



The Penny Pincher

October 2003 A Newsletter from Garden State Consumer Credit Counseling, Inc.

Credit When Credit is Due

Source: Becky Winters

Consumer credit card debt in the United States has reached an astounding 660 billion dollars with the average household carrying over \$8,500. The average family has 7-8 credit cards and is saving only 4.7% of their income. Financial issues can and do affect a community - a job loss, a divorce, a medical crisis or any of the other possibilities create serious consequences for individuals and their families.

The question is: "How do we correct this trend?" While there are many possible solutions, most would agree that a national standardized credit education program would help consumers gain a better understanding and knowledge of money issues and responsibilities as they revolve around the world of credit.

Garden State Consumer Credit Counseling and the American Center of Credit Education (ACCE) have embarked upon a mission to establish a national standardized credit education program titled *Credit When Credit Is Due*. We are currently offering this proactive, positive program to our clients and the general public. The concept of the program is similar to the well-known driver's education course. When people take driver's education and learn necessary driving skills, they are considered to be better drivers. Auto insurance companies recognize them as better driving risks and grant discounts on insurance premiums to those who successfully complete the course. Conventional wisdom says the same theory applies to consumers who are borrowing money. Individuals who successfully complete this national standardized credit education program should be better at

handling their finances and be better loan risks than those who have not received credit education.

The *Credit When Credit Is Due* Program is designed to help individuals gain a better knowledge of money issues and responsibilities revolving around the world of credit. The program is a series of twelve lessons or sessions, in either English or Spanish, that cover a wide range of topics from talking about credit to handling finances responsibly. The course is assembled into one book and can be taught by a teacher or self-studied. Individuals who complete the course gain a number of distinct advantages. They gain a solid background regarding how credit works, learn 24 positive steps they can take to improve their credit file, recognize how to spot money problems and how to deal with them before they become insurmountable and gain recognition and possible benefits from lenders for taking a national standardized credit education course.

A national evaluation performed by the American Center for Credit Education substantiates that this program is making a difference in the lives of individuals who complete the course. The high percentage of graduates (95%) who would recommend this course to another person confirms the value graduates place on the program to help individuals become better managers of their personal finances.

Garden State is committed to providing financial education to our clients and our communities. If you would like to enroll in this program or require additional information, please do not hesitate to contact our office at 1-800-992-4557. ■



Score A Better Loan

Source: *Time Magazine*

Alisa Row Kenney knew she had bad credit, but assumed it was getting better. The Florida mother of two ordered a copy of her credit report and discovered just how low she had scored. "I'd been paying my bills on time for seven years, thinking my score was improving," she said.

Last month, the Bush Administration proposed changes to the Fair Credit Reporting Act that would make it easier for people like Kenney to avoid such surprises. New provisions to the act, which are set to expire at the end of the year, would allow consumers to get a credit report every year, something everybody should probably do, without charge. Right now, getting a report and score from one of the three national credit bureaus, Equifax, Experian and TransUnion, costs \$13 to \$15.

Why is it important? The first thing banks and other lenders do when you apply for a car loan, a new credit card or that mortgage for your dream house is check out your credit report and ranking. Your credit score, often called a FICO score after the Fair Isaac Corporation, which calculates the number, gives lenders a snapshot of your financial life and can determine whether you'll qualify for

that loan and how much you'll pay for it. The scale ranges from 300 to 850; the average consumer's score is 720.

When Kenney discovered she had landed an abysmal 519, she logged on to the Fair Isaac's website, www.myfico.com, to find out what she could do about it. Her report said she had defaulted on a student loan twice (it happened only once) and listed credit cards she didn't have. By correcting those mistakes and continuing to pay her bills promptly, she raised her score to 700 within a year.

An increase like that can translate into savings. According to www.myfico.com, a typical consumer with a score of 700 would have been quoted a rate of 6% on a 30-year fixed-rate mortgage last week, compared with a rate of more than 9% for someone whose score was in the low 500s. The difference could be very costly—translating into \$162,177 in extra payments over the life of a \$200,000 loan.

There are many ways to boost your score, including paying bills on time, keeping a low balance on your cards and getting new credit only when you really need it. As a rule, you should order copies of all three of your credit reports and scores at least three months before you apply for a loan, so that you have time to correct any errors. ■



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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.

The Child Tax Credit: Save It!

Source: *Time Magazine*

About 25 million taxpayers are now receiving checks for up to \$400 per kid, thanks to the expanded child credit in President Bush's tax-cut law. The Financial Planning Association, a trade group, says it is smarter to save the cash than to spend it. Some suggestions:

- **PAY DOWN DEBT.** High-interest debts, like credit-card balances, eat into your disposable income.
- **SAVE FOR SCHOOLING.** Stash money in a tax-advantaged education account.
- **CREATE A RAINY-DAY FUND.** Advisors recommend having enough money for three to six months stored in an easy-to-access place, such as a money-market fund or savings account. ■

Budgeting for Fall Shopping Sprees

Source: www.bet.com

The cooler weather hasn't even peaked yet, and you're already thinking about buying your fall gear, aren't you? We know it's tough passing by all the warm-hued collections of sweaters and the hip-huggin' cords in the stores, but don't unleash your wallet so fast.

In these uncertain economic times, experts say it's not a good idea to spend too frivolously. Instead, spend wisely.

"We want to keep ourselves as financially stable as we possibly can," says Glinda Bridgforth, author of "Girl, Get Your Money Straight" and president of Bridgforth Financial Management Group in Detroit. "Don't go into a scarcity mode. Be clear on how what you spend today will affect you in three months or in five months."

Think before you charge. Instead of shopping on the spur, plan over the fall and winter months. With gift-giving season around the bend, you'll need to fit yourself between the folks on your holiday list.

"Put your budget down on paper. There's something very powerful about putting it on paper," Bridgforth says. "leaving it in our imagination, it's misleading. Things add up very quickly. When you're budgeting your money, then you can determine what kind of comfort level you're at with shopping."

Ultimately, no one knows your financial situation like you. Here are some painless shopping tips.



1. Prioritize your budget. If the rent is behind, if your electricity bill is way overdue, pay them first before you plunk money down on a pair of boots. Create a budget by subtracting your bills from your take-home pay. Whatever you have left is what you're working with.

2. Leave the plastic at home. If your credit cards are already out of control, you can't go wrong shopping with cash. That way, you don't dig yourself deeper in debt.

3. Differentiate your needs from your wants. If all your sweaters from last year have holes in them, then by all means, buy a couple of new sweaters this year. It might be hard to find nice ones on sale this early in the season, but do your best. However, if you want a new pair of black boots to accompany two more pairs in your closet, think again.

4. Have a spending plan in place. Commit to buying one item once a month, or once a pay period. Stick to that rule.

5. Don't sleep on outlets. If you can sift through all the stuff nobody wants, you'll find a few "diamonds" for cubic zirconium prices. Be careful, though. Check for irregular items that may not fit properly. Beware of shops that masquerade as discount, but aren't.

6. Be an end-of-season shopper. There's nothing like catching the sales near the season's end. If you don't need to shop now, make out like a bandit for next year. ■

Rebuilding Trust Through Communication

Source: Tracey Owens

According to an article in WorkForce Magazine, there are ways to build trust in an organization/company:

1. Get the leaders in front of people – visibly handling issues with candor, credibility and concern.
2. Help leaders avoid the spin – people see through any efforts to shade the facts.
3. Tell all the news you have, even bad news, so employees have little room to jump to their own conclusions.



4. Communicate with all constituencies – especially employees.
5. Offer the opportunity for dialogue. The translation and interpretation of messages happens through dialogue, not by just reading memos.
6. Balance high-tech with high touch – computers are great for fast communication, but they don't replace in-person conversations and discussions.
7. Listen to your people – the process doesn't have to be formal - just making the effort sends a positive message.
8. Communicate and be involved more. Don't disappear when people most need to hear from you.
9. Remind people of the fundamentals – repeat, repeat, repeat, why you are in business, how the business works, what is needed to achieve and how employees can contribute.
10. Help people see their roles – communicate business goals and the employee's role in achieving them. Be clear about the rewards that will come from that effort.
11. Ask people to move on once you have communicated openly and thoroughly, limit permission to whine. There is a point when a company must stop focusing on crises and begin to focus on serving clients and making money. ■

The American Dream

Source: Sharon Hussain

The American Dream of home ownership is something that, for many, can rapidly turn into a nightmare. Many people find themselves with insufficient funds to handle all of their household expenses. The phrase "robbing Peter to pay Paul" is one that is frequently uttered by many of our housing counseling clients. For some people, trouble started as soon as they purchased their home. While for others, life circumstances changed their ability to afford bills they could once handle. Once someone falls behind on their mortgage, particularly if they have a steep payment to begin with, it becomes difficult, if not impossible to catch up. Foreclosures, which were once a rarity, are becoming more commonplace as a result of the high unemployment/underemployment rates, coupled with the American habit of overspending and overusing credit. The formula of decreased income and increased expenses often spell disaster.

Many people, particularly those purchasing their first home, underestimate the true cost of home ownership. Owning a home is almost always more expensive than renting. In ownership, one must factor in:

1. Mortgage payment
2. Real Estate Taxes
3. Homeowner's Insurance
4. Private Mortgage Insurance (a requirement for certain borrowers)
5. Maintenance, Services and Repairs
6. Association Fees (if applicable)
7. All utilities

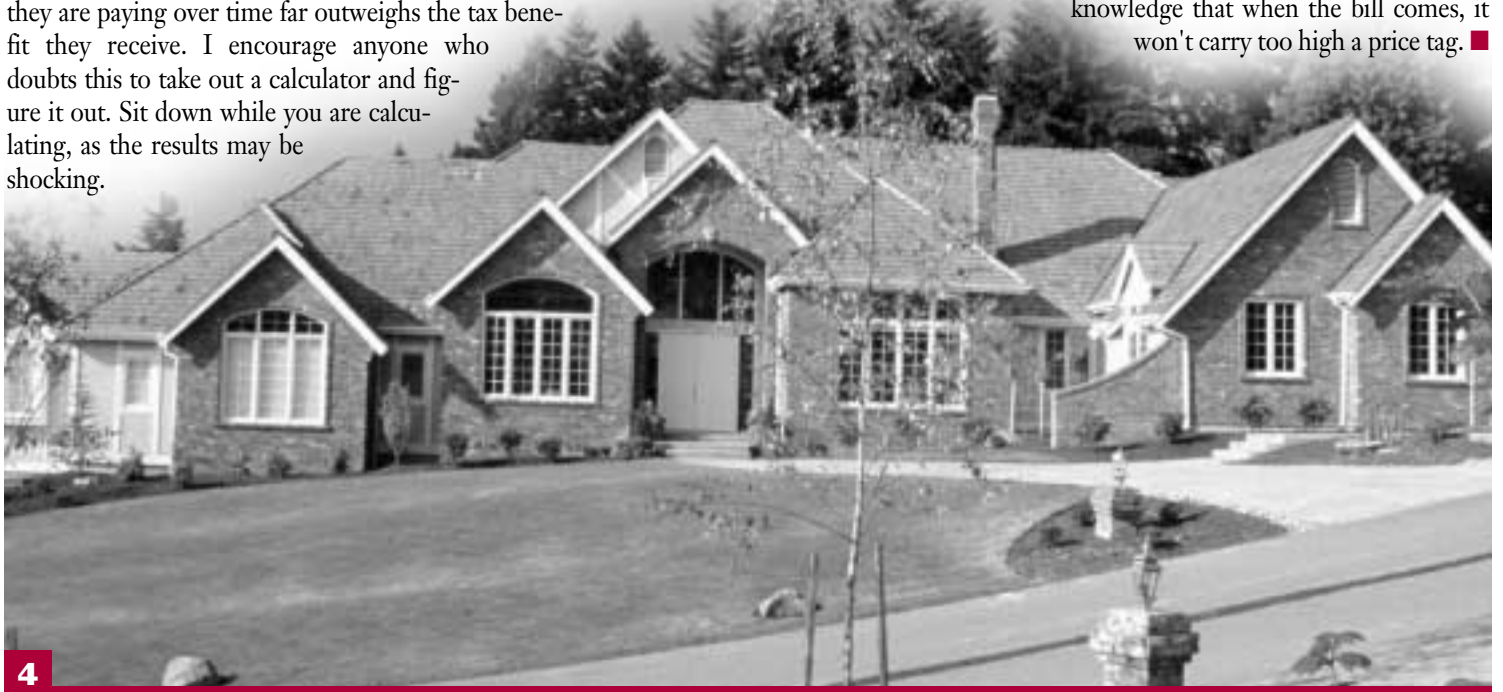
These costs are in addition to all of their other financial obligations, such as: food, clothing, education expenses, child care costs, entertainment, etc., etc., etc. Some expenses vary month-to-month and year-to-year. Be realistic, know your needs and your lifestyle. If you went out for dinner every week before you bought your home, it is unlikely that you will completely stop eating out once you are a homeowner.

The reason many people cite for preferring to own rather than rent is the 'tax benefit'. The reality is, for most people, the interest they are paying over time far outweighs the tax benefit they receive. I encourage anyone who doubts this to take out a calculator and figure it out. Sit down while you are calculating, as the results may be shocking.

It may seem as though I have written this article to discourage people from buying homes. Not so. I merely want to encourage everyone to open their eyes and be realistic about what they can afford so that they are spared the drama and trauma of mortgage default. Of course, there are times where one has done everything right and unfortunate events occur and sabotage plans that have been made carefully and realistically. I have noticed, though, that this rarely happens. What is more likely to be the case is that there were no careful or realistic plans made to begin with, just some vague notion of wanting to own a home.

As unglamorous as it may seem, do the grunt work before purchasing a home. Carefully track your budget for several months. Research costs for everything from mortgage payments to utilities to moving costs. Shop around for the most favorable interest rate and terms. Review your credit reports for errors and negative information in advance. Correct what is wrong. Pay off past due bills as much as possible. When you begin shopping for a mortgage, you want to have your credit in the best shape possible. Have six months to a year of living expenses saved up. Decide, in advance, how much you are willing to work to be able to afford your house. Will you have to be spending so much time making money to pay bills that you will never get to see or enjoy your beautiful new home? Is that what you want? Only you can decide. Don't let your friend or your broker or your realtor talk you into more home than you can comfortably afford. You are the one who will have to make the payments.

Arm yourself with knowledge so that you can make educated decisions and not find yourself stuck with too much month at the end of your money. If now is not the right time to buy, then don't. If you realize you are in a home you cannot afford, sell. You have permission. Define your own concept of the "American Dream". Mine is being able to sleep at night knowing all the bills are easily paid with money to spare for unexpected events and future goals. For that peace of mind, I am gladly willing to trade many creature comforts and the desire to keep up with the Joneses. Find your own comfort zone and live there happily, secure in the knowledge that when the bill comes, it won't carry too high a price tag. ■



How to Have Thanksgiving on a Budget

Source: www.storknet.com

Yes, it's the time of abundance, but if you're on a budget, stick to it and avoid some stress and guilt. It's the emotionally intelligent thing to do!

1. Know your portions. It's tempting to have a big, beautiful bird, but it's more sensible to buy only as much as you'll need for your family. The formula is 1 lb. per person. If you want leftovers, 1.5-2.0 lbs. per person.

2. Take good care of the bird right after dinner. If you take the time to remove the meat and wrap it carefully in saran wrap or air-tight containers, it will remain nice and moist and tempting for the next meals. For the immediate next dinner, place the turkey in a plastic container, put a piece of waxed paper and then put some wet paper towels atop that. Keeps it nice and moist for sandwiches the next night.

3. Plan your leftovers. Get those recipes ready. The meal's good just warmed over the next night, as long as the gravy holds.

Rotate it with other meals. (Don't refreeze once-frozen turkey.) Try a variety of flavors to go with the turkey. Try your own version of Eggs Benedict, using turkey instead of Canadian bacon. The hollandaise will add a zip. Make King Ranch Chicken (aka Turkey) with hot sauce. They won't even know it's turkey! End with cold turkey salad; the mayonnaise will moisten it.

4. Grocery shop the day after Thanksgiving. Bargain-o-rama. Have you ever been? Surplus fresh turkeys at pennies on the dollar, bakery items, breads, fresh yams. Clean out your freezer and get ready. So...shop for your Christmas meal the day after Thanksgiving!

5. Pay for convenience when it counts. Buy throwaway aluminum



pans to cook the turkey in. It's just such a mess to clean up afterwards.

6. Consider alternatives. Make your own pie crust and bread. Unless you live in sweet potato country, canned yams or sweet potatoes are a better bet than fresh. Pumpkin filling mix, often on sale, is cheaper than buying canned pumpkin and adding evaporated milk and eggs.

7. Make your own stuffing. That's never on sale! Start on your stuffing mix now. Easy as pie! When your loaf of bread is getting old, put the last pieces on a cookie sheet and put it in the oven. Warm at 350 degrees for 5 minutes, then turn off. Leave the bread there to dry out. Put into baggies and save. Keep doing this. If you like cornbread stuffing, start planning lots of chili and cornbread meals! When it's time to make the stuffing, crush the dried bread (still in the bag) with a rolling pin and it'll look and act just like the store-bought mix.

8. Decorations? Festive wear? If you didn't do it last year, do it this year. Go out the day after Thanksgiving and pick up all those napkins, tableware and cut decorations for a pittance. If you like a holiday sweater or t-shirt, check those sales out too.

9. Don't forget about potluck. Most people who are guests at your table for Thanksgiving, would actually love to bring something, so they feel they've contributed and are part of the holiday.

10. Trompe l'oeil, it's called in France - fool the eye. Mash the potatoes and then put dollops of butter on top to melt, for the eye. Splurge maybe on one item, for instance, some of the stores sell molded butter in holiday shapes. This can sure dress up the brown'n' bake rolls! ■

How To Throw A Dinner Party On A Budget!

Source: www.boredmom.com

A dinner party is a great way for people to mingle and have fun. You can host a party without going to great expense.

1. Determine how much you can afford to spend on the dinner party. Stick to it.
2. Decide how many people to invite.
3. Decide what foods will be served.
4. Extend invitations.
5. Prepare your dinner from scratch.
6. Avoid costly, last-minute purchases by buying food a week before the party.
7. Review weekly grocery store flyers to find out what's on sale. This is a great way to get discounts on expensive items such as meat and wine.
8. Prepare early and keep the menu simple. Spaghetti with garlic bread and tossed green salad – mix your own oil and vinegar dressing rather than buying bottled – makes a nice meal.
9. Rice, potatoes, pasta, polenta or beans make inexpensive side dishes.
10. Take advantage of wholesale and discount grocery store prices.
11. Decorate with candles and inexpensive flowers. ■



Beautiful Fall Décor on a Shoestring

Source: www.thefamilycorner.com

Ah, the glorious colors of Fall! Who doesn't love this season, with the beautiful leaves, colorful pumpkins and funny scarecrows. Here are some simple and frugal ideas to get into the swing of the season. With so many glorious, natural colors around you, you can't go wrong.

• **Paper Mache':** Combine equal portions of flour and water. Soak newspaper strips in them. Drape over a form - balloon, a bottle. Dry and add more layers, using a paste of flour and water as "glue" if necessary. You can make pumpkins, Halloween masks, you name it!

• **Tin Can Ghosts:** Recycle and decorate! Step on a soda can. Spray paint it white, add facial features. Hang with string. The secret is to use the top of the can as the "face" with the drinking hole as the mouth of the ghost. Keep the face simple and sweet. You can add paper arms or draw arms/hands on can.

• **Scrap Fabric Ghosts:** Cut a white sheet into squares. Put some stuffing - balled up quilt batting, or fabric scraps, in the center. Bring edges together. Tie up stuffed part of fabric as "head" of ghosts. Use a marker to add eyes and mouth. Hang from a tree outside of your house.

• **Paper Bag Pumpkins:** Color some lunch sized paper bags, orange. Color a face or cut holes for face. Do not put candles in these. If you want to have light coming out of them, use white Christmas lights inserted into a hole in the bottom.

• **Wreaths:** Gather acorns, tree "helicopter" seed pods, and other interesting nuts and seeds. Hot glue onto a Styrofoam or straw wreath. Accent with a fabric bow of fall colors (or one of those fall-leaf print fabrics). Tear the fabric for the bow for a "primitive" country look.

• **Table Décor:** Why not make acorn napkin rings...hot glue the acorns to tied fabric strips and stick in a few leaves with the napkin? Or why not put a beautiful centerpiece on a bed of freshly fallen leaves?

• **The Almighty Pumpkin:** Ok, fall isn't fall without pumpkins. Put your uncut pumpkins on the porch as decoration for as long as possible, then cut them for jack-o-lanterns a day

or two before Halloween. If you have a steady hand, pumpkin painting can be fun too and you can still cook the pumpkin (make sure you wash off the paint though!).

• **Mums:** Mums are so easy to grow. Buy some this year and enjoy them for the years to come, both in the garden and in your house. Fresh flowers are the ultimate decoration! They are easy to propagate too. Just split them into small plants, each with a little bit of root on them. Plant them and keep damp for a week or two.

Next year, you will have more mums than you bargained for!

• **Dried Cornstalks:** Dried cornstalks make neat door decorations outside, along with a homemade scarecrow or a pumpkin. Tie them together at the top and fan out teepee style in the front yard.

• **Door Décor:** To make an adorable Halloween "trick or treat" for your door, drape some fabric that has been soaked in liquid starch over some

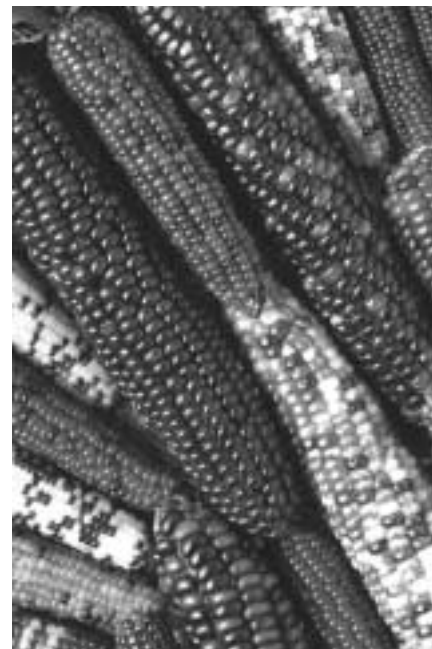
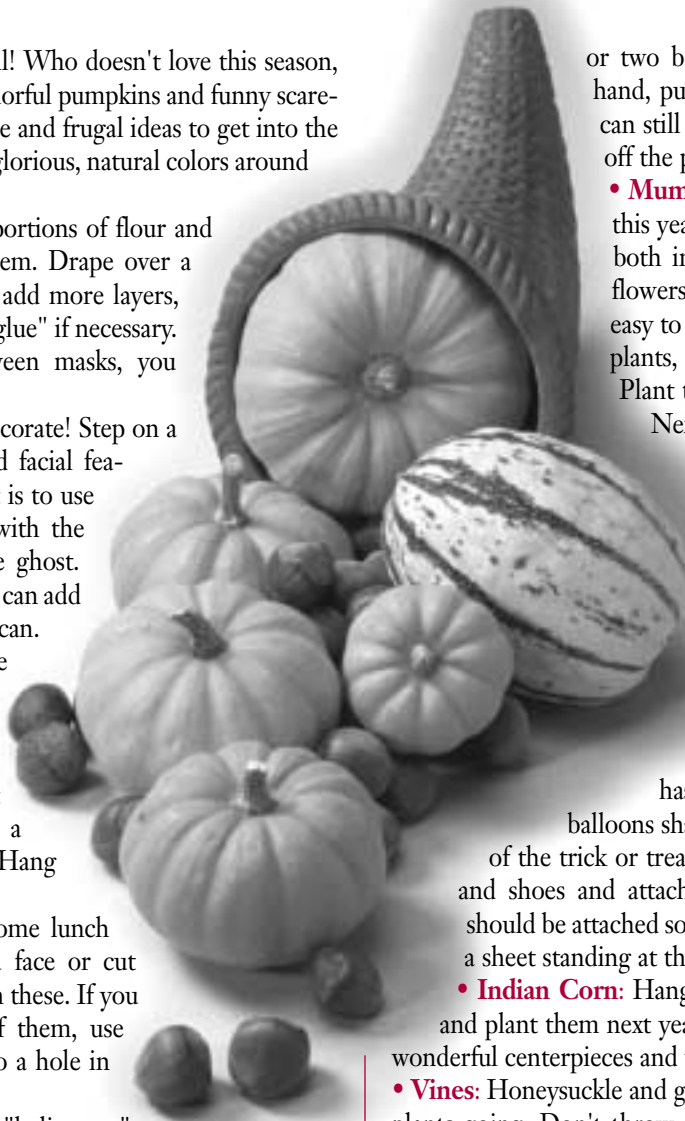
balloons shaped to look like the head and shoulders of the trick or treat. Then stuff a pair of children's jeans and shoes and attach them together. The top and bottom should be attached so that it appears as if a small child is under a sheet standing at the door with a trick or treat bag in hand.

• **Indian Corn:** Hang it this year, then save the corn kernels and plant them next year for free decorations! These also make wonderful centerpieces and wall hangings.

• **Vines:** Honeysuckle and grape vines have to be pruned to keep the plants going. Don't throw the prunings away! Use them! You can make all the cool stuff you see in the stores! Just imitate the grapevine decorations you see at craft fairs and stores.

• **Corn Husks:** If you grow or buy corn, save the husks to make corn husk dolls and flowers. There are some really beautiful things you can do with cornhusks.

• **Dried Apples:** These make a wonderful, homey touch. Dip them in lemon juice to reduce browning. You can dry them in rings, stringing them up to dry, or as slices. Use them to create wreaths, garlands and as finishing touches for a country bow. Add cinnamon sticks for a nice touch. ■

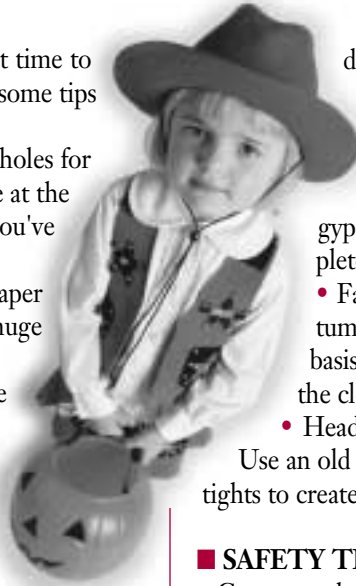


Tips for Keeping Kid's Costumes on a Budget

Source: www.everythinghalloween.com

Kids love dressing up for Halloween. It's a great time to let them express their imaginations. Here are some tips for low-cost, made at home creations:

- Ask your grocer for a potato bag. Cut arm and neck holes for your child. Put it over jeans and a plaid shirt, tie a rope at the waist. Add a few wisps of straw and an old hat and you've transformed your child into a scarecrow.
- Give your kids some large pieces of foam, sticky paper and markers. They might transform themselves into huge parking tickets or passes for sporting events.
- Flexible tubing, such as electrical conduit or drainage pipe, is great for spider legs.
- For a ghost, use a left-over wedding runner. Just cut holes in it, then tie the waist with yarn. If you shred the edges, it'll give the costume a creepy effect. An old pillowcase or sheet can also do the trick.
- At dollar stores, you can use old hunters' fluorescent orange vests for pumpkin costumes. The bright orange keeps the kids visible when they're out trick-or-treating in the dark. With a green turtleneck and pants and a fluorescent orange painter's cap, you've got a great jack-o'-lantern. The face can be drawn on the cap.
- Old bridesmaid dresses are perfect for a little princess; just pin up the skirt. You can buy a tiara for a few dollars, or join the would-be princess in making a cone-shaped hat out of poster board. Then



drape it with inexpensive netting.

- Old curtains can be recycled in many ways. Velvet is perfect for a king's cape. You can make a magician out of a bunch of old scarves. Use handfuls of them - around the waist and on the head - for a gypsy outfit. Costume jewelry and a colorful skirt complete the look.
- Face paint often is the final touch that makes the costume. Colorful oversized shirts and scarves make a good basis for a clown costume, but creative face painting gives the clown his character.
- Headbands are useful for propping up ears or antennae.

Use an old animal-print jersey, felt ears on a headband and black tights to create a cat.

■ SAFETY TIPS

- Costumes should not have trailing material.
- Pointed objects such as swords and devil's forks should be made of soft material.
- Children should carry a flashlight and their costumes should be brightly colored or trimmed with reflective tape.
- Be sure all parts of the costume are flame retardant.
- If your child wears a mask instead of makeup, double check to see that the eye holes are large enough to see through clearly. ■

The Recipe Corner ... (inexpensive delicious recipes)

Source: Kelly Wall

Easy Corn Chowder

Ingredients:

- 6 medium potatoes, peeled and diced
- 3 cans (22 oz. Total) creamed corn
- 1 clove garlic, crushed
- 1 1/2 cups milk
- 1 large onion, diced
- 1 tablespoon butter
- 2 cups chicken stock
- Salt & pepper to taste

Apple Squares

Ingredients:

- 3 lbs. apples, sliced thin
- 3/4 cup flour
- 1 cup brown sugar
- 1/2 cup white sugar
- 1/2 cup melted butter

Shepherd's Pie

Ingredients:

- 1 lb. Beef
- 1 can condensed vegetable beef soup
- 2 cups cooked mashed potatoes
- 2 tablespoons butter
- 1 onion, diced
- 1 tablespoons oil
- 1/2 cup ketchup

Directions:

Heat butter in a large pot. Sauté the garlic and onions until the onions are transparent. Add the potatoes and toss in the butter to coat. Pour in the chicken stock and simmer about 10 minutes or until the potatoes are tender. Lightly mash the potatoes, leaving some chunks. Stir in the creamed corn and milk and simmer gently on low heat, uncovered, stirring occasionally. Serve with a loaf of crusty Italian bread.

Directions:

In a buttered shallow pan, place $\frac{1}{2}$ of the apples in even rows. Cover with the white sugar and then the rest of the apples. Add melted butter to brown sugar and flour. Spread over top. Bake until apples are soft. Refrigerate over night, and then serve in squares. Top with whipped cream for a special treat.

Directions:

Heat oil in a large saucepan and sauté the onion until transparent, then add beef. When the beef is brown, stir in the flour to coat. Add the ketchup and soup, then season to taste. Transfer the mixture into a pie dish and top with mashed potatoes. Dot with tiny pieces of butter at 375 degrees for 30 minutes.

If you have an inexpensive and delicious recipe that you would like to share, please write to us at GSCCC Newsletter, 225 Willowbrook Road, Freehold, NJ 07728 or e-mail us at Newsletter@GardenStateCCC.org

The Penny Pincher Newsletter

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