

The Advocate, Fall 2003

The Advocate A DCC Educational Newsletter

Getting out of debt is as easy as

Drop the debt . Be sure to make prompt monthly payments so that you can stay on the DCC Program, enjoying lower interest rates and lower monthly payments. Then, watch your debt disappear.

Cancel unnecessary credit cards. Keep one credit card open for emergencies if necessary, and make sure you close out excess credit cards. It's a requirement of the debt management program. Remember: if you cheat, you're the one who loses – you lose more money to your creditors.

Cut expenses. Stay on a budget. [See Below]

The Battle of the Boring Budget

Cutting expenses does not have to mean Cutting out the Fun!

Stay on a budget! How many times have well-meaning friends and family members said that to you? Stay on a budget... it sounds so boring. But the reality is, staying on a budget does not have to be dull and tedious. In fact, it can put the power and control back in your hands.

4 Steps to Creating a Workable Budget

1. ***Keep a daily log of your expenses for 30 days.*** No matter what your financial circumstance, it is always the right time to evaluate your finances. When you do, you will uncover painless ways to “find” extra money and reduce your debt. For 30 days, keep track of every penny you spend. Newspapers, that cup of coffee on the go, vending machine snacks, groceries, entertainment expenses...*everything*.

2. ***Review your spending habits.*** Don't be afraid of this second step. After 30 days, review this list. Is there anything that you can remove from your daily routine that wouldn't make you feel too deprived? Do you really need that **\$1.50 cup of coffee every workday**? Better yet, knowing that it costs you **\$7.50/week**, and **\$390 each year**, do you really *want* it? How about that \$1.00 can of soda? Can you bring your own to work? These are the kinds of things that add up quickly and are virtually painless to eliminate.

3. ***Start budgeting.*** On a piece of paper, make 3 columns: one for your *monthly net income*, one for your *monthly fixed expenses* (bills that you cannot change such as auto payments, rent/mortgage payments, loans, etc.) and one for your *monthly variable expenses* (those expenses you do have the power to change, such as utilities, groceries, entertainment, etc.) Add up your

net income, subtract your fixed expenses. Use the money you have left over to adjust the amount you spend on your variable expenses according to your personal preferences.

4. ***Make changes!*** How? The following suggestions may sound insignificant, but try them and watch your bills dwindle. At Home, shut off lights when they are not being used, monitor and then limit the time you and your family members spend on the phone. Do you really need all those cable TV channels? Clip coupons for the grocery store – many offer double the face value amounts. And perhaps most importantly, when you go shopping, before you buy something, ask yourself these questions:

- ***Do I really need it?*** (Be sure to curb impulse buying.)
- ***Can I manage without it today?*** (Maybe tomorrow you'll be in a different mood and won't want it. This is especially true for catalog and internet shopping.)
- ***If I must buy this, can I find a better price?*** (Look for sales; when possible, bargain with a salesperson, and don't forget those coupons.)

A final word... The 3 major credit bureaus will remove your name from the lists of people who get sent "preapproved" credit card applications which inundate the average consumer like yourself. Why accumulate this junk mail? Call toll free 1.888.5OPTOUT (1.888.567.8688); choose option 2. After this phone call, you will receive a letter in the mail. Read it, sign it, send it back, and help yourself avoid credit card temptation.