



The Best Financial Advice for a New Year

Accel has pooled the collective expertise of our counselors to bring you “The Best List” of money management advice to help you accomplish your financial goals.

- 1. Hold a financial conference with the family.** Present a “state of the household” speech where you review your current budget and make any necessary adjustments. Hold people accountable for specific changes that are required to balance the budget or establish a savings goal.
- 2. Post your budget goals for the year.** When establishing goals, it is important to make them SMART: Specific, Measurable, Attainable, Realistic and Timely. Include goals that will motivate you to achieve them — vacation, retirement, house, car, etc. Treat yourself to something small every month you reach your goal.
- 3. Pay yourself first!** Set aside at least ten percent of your net income for savings. The easiest way to do this is to have it directly deposited from your paycheck into an emergency savings account. Make it your goal to save at least three (3) months worth of living expenses. You should have enough to cover *all* (housing, auto, groceries, clothes, etc.) of your monthly expenses in the event of a sudden job loss or illness.
- 4. Start paying off credit cards.** Once you have established a balanced budget with a savings plan for emergencies, work on those credit cards. If you are already on a debt management plan with Accel, you are well on your way! If not, here are some helpful tips:
 - a.** If you have trouble with interest charges each month, call your creditors and request interest decreases. If they deny you, ask them what you need to do before you can get one. Document who you speak with along with the date and time.
 - b.** Pay it down! Review a list of all of your creditors to determine balances and interest rates. Determine a plan of attack. Some people start with smaller balances and eliminate cards; others send the most to the highest interest cards.
 - c.** Set the payments you determine for each card into a bill pay service through your credit union. Some credit unions eliminate monthly fees if you choose direct deposit and/or use their Internet banking features.
- d.** If you have trouble controlling spending, take all of the cards and lock them in a safe place. Out of sight means out of mind.
- 5. Determine a baseline in your checking account.** This should be your zero point (e.g. account never goes below \$200). You’ve just created your own overdraft account!
- 6. Many credit cards offer cash back or miles programs.** Using these cards within your budget, and paying them off immediately, can get you a good chunk of change by the end of the year. Consider using them to help you achieve a vacation goal.
- 7. Use your credit cards wisely.** Don’t spend more than you can afford to pay on a monthly basis. Responsible use of your credit cards will help you establish a solid credit rating and avoid financial problems. However, using your credit cards regularly for items such as food, gasoline, and utilities — without paying off the balance in full each month — could be a sign that your monthly budget needs reviewing.
- 8. Visit or re-visit your retirement goals.** Start saving now for retirement. If your employer offers sponsored programs that can match or have established savings vehicles, use them. Ask yourself how much it will take to retire and calculate this based on current savings and years left as a viable employee.
- 9. Find a way to track your expenses.** Save receipts throughout your day (ask for these whenever you spend). Make this activity a part of something else you do daily already. For example, before or after writing in a journal or putting your kids to bed, review where your money went that day.
- 10. Review your credit report.** Your credit worthiness will affect your ability to purchase goods and services on credit, to get a loan or to land that next job. If you have a good credit record, you are likely to receive lower interest rates which save you money. You can obtain a free copy of your credit report at www.annualcreditreport.com.

The Return of Layaway: An alternative to using credit this holiday season

Layaway may sound like an old-school concept, especially in today's "buy now, pay later" society. But the idea of setting aside products to pay off gradually is making a comeback, and is a great alternative to using credit cards this upcoming holiday season.

Layaway may be the answer for those of us who can't afford to pay all at once or who simply want to avoid using credit cards. Layaway also helps keep purchases away from curious present-seekers during the holiday season.

In addition to traditional in-store layaway, stores such as K-Mart and Sears are offering online layaway programs. Online layaway lets you browse and shop for items on the web, pay over time just as you would with traditional layaway, and then pick up the merchandise in-store.

Accel offers the following tips for buying on layaway:

1. Get a copy of the store's layaway policies and staple it to your receipt.

2. Make sure you understand the policies, such as schedule of payments, late fee policies, refund and exchange policies, markdowns on sale prices and loss or damage of items while in layaway.
3. Be realistic in what you can afford over time and what you put on layaway.
4. Keep clear and accurate records of payments made in case you have disputes later.
5. When going to the store to make a payment, use the direct in-out method. Walk into the store and directly to the layaway counter to make the payment and then walk back out to your car.
6. Don't forget that, until you pay off the items in layaway, the store has your money and merchandise.

Regardless of how you decide to shop this holiday season, make a budget in advance, shop from a list, track your expenses and stick with your original plan.

Tips for Sticking to a Holiday Budget

Here's one way to make the new year a happy one: Rein in holiday spending. Whether or not you've started your holiday shopping, it's not too late to create a holiday budget and stick to it. Here are some simple steps:

1. **Decide how much you can spend.** Holiday money should come from your current disposable income. If you use credit cards for convenience, make sure you track your spending so that you don't go over budget. Save some holiday money by cutting back on extras such as movies, dinners out or coffee drinks until the holidays are over.
2. **Budget for everything.** There are a lot of holiday expenses people don't think about like the cost of shopping (gas, parking), decorations, food and drink for parties, greeting cards and postage, out-of-town gifts, travel expenses and charitable contributions. All of these items should be in the budget.
3. **Make a complete gift list.** The list should include everyone to whom you plan to give a gift — relatives and friends, piano teachers, mail carriers, etc. And don't forget the office gift exchange.
4. **Decide who's getting what.** For each person, set a firm "no more than" purchase price for that gift and be realistic. If disposable income is tight, think about giving greeting cards

or "make or bake" gifts like cookies, pumpkin bread or handmade ornaments.

5. **Set expectations with family members, especially children.** If gifts will be minimal, it's advisable to talk to your children about their expectations. If it's not too late, discuss reasonable and economically feasible gift-giving tactics with family and friends.
6. **Check your emotions at the store door.** To keep the feelings out of shopping, keep a list of other financial obligations like credit card debt, car payments and mortgage payments on a slip of paper in your wallet. When tempted to overspend, remind yourself of what you owe.
7. **Work the sales, don't let them work you.** If a gift on your list is on sale, buy it. If it's not on your list, don't buy it, because you'll end up going over budget. Also, avoid the temptation to open new credit lines at retail stores just to save ten percent or more on your purchases. These cards generally carry higher interest rates, so your actual savings may be minimal.
8. **Keep track of spending.** Instead of stretching your budget with credit cards, try "the envelope trick." Set aside budgeted spending cash in an envelope for each household member: When the money's gone, the spending is done.

As a member of United Financial Credit Union, you can take advantage of the *Accel* program, a free financial education and counseling program. To use this service, simply call 1-877-33ACCEL (332-2235) or visit them on the web at www.accelservices.org.