



## IN THE NEWS

Did you know that the 3 largest Credit Card Companies announced they will be increasing their client's minimum monthly payment? These minimum payments are usually calculated at 2% of your balance and they are expected to **double** that in the near future! If you are already struggling to make a \$50 payment, you can be certain it will be difficult to pay \$100 under the new guidelines. For the consumer who can make the payment, it is advantageous since they will be paying more on the principal and less in interest. However, the consumers who are living on the edge will be hit the hardest.

If you have an open account carrying a high balance and interest rate, and it is not on the plan, now is the time to add it! If you are thinking of consolidating your debt, the timing could not be better to do so. To see how much interest you will pay on your own during the life of the debt check out our "Debt Calculator". Each creditor sets different criteria, so call us to find out what your interest will be reduced to while on our program. You can then calculate your savings on paying it on your own versus adding it to the 501 Plan. Don't put off adding that account to the plan any longer!

## HOW TO CREATE A SPENDING PLAN

### *Where does your money go?*

A spending plan can help you figure this out. Creating a sound spending plan can help free up cash to pay more of your debt, boost savings and save for retirement. You can meet your most important financial goals - from buying your first home, refinancing your existing home or simply saving for the future.

### *A good spending plan does not require painful financial sacrifices.*

In fact, it will help you become more aware of your spending habits. You will learn to avoid wasting your hard earned money on things that you want vs. things that you need.

### *A spending plan does not have to be time consuming...*

It helps you track where you spend your money.

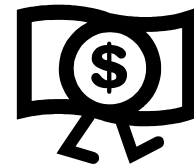
Ever have to stop and think about, "What happened to all of my money!?"

Starbucks, magazines, cigarettes, sodas, restaurants etc.

Below are few examples:

Cigarettes - spending \$4.00 per day for a pack of cigarettes totals \$1,460.00 a year!

Starbucks - spending \$3.20 per day for a latte totals \$1,168.00 a year!



### *You can make some spending cuts without major sacrifice.*

Some spending cuts simply require a change in habit. Spend more time in a library instead of spending money at Borders or Barnes and Noble. Buy bottles of water or sodas by the case instead of paying retail for each one.

Once you have set your spending plan targets in each category, the next step is to track your monthly spending habits. Don't be discouraged if you go over your budget in some categories - that could mean your cuts were too ambitious. Perhaps you could find other areas where you can make further cutbacks. Taking these steps can help you liberate cash for things like savings, a new home or simply a well deserved vacation!

### *You never know what life will bring your way.*

One suggestion is to keep at least two to six month's worth of living expenses - money you can easily use in case of emergencies, job loss, car repair, etc. It is inevitable that at some point you will hit a bump in the road. Being prepared in advance for these will provide you the cushion when you need it the most!

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#### Counseling, Processing and Payment

2 South Delmorr Avenue  
Morrisville, PA 19067  
215-295-7195  
215-428-6746 (Fax)

#### Center Counseling Center

26 South Warren Street  
Trenton, NJ 08608  
609-393-5400  
609-393-0480 (Fax)

#### Counseling Center

2 Penn Plaza, Suite 1910  
New York, NY 10121  
212-292-4868  
212-292-4860 (Fax)

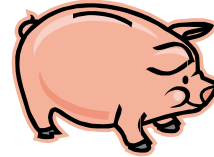
## HOW CAN I PAY OFF MY DEBT SOONER?

When considering ways to pay off your debt - Contact our payoff department at: 215-295-7195 x 1103 or email us at [customersupport@501plan.org](mailto:customersupport@501plan.org) to discuss when, and which of the creditors you are paying off.

Pay off your highest interest credit card first. You will save hundreds or even thousands of dollars if you simply increase your payment with an extra \$10.00.

Don't just pay the minimum scheduled payment. Paying just the minimum on a credit card balance will prevent you from becoming debt free sooner than scheduled.

Use gifts, tax returns and other windfalls to pay off debt  
When you pay off debt, you're building financial security.



## LIFE LESSONS

### ***Did you know that good credit might help you land the job you are looking for?***

As you advance in the corporate world, the interviewing process can sometimes become a very different ball game than what it used to be. Questions such as "what do you feel you can add to the company?" may be brushed aside, in favor of a request form allowing the prospective employer to pull your credit report and review the way you have handled your own finances for the past several years.

Although your credit report may not seem like a relevant tool in determining your employability, there are definite reasons why a future employer might want to run a credit check on a prospective employee.

For example, it is often common practice for employers to review your credit report if you are applying for a job in the financial sector. Another example is if you are applying for a high profile position that may open the company up to greater media exposure or liability in the event things don't work out. Sometimes even basic cashier or courier positions may provoke an employer to want to review a credit report in order to get a more complete picture of the applicant's character.

***The above also applies when applying for car insurance.***



## THE WORLD OF PLASTIC FOR YOUNG ADULTS

### **The Advantages:**

The advantages or disadvantages of credit cards are the same for people of all ages. They are enticing and convenient. It's "**buy now and pay later**". Credit cards can also help to build your credit rating only if payments are never missed. A good credit rating allows you to buy a house, a car and opens the opportunity to more credit lines.

### **The Disadvantages:**

It's not your money! What you put on your credit card simply put, is a **loan**. Treat it like it is! When you charge if you are not paying the full amount due you must not only pay back the principal but you must pay back with interest. It is borrowing against your future. It is very easy to accumulate huge balances that could be a drain on your finances once you are out of school.



## CREDIT REPORTS DO'S AND DON'T'S....

### HOW TO MANAGE YOUR CREDIT EFFECTIVELY

- **DO NOT** charge more than you can easily pay off in a month or two.
- **DO NOT** be fooled into paying just the low minimum amount listed on a bill.  
Credit Card issuers make money on interest. There is nothing they would like more than to have you stretch out payments.
- **DO** consistently pay your bills by the due date.
- **DO** use credit for larger, durable purchases you really need, rather than non-durables, such as restaurant meals that are better paid in cash.

### IMPROVE YOUR CREDIT SCORE!

Your personal credit report can impact your life in many ways. Your credit is reviewed when you apply for a bank loan, mortgage, or car loan. Your credit score can directly effect the interest rates you will be charged.

Also, be aware that your landlord can also check your credit report to gain insight into your financial responsibility to determine what type of tenant you may be.

### Make Improvements by...

- Buy what you need not what you want!
- Pay your bills on time!  
(Mortgage, utilities, traffic tickets, library dues and loans, etc...)
- Communicate with your lender if you are experiencing hardship!
- Contact your credit card issuer or bank immediately with errors on billing statements!
- Notify your creditors when you move to ensure bills will arrive at the new address on time!
- Once a year check the accuracy of your credit report with the three credit

### HOW LONG CAN NEGATIVE INFORMATION SHOW ON MY CREDIT REPORT?

#### Seven Years!

There are certain exceptions:

- Information about criminal convictions may be reported without any time limitation.
- Bankruptcy information may be reported for 10 years.
- Information reported in response to an application for a job with a salary of more than \$75,000 has no time limit.
- Information reported because of an application for more than \$150,000 worth of credit or life insurance has no time limit.
- Information about a lawsuit or an unpaid judgment against you can be reported for seven years or until the statute of limitations runs out, whichever is longer.



### WHAT YOU SHOULD KNOW!

If your credit application was denied, the Equal Credit Opportunity Act requires creditors to specify why – if you ask. For example, the creditor must tell you whether you were denied because you have “no credit file” with a Credit Reporting Agency or because the Credit Reporting Agency says you have “delinquent obligations”. The ECOA also requires creditors to consider additional information you might supply about your credit history. You may want to find out why the creditor denied your application before you contact the Credit Reporting Agency.

### Credit Reporting Agencies

All are listed in the yellow pages under "Credit" or "Credit rating and reporting".

- Equifax – (800) 685-1111  
P.O. Box 740241, Atlanta, GA 30374-0241
- Experian (formely TRW) – (800) 682-7654  
P.O. Box 949, Allen, TX 75013
- Trans Union – (800) 916-8800  
760 West Sproul Road, P.O. Box 390, Springfield, PA 19064-0390

### CONSUMER TIP

#### **BE CREDIT SMART**

Your credit history requires maintenance, just like other areas of your life. Even if you pay your debts on time, don't assume that your credit rating is flawless. Mistakes do happen.

The Fair Credit Reporting Act (FCRA) entitles you to review the information in your credit file. If you have been denied credit, the company denying credit must let you know and give you the name and address of the credit agency making the report. Once you have this information, you can send a letter to the credit reporting agency and you will receive the information in your credit file, at no cost to you within 30 days. It is good idea to obtain a copy of your credit report to check it for accuracy. If you wish to dispute any information in your file, simply write the agency and ask them to verify it. Under the law, they are required to do so within a "reasonable time", usually 30 days. If the agency cannot verify the information, it must be deleted from your file.

#### **START YOUR NEW YEAR RIGHT!**

American Credit Alliance, Inc. has been offering our financial literacy course "Credit When Credit Is Due" for over a year now. The positive response as been overwhelming! What better way to start the New Year than by educating yourself! The course consists of a self-study book containing 12 simple lessons that better equip you to make sound financial decisions. Upon completion, you will send the tests to us and we review them with you. Once you have graduated, we contact the ACCE National Database who then in turn sends you a package containing a Congratulatory Letter, National Registry Card embossed with the participants name and the year and date the program was completed. You also will receive 3 cards addressed to the 3 major credit bureaus asking them to print that you have completed a financial literacy program on your credit report.

Want another good reason why to take Credit When Credit Is Due? Recent reports have shown that students of CWCID demonstrated the largest percentage of an increase in an individual's credit score compared to other possible resources!

The cost of this course is \$60 and can be paid through your ACH, check, Money Order, or by debit card.

Please contact our education department by phone at:  
(800) 501-7526

Or by mail at:  
American Credit Alliance  
Education Department  
2 South Delmorr Avenue  
Morrisville, PA 19067

