

FISCAL FITNESS e-Newsletter



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Providing credit, debt and money management tips for our valued LAPFCU members.

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The complex nature of our turbulent economy can leave some consumers feeling confused and powerless. While it's important for people to try to understand what's going on in our national economy, it is imperative that they empower themselves to take good care of their monthly income, expenses and investments...[read more](#).



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Surviving The Economic Crisis

By: Money Management International

The nation's struggling economy, housing crisis and credit crunch have undeniably impacted many Americans. The complex nature of our turbulent economy can leave consumers feeling confused and powerless. While it's important for people to try to understand what's going on in our national economy, it is imperative that they empower themselves to take good care of their personal economies—their monthly income, expenses and investments.

The most important thing to remember is that you can always control your budget and spending. The task is not always easy, but the basic fundamentals of smart money management still apply no matter how confusing things get on a national level. Changing your spending habits should be the first, and may be the most difficult, undertaking your family will face while trying to survive this financial crisis. Living as though nothing has changed is the number one mistake people make during challenging times and can lead to seemingly insurmountable credit card debt.

It is clear that the current economic downturn is not going to be a temporary struggle. Taking steps to safeguard your family's budget will be critical in ensuring your ability to weather the financial storm.

Little changes count. Even small changes can have a big impact, and more importantly, will set the stage for changing your habits. Your family will be stronger financially and once you get on the right track, you can begin saving for a long-term goal (like a vacation, or new car, etc.)

Reevaluate your habits. If your income or expenses have changed, your spending must too. Old habits are hard to break, but your family may need to forgo some 'traditions' like Friday night eating out, or Sunday movies, until your financial situation changes.

Pay your bills on time. Late fees and over-the-limit charges can quickly add up to a debt problem. Additionally, many creditors have raised their rates and have even closed accounts as penalties for late payments.

Deal with big issues. If you have large, looming financial issues, such as unpaid debt or tax liens, it is time to deal with them head-on. Contact your creditors and make acceptable repayment arrangements. Implementing a plan to remove these stressors from your life will be good for your mental and financial health.

Expect the unexpected. Strive to establish an emergency savings account equal to at least three months of your income. If this goal seems too lofty, try having a small amount automatically deducted from your paycheck into a savings account. As they say, out of sight, out of mind—you won't spend it if it's not in your checking account.

Perform a credit check-up. A positive credit report means better loan terms and more borrowing power—two of the most powerful tools you can have. Experts recommend that you review your credit reports annually and before making any major purchase. To obtain free credit reports once per year, visit www.AnnualCreditReport.com

Finally, today's economic climate may leave you reluctant to put your money in long-term investments, but it is important to remember that, despite everything, there has been no 10-year period in the previous 50 years where the stock market has not gained value. Individual stocks have failed, but overall the stock market has performed well for the long-term investor.

Understanding Debt Settlements

By: Tanisha Warner • Money Management International

More and more Americans are turning to debt settlement companies as an alternative to bankruptcy, according to the United States Organizations for Bankruptcy Alternatives. Changes to federal law have made it harder to qualify for personal bankruptcy, which has left some debt strapped consumers feeling there is no way out from under the burden of debt.

There are several paths someone can take to reduce debt and debt settlement is just one of many options. A debt settlement is when the creditor agrees to settle for a reduced amount to be owed. While paying less than you owe always sounds appealing, there are several things consumers need to know before attempting to settle a debt. The experts at Money Management International (MMI) offer the following considerations before you make a final decision about how to handle your debt.

- **In order to settle, you must prove a need.** A creditor will be unlikely to settle on an account that is current, but allowing your account to become delinquent will leave a negative mark on your credit report for up to seven years. Even if a settlement agreement is eventually reached, your history or late payments will not be erased and could affect future credit applications like home or car loans.
- **"Settled in full" is a negative notation.** When your settlement is final and approved by the creditor, the lender will typically note on their credit bureau report that there is still a balance remaining, but the account has been "settled in full." The derogatory notation of "settled in full" will remain on your credit bureau file for seven years.
- **Missed payments are likely to increase the total amount owed.** If you miss payments prior to reaching a final approved settlement amount, you can continue to expect late fees and increased interest charges. And, if an agreement is not met, you may even be sued for payment, which could result in wage garnishment—meaning the creditor would receive money directly out of your paycheck.
- **Mortgage lenders might require you to pay in full.** If you apply for a mortgage loan with a "settled in full" notation on your credit report, it is likely that the lender will require you to repay any amounts that were "written off" by your creditors in a settlement before granting you another loan.
- **There may be tax implications.** The IRS considers \$600 or more of forgiven debt as taxable income, which could greatly affect the amount owed to the government on April 15. Speak with an accountant before settling your debt to avoid any tax time surprises.
- **Settlement companies can charge substantial fees.** Be sure to research the company's background with the Better Business Bureau as well as their state Attorney General or Commissioner of Banking. When it comes to debt settlement, the old "buyers beware" adage holds true so be wary of any offers that seem too good to be true.

During a time when every penny counts, it's smart to take steps to understand your options and make informed decisions about your money and your financial well-being. If debt settlement is the option you are considering, do your homework and select a company that is affiliated with a credible and trustworthy association.

Four Coupon Sites That Offer Big Savings

By: SmartMoney.com

Parents struggling to get their finances in shape face one whopper of a budget buster: kids.

The annual cost of raising a child, including child care and education, runs \$10,930 to \$12,030, depending on the child's age and where you live, according to the U.S. Department of Agriculture. But cost-conscious families can easily save on everything from diapers to college tuition just by doing a little online coupon clipping.

Start your savings hunt by visiting the web sites of your favorite product manufacturers, which often offer exclusive coupons that you can print out or request to be mailed, advises Colette Frey-Bitzas, a certified financial planner based in Setauket, N.Y. Then hit up the membership sites of every group you belong to, from your employer to the local parent-teacher association to see what discounts and deals they have.

To really rack up savings, though, visit coupon-clipping sites offering online and in-store deals. Here are four worth checking out:

CouponMom.com

Parents looking for a crash course in effective coupon use should make this free site their first stop, says Todd Mark, a spokesman for the Consumer Credit Counseling Service of Greater Dallas. In addition to providing a host of printable grocery and dining coupons, the site lets you sign up to receive weekly coupon and deal alerts for any item on your shopping list. A page of sample and free trial offers yields coupons on diapers, free formula and deals on other baby and child-care essentials.

Upromise.com

Take five minutes to register your credit cards and store loyalty cards online with this free rewards program, and every purchase you make at participating retailers will earn you cash back that gets deposited into a 529 college savings plan. Link to The Children's Place through upromise.com, for example, and 4% of your purchase will go into a 529. "Is it a ton of money?" says John Pearson, a Norwalk, Conn.-based CPA who specializes in college planning. "No. But over the course of a few years, it adds up." In the short term, membership can also yield savings on groceries and other purchases. The site's eCoupons feature lets you click on coupons to load them onto a grocery store loyalty card. Just swipe your card at checkout to redeem them.

[RetailMeNot.com](#)

Think of this free site as one-stop shopping for coupon codes, says Alan Fields, a consumer advocate. Special sections help parents track down coupon codes for kid- and baby-focused retailers. Users can indicate if a particular code works or not, quickly filtering out expired deals and duds. Sign up for an email alert to notify you when new codes pop up from your favorite retailers.

[Entertainment.com](#)

Use an Entertainment coupon book wisely and you'll more than recoup the \$25 to \$30 it costs to buy one. The book's publishers secure deals with local restaurants, museums, stores and other services, as well as big-name fast food and movie theater chains. Each book is valid for a year.

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