



THE *novadebt* CONNECTION

A GARDEN STATE CONSUMER CREDIT COUNSELING ORGANIZATION

January 2010

Community Outreach

By: Becky Winters, Education Developer

As most of us experience the cold winter weather, we find ourselves spending time inside, protected from the elements and enjoying the warmth of our homes. However for many who are homeless, there is no permanent "home" and even heat is something that does not always arrive so easily. Just recently, Prince William, second in line to the British throne, slept on a cold, icy sidewalk to highlight the plight of the homeless. The group slept in old sleeping bags and used cardboard boxes as shelter. "I cannot, after one night, even begin to imagine what it must be like to sleep rough on London's streets night after night," he commented.

But for many right here in the United States, this is their reality night after night. According to the National Coalition for the Homeless, recent increases in foreclosure, poverty, eroding work opportunities, along with a decline in public assistance and affordable housing have directly affected this increasing population. Persons living in poverty are most at risk of becoming homeless, and demographic groups who are more likely to experience poverty are also more likely to experience homelessness.

For the third consecutive year, Novadebt staff will reach out to assist this population in Monmouth County by participating in *Project Homeless Connect* on January 27, 2010. *Project Homeless Connect* is a one day event sponsored by community leaders and designed to provide housing, services and hospitality in a convenient one-stop model for people experiencing homelessness and has become a state wide effort in New Jersey. This event is held in conjunction with the HUD mandated Point in Time Count (PIT). Continuums of Care survey the homeless living on the streets and those in emergency and transitional programs. This is essential to understand how many singles, families and children are being served through Continuums of Care and identify their needs. Current and accurate data facilitates adjustment of the types of services available according to need and to use the resources as efficiently as possible. By holding *Project Homeless Connect* on the same day as the Point in Time Count, Continuums of Care can provide this population with much needed services and hopefully positively affect their lives.

Two locations will be staffed locally. Novadebt volunteers will help at the Freehold, NJ location by working with other volunteers to provide food, warm clothing and health screenings. The Point in Time Count and *Project Homeless Connect* helps us to focus public attention on the issue of homelessness. As our nation continues to face economic challenges, we hope to provide a voice to those who find it hard to speak for themselves.

Thank You Novadebt!

"Thanks to your wonderful staff. I am grateful for your help in making a dream come true. My credit cards are finally paid in full!"

~ Roberta, NC

"When I first contacted Novadebt I was in such distress that I cried. The counselor was so understanding and wonderful to me that I knew I had made the right decision. After being scammed by a previous company, this was so refreshing."

~ Charlotte, NJ

If you have any comments, questions, or suggestions for future news bulletins, please email bulletin@novadebt.org.



Welcome to the newest section of our newsletter...**Dear Kim.**

My name is Kim Cole and I am the Education Outreach Coordinator for Novadebt. In my 7 years with Novadebt, I have been asked all kinds of financial related questions. The common thread is that everyone feels they are the only one with that particular question, and they are wrong.

At Dear Kim, our clients will have the opportunity to ask their questions relative to personal finance and view answers to those questions in print.

We will select a few questions each month to respond to in the newsletter. If your question is not one of the lucky questions chosen for print, we will still provide you with a reply directly.

Novadebt will only publish your first name and state, and we will happily accept anonymous questions.

Please send your questions via email at kcole@novadebt.org or through the mail:

Novadebt
Attn: *Dear Kim*
P.O. Box 160
Adelphia, NJ 07710-0160

Dear Kim...

Dear Kim,

What do you feel is the most important financial New Year's resolution for 2010?
Gail, NJ

Dear Gail,

I feel the New Year is a wonderful time to get your "financial house" in order. I came up with a resolution that, if done properly, could help you avoid almost all financial pit falls.

I strongly suggest that you establish a spending plan, also known as a budget. Many people believe that they have an active spending plan because they have a general idea of where their money is going. Unfortunately this is not the case.

- The first step should be setting a goal. Determine why you are establishing this budget. Are you hoping to increase your savings or retirement, perhaps you are having a hard time making ends meet each month? Make sure that your goal is flexible for life changes and it is something that you truly desire. My 2010 goal is to take my daughter on vacation. I will need to find the money for a vacation after I pay my monthly bills, put funds into my emergency savings and contribute to my retirement fund.
- Step two is crucial; it is tracking your expenses. You will write down everything you are spending your money on and the amount, every time you open your wallet. Tracking expenses not only shows where the money is going, but will also tell you what type of consumer you are. Do you impulse buy? Did you have any idea that you were spending \$180 per month on coffee?

When a budget is established people often miss a crucial point; pay yourself first. The first line item of your budget should be "pay yourself first." This philosophy states that you should take 10% of your income and put it into an emergency savings account. Once you have accumulated 6 months worth of salary, you should then look into more long term savings and investment vehicles.

- Step number three is to write out the actual budget. There are a number of budgeting products available on the computer, as well as books and guides. I would suggest using what is easiest for you. If you are a whiz on the computer and are on it frequently, perhaps a computer based product is best. I myself use either the Novadebt budget manual, or I use an old ledger book. Which ever you choose, make it convenient for you. Essentially you will take your tracking and organize it into categories. You can organize it weekly, or monthly.
- Your final step, and most difficult, is to make the numbers work. You will add your income to your plan. Many people think that income is strictly a pay check. It can come in many other forms. It can be Social Security, allowance, student loans, and tax returns. I also suggest that you use your net income. If you are interested in reviewing your paycheck deductions feel free to use the gross, but then you must remove all deductions prior to calculating your budget. The rest is simple math. Subtract your monthly expenses from your net income. Your goal should be to have some money left over. In my case, that would be the money I would be contributing to my vacation.

I would be thrilled to say that everyone will have a surplus in their budget, but this is simply not the case. If you find that you are overspending, take a look at your variable expenses. These are the expenses that can change from month to month. These items include groceries, utilities, and miscellaneous expenses. Miscellaneous can be anything from eating out in restaurants to hair cuts. I suggest making small changes at first. Those small changes can make a difference. A cup of coffee may cost \$2.00 per day. If you purchase coffee 7 days a week, your monthly bill would be \$60. Reduce that in half and you would now spend \$30 per month, saving you \$360 per year, which for many of us could be one full car payment. I am not suggesting you stop buying the coffee all together, but a combination of small changes can make a big difference. If you find that these small changes do not help your situation, I advise you to call one of our Certified Personal Finance Counselors for a free budget analysis.