

- ▶ Pay your off your holiday debt
- ▶ Debt settlement and your credit
- ▶ Review your insurance coverage

## Review your insurance coverage

Insurance is something you may never need, but it's still one of the most important expenditures you have each month.

You don't want to be underinsured, but you also don't want to pay for coverage you don't need. While there isn't a one-size-fits-all answer, there are some things to consider when reviewing your insurance coverage.

Most states require drivers to carry a certain amount of liability coverage, but accidents usually cost more than the minimum amount of required coverage, according to the Insurance Information Institute, so you may want to buy more than the minimum legal requirement. You may also want to have collision and comprehensive coverage on your vehicle. The amount of coverage is determined by your car's value and the cost of repairing it.

You should also have adequate renter's or homeowner's insurance. Renter's insurance is fairly simple. You just need enough to replace your possessions. Your insurance company will likely ask you to determine the replacement cost of your possessions and quote you a rate based on that amount. The structure itself should be insured by the building owner.

Homeowner's insurance is a bit more complicated since you are responsible for the building and your possessions. You also need to factor in the cost of additional living expenses if your home is damaged and you have to live somewhere else, and you need to have coverage for your liability to others.

Review your policies and your coverage amounts with your insurance agent to make sure you have the proper amount of coverage on all of your insurance policies.

## Tips

Now that winter is officially here, there's a good chance your vehicle will be making its way through the snow, sleet and freezing temperatures. Winter weather can take a real toll on your car, but by keeping it properly maintained, you will save yourself money in the long run.

- Get regular oil changes at the mileage suggested in your car owner's manual and make sure that your fluids are filled.
- Check to ensure your tires are properly inflated and have adequate treads.
- Wash your car throughout the winter. Even though it seems pointless, it's a good idea to remove some of the built up dirt and road salt so it doesn't eat away at your paint.
- If you get a small chip or crack in your windshield, get it fixed right away. If left unrepaired, the crack could expand and require a full windshield replacement instead of an inexpensive repair.
- Keep at least a half a tank of gas in your car. If you're stranded in a storm or unexpected traffic because of the weather, you don't want to run out of gas and have to pay for a tow truck.



**Q:** I was having trouble paying off my credit card, so I called my credit card company and asked if they would accept a smaller amount as the total payoff on my card. The company agreed, but now my credit report still shows that I missed past payments, and it says that my account was "settled for less than owed." Should it say that since the credit card company considers my debt paid?

**A:** Yes. You went through a process known as "debt settlement." This process will show on your credit report and will likely have a negative effect on your credit score.

Settling a debt does not erase your past credit history. Also, the notation that your account was "settled for less than owed," will be a red flag to future lenders that you did not meet your full obligation.

Only time will help your credit recover. Negative items typically drop off of a credit report after seven years. Though as time passes those items will have less of a negative impact on your credit score.

The best thing you can do going forward is to pay all of your bills on time, limit your credit use and avoid opening new credit.

In the future if you find yourself in a situation where you can't pay your credit cards, contact Advantage CCS to see what other options may be available to you instead of a settlement. There are debt management plans that allow you to pay down your debt while keeping your credit intact.

# Pay off your post-holiday debt

It's January. It's time to take the holiday decorations down. The festivities are over, and things are getting back to normal. That means it's also time for the post-holiday bills to start rolling in.

You may soon realize you spent more than you intended and maybe you spent more than you can afford.

If that's the case, don't panic. You need to sit down and assess your situation. Then make a plan.

Look at all of your holiday bills. See how much you owe in total and on individual cards if you have used more than one credit card to make your holiday purchases. It can be a sobering experience to total things up, but you can't make a realistic budget and repayment plan if you don't know how much you actually owe.

Make sure you take into account which of your credit cards have the highest balances and which have the highest interest rates. It's usually a good idea to pay down cards with the highest interest rates first because that will cost you the most money in the long run.

Next, review your budget for 2011. If you don't have a written household budget, now is the perfect time to create one. Be sure to include all of your expenses, even expenses that seem insignificant. Little expenses can add up to big dollars over time. And it's also important that your budget be as accurate as possible, especially if you have a tight budget with very little wiggle room.

Once you have reviewed your budget (or created your budget), look at places where you can trim your expenses to put extra money towards paying off your holiday debt.

This is a good time to look at your wants versus your needs. Your needs – such as housing, food and transportation – should take priority. Anything that is a want may be something you can cut from your budget, at least temporarily, until you've dealt with your holiday debt.

Here are some ideas to help trim your expenses and save some money to pay down your debt:

- Take your lunch to work more often.
- Bring coffee or tea from home instead of stopping to buy one every day.
- Save your spare change. You might be surprised how quickly it will add up.
- Reduce entertainment expenses by looking for free or inexpensive events in your area such as free museums or reduced price days at local attractions.
- Get into the habit of comparison shopping. Check the prices of large and smaller purchases at three different stores to find the best buy. You may also have to let go of your loyalty to a particular brand if another brand offers the same quality product at a lower cost.
- Use coupons whenever possible. In addition to the newspaper and coupon web sites, some companies even put them right on their web site to print out and use.

If you find that cutting expenses isn't enough to pay off your debt, contact Advantage CCS for a free credit counseling session to see what other options you may have.

## Resources

The Insurance Information Institute  
[www.iii.org](http://www.iii.org)

Car Talk (For more information about winter car maintenance)  
[www.cartalk.com](http://www.cartalk.com)

Better Business Bureau  
[www.bbb.org](http://www.bbb.org)  
(703) 276-0100

The Federal Trade Commission  
[www.ftc.gov](http://www.ftc.gov)  
Toll-free helpline  
(877) 382-4357

### The Advantage Challenge

*Advantage CCS challenges you to ...*

Assess your insurance coverage. Review your homeowner's and car insurance policies and make sure you have adequate coverage.

Contact your insurance agent to see if there are any discounts available to you. Some insurers will offer things like multi-policy discounts if you have more than one insurance policy with them.

# Advantage

2403 Sidney St., Suite 400  
Pittsburgh, PA 15203  
(888) 511-2227  
[www.advantageccs.org](http://www.advantageccs.org)

