

- Insurance rates and credit scores▶
- improving financial security in 2016▶
- Tips for healthy eating▶

Preparing for Tax Time

It's only January and the New Year has just begun, but it's a good idea to start thinking about filing your taxes and organizing your information so it's an easy process when it's time to file.

Start to gather up any documents or other information you already have for your tax filing. In the next month or so, start to look for tax documents to come in the mail, like your mortgage interest statement or student loan interest statements. Your W-2 should also arrive before the end of the month. Gather all your documents and store them in a safe location until it's time to start working on your taxes.

It's also important to remember that if you are due a refund, avoid refund anticipation loans. Refund anticipation loans cost you some of your refund in exchange for immediacy. Waiting the few weeks for your refund is worth the wait in order to receive the full amount.

In addition, if your income is in the low-to-moderate range, consider contacting the United Way for information on their free tax preparation service. IRS trained volunteers will work with you and file your taxes. In the Pittsburgh region, contact the United Way through the 211 line for information on free tax preparation sites.

Tips

It's the New Year and with the New Year typically comes a resolve to eat better. Here are some tips for eating healthy and staying on budget.

- Consider shopping at discount grocery stores where prices are lower. Most of these stores only stock fresh fruits and vegetables that are in season, making them cheaper to purchase.
- Avoid processed foods. It costs more to feed a family with buying only processed foods because the portions are limited. It's healthier to cook from scratch and you'll be able to stretch your meals further.
- Plan out your meals and your snacks. Portion your snacks out, so it's easy to avoid overeating.
- Switch to whole grain breads and pastas.



Q: I started to shop around my car insurance and I'm surprised insurance companies are requesting my permission to access my credit report. Why is this done and how does this affect my insurance rate?

A: Determining insurance rates is one surprising way credit scores are used to evaluate character. The insurance industry is checking credit scores to make a determination on how a consumer will pay their insurance premiums. The insurance industry believes consumers with low credit scores are more likely to file insurance claims and more likely to miss payments. Ninety-five percent of insurance companies are using credit scores to determine rates.

Consumers with low credit scores cannot be denied insurance and in three states (California, Hawaii and Massachusetts) the credit score cannot be used as a factor to determine insurance rates. According to the Consumer Federation of America, rates can be an average of 127% higher for a consumer with a poor credit history.

The easiest way to improve your credit report and increase your credit score is to pay your bills and pay them on time. Timely bill payment makes up 35% of your credit score.

If you have difficulty making on time payments, consider establishing automatic payments. If you're struggling to meet all of your financial obligations, consider an agency counseling session to help you get a better handle on your monthly cash flow and see if there's room for improvement.

Improve Financial Stability in 2016

Now that the holidays are over, January usually brings a determination for self improvement. We may want to lose weight, find a new job or quit smoking. Oftentimes, our determination begins to wane and by February, we forget what our resolutions were and why we wanted to achieve them.

However, when it comes to financial resolutions, a new study by Fidelity Investments gives us hope. Their study found that 56% of the consumers they surveyed who made financial resolutions reported that their finances improved as a result. Experts believe the reason some financial resolutions are successful is because you can make changes to money management automatically. For example, having a set amount transferred to savings out of each paycheck.

We at Advantage CCS know that some financial changes are not easy to make and do take discipline and constant effort. We have developed the following list of financial resolutions to tackle in 2016 and some steps required to achieve them.

Track expenses- Tracking expenses is a good start to improving your finances. Tracking expenses allows you to see exactly how you're spending your money each month. Track all of your expenses for at least 30 days. Either write down every purchase you make and how much you spent or keep all your receipts. Include all purchases in your tracking, even small ones like lottery tickets or vending machines. This month's worth of data will provide you with insight on where your money is going and options on ways to spend your money differently.

Develop a budget- A budget is more than a monthly accounting of what your bills are. It's way to help prioritize your needs over your wants and how to put your money to its best use. It's important to develop a budget that encompasses all of your monthly expenses, not just fixed costs like rent or a mortgage payment. Include costs that may vary each month and periodic costs that you pay on a quarterly or semi-annual basis.

Meal plan- Often a New Year's resolution is to lose weight. If that and saving money is on your list, make a commitment to meal plan in 2016. Meal planning can be a tedious task, but it will save you money on food costs. Once a week or even once a month, develop a dinner plan for the week or month. Make your grocery store list and whenever possible, prep parts of the meal in advance to make it easier to stick to the plan. Meal planning cuts down on extra trips to the grocery store, cuts back on last minute decisions to order out and saves you money as a result.

Increase savings- Make a commitment to developing a saving plan in 2016. Evaluate what you can afford to save each month and make a plan on how and where you will save it. The easiest way to save money is to have it automatically deducted from your paycheck. Save it before you see it. You can also consistently save change or make a habit to put aside all of your \$5 dollar bills. Set a savings goal, which may help you stay motivated.

Pay down debt- Evaluate your monthly debt payments (mortgage, car payment, student loans, credit card payments). Is there something on that list that you can focus on paying off in 2016? If it's a credit card, pay more than the monthly minimum and commit to not using the card. Check student loan balances. Is there a loan you're close to paying off that you can pay extra on? Consider how much extra money you would have available each month if you eliminate one of your current debts. Eliminating a debt may take longer than one year, but with some extra payments, you can pay off your debt faster than currently estimated.

If financial stability is your goal in 2016, considering any of these resolutions will improve your financial security. In addition, an agency credit counseling session may provide some additional insight that will help you accomplish your goals. Call us at 1-888-511-2227 or visit our website at www.advantageccs.org.

Resources

www.annualcreditreport.com

www.ftc.gov

www.advantageccs.org

www.onlinebudgetadvisor.com

The Advantage Challenge

Advantage CCS challenges you to... start saving now for the upcoming holidays. Evaluate what you spent in 2015 and come up with a savings plan for the 2016 holiday seasons. Try to look at all of your holiday related expenses, including food, decorations, gifts and travel costs. Divide that number by 10 and aim to save that amount monthly through October. By the time November 2016 comes around, you'll have your holiday money saved and you can get a head start on your shopping. Let us know your plan for holiday savings. Email hmurray@advantageccs.org

Advantage

2403 Sidney St., Suite 400

Pittsburgh, PA 15203

(888) 511-2227

www.advantageccs.org

