



# The Penny Pincher

December 2010 A Newsletter from Novadebt - A Garden State Consumer Credit Counseling Organization

## US Treasury Department Hardest Hit Funding...*Could it Assist You?*

BY: *Becky Winters, Novadebt's Education Developer*

In February 2010, President Obama announced a provision of funding for innovative measures to help families in states that have been hit hardest by the current housing default/ foreclosure crisis. As home prices continue to decline, these funds will help housing finance agencies in qualified states further respond to the most pressing problems in their communities. The Hardest Hit Fund is a mortgage assistance program to assist homeowners in states that are experiencing high unemployment and/or where the average price for all homes in the state have fallen more than 20% from their peak.

Billions of dollars in aid to qualified homeowners will be distributed through the programs administered in the states that have met program guidelines. Their State Housing Finance agencies have been

working hard to identify innovative ways to help homeowners stay afloat, and empower local agencies that know these communities best.



Successful innovative program methods were selected mid year. Since that time, housing agencies have been laying the ground work to ensure the funds from the federal government will be focused on those with the greatest need. Some

state governments will be providing homeowners with additional foreclosure mitigation services; some will be using the funds to help those who are facing a medical emergency and some will help the unemployed or underemployed keep up with their mortgage payments. Others have decided to try to assist homeowners who are faced with upside down home loans (or negative equity) by

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reducing the principal of the mortgage loans that they owe or perhaps use the funds to finance short sales of homes to avoid foreclosure.

The Hardest Hit Fund has continued to evolve and expand since it was established in February 2010. One of the most recent significant improvements is the increased focus on providing mortgage help to homeowners in states that have the highest rates of unemployment and job loss. Additional assistance was announced in August for eligible states that have experienced an unemployment rate at or above the national average over the past 12 months. Each state will use the funds for targeted unemployment programs that provide temporary assistance to eligible homeowners to help them pay their mortgage, while they seek re-employment, additional employment or undertake job training.

If you are a homeowner in one of the following states and are experiencing default/foreclosure

issues, you might qualify for Hardest Hit funding assistance through programs developed by your State Housing Finance Agency. As most programs are scheduled to begin in 2011, research your options by visiting the Housing Finance Agency web sites for the following states:

- Alabama
- California
- Florida
- Georgia
- Illinois
- Indiana
- Kentucky
- Michigan
- Mississippi
- Nevada
- New Jersey
- North Carolina
- Ohio
- Oregon
- Rhode Island
- South Carolina
- Tennessee
- Washington



It is important to remember that the Hardest Hit Fund is targeted for those families and individuals who need mortgage help the most and who have a reasonable chance of getting back on track, and is not designed to prevent all foreclosures as some homes just can't be saved. Some homeowners have taken loans that they have no chance of repaying, and this government program will not be of help to them.

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## The Penny Pincher

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*"The Penny Pincher" does not assume responsibility for any advice given. It is up to the reader to determine if advice is safe and suitable for their own situation.*

# Do You Qualify for the 2010 Earned Income Tax Credit?

By: Becky Winters, Novadebt's Education Developer

If you are like millions of Americans, you work hard, but don't earn a high income. The federal government has several resources including the Earned Income Tax Credit (EITC) that can help you and your family. The EITC is a refundable federal income tax credit for low-income working individuals and families. It has no effect on certain welfare benefits. In most cases, EITC payments will not be used to determine eligibility for Medicaid, Supplemental Social Security Income (SSI), food stamps, low-income housing or most Temporary Assistance for Needy Families (TANF) payments. To qualify, taxpayers must meet certain requirements and file a tax return, even if you did not earn enough money to be obligated to file a tax return. If you qualify, you could pay less federal income tax, pay no tax or receive a refund.



The Internal Revenue Service and its community partners are working to increase EITC participation among taxpayers who have low incomes and meet EITC eligibility rules. Claimants must have a valid Social Security number. In addition, one must meet certain residency and filing criteria, including following guidelines for a qualifying child.

If you meet income requirements and, if applicable, have qualifying children and need assistance in preparing your tax return, you may visit a Volunteer Income Tax Assistance (VITA) location. The VITA Program offers free tax help to low- to moderate-income (*generally, \$49,000 and below*) people who cannot prepare their own tax returns. Certified volunteers sponsored by various organizations receive training to help prepare basic tax returns in communities across the country. VITA sites are generally located at community and neighborhood centers, libraries, schools, shopping malls, and other convenient locations. Most locations also offer free electronic filing. To locate the nearest VITA site, call 1-800-906-9887 or visit the Internal Revenue Service web site beginning January 1, 2011.

## The following are income requirements for the 2010 tax year:

**A taxpayer's total earned income must be at least \$1 and their earned income and adjusted gross income must both be less than:**

- \$43,352 with three or more qualifying children (\$48,362 if married, filing jointly)
- \$40,363 with two qualifying children (\$45,373 if married, filing jointly)
- \$35,535 with one qualifying child (\$40,545 if married, filing jointly)
- \$13,460 with no qualifying children (\$18,470 if married, filing jointly)
- Investment income cannot be more than \$3,100.

## The maximum credit for the 2010 Tax Year is as follows:

- \$5,666 with three or more qualifying children
- \$5,036 with two qualifying children
- \$3,050 with one qualifying child
- \$457 with no qualifying children

**Only one person may claim a qualifying child for the EITC.**

## 6 Ways to Eat Better for Less

By: US News and World Report

At the popular cooking website Allrecipes.com, visitors want to know one thing: *How can they cook for less?*

*“People are moving away from steak and using ground beef. They’re moving away from salmon and looking to tilapia, a cheaper fish,”* says Esmee Williams, vice president of marketing for allrecipes.com. Recipes for less expensive dishes, such as casseroles and chili, have also surged in popularity, she says.

These cooking trends reflect the fact that food prices are rising faster than cheese soufflé. The Bureau of Labor Statistics reports an almost 5 percent annual growth rate for food eaten at home, with certain items, such as cereals, up over 9 percent. But cooking experts say that with the right ingredients and recipes, affordable (and tasty) meals are just a grocery list away. They offer these six tips:

### **Plan ahead.**

Shopping with specific meals in mind for the week ahead makes it easier to buy in bulk and repurpose ingredients, turning Sunday night’s roast chicken into Monday night’s enchiladas, Williams says. *“A lot of folks get in trouble when they don’t plan ahead. The day takes longer than expected, and they’re ordering out or reaching for ready-made meals, and those are very expensive,”* she says. *“The more you can cook from scratch, the further your dollar can stretch.”*

Do it yourself. Instead of buying a package of grated cheese, buy a chunk and grate it yourself, recommends Kim O’Donnel, author of Washington Post’s A Mighty Appetite blog and Real Simple’s food blog. *“We pay for the convenience of all these things,”* she says. She also recommends homemade hummus, which takes about seven minutes with a food processor, as well as homemade pizza dough, which doubles as a fun activity for kids.

### **Rediscover eggs and beans.**

*“Even though the price of eggs has gone up, they’re still cheap compared to meat,”* says O’Donnel, *“and they are incredibly versatile. Around \$3 (at about 25 cents an egg) can generate a dinner frittata, a brunch strata, or quiche,”* she says.

*“On the same note, a simple dinner of black beans and rice – plus chopped onion, olive oil, seasonings, and shredded cheese – can make dinner for two under \$5,”* O’Donnel says.

### **Go meatless.**

*“Cooking vegetarian meals often is a good way to save money,”* says Amy Sherman, Cooking with Amy blogger. Her spaghetti salad and Indian-style chickpea recipes are packed with flavor without relying on meat.

### **Reinvent leftovers.**

Extra rice can go into a fried dish the following night, O’Donnel says. *“That’s one of my favorite cheap and good meals – just add celery, bell peppers, shallots,”* she says.

*“Certain dishes, such as lasagna, chili, and soups, also are easily made into large quantities that can be frozen or eaten throughout the week,”* says Sherman, who often cooks most of her meals for the week on Sunday.

### **Use what’s in the fridge.**

Home cooks stuck with extra eggplant or flounder can avoid wasting food by using websites such as Allrecipes.com and the FoodNetwork.com to search for dishes based on the ingredients they have at home. Sherman’s favorite inexpensive recipe, spaghetti carbonara, uses eggs, pasta, garlic, bacon, and other ingredients that are often on hand. *“It has lots of flavor, and it’s easy to make,”* she says.



# So It Was Once Said

(...about money, finances, and such...)

Submitted by:

Jordan Marie Henkel, Novadebt's Education Developer

Source: quotationspage.com

*"I have enough money to last me the rest of my life, unless I buy something."*

Jackie Mason (1934 - )

*"I'm living so far beyond my income that we may almost be said to be living apart."*

E. E. Cummings (1894 – 1962)

*"If you would be wealthy, think of saving as well as getting."*

Benjamin Franklin (1706 – 1790)

*"Annual income twenty pounds, annual expenditure nineteen six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery."*

Charles Dickens (1812 – 1870)

*"My problem lies in reconciling my gross habits with my net income."*

Errol Flynn (1909 – 1959)

*"I don't have a bank account, because I don't know my mother's maiden name."*

Paula Poundstone

*"If you can count your money, you don't have a billion dollars."*

J. Paul Getty (1892 – 1976)

*"No matter how rich you become, how famous or powerful, when you die the size of your funeral will still pretty much depend on the weather."* Michael Pritchard

*"Never spend your money before you have it."*

Thomas Jefferson (1743 – 1826)

*"A banker is a fellow who lends you his umbrella when the sun is shining, but wants it back the minute it begins to rain."*

Mark Twain (1835 – 1910)

## Thanks Novadebt!

"Both of my counselors were outstanding! They made me feel at home, were very understanding and professional and provided me with an abundance of financial information. They helped me truly understand the severity of my financial situation. I would highly recommend Novadebt to anyone in need."

**Donald ~ CT**

"I would never have survived my financial crisis without the help of Novadebt. I have successfully paid one-half on my credit card debt and will be debt free in the very near future! Thank you Novadebt!"

**Dorothy ~ GA**

"Thank you for being there! I'm very close to completing the program. I could never have handled this much debt and found a new way to budget my finances without the consistent support of Novadebt."

**Lorraine ~ PA**

"Thanks to Novadebt, I can sleep well and without worries. Your services are outstanding and your counselors are very professional. I highly recommend Novadebt to anyone struggling with debt. Thanks for the outstanding work!"

**Lucasz ~ NJ**

# Incarcerated: Reducing Recidivism and Easing Reentry into the Community

By: Jordan Henkel, Novadebt's Education Developer

1 of 35 adults in New Jersey

1 of 36 adults in California

1 of 48 adults in Nevada

1 of 27 adults in Michigan

1 of 26 adults in Minnesota

These statistics represent the number of adults in certain states who are currently incarcerated, on parole or on probation according to a report by The Pew Center on the States, which examines the extent and trends related to correctional services. (One in 31: The Long Reach of American Corrections [http://www.pewcenteronthestates.org/report\\_detail.aspx?id=49381](http://www.pewcenteronthestates.org/report_detail.aspx?id=49381)).

The report extrapolates, "Last year [corrections] was the fastest expanding major segment of state budgets, and over the past decades, its growth as a share of state expenditures has been second only to Medicaid. State corrections costs now top \$50 billion annually and consume one in every 15 discretionary dollars."



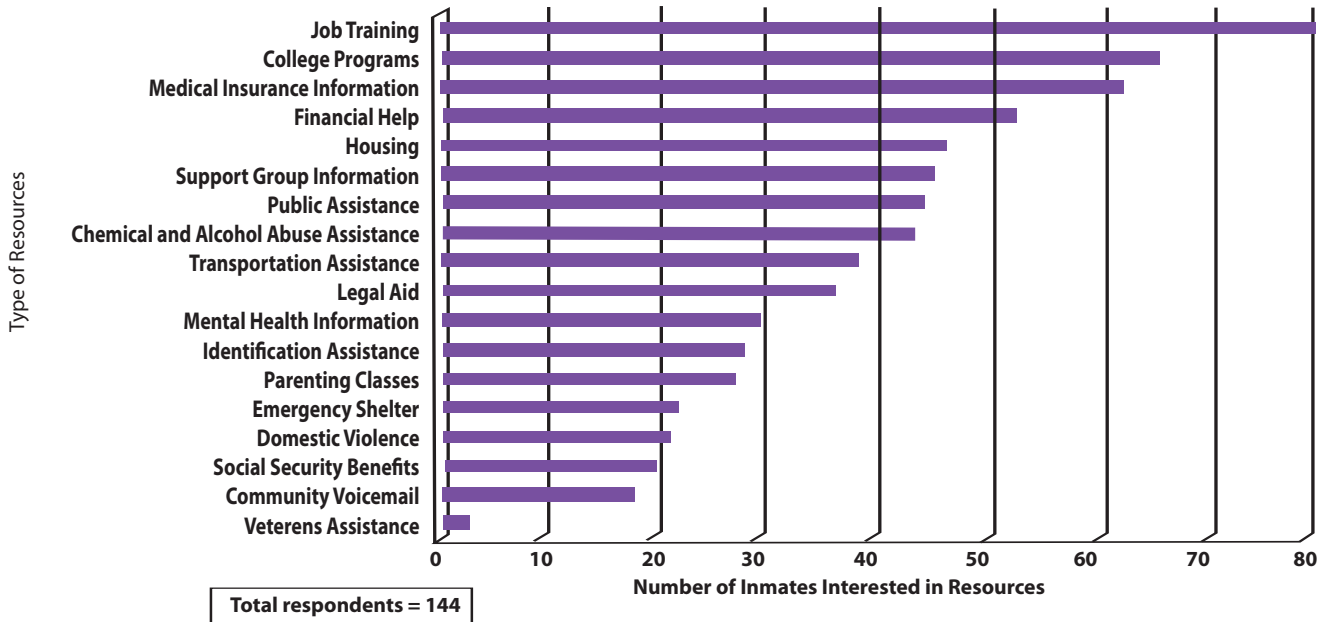
Jordan Marie Henkel, Education Developer with Novadebt's Minnesota office, attended the Dakota County's fall 2010 resource fair. She can be seen here with individuals visiting Novadebt's booth. They learn about obtaining a copy of their credit report, secured credit cards, and how to connect with a credit counselor for an action plan to address any outstanding obligations upon release. Over 100 inmates came through unit by unit to obtain information critical for making a successful re-entry into the community.

Emily Clary, Inmate Services Outreach Coordinator for Minnesota's Dakota County Jail writes, "Although many individuals are currently in the system, over 90% of those incarcerated in our prisons and jails will ultimately be released back into our communities. In order to promote public safety, it is vital to provide these individuals with comprehensive resources that will aid them in their transition so they are less likely to recidivate once released."

Offering an annual resource fair is one way Clary's work at the jail ensures Dakota County's inmates are connected to a variety of community resources aimed at helping them address the obstacles and issues for successful reentry. The resource fair is separate of any ongoing programming or seminars that may take place during an inmates' sentence. As part of an agreement with the Minnesota Department of Corrections, Novadebt provides pre-release and education classes within correctional facilities across Minnesota.

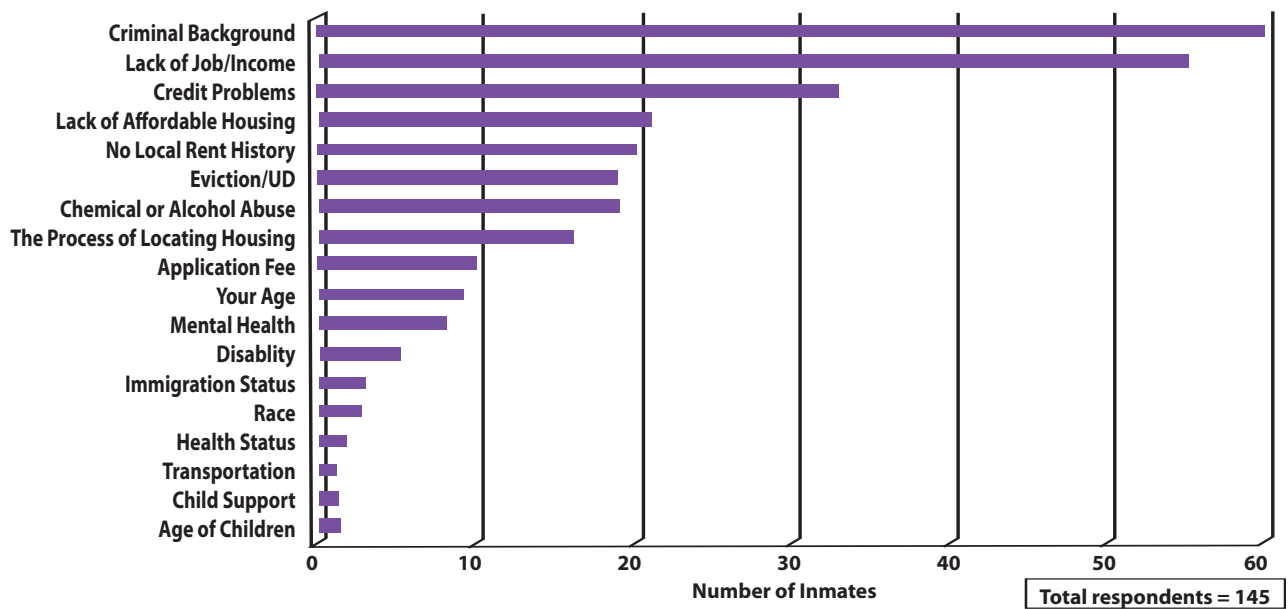
At the Dakota County Jail resource fair last spring (March 2010), as the graph below illustrates, financial literacy related concerns ranked in the top five among resources inmates were interested in.

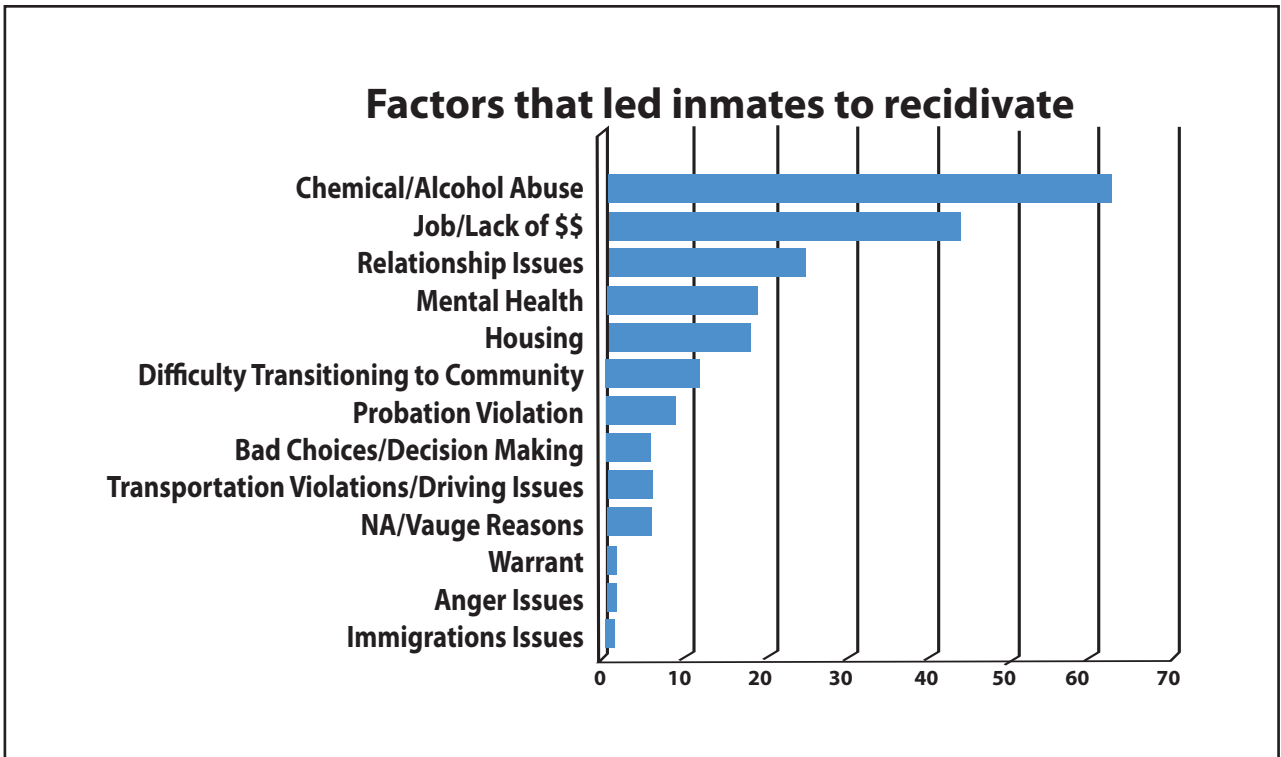
**Resources for Inmates as They Prepare for Release**



The respondents also perceived credit problems as a key factor in their ability to establish housing.

**Potential Challenges to Getting or Keeping Housing Post-Release**





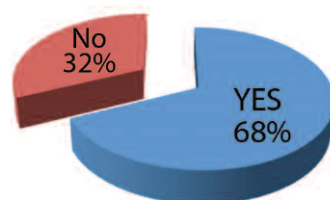
The purpose of a resource fair at a correctional facility is to help the attendees gain access to community resources. This is important because it establishes access to services regarding obstacles they have likely been working on as a part of their sentence. For example, maintaining alcohol and/or chemical sobriety upon release can be difficult. State and nonprofit agencies aimed at facilitating ongoing treatment programs are often in attendance at correctional resource fairs, along with affordable housing affiliates and workforce training agencies.

The fair helps address a critical time – just before an inmate intersects again with the mainstream community. The graph below considers the self reported factors that relate to recidivism, also obtained from participants of the Dakota County Jail spring resource fair.

Consistent with our mission statement, Novadebt remains committed to offering financial education, community outreach, and housing and credit counseling services to assist individuals in need. Our services clearly fulfill a need, especially

for the one in each group of adults that is in the correctional arena and is facing obstacles to successfully re-enter into society. In fact, many family members of incarcerated individuals require our services to address the financial impact of incarceration. Also, individuals often reach out for Novadebt’s housing and credit counseling services upon release to help ensure they take appropriate action to rebuild their credit along with their life.

**History of Alcohol or Chemical Abuse?**



Total respondents= 132

# Weathering the High Costs of Heating Your Home

By: Federal Trade Commission



- Get a home energy audit. It looks at how efficient your heating system is and where energy is being wasted. A professional can recommend fixes. Your utility company may offer free or low-cost energy audits, or it may be able to recommend local companies or organizations to do it. Or check with your state or local government energy or weatherization office. A professional audit can cost between \$300 and \$800. Before you hire a professional, get several references and check out the company with the Better Business Bureau or reputable online rating services. Ask whether the auditor uses a calibrated blower door and does thermographic inspections, or contracts with another company to do that.

Another option is to be your own energy auditor. For an idea of what to look for, visit the Department of Energy's (DOE) Office of Energy Efficiency and Renewable Energy (EERE) at [energysavers.gov](http://energysavers.gov), or use the online audit tool at [hes.lbl.gov](http://hes.lbl.gov). A walk-through might help you spot problems that, if fixed, could save you money.

## For example, you could:

- Check your attic, attic stairway, attached garage walls, basement, ceilings, floors and crawl spaces to make sure your home is insulated to DOE-recommended levels.
- Wrap an under-insulated water heater in an insulating jacket or blanket. A water heater needs extra insulation if it's warm to the touch.
- Schedule an annual tune-up for your heat pump, furnace or boiler. Expect to pay between \$50 and \$200. Your utility company may offer this service.
- Check ducts for holes and gaps where sections have separated and air may be leaking. Minor repairs often can be done with "heat-approved" tape. Or, hire a professional who can seal and insulate ducts and ensure your airflow distribution system is working efficiently.
- Clean or replace filters on forced-air furnaces and heat pumps, and vacuum air vents, baseboard heaters and radiators regularly.
- Seal flues in fireplaces you don't use. In those you do, close dampers when you don't have a fire going.
- Install a programmable thermostat to lower the temperature at night or while you're away.
- Use caulking or weatherstripping to seal air leaks around windows and doors, and holes around plumbing and heating pipes. Check existing caulking and weatherstripping for gaps or cracks.
- If there's a crawl space under your home, close your foundation vents for the winter.
- Close the doors to rooms that you don't use regularly.
- Prune shrubs that may block airflow to your heat pump.

When you shop for a new furnace, boiler, heat pump, water heater or other home appliance, consider getting a high-efficiency model. Although some energy efficient appliances cost more than other models, their lower operating costs could save you money in the long run. Retailers and contractors selling heating systems are required to let you know about a product's energy use and energy efficiency before you buy – generally, through a website, fact sheet, brochure or directory. If a seller hasn't pointed out this information, be sure to ask about it. Manufacturers must provide it on EnergyGuide labels attached to the product. The Energy Star logo also helps identify high-efficiency appliances.

Shop around for the best prices on oil. If you live in an area that lets you choose your natural gas provider, shop for the best price on gas.

Ask your utility or oil companies about a budget billing plan to even out your monthly costs and protect your budget from unexpected increases. The company takes the amount of energy you use during one year and divides it into equal monthly payments. At the end of the season, you pay any outstanding balance or your provider credits an overpayment to your next monthly bill. There also may be adjustments during the year.

If you're on a fixed income and have trouble paying your bills, contact your utility company. They, or your state or local government, may have energy assistance plans to help you pay your heating bills.

### **Don't Get Burned**

When energy prices go up, so does advertising for a host of energy-saving products and services – some legitimate, but others overpriced or just plain bogus. Be wary of devices, gadgets and energy-saving products that promise drastic reductions in home cooling costs or extreme energy savings. Try to get independent information to verify a product's performance claims.

Be wary of uninvited door-to-door sales calls and stop anyone making a high pressure sales pitch for furnaces, windows, roofing, siding or other home improvement products. To make sure a contractor is licensed and reputable, ask friends and neighbors for referrals, ask the contractor for customer references, and check out potential contractors with online rating services, the Better Business Bureau, state and local consumer protection officials, and your state licensing agency. The Cooling-Off Rule gives you three business days to cancel a contract if you sign it in your home or at a location other than the contractor's permanent place of business.



# Christmas word search

When you are done, the unused letters in the grid will spell out a hidden message.  
Pick them out from left to right, top line to bottom line.

s g o c o d t j e i s d e e r t r e h s a d i  
t n r a g s a l i l n g d k a s a n t a m e r  
h a e r r i v y e n g y s c a h r i j o y s t  
g d c o m e a i e n g i s t c c o y o u y q j  
i v n l s y g n o k n l c h f o r v v p e d x  
l e a s l h y g x g a d e o t r m a f k k r m  
y n d l e s n i t d x l e b l a n e t v r n w  
e t o p d y f n r r r m f c e d e z t s u a b  
n h c s d k k e e g s u q w e l r r t r t m y  
m j u n l k d n n a k t d z o m l e w e n w r  
i b p o r n n i m m h q x o r n b s c i f o r  
h l i w o o k t s y o t j v l h s e n n x n e  
c i d s d c s v i x e n m y m p c s r d a s m  
v t e r o i n o r t h p o l e a h t x e y r e  
g z y t r m k g n i d d u p e z l f g e k n p  
q e s h n f s e l b u a b p l k p i n r i f t  
r n c p m i s t l e t o e q k w q g p p w n v

advent  
baubles  
blitzen  
cake  
carols  
chimney  
christmas  
cold  
comet  
cupid

dancer  
dasher  
december  
donner  
eggnog  
elves  
gifts  
holly  
ivy  
jingle bells

joy  
lights  
merry  
mistletoe  
north pole  
peace  
pine  
prancer  
pudding  
red nose

reindeer  
rudolph  
santa  
sing  
sleigh  
snow  
snowflake  
snowman  
star  
stocking

tinsel  
toys  
tree  
turkey  
vixen  
wreath



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