



The Penny Pincher

June 2009 A Newsletter from Novadebt - A Garden State Consumer Credit Counseling Organization

Here We Grow Again!

Source: Becky Winters, Education Developer

We are pleased to announce that Novadebt has recently expanded our office locations to include Farmington Hills, Michigan. As of March 30, 2009, former clients of Consumer Credit Management became part of Novadebt's client base and our agency assumed the location as a satellite office. A Welcome Packet was sent to each CCM client to help make the transition to our organization as seamless as possible. We also welcomed four former Consumer Credit Management credit counselors to our Novadebt family. They have been busy training in order to support our agency's primary focus to "ensure the consistent delivery of high quality services to our clients, creditors and employees."

To the new Novadebt clients, this issue of the Penny Pincher will be your first and we hope that you find the articles interesting, informational and even entertaining from time to time. We are excited to have a presence in this community and are sure that you will find the service and guidance you receive from our caring and compassionate counselors and staff second to none!

Service and Volunteerism Helps Us to Become Better Individuals

Source: Becky Winters, Education Developer and Susan Niemiec, Compliance Manager

In previous issues of the Penny Pincher, I have shared the various Outreach efforts in which Novadebt staff volunteer their time. We have found the time spent helping others to be rewarding and invaluable, not only as community members, but individuals as well. Recently a national service bill was signed that helps to "connect deeds to needs. It creates opportunities to serve for students, seniors and everyone in between and it is just the beginning of a sustained, collaborative and focused effort to involve our greatest resource — our citizens."



What exactly is a volunteer? As defined by the Merriam – Webster dictionary, a volunteer is "a person who voluntarily undertakes or expresses a willingness to undertake a service, primarily because they choose to do so." And because many of our Novadebt staff "choose to do so", we become more compassionate and better listeners through our experiences with those whom we come in contact with.

Recently, our Compliance Manager returned from her monthly volunteering at the Pediatric Unit of Jersey Shore University Medical Center in Neptune, New Jersey. Her experience had such an impact on her and also me. As a result of listening to her story, I asked her if we could share it. In the following paragraphs, Susan's narrative is just one illustration of what our Novadebt volunteers experience during their outreach into the communities of our office locations.

"On Friday, February 20, 2009, those of us here in the Garden State awoke to startling news. A mother and her two small children were hit by a car attempting to cross Route 9, a rather busy highway that traverses the state. The accident was reported on all the local television and radio stations, but the condition of the mother and her children was not known. February 20th was my day to volunteer on behalf of Novadebt at the Pediatric Unit of Jersey Shore Medical Center in Neptune, a service all of us look forward

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You Can Be the BEST Financial Educator for Your Children

Source: *Becky Winters, Education Developer*

As a financial service professional, Novadebt is aware that our increasingly sophisticated economy has outpaced the knowledge and management abilities of most Americans. That is why consumers seek our services. Financial literacy not only benefits the current generation, but the generations that follow. Study after study confirms that a child can have solid reading, writing, and math skills, but if they cannot manage their money, they will struggle and even fail as adults. Today's adults grapple with credit card debt, retirement planning, identity theft, credit scores, and even bankruptcy. For decades, our society has viewed shopping as entertainment and spending as patriotic. There are too many schools and colleges who still have no financial literacy education initiatives. Advertisers continuously target very young children despite the fact that children under the age of 8 are cognitively and psychologically defenseless against advertising. Young consumers want computers, cell phones, instant messaging, cable and the internet so that they are "wired". They want social engagement; to be part of social networks, both in person and virtually. Yet despite all of this, they are also tolerant and want to diversify and have willingness to pioneer new areas, thus yielding a perfect opportunity to teach.

In today's society, we are teaching our youth that traditional financial options are unreliable and untrustworthy, yet we still ask our students to trust the financial system. It has been studied that there are four characteristics of a financially fit person:

1. They maintain a positive outlook.
2. They are engaged and active in their financial affairs.
3. They reach out to others for advice, education, resources and help.
4. They learn to cope well with loss when they must.

In staying positive, youths need to learn to think clearly and spend mindfully. Educators and parents must teach self motivation, share goals and above all COMMUNICATE. We as educators, must help them decide to be a savvy consumer and as they get older, obtain and keep good credit, but do not let credit RULE. Our children need to learn to build a financial support system by tapping into the financial marketplace so that it can work for them and not against them. However, while modeling financial success, it must be reinforced that financial success is not only about money. Increased substance abuse, poor health behaviors, increased incidents of family violence and crime all result in increased social, emotional and financial costs that must be borne by all of us.

So how do we as parents, grandparents, teachers and financial educators provide this direction? I recently attended the annual JUMPSTART meeting in Washington, DC. During one of the sessions, a teacher from a Virginia middle school discussed a homework assignment she had given. Her students were to go home and ask their parents to discuss how they handle financial decisions for their family.

More than one student returned and responded that their parents replied that, "It was certainly not the teacher's "business" to discuss their family financial situation and that the parents handled decisions on their own". Yet by sheltering their children, who are they hurting? And as the workshop leader was quick to point out, we should not necessarily judge the parent, because recent surveys indicated that almost three quarters of parents feel unprepared to teach their kids about personal finance. Lack of financial control has caused them to feel trapped, depressed, angry and frustrated. They are afraid to seek help and lack motivation. However, this same research shows that even a small amount of time spent teaching our kids about basic money management helps lead to a lifetime of good money management habits. Early intervention is the key to success.

"Children and teenagers should begin learning basic financial skills as early as possible. Indeed, in many respects, improving basic financial education at the elementary and secondary school level is essential to providing a foundation for financial literacy that can help prevent younger people from making poor financial decisions that can take years to overcome."

*-former Federal Reserve Chairman
Alan Greenspan*

Continued on next page

The Penny Pincher

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You Can Be the Best...continued from page 2

By engaging financial education resources and direction, a sense of control emerges whereby we become more confident, have options, stress less and enjoy better relationships. It is at this point that the parent and child can begin to communicate. So where do you begin? There are a multitude of resources for financial education. Creditors, lending institutions, the United States Treasury Department and many State web sites offer programs that are free of charge and are tailored towards specific age groups (elementary, high school, and college). Jumpstart has a national clearinghouse that is a financial literacy library in and of itself (www.jumpstartclearinghouse.org). And why not visit our Novadebt web site (www.novadebt.org)? There is a wealth of resourceful information for you to access. The most important thing is to begin talking about financial education now. If your state has not included it in their school curriculum, ask why. Seek to improve the quality of your child's life, now and in the future. As quoted by the President's Advisory Council on Financial Literacy, "In these times of uncertainty, the need to be financially literate has never been more important."

Volunteerism...continued from front page

to with great anticipation when it is our turn. During the drive over, I couldn't help but think about the fate of the mother and her two children as well as say a prayer for their wellbeing.

The unit was the usual flurry of nursing activity, however, this time something was different. In the room directly across from the nurses station (the point where we volunteers check in for our assignments), my eyes were drawn to two small girls sharing the same room. One was in a crib and the other, a bed. I soon learned these two beautiful little girls were Jasmine and Mirabelle, the little girls involved in the accident. Where was mom? Was she alright? I held my breath awaiting the answer. Thankfully, I soon learned she was one floor above them recovering from her injuries.

Miraculously, Jasmine (age 2), came through the ordeal with nothing more than a few facial scratches. Miracles do happen! Mirabelle (age 5) was not so fortunate. She had a broken leg, but her physical pain seemed to pale in comparison to the sadness and trauma on her face. I cannot even imagine what this little girl experienced in witnessing the events which took place several hours prior. The nurse asked me to sit with her and try to keep her calm as she waited for daddy to arrive. No doubt he too had a long and exhausting night. Mirabelle was hysterical and sobbing uncontrollably; it broke my heart. What could I do to help this little girl? I dried her tears, kept telling her over and over that mommy was fine and resting comfortably upstairs, and that we girls needed to do something fun. We colored pictures for mommy and daddy and I read her *Jungle Book* and *101 Dalmations*. Slowly, the tears were becoming less and less frequent and were replaced by little chuckles of laughter. After all, we had *Sponge Bob* on television. Who can't resist the talking sea sponge and his sidekick, Patrick?! It also helped that Jasmine was standing up and tossing *Cheerio's* at her bigger sister through the bars of her crib. I know that was the medicine I needed to keep my spirits up.

As volunteers, our allotted time in the Pediatric Unit is 9AM – 12 PM, once a month. On this particular day, though, noon was quickly approaching and the girls' father had not yet arrived. I elected to stay with Mirabelle as she was finally calm and comfortably watching television with little Jasmine looking on. I also knew the nursing staff was going to take her downstairs for some tests in a little while. As we were finishing a get well card for mommy, daddy and another family member arrived. I couldn't help but notice the relief on his face to see someone there keeping his two little girls company. He too had had a very long evening due to the accident and had only left for a short while prior to my arrival that morning to make alternate childcare arrangements.

Those of us on the Outreach Team who volunteer at Jersey Shore report to the Pediatric Unit to pitch in and help the nursing staff or their patients in any way that we can. That may mean picking up in the play room, getting a cup of coffee or muffin for an exhausted family member, or comforting the fears of a sick child while the parent is taking a break. The work is both rewarding and heartbreaking at the same time, but I can always say, I feel a better person for it when I leave. February 20th was no exception. I have always wanted the opportunity to do volunteer work, but this was something I thought would have to wait until retirement. I am both proud and grateful to work for an organization that sponsors so many valuable Outreach programs and encourages its employees to actively participate. Our efforts do make a difference in our lives as well as those whom we serve."

4 Key Expenses NOT to Cut

Source: www.bankrate.com

In a worsening economy, almost everyone is trimming the family budget. But don't be so quick with your scissors. Certain cuts might save you \$25 or \$50 today, but cost you thousands later.



1. Your Car

Cuts that cost you

Skip your regular oil change every 3,000 miles and you save \$25 to \$30. But those savings could be temporary when aging oil damages your engine.

Worst case scenario:

You'll need a new engine, which could cost \$5,000.

"Old oil turns to sludge and you have restricted oil movement through the engine," says Jeff Ammons, owner of Howard Motor Corp., in Williamsburg, VA. "Dirty oil is bad for an engine."

"There is an added benefit of a regular oil change. While getting it changed, your mechanic will check all the fluid levels in your car, helping ensure your safety on the road," Ammons says. Paying extra attention to your tires has other benefits as well. Rotating tires helps them last longer, delaying the day you have to spend hundreds of dollars on replacements. "The right pressure also improves gas mileage," he says.

Cuts that count

"Improved spark plugs and computerized fuel injection mean you can lengthen the time between tune-ups," Ammons says. Savings: \$250 to \$500.

"If the car is running well, leave it alone and do the other things that have to be done," he says. "Usually I end up talking customers out of a tune-up because I find something else a little more important."

"Eventually, if your car engine starts running rough or vibrating, that's when you should bring it in for a tune-up," Ammons says.



2. Your Home Insurance

Cuts that cost you

With a lower appraisal, you may be tempted to save money by reducing the insurance on your home and its contents. Savings will vary by insurance carrier and the value of your home.

"Even if the value of your home has gone down, the cost to rebuild it has not," Hollcraft says. "The cost of wood and other building materials has not gone down. If you have a loss, you want your insurance to make you whole."

You may also be tempted to look for savings on the liability insurance that covers you if, say, someone trips and falls in your home. Again, your savings will vary. But being without liability insurance can also be troublesome. *"In many states, claimants can sue," Hollcraft says. "If you have insurance, the coverage will cover the lawsuit. If not, you'll have to cover the suit by selling assets."*

Cuts that count

While you can't cut back on everything, you can find savings. "If you raise the deductible on your homeowners insurance from \$250 or \$500 or \$1,000, you might save as much as 25 percent," McCollum says. Just make sure you have the difference socked away in savings so you can pay it yourself if disaster strikes.

Finally, if your car, home and other insurance policies aren't with one carrier, look into the savings from consolidating. Most carriers offer a discount to customers who insure multiple cars, their home and other needs.



3. Your Medicine Cabinet

Cuts that cost you

When you consider the cost of medications, you may be tempted to skip doses of your medicines for lowering blood pressure or cholesterol, and double the life of that prescription. Unlike some illnesses or conditions, high blood pressure and high cholesterol don't normally produce daily symptoms, but you may shorten your own life. That's why doctors call high blood pressure the silent killer.

"You do see people skipping doses," says Sophia De Monte, a pharmacist with Costco in Melville, N.Y. "Instead of taking a medication every day, people might take it every other day just to make it last a little bit longer. With high blood pressure or high cholesterol, you don't feel the changes in your body."

It's true that your potential savings is one-half the cost of the medication, but it could cost you down the line.

Worst case scenario

A life-changing or life-ending heart attack or stroke. *"You're putting your health at risk," De Monte warns.*

Cuts that cost you

That being said, you can save on prescription and over-the-counter medication by thinking about your medications before you go to the pharmacy. Start at home. Your health insurance company likely releases a list of medications and how much your co-pay will be. Bring that guide to your doctor to refer to when writing a prescription, De Monte recommends. *"There may be a similar medication you can tolerate at a lower co-pay," she says. Continue saving in your physician's office. Ask for samples, a voucher or coupon.*

"It's perfectly OK to ask for samples, especially if it's a new medication," De Monte says. "Some doctors can give you a seven-day, 14-day or a one-month supply as a trial. That would offset the cost and let you know if it works or not."

Ask about a generic version of your medication and check to see if the prescription drug is available now over-the-counter. *"Some antihistamines and antacids are much cheaper purchased over-the-counter," she says. Before you get the prescription filled, shop around. "Call ahead and get a price quote, especially on a new medication," De Monte says. "Mail order can work too, if you've tried the medication and know you're going to be on it for the long term. The savings can be enormous. You might get a three-month supply at a one-month co-pay, compared to a retail pharmacy. Even though you shouldn't halve the dosage of your medications, sometimes you can get a prescription at double the dose, but not double the price, and cut the pills in half. Keep in mind, however, that pills are coated or time-released and should not be cut," De Monte says.*



4. Your Car Insurance

Cuts that cost you

Remove a family member from your car insurance and sure, your premium will go down. How much you'll save depends on the carrier. But even though many policies do cover a friend or neighbor who drives the car in a pinch, family members who drive should be named on the policy. *"The savings aren't significant anyway," says Kate Hollcraft, spokeswoman for Allstate Insurance Co.*

"Failure to list someone who is a regular driver could result in a loss of coverage because you were not honest in your dealings with us," Hollcraft says.

If you have a minor fender bender with no injuries, you may decide to leave your insurance agent in the dark to avoid an increase in insurance premiums. But that other driver who first says he's OK could come back later and claim to be hurt. *"You never know when someone might sue you," Hollcraft says, "You want to make sure you've told your insurance company about an accident."*

Cuts that count

"If you have towing coverage through a motor club and on your car insurance, nix the towing through your insurance carrier," Hollcraft says. "If your old clunker isn't worth much, consider dropping the collision coverage," she adds. Your savings will vary depending on your carrier.

"You can also find a payment plan to fit your budget. If you can afford to pay your premium every six months, you might save 10% compared to 12 monthly payments. On the other hand, if cash flow is tight, maybe a monthly bill would help you budget," Hollcraft says.

Although teen drivers (and any drivers younger than 25) typically drive up the cost of car insurance, relief is available. Check with your car insurance carrier to see if it's one of the many that offer a good student discount. Other programs for young drivers also are available. For example, State Farm offers a discount program called Steer Clear Safe Driver for parents insuring drivers younger than 25. *"The drivers must not have had any accidents or moving violations in the past three years, must watch a safety DVD in the agent's office and must keep a log of their driving experience," says Jeff McCollum, spokesman for State Farm Insurance Co.*

Thank You Novadebt!

"We are only a few months from ending the program and I must say we are better financially because of Novadebt. Five years ago we were drowning in credit card debt. I would see commercials on television and people would say, "I could feel the weight lifting off of me as soon as I spoke with them." Now I know what they felt. It has been a long and hard road but well worth the trip. I have learned to use credit wisely and my goal is to pay cash for everything I need in the future. Thank you Novadebt."

– Toni R., Missouri

"I really appreciate the professionalism of your staff. They never make me feel uncomfortable or ashamed when talking with me. Thank you for helping me to restore my financial life. I have learned a lot, and Novadebt has provided a way for me to pay off my debt, learn a lot, and relieve a lot of the stress I was feeling. Thank you, thank you, thank you."

– Latonya B., North Carolina

"The fact I have been able to make monthly payments to all my creditors using this consolidation program has been a tremendous relief. I am not someone that wanted to have a huge amount of debt and not pay it off, but was feeling hopeless until I was referred to Novadebt by a current creditor. Once I was accepted into the program, my interest rates were lowered and I was making payments toward my actual accounts as opposed to all payments going straight to late fees or overlimit fees. Novadebt counselors have also been helpful when I was trying to buy a new car. They emailed me a letter of good standing the very same day I contacted them & requested one. I am a little more than half way to completing my program and have Novadebt to thank for it. I am to be done with credit card debt & feel fully prepared to get back on a fixed, well budgeted financial path."

– Brittney M., Washington

5 Money Saving Tips for Summer

www.financialplan.about.com

You can save money throughout the year, but the warm temperatures of summer provide a few additional tips that can help you save even more money. Here are some things to try during those warm months.

1. Turn off the air conditioning.

This doesn't mean you have to suffer through sweltering heat, but you should be aware of the weather so that you can maximize efficiency and save money by using it only when needed. For example, if it is going to be a cool night, turn off the air before heading to bed and open a few windows.

2. Cook outside.

Using the stove or baking in the oven can create a lot of excess heat that has nowhere to go except in your house. Consider taking meal plans to the barbecue grill outside so that you can keep your cool inside.

3. Let your laundry dry outside.

If you have the ability to hang up laundry outside, let the sun and warm summer breeze do the drying for you. Even if you can't hang up clothes outside, try using your dryer on a lower heat setting or only partially drying your shirts and letting them air dry the rest of the way.

4. Replace your air conditioner filters.

This can be easy to overlook, but a dirty filter can increase cooling costs. Dirty filters restrict the airflow and the efficiency of the air conditioner, which translates into more run time and higher cooling costs. Filters are cheap, so replace them regularly.

5. Plan ahead for future home and garden projects.

As summer begins to wind down, it is a perfect time to be on the lookout for season ending sales. Landscape plants, tools, and other outdoor project materials tend to go on sale as people begin to look toward autumn and spending less time outside.



Five Everyday Items You Don't Need

Source: www.finance.yahoo.com

People spend hundreds, if not thousands, of dollars each year on products they don't need. They might seem like small costs, but they can add up. Simple changes and a little preparation can help people trim the amount they waste on basic necessities. Here are five examples:

Bottled beverages

You probably have a favorite drink and it's not tap water. If you drink too much of it, it will take a toll on your budget. You don't have to give up your favorite beverage completely. Just substitute half the amount you usually drink with tap water.

Food

The average person throws away \$600 worth of food each year, according to a study by the University of Arizona. To keep more money in your wallet instead of the trash can, evaluate the amount of food you eat and consider how much of it goes bad before you consume it. Create a shopping list with more realistic portions and look for deals at local grocery stores.

Diet Products

Americans spend a lot of money buying meals, supplements and products that promise to help them lose weight, whether it's through a diet program or an impulse buy. These items are typically more expensive than the versions that don't make the same health claims. Read food labels and consider whether a food or product is worth the cost.

Vitamins

People spend a lot of money on vitamins that merely pass through their bodies every time they go to the bathroom. Instead of purchasing a

wide array of supplements, figure out what your body needs and buy only those vitamins or, better yet, get those nutrients from food.

Cosmetics and toiletries

Cosmetic and hair care companies exaggerate the benefits of their products. Paula Begoun, author of *The Beauty Bible*, says that sunscreen is the only true anti-aging product. Creams that claim to get rid of cellulite or wrinkles usually don't.



Begoun says expensive hair products are not more effective than cheap ones. Usually they're made with the same main ingredients or produced by the same company. Try store-brand or less expensive products the next time you're stocking up.

Summer Fun Word Search

Source: Joanna Jaroszynski, Executive Assistant to the Vice President of Administration

L	P	C	R	C	I	N	C	I	P	L	E
A	O	U	C	P	B	S	U	M	C	A	U
K	X	S	W	I	M	M	I	N	G	B	C
E	W	B	A	C	P	I	O	U	O	O	E
J	G	N	I	K	I	H	T	A	S	R	B
V	C	H	Q	P	D	R	T	C	O	D	R
C	L	S	A	I	L	I	N	G	B	A	A
U	A	V	A	M	N	Z	I	C	M	Y	B
H	G	M	I	G	M	J	V	R	C	G	X
P	B	O	P	L	I	O	E	H	C	N	E
E	O	F	S	I	E	L	C	A	M	I	H
O	A	O	S	V	N	A	K	K	G	L	G
R	R	U	L	B	E	G	E	V	N	C	N
N	D	R	B	B	T	N	A	K	I	Y	I
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C	O	J	G	T	M	I	C	T	R	E	E
A	M	U	I	C	E	C	R	E	A	M	T
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C	I	Y	O	G	N	I	H	S	I	F	W

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|-----------|----------------|---------|--------------|
| BARBECUE | FISHING | LAKE | SWIMMING |
| BEACH | FOURTH OF JULY | PICNIC | TENNIS |
| BICYCLING | HAMMOCK | POOL | VACATION |
| BOARDWALK | HIKING | SAILING | VOLLEYBALL |
| BOATING | ICE CREAM | SUN | WATER SKIING |
| CAMPING | LABOR DAY | SURFING | |

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