



NATIONAL FOUNDATION FOR
CREDIT COUNSELING

*Knowing the difference can
make all the difference.*

NFCC PRESS RELEASE

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CREATE YOUR OWN STIMULUS PLAN

Regaining Control of Finances Should be Number One New Year's Resolution

Silver Spring, MD – Although the federal government and many household budgets have one thing in common, both are in the red, there is one critical difference: consumers cannot print more money in order to make ends meet. Further, they cannot operate in the negative year after year, or financial doom is a certainty.

“Many consumers have been renting their lifestyle by living off of credit, and it’s time they took ownership,” said Gail Cunningham, spokesperson for the National Foundation for Credit Counseling (NFCC). “For some people, their financial situation has gotten so bad that they feel like even the light at the end of the tunnel has been turned off. But there is an answer, and it lies in going back to the basics. Resuming control over their finances should be at the top of everyone’s New Year’s Resolutions list for 2009.”

The NFCC recommends these four basic steps that are essential to building a new level of financial stability:

- **Know where your money goes.** The NFCC Financial Literacy Survey co-sponsored by MSN Money revealed that close to 40 million adults keep little or no track of where their hard-earned money goes. Tracking your cash flow is essential to regaining control over your finances. Commit to writing down every cent you spend for 30 days. This can be a very eye-opening experience for many, as it often reveals spending patterns that need some serious adjustments.
- **Build a budget.** Budget is not a four-letter word. Call it a spending plan if you must. Once you have tracked your spending, you can then categorize it starting with living expenses, followed by debt repayment. At this point you may discover that you’ve got more month than money, but that’s ok because you’re now in control of your finances, thus you can take the necessary steps to resolve any deficit. Do whatever it takes to reconcile your income and expenses. This is easier said than done if you’ve created a lifestyle that your income won’t support, or if a job loss is involved. Drastic changes may need to take place. Just make sure every decision moves you closer to your goal of financial peace of mind.
- **Attack debt as though it was the enemy, because it is.** You already knew it, but now it’s time to do something about it. High interest credit card debt coupled with high debt loads can be toxic to any budget. If you’ve dug a deep financial hole, stop digging. Do not add new debt on top of old. Put a freeze charging, with no exceptions allowed. If the balance on any card exceeds 30 percent of the credit limit, devote all extra money to paying down that debt. Creditors consider you a risk if you use too much of your available credit, and can

then lower your limit and raise your Annual Percentage Rate making it even harder for you to repay what you owe.

- **Commit to saving.** Save for today and save for tomorrow. Not only do consumers lack a rainy day fund, they've recently discovered that it's raining and they can't even afford the umbrella. If this is you, do something about it. Have 10 percent of each paycheck automatically deposited into an interest-bearing savings account. You'll never miss this money, and at the end of a year, you'll have a little over one month's income socked away for emergencies. Plan for tomorrow by contributing to your company's retirement plan. If they match your contribution, deposit at least that amount or you're missing out on free money.

“Consumers have allowed their finances to operate on automatic pilot for too long. They are now eager to move back into the driver's seat and get their financial well-being on course. The good news is that this is entirely possible, but it all starts with the basics. Implementing the above four elements will lay the foundation upon which consumers can build their financial future, and January 1, 2009 is the time to start,” continued Cunningham.

For help turning these steps into action, reach out to an NFCC Member Agency. To locate the agency closest to you, call toll-free (800) 388-2227, or go online to www.DebtAdvice.org. For assistance in Spanish, dial (800) 682-9832.

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The National Foundation for Credit Counseling (NFCC), founded in 1951, is the nation's largest and longest serving national nonprofit credit counseling organization. The NFCC's mission is to promote the national agenda for financially responsible behavior and build capacity for its members to deliver the highest quality financial education and counseling services. NFCC members annually help more than two million consumers through close to 900 community-based offices nationwide. For free and affordable confidential advice through a reputable NFCC member, call 1-800-388-2227, (en Español 1-800-682-9832) or visit www.nfcc.org.