

- ▶ Prioritize your bills
- ▶ It's tax time
- ▶ Valentine's Day on a budget

Big heart, little budget

Valentine's Day is the day of love and romance, but it can also be a day of expense. There are ways to be a big romantic without a big budget.

Valentine's Day falls on a Sunday this year, so expect busy restaurants and high prices the whole weekend. Consider skipping going out to dinner that weekend and make reservations for the next weekend or later. You'll find smaller crowds and better deals.

The same can be true if you want to surprise your significant other with a weekend get-away for Valentine's Day. Don't go away Valentine's Day weekend, book a trip a couple of weeks later and you'll likely save big.

Instead of going out to dinner on Valentine's Day, try cooking a gourmet dinner at home. Set the table, light candles and create your own romantic atmosphere. If you have kids, ask a friend or relative to baby-sit and you will still be able to enjoy a romantic dinner for two alone, but at home.

Shop around for flower prices. You will probably find a grocery store will have a better price on roses than the local florist. The presentation will be just as nice and, most likely, half the cost.

You can also give the gift of your time. Instead of a fancy present, take the day off work and spend the day with your significant other. Take a drive down memory lane, visiting your favorite places as a couple or the places you have lived together.

Come up with creative gift ideas. Make a scrapbook of pictures and mementos, or burn a CD with your partner's favorite songs. Make homemade coupons redeemable for chores, massages or time alone.

Use Valentine's Day as an opportunity to tell your partner how you feel about him or her. Write an old fashioned love letter. Telling someone how you feel costs nothing, but the sentiment is priceless.

Did you know ...

There are advantages to doing your taxes early. January is the perfect time to start your 2009 tax return.

Getting started now will give you enough time to gather all of your materials. If you're doing your own taxes, it will also give you plenty of time to fill out all of the necessary forms and turn them in on time.

If you're getting a refund, the sooner you send in your tax forms, the sooner you'll get your money!

If you happen to owe, you'll have some time to come up with a plan as to how to pay what you owe. You may need to make some changes to your budget to come up with the cash for Uncle Sam.



Q: I've heard different things about what to do with old credit accounts that I no longer use. Should I close these accounts and how does that affect my credit score?

A: Consider closing unused and idle accounts, if they are charging you unnecessary fees. These accounts often targets for identity thieves.

Close the accounts with annual fees or the highest interest rates first. However, if you are closing accounts you still want to keep four to six credit accounts open. Signs of active and responsible credit use are viewed positively by creditors.

Designate one card for regular use and try to pay the balance in full each month. Use the other cards for emergencies only so that you are not tempted to overspend.

One thing you *do not* want to do is close the oldest account on your credit reports. This could cause your credit history to appear shorter and could harm your credit score. The safest way to close an account is to send a certified letter to the customer service department of the credit company. You should receive an account closing confirmation letter in 10 days.

Prioritizing bills when money is tight

Now that the holidays are over, chances are good that many people are stressing about how much they spent over the holidays.

While for some people this post-holiday spending hangover is a nuisance, for others it can be downright scary.

Even if you're not wrestling with leftover holiday bills, you may be facing a tough financial situation for other reasons.

If money is tight, you will need to make some wise financial decisions. Here are some guidelines to help you starting with prioritizing your bills and expenses.

Pay family necessities first such as food and essential medical expenses.

Keep up the mortgage or rent payments, if possible. If you own your home, also pay any homeowner's insurance and taxes, unless those are already included in your monthly mortgage payment. Also, make any condo fees or mobile home lot payments a high priority. Failure to pay those expenses could lead to the loss of your home.

Keep the utilities on. Make any necessary utility payments such as electric and gas. You may also qualify for assistance paying your utility bills if you meet certain income guidelines.

If you are having a difficult time paying your electric bill, contact your utility provider to ask about any available hardship programs it may offer.

LIHEAP (Low-Income Home Energy Assistance Program) helps people struggling to pay their heating bills. You can visit your local county assistance office for an application, or get web sites and phone numbers in the "Resource" box to right.

If you need your car to get to work or for some other essential transportation, **make your car and car insurance payments.** It is illegal not to have car insurance, and you could end up digging yourself an even deeper financial hole if

you receive a citation or get into an accident while driving without insurance.

Pay child support. Failure to make court-ordered payments could result in serious consequences, including jail time.

Pay any income taxes that are not automatically deducted from your paycheck. You absolutely must file a tax return each year, even if you cannot afford to pay taxes you may owe.

Student loans are a medium priority debt, however, you could have your wages garnished or tax refunds taken if you default. Some student lenders have programs in place to help people facing a temporary financial hardship. You may have the option to get a forbearance or defer your payments for a time. Check with your lender to see what options may be available to you.

If you must leave bills unpaid, make any unsecured debt a lower priority. This includes credit cards, attorney or medical bills and open accounts with merchants. You should be aware that non-payment of these bills may result in the account being turned over to collections, but because you have not put up any collateral for these kinds of accounts, there is nothing the creditor can take away from you.

Likewise, a loan with household goods put up as collateral should be lower on your priority list. Creditors rarely seize household goods because they have little market value, and seizure involves a court process that is time consuming and expensive for the collector.

Once you've prioritized your debt, you should not move a debt up on your priority list if a creditor threatens to sue, threatens to ruin your credit or turns the account over to collections.

However, if a court judgment is made against you and you are court ordered to pay something that debt

Resources

LIHEAP

Online at www.liheap.org. Pennsylvania residents can go to www.compass.state.pa.us.

Call toll-free (866) 857-7095 or for the hearing impaired (800) 451-5886.

The Advantage Challenge

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