

- ▶ All about pawn shops
- ▶ Different budgeting methods
- ▶ Get ready for the holidays

## Pawn shops: What you should know

Pawn shops have become a popular way for people to drum up some extra cash. Between the difficult economy and the popularity of some television shows focusing on pawn shops, more people are pawning and selling their possessions.

If you're considering visiting a pawn shop to get some extra cash, there are a few things you should know.

First, you can either sell or pawn your items. If you chose to sell your items, the store will make you an offer and pay you if you agree.

Pawning an item means you're asking for a loan from the pawn shop and giving them an item to hold onto as collateral. If you return and repay the money you borrowed within the time frame agreed upon, then you get your item back. If you do not meet the repayment terms, the pawn shop keeps the item you pawned.

If you're choosing to sell or pawn an item, you should have an idea of what that item is worth before you walk in the door. If you're selling or pawning jewelry, take it to an independent appraiser first. For other items, do as much research as possible to find out the value of the item.

Keep in mind that the pawn shop will likely offer you less than the item is worth because the store owner will then have to re-sell your goods to make a profit.

If you don't like the offer the pawn shop is making you for a sale, remember that you can always sell your items through online services like eBay and Craigslist or through the classified ads of your local paper.

## Tips

It's hard to believe, but cold weather is just around the corner. Now is the best time to plan ahead to save on energy costs through the winter season.

- If a playing card fits in the crevice of an outside door or window, you need to caulk or weather strip around the door or window to stop air leaks.
- Use draft guards at the bottom of outside doors, and close vents in rooms you don't use.
- Lower your thermostat at night and when no one is home.
- If the cost of installing storm windows is too much, make your own storm windows by stretching 6-mil plastic sheets as tightly as you can over the window.
- Set your water heater thermostat to 120 degrees Fahrenheit or below.
- Run your garbage disposal with cold water.
- Cook several dishes in the oven at one time, and prepare double recipes that you can freeze for future use and reheat in the microwave.



**Q:** Someone recently asked me to co-sign a loan for them. What responsibility do I have if I do this? Should I co-sign?

**A:** If you co-sign a loan for someone, you are guaranteeing payment of that loan. This means if the person taking out the loan fails to make their payments as agreed, you are responsible for taking over the payments.

If the primary borrower fails to pay the debt and you, as the co-signer, also fail to pay the debt, you could be subjected to calls and letters from collection agencies.

All of this will show up on your credit report.

According to the Federal Trade Commission, as many as 3 out of every 4 co-signers are asked to pay the loan.

If you are considering co-signing a loan, make sure you understand all of your responsibilities and make sure you have the ability to repay the loan, if necessary.

Get copies of all the paper work that accompanies the loan including the Truth In Lending Disclosure Statement.

Also, you should ask the lender to notify you, in writing, if the borrower misses a payment so that you're not caught off guard.

Give careful thought and consideration before you commit to possibly taking on debt in someone else's name.

# The best methods for budgeting

One of the most common questions we get here at Advantage is “How do I budget my money correctly?”.

In today’s world of economic stress having a solid, workable budget is a must. Not having one and not knowing what your expenses are is a sure path to financial ruin. Many people honestly believe that it is just something they cannot do themselves, and this fear keeps them from trying. If you search online for budgeting techniques you will come up with hundreds of millions of matches. Deciding which method to choose is the hard part.

## The Notebook Method

One method is to write everything down. Carry a small notebook or a few pieces of paper with you at all times. When you make a purchase or pay a bill, you record the amount. At the end of the month you can total everything up and see exactly where your money is going. Once you have accomplished this for a few months you will be able to put all of your numbers together and have a budget you can stick with going forward.

## The Computer Method

Another method that is growing in popularity is using a computer program to keep your finances straight. You can put your numbers into these programs daily and the computer does all the work for you. You can even use these programs to track savings and investing. They can display everything from charts and graphs to printable records you can save. For those of us that prefer the bells and whistles of the computer world, this might be the best choice.

Keep in mind though that you need to make sure you know how the program works before you try it. Not knowing will just lead to a bigger mess than when you started.

Also remember that no matter what program you decide to use, there is always a generic version or an older version on the bargain rack that is almost exactly the same as the current one.

## The Envelope Method

The envelope method is generally used by people who like to have their cash in their hand rather than sitting in a bank account. It’s also a good method for people who already know what they spend in each category of their budget. The envelopes are labeled for each category, and the amount of money you need is placed inside. This is also a great method for people who overspend on discretionary items. Once the money inside a particular envelope is gone, you cannot spend any more on that category. If there is an envelope that has money left in it at the end of the month, either put it in savings or just carry it over to the next month.

The answer to the question of how to budget your money is actually a very simple one; it’s whatever works for you. Some people like writing everything down, while others prefer envelopes or computers.

It’s okay to try more than one method and pick the one that works best. Remember that no one can budget your money for you, and that no matter how you choose to do it you must be conscientious about your spending or it won’t work.

Also try to make your budget a family activity. It’s more than okay to get the kids involved. Many parents don’t think that is a “proper” thing to do, but there are no high school or college classes in budgeting and money management. If you don’t teach them, no one will. Your budget is solely your responsibility, and with the many methods out there, the only thing standing in the way of a balanced budget is you.

## Resources

**The Federal Trade Commission**  
[www.ftc.gov](http://www.ftc.gov)  
877-FTC-HELP (382-4357)

**To check your credit report:**  
[www.annualcreditreport.com](http://www.annualcreditreport.com)  
877-322-8228

**For more tips to save on energy costs:**  
[www.consumerenergycenter.org](http://www.consumerenergycenter.org)  
[www.epa.gov](http://www.epa.gov)

## The Advantage Challenge

*Advantage challenges you to ...*

Start planning for the holidays. It’s never too soon, or too late, to start a holiday budget. Be sure to budget not only for gifts, but for food as well. The holidays can be a time when your food costs really increase. And don’t forget to include any decorations you plan to buy.

Make a list of everything you’ll need to buy and what you expect to spend.

Plan to pay for everything with cash. Look for areas to cut back if you can’t afford a cash-only holiday.

# Advantage

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

