

- Talking to Teens about Finances▶
- Financial Spring Cleaning▶
- Rebuilding Credit▶

## No Buy Month Challenge

Recently, there's a new trend being talked about on some financial blogs – a no buy month. The idea is you only pay for or buy essential items, like rent, utilities, food and gasoline. All miscellaneous spending comes to a halt for one month. This means, no dinners or lunches out, no entertainment expenses, no haircuts. One blogger on cheapsim.com reported she saved \$472 by doing this. However, attempting it will require some adjustments.

First, it's a good idea to figure out what exactly you'll be cutting out and how to make the appropriate adjustments. For example, if you eat meals out, you might have to reconsider how you plan out meals for the week. Instead of planning on meals out during the week make a plan for a week's worth of meals. Survey your cupboards and make your store list based on what's needed for this week's meals and other essential items you need. Don't forget to plan for lunches.

Other areas where you might need to make an adjustment are entertainment expenses. Look for other activities that you could do at no cost. Check out the library for free programs for children or consider hosting a family or couple's game night instead of a monthly night out.

Avoid shopping for clothes or shoes in your no buy month and any other miscellaneous expenses like lottery tickets, vending machines or cigarettes. Come the end of the month, total how much money you saved by buying only essentials.

Most consumers can't do a no buy month every month, but doing so every once in a while will surely result in some extra savings.

## Tips

*April is financial literacy education month and the perfect opportunity to talk to your children and teenagers about money. With student loan debt estimated at one trillion dollars, it's important to educate teens on good money management. Here are some tips to help get the conversation started:*

- Put your teen on a budget – give them a set amount of money they can spend each month, including entertainment expenses, and make them responsible for meeting their budget.
- Encourage savings – if you can, reward your teen for setting aside some savings each month by matching the amount or even matching half of it.
- Shop for college carefully – Advise your teenager to consider the cost for college. Compare the student loan debt between private and public schools. Explain how much of their monthly income will go towards paying back the debt after school and encourage them to consider employment during college to start making those loan payments.
- Educate them on credit cards – Show them what happens when you carry a balance and how long it takes to pay down high balances.



**Q:** I'm starting the process of rebuilding my credit, but I'm concerned about applying for a new credit card. What are some ways to improve my credit rating?

**A:** Rebuilding or establishing credit is an important part of the process to attain financial stability. In most cases, no credit is the equivalent of bad credit and it's highly unlikely a person can go through life accessing no credit at all.

If you're coming out of a financial crisis, like bankruptcy, or if you want to establish credit, a good place to start is with a secured credit card. Secured credit cards are usually offered by banks or credit unions.

When applying for a secured credit card, the bank or credit union requires a deposit into a savings account. For example, you deposit \$500 into the savings account and that is your credit limit. You use the card like a traditional credit card, but you can't go over your \$500 limit.

Before signing up for a secured card there are some questions you should ask the card holder. What's the APR and is it fixed or variable? What is the annual fee? Is there a grace period and how long is it?

You also want to make sure that your payment history on the secured card is being reported back to one of or all three credit bureaus.

Typically, after about a year with a good payment history on the secured card, the card holder will usually transition the card to an unsecured card.

# Financial Spring Cleaning

The birds are chirping. The sun is shining and some have spent these first few weeks of spring cleaning out. However, have you considered your financial spring cleaning? Now is a good time to examine some aspects of your finances and, if necessary, clean some things up.

A good first place to start is your credit report. All consumers are entitled to a free credit report from each of the credit bureaus annually. If you haven't done so in a while, it's about time to check yours. Go to [www.annualcreditreport.com](http://www.annualcreditreport.com) and access your credit report from one of the bureaus. You can obtain all three or you can wait another couple months and obtain one of the others.

Once you check your credit report, review it and see if there are any items on there that you need to deal with and also check the report for errors. If there are any outstanding items you can tackle, make a plan to do so and follow the proper procedure ([www.ftc.gov](http://www.ftc.gov)) for correcting any errors.

Next, review your budget. If you're saying, "what budget?," now is a good time to create one. Consider all your expenses, including ones you only pay periodically (like your water and sewage bill). If you need some help, use the Agency's online budget tool at [www.onlinebudgetadvisor.com](http://www.onlinebudgetadvisor.com).

Once you have reviewed or created your budget, next you might want to look for ways to cut expenses. Budgeting helps you identify expenses you don't realize you have. To further identify expenses, try tracking your expenses for one month. This will help pinpoint the miscellaneous spending you're doing.

Cutting back on spending can lead you to increase your savings. By eliminating some extra expenses, you can redistribute the funds into a savings account.

Part of your financial spring cleaning

may also be reviewing your insurance coverage. If your driving record has been clean, maybe you want to shop around for a lower car insurance rate. Or maybe, now is the time to add to your insurance portfolio. Evaluate the costs of life insurance or long-term disability insurance and compare it to your budget and see if it's something you should consider.

Have you been saving receipts and bill statements? Do you know what to get rid of and when? See the list below for what to keep and how long you should keep it. To prevent identity theft, shred documents with personal information. If you have an excessive amount to shred, keep your eyes open for a shred day in your community. Some organizations or businesses will host shred days where a commercial shred truck will shred your information for free. If there isn't one any time soon, hold on until October when Advantage CCS hosts a shred day at the Southside headquarters.

What to keep and for how long:

**One month-**

ATM receipts

**One year-**

Paycheck stubs

Utility bills

Credit card receipts

**Three years-**

Income tax returns

**Seven years-**

Records of satisfied loans

**Keep while active -**

Contracts

Property tax records

Home improvement records

**Forever -**

Marriage license

Bankruptcy papers

Military Discharge papers

A financial spring cleaning works the same way a household spring cleaning does...it's a big task, but once you're done, you're glad you did it.

## Resources

[www.onlinebudgetadvisor.com](http://www.onlinebudgetadvisor.com)

[www.bankrate.com](http://www.bankrate.com)

[www.nfcc.org](http://www.nfcc.org)

[www.cheapism.com](http://www.cheapism.com)

[www.jumpstart.org](http://www.jumpstart.org)

[www.annualcreditreport.com](http://www.annualcreditreport.com)

### The Advantage Challenge

*Advantage CCS challenges you to ...try a no buy month. Select a month or 30 consecutive days and only buy essentials. This means no miscellaneous spending. Use some of the tips from the article on the front page and make it happen. Total up how much money you saved and put it to good use. Let us know how you do. Email your results and tips you discover along the way to Heather Murray at [hmurray@advantageccs.org](mailto:hmurray@advantageccs.org)*



# Advantage

2403 Sidney St., Suite 400

Pittsburgh, PA 15203

(888) 511-2227

[www.advantageccs.org](http://www.advantageccs.org)

