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Preparing for Tax Time

It's the New Year and that means another tax season is fast approaching. Instead of waiting until April 15th, take the time now to get a jump start on your taxes.

First, gather and sort through all tax related paperwork. Unless you are incredibly organized, chances are your receipts and other tax related items are in a folder, in no particular order. Now is the time to sort through it and organize it, so it will be easy to detail on your tax return or easier for your tax preparer to sort through.

Next, start researching changes to the tax laws in 2013. The IRS website, www.irs.gov, will detail changes to code that you may want to be aware of before filing your return. Determine if you need any other information due to changes in the tax law.

Consider whether you will be filing your taxes yourself or hiring someone to do so. If you are planning on doing them on your own, begin thinking about what software program you will use and research consumer reviews on it. If you will be hiring a tax preparer, consult with friends and neighbors for a reputable company or individual.

In addition, consider what you will do with your tax refund. You may want to think about using it to pay off a debt or put at least half in your emergency savings. It's tempting to treat yourself or loved ones with it, but putting it to good use will benefit you in the long run.

Tips

If you're considering some financial resolutions for the New Year, a good place to start is cutting expenses. Here are some simple ways to cut back on monthly spending:

- Consider removing a landline from your home – some consumers are comfortable only having a cell phone and can eliminate the cost associated with landline phone service.
- Evaluate your cable bill – look for ways to reduce it by eliminating premium channels or downgrading to a basic package.
- Eat more meals at home – reducing the number of restaurant meals out each month may result in a cost savings. Limit the number of times you eat lunch out by packing your lunch.
- Pay monthly bills on time – paying bills on time not only helps your credit score, but also prevents you from being charged late fees.



Q: My credit score isn't very high, and I want to buy a new car soon. What can I do to boost my score?

A: The most popular credit score, FICO, can range between 350 to 850 points. The higher your score the more likely you are to get a loan and to get a good interest rate on your loan.

There is no quick way to raise your credit score. Your score is comprised of many factors including your payment history, the types of loans you have, the outstanding balances you owe and how much available credit you have.

Negative items, such as a charge-off or a bankruptcy, will remain on your credit report for 7 to 10 years.

Get a free copy of your credit report from www.annualcreditreport.com. Look for any errors that your report may contain and report them to the credit bureaus.

If you have any past due bills, get caught up as soon as possible. Stop using your credit cards and pay down your balances.

Please be wary of companies that promise they can "fix" your credit or remove negative items to boost your score. No one can legally remove accurate information from your credit report, and you can get inaccurate information removed yourself.

Be patient. It takes time to build up a good credit history.

(888) 511-2227

Financial Resolutions for 2013

The New Year is a great time to start fresh and begin putting your finances in order or back in order. Resolve for financial stability in 2013. Here are some ways to improve financial health in 2013.

Make a budget and follow it. Kick off the New Year with a new set of spending rules. Develop a monthly budget by determining all income, expenses and debt. If you're not sure where to begin, try the Agency's free online budget tool, www.onlinebudgetadvisor.com. Creating a monthly budget and sticking to it will help you identify where your money is going each month and will help you control spending.

Track your expenses. If you're not sure what some of your monthly expenses are, a good way to figure it out is by tracking all of your expenses for 30 days. This includes large expenses, like your gas and groceries and also small expenses, like stops for coffee or vending machine snacks. Tracking monthly expenses will help you identify areas in your budget where you can or want to cut back.

Cut back on spending. After you have tracked your expenses and have identified exactly where your money is going each month, look at an area where you want to cut back. It could be grocery expenses or eating meals out. Come up with a strategy to accomplish it. It may be shopping at discount grocery stores or planning meals in advance to avoid the temptation of eating out regularly.

Check your credit report. Checking your credit report should be a routine activity once a year or once every four months. All consumers are entitled to a free credit report from each of the three credit bureaus once per year. You can receive all three at one time or you can elect to check one every four months. The only place to get your truly free

credit report is through the website, www.annualcreditreport.com or by calling 1-877-322-8228.

It's important to routinely check your credit report for several reasons. The first being to ensure you're not a victim of identity theft and the information that is on your credit report should be on there. You also want to make sure the information on your credit report is accurate. Errors could be costly. If you believe there is inaccurate information on your credit report, contact the credit bureau in writing and include proof that the disputed information is incorrect. The credit bureau is required to investigate your claim and respond to you in 30 days.

Set financial goals. It's important to identify areas of your finances you want to work on in the upcoming year. Some suggestions for financial goals include establishing an emergency fund, paying off a loan or a credit card, or paying off a delinquent item you find on your credit report. Achieving any of these goals will help improve financial stability.

Check your insurance coverage. Make sure you have adequate life insurance for anyone dependent upon your income and disability insurance to cover you in the event you are injured and lose your ability to work.

Start saving for retirement. Consider ways to begin or increase your retirement savings. Look for options on where to start saving for retirement or, if you are already setting aside money, figure out a way to increase your savings in 2013.

Whatever your financial resolutions may be in 2013, remember that Advantage CCS is here to help. Agency certified credit counselors are available by phone at **888-511-2227** or online at the Agency website, www.advantageccs.org.

Agency News

At its annual awards luncheon, the Pennsylvania Housing Finance Agency (PHFA) honored Advantage CCS with its 2012 Best Practices award. PHFA cited the agency's use of technology, strong emphasis on training, client advocacy efforts, and the use of a continual quality performance and improvement program as key factors in making its selection. Additionally, PHFA honored the agency with a Special Achievement Award as one of three organizations in the state to complete the most Emergency Homeowners Loan Program (EHLPP) applications in 2011.

The Advantage Challenge

Advantage CCS challenges you to ...make a financial resolution for 2013. Decide to start following a budget, pay down some debt or begin saving for an emergency fund. Come up with a strategy for achieving your goal and stick to it. Let us know what you do and how you do. Email resolutions to Heather Murray at hmurray@advantageccs.org.

Advantage

2403 Sidney St., Suite 400
Pittsburgh, PA 15203
(888) 511-2227
www.advantageccs.org

