

- Spring cleaning your home and your finances▶
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It's Time to do a Little Spring Cleaning of your Finances

Spring is just around the corner and that means it's time to do some spring cleaning. We're not just talking about your typical spring cleaning. Yes, it's a great time to clean out the closets, attic and basement, but what about spring cleaning your finances? Spring is a great time to get a fresh start with your finances.

Examine your monthly expenses and see where you can save some extra money. Consider going on a budget plan to ease your monthly utility payments. Review your cell phone and cable TV usage. Are there some bells and whistles you are paying for but not using? Are you really watching all of those channels? Maybe you can down size your plans and reduce your bill.

Have you been neglecting balancing your checking account? With technology today you don't even have to wait for a statement. Mistakes happen, but you don't want to wait until you get a bounced check notice in the mail to find out about that mistake. Maybe it's time to re-evaluate your banking services. Have your minimum balance requirements changed? Do you have overdraft protection in case of a mistake? Depending on your banking relationship, maybe you can take advantage of a program where you get free or discounted services.

If you don't have an emergency fund, now is a great time to start one. Start saving and work on building it to three to six month's worth of your regular household expenses. If you do have an emergency fund, perhaps you can start saving for something special or a trip. Whatever your situation, spring is a great time to clean up your finances.

Tips

It's time to start thinking about spring cleaning in our homes. Do you find yourself getting into a "get rid of it" mode? Here are some tips on what to do with items you plan on getting rid of.

- Have a garage sale and sell old toys and clothes and turn them into cash before you just throw everything out. Remember: one man's trash is another man's treasure.
- Whatever you don't sell-donate. Compile a list of your donations and bring them to the counter of your donation site. You'll be provided a receipt and the fair market value list of your items.
- Consider consignment shops for your slightly used clothes to make a little extra cash. If you like to read, take your old books to a used bookstore, and perhaps you'll find some new ones you haven't read yet! And don't forget sites such as Craig's list or Ebay to sell some items on-line.



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: 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 available at banks or credit unions and can be a place to start when it comes to rebuilding your credit.

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 to the credit bureaus. The best way to improve your credit rating is to make your monthly payments and to make them on time. Charging something on the card each month, but then paying the balance on time, will help improve your credit.

Call 888-511-2227 or go to www.advantageccs.org to find about the agency's credit report review session, which provides education on improving your credit rating.

Making the Most of Your Tax Refund

With tax season in full swing, some consumers are starting to see their refunds materialize in their checking accounts. Some consumers will see a significant refund, so it's important to plan ahead for how to best use your refund.

One of the best uses for a tax refund is to establish an emergency savings fund. It's important for financial stability to have some money set aside in case the unexpected happens. A tax refund can help boost emergency savings. Experts recommend three to six months of living expenses, a goal you can build to over time. A good first goal is one month's rent or one mortgage payment.

Another good use of a tax refund is paying down debt. Maybe there's a credit card that can be paid off and a car loan that can be reduced or eliminated. Evaluate outstanding debts. What kind of effect would putting a tax refund have on the amount that is owed? Being able to pay off or pay down a debt could have a positive impact on not only your monthly budget, but your credit report as well.

Starting a retirement savings fund is also a good use for a tax refund. Investing a portion or all of the money into a traditional IRA account can kick start retirement savings. It can also provide a benefit in the form of a tax deduction on next year's taxes. Investing in a Roth IRA will allow you to withdraw the money tax free at the time of retirement.

Another good use for a tax refund is setting the money aside for periodic expenses. Periodic expenses can be budget busters in the months the bill is due. A periodic expense is a quarterly or semiannual bill, something like insurance, taxes or water and sewage bills. If

not planning properly, a periodic expense can disrupt monthly cash flow. Using a tax refund to help fund periodic expenses throughout the year is a way to free up money within a monthly budget.

Sometimes a tax refund is a good start to a college savings fund. There are numerous ways to start saving for college and a financial advisor may be a good place to start with some suggestions. Most states offer 529 college savings plans, which also offer some tax benefits. In some states, like Pennsylvania, contributions to the plans can be deducted dollar for dollar on state income tax returns.

A tax refund is also a way to fund expenses that are already being planned for, like a vacation. If you are planning a getaway this summer, putting your tax refund towards that expense is a good use for the money. If you have saved and your vacation is already paid for, use the money towards the expenses you will incur while away. It will be a more relaxing vacation knowing that you're not going into debt while you are there.

A tax refund can also be used to make a donation to a cause or organization that's appealing to you. Before making a donation to a nonprofit organization, it's important to understand how the donations are used and to make sure the mission aligns with something you support. Websites like Charity Navigator will rate organizations and can be helpful when deciding where to donate. There is also a tax benefit on next year's tax return.

However much of a tax refund you receive, it's important to use it to help improve your financial stability for the upcoming year.

Resources

www.annualcreditreport.com

www.ftc.gov

www.advantageccs.org

www.onlinebudgetadvisor.com

www.salvationarmyusa.org

www.goodwill.org

The Advantage Challenge

Advantage CCS challenges you to...use your tax refund to improve your financial stability. Use some of the information in this newsletter and decide what the best use of your refund is for you. It may be an emergency savings fund, paying down debt or starting your retirement savings. Whatever you decide, make a commitment and stick to it. Let us know what you do. Email your plan to hmurray@advantageccs.org.

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