

Financial Fitness Tips

With the recession, job loss, and the foreclosure crisis continuing to make headlines in 2009, here are some tips from NeighborWorks America to help you strengthen your financial know-how:

- **Create a budget.** Examine last month's bank statement. Create a budget spreadsheet armed with information about your wages, how much you spend each month, and categorize your spending. Expense categories can include: Rent or Mortgage, Gas, Groceries, Utilities, Insurance, Car Payment, Credit Card Payment, and more. After you see how much you are making, how much you are spending, and what you are spending your money on, you will be better able to create a budget that works for you.
- **Cut expenses.** Going out for lunch or dinner, daily trips to the coffee shop, and more, add up. After creating a budget and examining your spending over the last month, you will likely see expenses that can be cut, which may add up to monthly savings in your bank account. Instead of buying a daily cup of coffee, make a cup at home. Bring your lunch instead of buying it everyday. And, cook dinner at home with your family or friends instead of meeting up a few times a week. The combination of coffee at home and a bag lunch a couple of days a week has the potential to save more than \$50 each month.
- **Tackle debt.** Once you cut unnecessary expenses, you may find a little extra money that can be used to tackle any debt you may have. To be truly financially fit, work on paying down and eventually eliminating your debt by paying more than the monthly minimum payment. The monthly minimum payment may barely cover the interest the debt accrues, which means that by paying the minimum each month, it could take more than a dozen years to pay off the debt. By paying even a little more than the minimum, you are working your way toward financial fitness.
- **Build an emergency fund.** With each paycheck, make an effort to contribute to a savings account separate from your checking account. Each contribution, no matter the amount, builds a cushion for emergencies down the road.
- **Enroll in a financial fitness course at a nonprofit NeighborWorks organization in your community.** Financial fitness courses can teach you money management skills that can help put them on the path to decreasing debt and increasing resources. Financial literacy can also help you become more aware of common pitfalls – including consumer scams and predatory lending practices – and how to avoid them. To find a NeighborWorks organization near you that offers financial fitness courses, visit www.nw.org/network/nwdata/financialfitness.asp.
- **Avoid being scammed.** If you are facing financial difficulty from foreclosure, job loss, credit card debt, and aren't sure where to turn for guidance, seek help from a nonprofit HUD-approved housing or credit counseling organization. Avoid scam companies that contact you first and promise to "eliminate debt" in their advertising. Nonprofit organizations have your best interest at heart and will work with you one-on-one to remedy your situation. The old adage, "You get what you pay for," does not apply with reputable nonprofits. To find a NeighborWorks organization or other HUD-approved housing counseling organization near you, visit www.findaforeclosurecounselor.org.

