



NATIONAL FOUNDATION FOR  
CREDIT COUNSELING

*Knowing the difference can  
make all the difference.*

## ***NFCC PRESS RELEASE***

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### **HOW TO SPEND THREE THOUSAND DOLLARS**

*NFCC Recommends How to Responsibly Use Tax Stimulus and Refund Monies*

**Silver Spring, MD** – Three thousand dollars, a nice chunk of change by any measure. And, between the President’s proposed tax stimulus and the average income tax refund, that’s exactly the amount that could be landing in many Americans’ mailboxes this Spring.

After finishing jumping for joy, what should the consumer do with this windfall? Spend it? Save it? Invest it? The National Foundation for Credit Counseling (NFCC) says all three are correct, and suggests the following ways to responsibly use this money:

- **Pay down debt.** If you’re saddled with double digit interest rates on your credit cards, this is likely doing you the most harm. Financially speaking, the money should go to pay off or pay down the balance with the highest interest rate. However, some consumers find it more psychologically rewarding to totally pay off multiple small debts. Either way, paying down debt is the number one best use of this money.
- **Catch up on any past-due payments.** Late fees can be close to \$40, not to mention the damage done to your credit report and score. Get current on any accounts that have fallen behind, and stay that way.
- **Build up your rainy day fund.** It’s not a matter of “if” but “when” the unplanned emergency is going to strike, and it’s usually at the worst possible time. Without any savings to pay for that trip to the emergency room or the flat tire, you are left with poor resolution choices. You either pay cash, often taking money from a higher priority such as rent or utilities, or you charge the expense, adding to your debt load. Prepare for the inevitable by having at least one month’s salary in a liquid vehicle such as a money market account.
- **Plan for your future.** Open or add to your IRA account by April 15, 2008. Remember that what you do with your money today dictates if you will live out your retirement years in poverty or plenty. Time is money’s best friend. Make it work for you.
- **Start investing.** Many people think they need to have a lot of money before they consider investing, but that’s not true. Do your homework and find a solid mutual fund. The stock market has traditionally produced good returns. The sooner you begin investing consistently, the more opportunity you’re giving your nest egg to grow.
- **Make needed repairs.** Whether it’s repairs to your house or your car that you’ve been putting off, delaying repairs only makes matters worse. Make the necessary repairs while you have the money in hand. And don’t forget that upgrades to your house add to its value.

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- **Make your house more energy efficient.** Spend a little now, save a lot later. These are improvements that will pay for themselves. Weather-strip doors and windows, replace the air-conditioning filters, begin buying light bulbs that are energy-efficient, and if new appliances are needed, consider those that have an energy seal.
- **Consider making an additional payment on any secured debt.** Putting \$1,000 toward the principal on your mortgage can save you triple that amount over the life of the loan.
- **Use your tax refund as seed money for a down payment to buy a house.** Learn a lesson from the folks who put zero down on their house. The more you put down, the lower your monthly payment is. Think long-term and save toward the down-payment on that new house.
- **Put the money toward a specific goal.** For instance, you could earmark it for this summer's vacation, a child's orthodontic work, Christmas 2008, a college fund, or any number of personal dreams or needs.

And finally, treat yourself. Eat dinner at that special restaurant, or buy that item you've had your eye on (within reason). Once you're satisfied the above, you've earned a reward for a job well done.

For professional advice on how to make the best financial choices, set an appointment with a certified credit counselor at an NFCC member agency. To find the agency nearest you, call 1-800-388-2227, or for assistance in Spanish call 1-800-682-9832.

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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 911 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](http://www.nfcc.org).*