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Top Five Financial Resolutions

If you're looking to start 2015 off on sound financial footing, here are some financial resolutions to use as a guide for better money management this year.

1. Develop a budget – A monthly budget is the foundation to successful financial management. Without a clear idea of your monthly obligations and how much money you have to meet them, it's difficult to plan for other expenses that you may incur.

2. Start an emergency savings fund – It doesn't matter how much you save, but start to put aside money, on a routine basis, for expenses that pop up when you don't expect them to.

3. Pay down debt – Evaluate how much debt you have and start to tackle it. If you're currently paying on credit card debt, see if you can increase your monthly payment to pay the debt off quicker.

4. Reduce spending – Evaluate your current spending habits and see if there are any areas where you can cut costs. Typically the first place to look is food and miscellaneous expenses.

5. Set a financial goal for 2015 – It can be as simple as saving for the holidays or as complex as starting a retirement investment fund. Whatever it is, figure out how to make it happen and stick to it for the next year.

Consider contacting an Agency credit counselor to assist in some of these resolutions and to help determine your next step in your financial journey.



Q: What happens if my car gets repossessed?

A: When your car is repossessed it means that you have defaulted on your loan. Missing car payments is an example of a default. Since there is an asset attached to the loan (your car), the loan company has the right to take that asset back for nonpayment.

After it is repossessed, you can pay the amount you are late with, plus any additional fees, to have the car returned. If you do not pay the arrears, the car will be sold at auction. You will still be responsible to pay the remaining balance of the loan after the auction price is deducted from it. You'll also be responsible to pay any additional fees that are associated with the repossession.

The best way to deal with repossession is to keep it from happening. If you're going to be late with a payment, contact your creditor immediately to see if any type of arrangement can be worked out. The creditor may be willing to work with you in order for you to maintain possession of the car. This could mean a revised payment schedule. Whatever is worked out, be sure to get it in writing to avoid any misunderstanding by either party.

If you know it's not feasible to continue making the payments, consider selling the car or agreeing to a voluntary repossession. A voluntary repossession is likely less costly to the creditor, which reduces the fees you will be required to pay once the process is complete.

A repossession will remain on your credit report for seven years.

Tips

The New Year means it's time to start thinking about taxes. Here are some tips to get ready and make the 2015 tax season a breeze.

- Organize your records – go through information you have been setting aside for the past year and categorize so it's easier to find when working on your taxes.
- Carefully review all information before you file – double check personal information, like your social security number, to make sure it's inputted correctly.
- If you're in Western Pennsylvania, the United Way offers free tax preparation for income eligible households. Call 211 for eligibility requirements and to schedule an appointment.

Cutting Costs for the New Year

When it comes to budgeting, in some cases, reducing expenses can improve cash flow and mean extra money in your pocket. Cutting expenses can be an effective way to stretch your monthly income if you find yourself falling short each month.

First, take a long look at your budget. What are you spending your money on each month? If you're not sure, then the first step is to track your expenses for a month and figure out exactly where your money is going. From there, you can identify areas where you can spend less or eliminate expenses.

Typically the first place to start when you're looking to cut expenses is food related costs. If you have a habit of eating lunches out make an effort to pack your lunch from home every day. Also, plan your dinners. Weekly meal planning reduces your grocery costs by shopping for only things you need and it also reduces instances of ordering out because you'll know what you're having for dinner and you'll have the ingredients to make it.

Changing how and where you shop for groceries can also be an effective way to reduce food costs. Consider shopping in discount grocery stores or buying only store brand items and drop name brand loyalty. Also, only buy produce that is in season and shop your sale ads.

Once you've reduced your food costs, examine other line items in your budget. Start with your cable bill. For some families, eliminating cable is an easy decision. With an internet connection, consumers can access television shows and movies through subscription services like Netflix for a cost that's much lower than cable. In addition, consumers can purchase digital converter boxes for a onetime fee and have access to local channels. Monitor your TV viewing habits and see if this is an option. Also, consider altering your

cable package to save and eliminate any premium channels for a big cost savings each month.

Look at your utility costs. Is it possible to reduce your gas and/or electric bill? A programmable thermostat will automatically heat or cool your home when you need it and regulate the temperature when you're not at home or sleeping. Unplug all electronic devices when not in use so there's no phantom charge. All electronic devices use a small amount of electricity at all times, a phantom charge. Plugging devices into a power strip and then switching off the strip when not in use eliminates the phantom charge. Also, switching out all light bulbs to CFLS will help reduce your monthly electric bill.

Evaluate other monthly subscriptions you have. Cancel magazine and newspaper subscriptions and look into online subscriptions. Are there any monthly services that you may be paying for but don't realize? Total up the monthly costs and consider canceling things that you don't need.

Another expense that can be evaluated is your insurance costs. Have you examined your life insurance policies lately and is it possible to obtain a cheaper rate? Consider shopping your car insurance around. Also if you own your home, see if you can receive a discount for having the same insurance carrier for your car and home owner insurance.

Evaluate the interest rate on your mortgage and any loans you have. If your credit is good, now may be the time to refinance. A lower interest rate can lower your monthly payments.

Evaluating monthly expenses and looking for reductions can be an effective tool to help you manage your monthly obligations better and ease some financial burdens.

Resources

www.pa211sw.org

www.onlinebudgetadvisor.com

www.irs.gov

www.advantageccs.org

The Advantage Challenge

Advantage CCS challenges you to ...review your monthly budget and target at least two expenses to reduce or eliminate completely. Determine where your money is going each month and figure out a way to add some income back into your monthly cash flow. Decide what one or two expenses you will cut, how you will eliminate or reduce that expense and how much money you will save. Let us know what you figure out. Email results to hmurray@advantageccs.org.

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