a couple got hit with \$140.00 in penalties. Their offense? They had used their debit card to make several small purchases on the same day that checks hit their account causing an overdraft of a little over \$40.00. Even though their small purchases had been approved at the register, the bank subtracted the largest amount first, a standard practice at most banks. The couple complained about this practice but the bank stood their ground citing page 54 in the booklet the couple received when they opened their account which described the policy and warned customers that this bank policy "may result in additional overdraft fees."

Consumers Beware - The Profits Are In The Fine Print cont...

A recent poll by Consumer Action found that 85% of banks commonly raise interest rates for customers who pay late even after just one single late payment. Nearly half of the credit cards surveyed raise their interest rates if they find that a consumer has made late payments to another creditor.

Banks defend these practices by stating that those who don't manage their accounts properly have to pay the higher rates and fees because they present a greater risk of defaulting on their accounts. Consumers and consumer advocacy groups charge that many consumers don't find out about higher interest and penalty fees until they've already been hit with them. Banks respond that all their fee structures are outlined in the disclosure statements sent to all credit customers. Customers complain that the fine print in the disclosure statements are too long and confusing to read and understand.

There were some valuable lessons to be learned from Pacelle's article:

- 1) Consumers must read and understand disclosure statements in order to know what fees and policies may be applied to their accounts at the discretion of the lender.
- 2) Be careful about "maxing out" your line of credit on any card. Doing so could result in higher interest fees being charged on other credit accounts.
- 3) Making minimum payments or just slightly more than the minimum each month could cause you to be viewed as a "credit risk" and result in a higher interest rate.

With banks offering a wide variety of credit rates to an increasing pool of applicants who may pose a greater risk, the smart consumer will take steps to decrease their personal credit risk by properly managing their accounts as well as decreasing their overall credit card debt.

Discover more money-saving tips and articles in "To Your Credit" by visiting http://tinyurl.com/bgo9 Subscribe today and receive FREE bonuses!
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Debit Card vs. Credit Card, What Are The Differences?

by James H. Dimmitt

Ah, the “good old days”. If you are a baby boomer, like me, then you probably remember how important it was to rush to the bank on payday. You had to get there before the teller lanes closed so that you could have your “cash allowance” for the week. Otherwise, if you needed cash you had to write a check, then go to the bank, and “cash” the check for real cash.

Fortunately the days of the mad rush to get cash from the bank are long gone. We now enjoy the convenience of using a nearby automatic teller machine (ATM) or you can even get “cash back” at your local grocery, hardware or convenience store.

The card you use at the ATM is known as a debit card. When debit cards first appeared it was easy to tell them apart from credit cards. Debit cards didn't have a credit card company logo on them; instead, they usually just had your bank name, your account number and your name.

Today debit cards look exactly like credit cards even carrying the same logos. Both types of cards can be swiped at the checkout counter , used to make purchases on the internet, or to pay for the fill-up at the gas pump.

When you use your debit card to make a purchase, it's just like using cash. The account that is attached to your debit card, in most cases your checking account, is automatically debited when you use your debit card. The cost of your purchase is deducted from the funds you have in that account.

On the other hand, when you use your credit card to make a purchase you are using someone's else's money, specifically the issuer of the credit card, usually a banking institution.

In effect, you agree to pay them back the money you borrowed to make your purchase. In addition you will also pay interest on the money “loaned” to you at the rate which you agreed to when you applied for their credit card. This is known as the annual percentage rate (APR).

While the two cards might act and look alike, the levels of consumer protection that each type of card provides can be different.

Debit Card vs. Credit Card, What Are The Differences? cont...

Under federal law, if someone steals your credit card you're only responsible to pay the first \$50 of unauthorized charges. However, if you notify the credit card issuer before a thief is able to make any charges you may be free from all liability. If the credit card is not physically present when an unauthorized or fraudulent purchase is made, such as over the internet, you're also free from liability for those charges.

MasterCard and Visa offer zero-liability protection where you won't pay any charges if someone uses your credit card to make an unauthorized purchase.

The protection offered to debit card fraud is similar but with a few exceptions. For example, your liability under federal law is limited to \$50, the same as for a credit card, but only if you notify the issuer within two business days of discovering the card's loss or theft. Your liability for debit card fraud can jump up to \$500 if you don't report the loss or theft within two business days.

And if you are the type of person that gives a passing glance to your monthly bank statement, you could be totally liable for any fraudulent debit card charges if you wait 60 days or more from the time your statement is mailed.

Visa and MasterCard zero-liability protection applies to your debit card but only for transactions that do not involve the use of your PIN (personal identification number).

Additional protection against fraudulent use of your credit or debit cards may be available through your homeowner's or renter's insurance. Check your policy or with your agent for more information about your coverage.

Also be aware that you should contact your card issuer by certified letter, return receipt requested, after you've contacted them by phone to protect your consumer rights.

As for which card to use for what type of purchase, most experts agree that you should use your debit card for the same type of purchases you'd make as if you were using cash. Therefore, it makes more sense to use your debit card than your credit card at the grocery store or gas station (provided you have sufficient funds to cover these purchases of course).

Debit Card vs. Credit Card, What Are The Differences? cont...

Avoid using your debit card for any online purchase or for something which is expensive. Why ? You'll find it much easier to dispute a charge when you use your credit card. If your gold-plated, limited edition, hip-swinging Elvis wall clock arrives broken, your credit card company will remove the charge until the problem is resolved.

With your debit card you are stuck dealing with the merchant directly to resolve any problems with a purchase, even if your banking institution could really use a gold-plated, limited edition, hip-swinging Elvis wall clock of their very own.

James H. Dimmitt is editor of "To Your Credit", a free weekly online e-zine focusing on personal finance news and tips. He is also author of "IDENTITY THEFT - How To Avoid Becoming the Next Victim!" Visit <http://tinyurl.com/bc45> for more details.

Money Management Skills For A New Millennium

by Judy Lawrence, MS Ed
author of The Budget Kit

Have you ever noticed how personal money management has a feel of dieting to it? Not only is there the challenge of knowing what method will work for you, but more significantly, what method will bring a long-term, sustainable, satisfying lifestyle change for you.

Like diets, you would think that with all the abundance of available information, from books, online resources, print articles, radio and TV specials to experts, specialized services, classes and counselors, it would be a no-brainer to effectively lose weight and manage our personal finances. So what gives? Why is it so hard to manage money? Could it be related to the current pace of our lives?

Think about the following modern obstacles and consider how they may apply in your life:

1. Choice Overload

"Would you like boiled ham, honey ham, or Italian ham? American cheese, Swiss cheese or Provolone? Rye, wheat, or white bread? Should you pay off your debt or put more money in savings? Buy a no load or load mutual fund? Which mutual fund? Will this cell phone service offer better reception in buildings than the other service"?

Believe it or not, there actually was a time when choices were limited to things like ham and cheese, black or white shoe laces, white tennis shoes, silver or black frames for glasses, vanilla, chocolate or Neapolitan ice cream, paying with cash or check, one long distance carrier, and 30 year mortgages.

Where in your life right now do you have the simplicity of 2 choices?

Even though these many options are designed to make you happier, this ongoing daily accumulation of the most mundane choices eventually causes such overwhelm there is no energy left for the more important financial decisions. Have you ever been so overwhelmed you just picked anything to get the decision over with? And if so, what did this decision cost you in terms of money, disappointment, frustration or time?

Money Management Skills For A New Millennium cont...

2. Lifestyle Overload

Can you think of the last time you had an evening, or weekend when you had nothing to do? If you are like many, your life is probably filled with family, work, community, chauffeuring the kids, doing load after load of laundry, catching up on emails, watching your son's soccer game, grabbing fast food or take out food to bring home, preparing for your daughters trip to college, going to the gym, shopping for groceries, clothes, electronics, or stopping for quick cash at the ATM. And, it's very likely you were on the phone during much of this activity.

So just when do you squeeze in the time to manually or electronically pay bills, research major financial decisions, compare prices, record and evaluate your spending, prioritize your financial needs, or take time to discuss financial matters with your spouse and family? Many times the expensive late fees, and bounced check fees are not about lack of money or money skills, but instead, due to lack of time to pay the bills, deposit the paychecks, or get financially organized.

3. Media Overload

Would your 12 year old really care as much about shopping at Abercrombies, or wanting Victoria Secrets garments, if she wasn't reading teen magazines and wanting to dress like singer Vanessa Carlton? Would you still have bought that Dell computer if you weren't told 100 times you "gotta have a Dell computer?".

It's hard to maintain a simple, manageable life when there is a daily bombardment from TV sitcoms, commercials, celebrities, movies, computer games, websites, and magazines influencing spending in every facet of our lives. To feel trendy, we notice how to dress, style our hair, feed our pets, furnish our homes, travel, play as well as how to invest our money.

Even the gym is no longer neutral territory. Once you caught up with the latest fashion magazine on your 30-minute treadmill workout, you realize you're thinking you just have to have that new kind of lipstick or latest cut of jeans, or you will be hopelessly old fashioned.

Money Management Skills For A New Millennium cont...

The cost of this media overload can be financial as well as emotional.

Even if you are able to “keep up with the Jones”, are you able to keep up with the payments? Notice how much energy goes into putting on the brakes for your children and/or yourself every time you are in the mall or computer store and see the exact model of something viewed earlier on your TV or computer and suddenly you just have to have it. After all, how can you pass up that tempting convenient, fabulous product for yourself, child, home, vehicle or pet? Yet, if you weren’t aware of this product, you probably would not even feel like you were “missing out” if you didn’t have it. Also, your monthly budget would not be disrupted by this unplanned expense.

4. Basic Necessities Overload

Basic living necessities are no longer basic. Can you imagine the days (okay, your parents and grandparents can) when you didn’t have cell phones, basic cable, Internet connections, computer maintenance, software upgrades, paying to stay connected to most of your family and friends because they lived in the same town or at least same state? Now, can you imagine even functioning in your job or family life without many of the above services? And how much are all those “basic necessities” adding to the other fixed costs in your monthly spending plan?

When you wonder why you can’t seem to get ahead or make ends meet, often the problem is the increased volume of fixed expenses. Managing your money effectively may mean choosing to cut back on more of the discretionary spending to keep the expenses from spilling over on to the credit cards.

Now What?

So how does all the above-mentioned overload create obstacles to money management?

More time and energy continues to seep out as you agonize over choices, hectic schedules, and unsatisfied wants instead of spreading over to important financial decisions, productive planning and implementation of a workable spending plan.

Getting back to the original diet analogy mentioned in the beginning, there is no lack of information and help for getting out of debt and creating a spending plan.

Money Management Skills For A New Millennium cont...

What could be lacking is the time or energy to evaluate the plethora of information and determine what system would work best for your particular situation and then get started.

And the solution? You probably really know inside what is best for you, so below are a few suggestions to help you get started.

1. Stop and Regroup

After 9/11, everyone had a wakeup call regarding their true priorities. Review your priority list again or create one. If one of the top priorities is family and friends or more personal balance, the true value is being present and connected, not what you do, buy or have.

Which activities, responsibilities, decisions and stuff can you let go of or pass on to someone else, to free up more time to manage your money on a regular basis?

2. Pick and Save

Many money management systems already exist. Don't try to re-create the wheel or research and compare the choices to death. Choose one and start. After all these years of companies and authors refining their products, most systems will work just fine. Worrying about the best or easiest system or the least expensive one at this point is more about procrastination. Recognize that, move on and pick one system.

3. Manual or Electronic?

If you are still more comfortable with the traditional pen and paper, start there. Or, you may be like many who refuse to get on their computer at home after spending 8-10 hours staring at their screen at work. There are hundreds of books on the topic. To simplify your decision, go with a workbook that already has monthly forms set up. The better books will help you get organized, simplify the money management process and save you thousands of dollars in the long run. Find a workbook that helps you manage your periodic expenses, monthly bills and track where the daily money is going.

Money Management Skills For A New Millennium cont...

You can also create your own forms on a spreadsheet. Use the workbooks and various websites as guidelines for setting up your forms. The main point is to get started and take the time to keep motivated and stay with it.

The same is true for software programs. Pick one, study it, get started and again, stay with it. The drawback for some folks is the pile up of pieces of paper and receipts, statements and records waiting to be entered when you finally turn on the computer.

4. Simplify and Streamline

Have a weekly family “board meeting” with your children and/or spouse. Get input on ways to streamline events in the household. Discuss financial issues so more decisions are made ahead of time, rather than impulsively in a store. Create space and time for staying current on a regular basis with managing your money.

Reduce your number of accounts. Eliminate paying bills by check. Instead, arrange for automatic withdrawal from your bank for monthly bills, pay bills on line, or automatically charge monthly bills to your credit card if you are building up the miles. Remember to pay off the credit card bill in full or close to it.

Again, there are numerous systems for online bill paying. Find a comprehensive money management system that offers online bill paying, one place to keep all your financial account records and balances, a way to effortlessly record all cashless transactions, and to immediately see how much money is left in each of your spending. No matter what the cost of any system you use, by really using it, it will ultimately save you at least ten times more than you ever paid for it.

Take a moment to step back, look at your life, and make decisions that are proactive and rational instead of reactive and emotional.

Remember, the cost of financial peace of mind can be priceless.

Judy Lawrence is a Budget Coach in Silicon Valley. Her book, *The Budget Kit: Common Cents Money Management Workbook* 4th Edition, has sold successfully for over two decades, with over 357,400 copies sold to date. To receive her free “Budgeting Without Tears” mini-course by email and to find out more about her services, books and ebooks you can reach her at <http://www.moneytracker.com>

The Hidden Financial Clutter

by Linda Oprica

So you think you have no financial clutter. Bills are paid on time; you owe nothing or maybe just the remaining small mortgage on your home; no bad debt for you. You have investments, RRSP's and a plan that you did maybe five or so years back. This is all good news. Many folks are still in the first phase: debt, poor spending habits, limited investments; the obvious financial clutter which no doubt is creating some level of chaos in their lives. You though, are not there and for some of you, have never been there. Wonderful.

Now here's the rub so to speak, the next level of financial clutter. Do you have statements that remain un-opened because you assume there is only bad news inside? Are your statements from a variety of institutions and you are not even sure if you remember all the places you have invested? Would you know if you had duplication of investments as a result? Do you know how to derive income from your portfolio? How are you managing your portfolio so that you are gaining the maximum benefit from all your hard work and diligence in your working years? This is the hidden clutter, the not so obvious. And the result? When we don't keep up with our financial plan, know where our money is going and having it work to support us in our financial growth, we are limiting ourselves of choices and the freedom that accompanies these choices. Frequently, we wonder, worry and fret (mental clutter) about having all that we need/want as we age. We don't have the big picture because our investments are many and are scattered around.

Can you imagine what it would be like and feel like to really know all that you have and that it is working for you even when you sleep? Can you imagine the freedom? Do you have a support team that will help you manage your finances and support your decisions to live the life you choose for yourself? Who's on that team?

Firstly, get clear on what your investments are and where they are. (what institutions)

Secondly, develop positive relationships with those people and if they don't feel positive and supportive the result will be the mental clutter that gets in the way of your understanding and decision-making.

The Hidden Financial Clutter cont...

Thirdly, get clear on how your money and investments are supporting you in the manner in which you had expected.

The result: peace of mind, informed decision-making and the freedom and money to live the life you planned for yourself. Struggle-free finances and financial relationships and time and energy saved. Happy trails to you!

Linda Oprica, personal, business and executive coach is the publisher of the popular newsletter, More Results with Less Clutter. She is the founder of Ascent Coaching and is a sought after conference and workshop speaker. To find out more about Linda and her one-of-a-kind programs, visit <http://www.AscentCoaching.com>.

8 BENEFITS OF PAYING BILLS ON TIME

by Bruce Dinger

We often take paying bills for granted. We routinely do it and not think much about it. We sometimes are not even concerned if we pay bills late. But there are some potential major benefits of paying your bills on time. Here are a few of the important ones:

Improved Credit Score (or FICO)

Simply stated, every time you apply for a loan, mortgage or maybe even insurance, the institution to which you are applying will check your credit rating and credit score.

The credit score (or FICO) is just as important as your credit rating. This FICO is a score which can range from 300 to 800 (or more, depending upon who you believe.) The higher your score, the better the rates you will get.

The score is based upon a number of things in your credit history, like the amount of money you owe, types of credit you have and how well your bills are paid on time. In fact, your payment history could possibly account for 35% of your score.

So, paying bills on time helps your FICO, which will in turn help get lower rates on mortgages, loans and sometimes even auto insurance.

Improves Chances of Owning a Home

As already mentioned, your FICO score plays a big part in determining credit worthiness on mortgages, but more mortgage lenders are looking closely at your bill paying history, and, in some cases ranking the importance of your bill paying history higher than your FICO score in the mortgage approval process.

As with many things, there are always exceptions to the rules, but mortgage lenders are being more thorough, and sometimes stricter, in their approval process. So if you don't own a home yet, and desire to, keep those rent, car and other loan payments paid on time.

8 BENEFITS OF PAYING BILLS ON TIME cont...

Maintain Low Interest Rates on Credit Cards

Everyday we get bombarded with new credit card offers for transferring the balance from a higher interest rate credit card to a lower one. Many of these offers give fantastically low interest rates but you need to be aware of the fine print. Some contracts state that if you miss, or are late with, one payment, your 'introductory rate', which may be 1.9% or 2.9% or 4.9% may jump to almost 20 or 24%.

While the fine print of the contract gives the credit card company some leeway in when they will raise your interest rate, whether it be after one or two late payments, you can rest assured that it will go up if you have a couple of late payments.

Eliminate Late Fees and Finance Charges on Credit Cards

We have all missed a credit card payment or two in our lifetime and have paid 'through the nose' for it. It seems like the going rate for late fees is \$29. On some credit cards, depending on your balance, a late fee could go as high as \$35. As time goes on, these fees keep climbing.

Maintain Lower Auto Insurance Rates

Believe it or not, more and more auto insurers are linking late bill payments with auto insurance rates. They claim to have found a correlation between those with poor credit (late bill payments) and auto claims.

So even though you may be a good driver, without any accidents or claims, a few late payments on your bills will affect your credit report which will in turn effect your auto rates.

Keep Your Services and Products

More providers of various services, like Internet, are providing ample warnings that the service will be shut off if payments are late. The same applies for products that you lease or have on lay-away. While the loss of any of these are not life threatening, it can be a hassle to deal with, perhaps embarrassing, and costly to get the service or product re-instated.

8 BENEFITS OF PAYING BILLS ON TIME cont...

Keep Your Car Starting

You may say, "What, keep your car starting??" Yes, while the popularity is still catching on, some used and new car dealers are now installing a small device under the dashboard. It will signal you when a car payment is due and if you don't make a habit of making your car payments on time, this little device will prevent your car from starting. In such cases, you need to make a phone call to get the security code to start it.

Enjoy Peace of Mind

By routinely paying your bills paid on time, you have the peace of mind knowing that your bills are in order and that you won't get socked with unexpected late fees or service charges. This is as they say on the TV commercials, "priceless".

Bruce Dinger is the author of the e-book "How to Save Time and Money When Paying Bills". Visit http://www.howtosavetimeandmoney.com for more details.

Resources

"TO YOUR CREDIT" is a FREE weekly newsletter designed to help you manage your personal finances, your credit and your time. Each issue features helpful articles and tips, scam updates, money-saving tips, and more ...

<http://www.yourfreecreditreportnow.com>

Choose from the best credit card rates, deals and offers with online credit card applications for some of the best credit cards available

<http://www.credit-cards-advisor.com>

Simple Joe's Expense Tracker helps you quickly and easily budget your money and track your expenses.

<http://www.simplejoe.com/expensetracker/index2.htm>

Save Money Without Scrimping, Penny-Pinching or Drowning in Coupons.

<http://www.RatRaceRemedies.com>

FREE Budget Stretcher Newsletter and Budget Stretcher web site.

<http://homemoneyhelp.com>

Personal story of a man in debt.

<http://www.freewebs.com/savejim>

Your one stop source for articles on credit cards, debt elimination, personal finance and more!

<http://www.cashbazar.com>

Make more money, and keep more of what you make.

<http://www.1st-wealth.com/check-your-credit-report.htm>

"Finance Your Dreams"

<http://dcoe1.tripod.com/microfinance>

Protect your privacy by creating your own debt reduction plan.

<http://www.simplejoe.com/debteraser>

Debt relief steps, your free guide to real help.

<http://www.debtsteps.com>

Resources cont...

Focuses on family values.

<http://www.Christian-Parent.com>

Your source for credit card information.

<http://www.cardratings.com>

Solid, common sense approach to solving problems and answering questions relating to consumer loan products.

<http://loanresources.net>

The guide to Mortgages and Real Estate Financing Solutions.

<http://www.rapidlingo.com>

Learn How To Quickly Build At Least \$40,000 Worth Of Home Equity And Pay Your Mortgage Off In 10 Years Or Less.

<http://www.wisemortgageinfo.com>

Unique personalized real estate agency serving the south end of the Salt Lake valley including Draper, Riverton and Sandy.

<http://www.distinctivepropertiesllc.com>

Get the Credit You Need to Buy Real Estate

<http://www.recredithelp.com>

The Budget Kit

<http://www.moneytracker.com>

More Results with Less Clutter

<http://www.AscentCoaching.com>

How to Save Time and Money When Paying Bills.

<http://www.howtosavetimeandmoney.com>

Personal Debt Management Plan

I debated back and forth on whether to share my own debt management plan with you, but decided that there is no better way to learn than from a real-life example. While all of the ratios and percentages are accurate, I have changed the “real” numbers out of respect to my family’s finances. I hope that this outline will help you design your own budget. All of the figures are based on a monthly-system.

Mortgage \$1100

Electric \$150

Water \$50

Community dues \$60

Health insurance \$300

Car payment #1 - \$350

Car payment #2 - \$325

Car insurance - \$200

Gas - \$150

Groceries - \$500

Entertainment (dinner out, take-out, movies...) - \$150

Home phone - \$65

Cell phones - \$65

Cable - \$60

Life insurance - \$200

Retirement savings - \$400

Home improvement expenses - \$100

Pest control - \$25

Home security system - \$30

Spending money - \$200

Personal Debt Management Plan cont...

Amount needed after taxes to pay all bills - \$4480

Depending on your tax bracket, you can backtrack this and figure what you would need to earn "pre-tax". In this example, it would be \$6400, if you paid 30% out in taxes. (Many people fall into a lower tax bracket, but this is just an example). This being the case, a one-income household would need to earn \$76,800 per year, and in a two-income household, each person would need to earn \$38,400 to cover expenses.

Take a look at your annual income, and if it is less than the figure that you come up with, than you need to make cuts in your budget. Also, if you are right on the borderline, than you need to make cuts as well, because of the unexpected costs that come up on a monthly basis. For example, new clothes for work, back-to-school clothes for the kids, Christmas gifts, birthday gifts, and much more.