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GreenPath Gives Tips on Getting Your Finances in Order in 60 Days

New Year's Day is the traditional time for setting resolutions. But make them too lofty or unreasonable and by Valentine's Day, you will wonder what went wrong. GreenPath trainers **Megan Bridgett** and **Aimee O'Brien**, offer up some simple and attainable ways for you to get financial goals in line in the first sixty days of the New Year:

On January 1, when you are still excited about your New Year's resolution, coordinate a family meeting. "It is important to keep all members of the family involved in the decision making process," said Bridgett. For instance, children can help save the family money by simply turning off lights when they are not in use and monitoring cell phone usage and charges.

January 1 – 14: Brainstorm on both your short and long term goals. Short term goals could occur within the next three to six months, and long term could be within the next few years. Try to make sure to keep them SMART:

- **Specific** – Be specific. If your goal is to "save money," say instead, "I want to save money in order to buy a new car."
- **Measurable** – Make the goal measurable. If you are saving money for a car, identify the amount you plan to save.
- **Attainable** – Goals should be attainable. If not, you may get discouraged and give up.
- **Realistic** – Be realistic. If you had a goal to "Never eat lunch out while at work," this might not be realistic or possible. But if you changed it to "Eat lunch out once per week while at work," you are far more likely to stick with it.
- **Timely** – Set a deadline for the goal to be accomplished. This will help you to stay focused and motivated.

The month of January: On January 1, create a projected budget of your monthly expenses, breaking them into different categories: Groceries, Clothing, Entertainment, Dining Out, Utilities, Household Bills, Debts, etc. "For the month of January keep every receipt," said O'Brien. Each week, place the receipts into the categories you've identified. At the end of the month, total each category comparing what you've spent to what you've projected. "People tend to spend ten to twenty percent over what they anticipated and projected spending," said O'Brien. This will help you to identify areas to adjust or cut back.



GreenPath trainers Megan Bridgett and Aimee O'Brien

The month of February: Start making some cutbacks. "Make sure to stay realistic and do not cut out everything," said Bridgett. "Gradually make these changes to keep yourself motivated and excited."

Keep tracking your expenses and compare at the end of the month. Think about putting any money you saved into a family bank account. At the end of the month, have another family meeting and celebrate your successes by doing something fun and inexpensive as a family.

Time out on Super Bowl Weekend: For those who are football enthusiasts, this idea is for you! "Financial Football," sponsored by Visa and the National Football League, is an interactive game for kids and grown-ups alike. Go to www.practicalmoneyskills.com and click on "Games." This fun tool helps educate kids on financial topics while keeping them entertained and engaged.

Get through the first 60 days of attaining your goals and tracking your progress and the next 300 days will find you saving, budgeting and tracking your way to financial success in 2011.

Settling Your Credit Card Debts

You may have heard advertisements from debt settlement companies who promise to reduce — or even erase — your debt for pennies on the dollar. If you find yourself sinking deeper in debt, this may sound like the answer to your problem. But before you decide, there are many things to consider on ways you can get out of the red, without spending a whole lot of green.

Debt Settlement Companies

Debt settlement companies claim to help people with debt problems. They say they'll negotiate with your creditors to reduce the amount you owe. Some claim that they can arrange for your debt to be paid off for less than the amount you owe — for anywhere from 30 to 70 percent of the balance. For example, if you owe \$10,000 on a credit card, a debt settlement company may claim it can arrange for you to pay off the debt for less, say \$4,000.

But there is no guarantee that debt settlement companies can persuade a credit card company to accept partial payment of a legitimate debt. Even if they can, you must put aside money for your creditors each month. Meanwhile, it may be months — or even years — before the debt settlement company negotiates with your credit card company to settle your debts. And, if you stop making your payments in the meantime, the credit card company usually adds late fees and interest to the debt each month. Such actions can cause your original debt to double or triple. Then, if any debt is actually settled, you will likely owe income taxes to the IRS on the forgiven amount.

Credit Counseling Agencies

Reputable, non-profit credit counseling companies will be affiliated with the National Foundation for Credit Counseling or the Association of Independent Consumer Credit Counseling Agencies.

The credit counseling process begins with a free financial assessment. Your counselor will gain an understanding of your situation and goals, and will then work with you to create a detailed budget of income and expenses. The counselor will review the various options that are available to you to address your debt and provide you with an action plan to move forward.



A non-profit credit counseling company may offer to enroll you in a debt management program (DMP). A DMP can lower your interest rates, eliminate late and over limit fees, and stop collection calls. With a DMP, you make payments to the counseling agency and the agency then pays your creditors on your behalf. A reputable credit counseling company should never try to push you immediately into a DMP.

Consider All Your Options

It's critical that you consider all the options available to you. Debt settlement is best for a very small segment of people — potentially those who have charged off debt and/or those who have received or are expecting to receive a lump sum of money. A DMP is an appropriate option for a greater percentage of consumers. Others may be able to handle their debts on their own with some counseling and education. And, for some consumers, bankruptcy may be appropriate. Remember, a company with only one product or service usually has a vested interest to sell you that product or service without operating in your best interest. A better option might be to work with someone who will help you determine the best option for you.

Source: Federal Trade Commission

COMMENTS? SUGGESTIONS?

Write to the editor at editor@greenpath.com. If you are a GreenPath client and have questions about your account, please email customer-care@greenpath.com.