

Build Your Net Worth

News & Tools ~ June 2008



5 Ways to Save Money Sherry Ridge

Ever wonder where you money goes, when a few days after pay day your broke again?

When we don't pay attention to the few dollars or just pennies, we end up blowing thousands. We looked at 5 common daily expenses that many of us seem to be in automatic spending mode.

See what you can do to save money in these areas. It's easy to fritter away money on little daily expenses. If you fall into these money traps, learn to avoid them and pocket the savings.

Bottled water: It costs up to a \$1 for a 20-ounce bottle of water; one a day would be \$365 a year. Not to mention the cost to our environment.

Cigarettes: We won't even talk about the savings in health insurance, medical costs, etc. when we stop smoking. Let's just look at the cost of the cigarettes. It has been reported that the average price per pack of cigarettes is \$4.50. Those smoking a pack a day will pay over \$1,640 a year.

Sherry Ridge a National Sales Manager with Tower Financial Services™, conducts Transforming Debt into Wealth® workshops all over Lake County, Illinois. She eliminated over \$150,000 in debt in 7.3 years.

Coffee: A few years ago USA Today ran an article about "Starbuck Millionaire's", at first glance it seemed it was about how investing in Starbucks could make you a millionaire, but on the contrary, it was about the million dollars



lost by the money spent on daily trips to the

establishment. If you buy one cup of coffee on your way to work, by the end of the year at an average of \$1.38 per cup (National Coffee Association), you will have spent approximately \$360 per year.

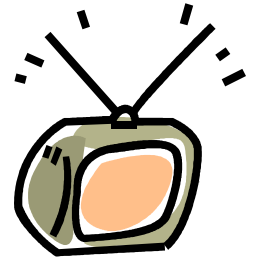
Lunch: How often do you eat out for lunch? I did today, at Olive Garden, my meal with an Iced Tea was over \$10. If I were to eat out every weekday at \$10 a day that would be \$2600 annually. But if I chose to eat out twice a week and bring a sack lunch from home the other days, it would only be \$1,040 a year.

Credit Card Interest: According to Bankrate

last fall, the average amount of credit card debt carried by Americans is \$6,600 and the average interest rate is approximately 13%. Now if every month you make just the minimum monthly payment it will take 20.8 years to pay off the debt and you will have paid over \$11,000 in total payments. This means that you will have paid almost twice the amount you originally purchased making someone else, your Madison Avenue creditors, wealthy.

Living on credit **DOES NOT** enhance your lifestyle, it does just the opposite. Last year on the

ABC TV magazine show, 20/20, a Harvard professor compared the credit industry to



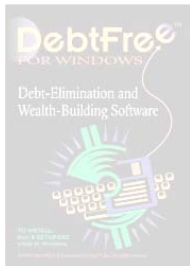
drug dealers. A drug dealer will give you a little free just to get you hooked. A credit card company will entice you to use at a low or zero interest rate just to get you hooked. We, those teaching the Transforming Debt Into Wealth™ debt elimination program, have been saying the very same thing for almost 2 decades.

So if you're looking to free up a few thousand dollars, any of one of these suggestions will do the trick.

Time after time I meet with families that think the amount of money they make is what is holding them back, it's not! It's what they are doing with it that

can make all the difference to them and their lifestyle. I've just shown you 5 different ways to save money...which one(s) will you do?

Get Your *FREE* copy of DebtFree™ for Windows®



Last year we gave our readers an opportunity to win a free copy of the DebtFREE™ for Windows software and by popular demand

we have brought it back.

In just a few moments, DebtFree™ for Windows® will calculate and display your complete *Debt-FREE & Prosperous Living®* debt-elimination plan - year by year, month by month, and payment by payment.

In the "Debt-Elimination Mode":

It will monitor every credit card, consumer loan, or mortgage you have, rapidly paying them off one-by-one.

It takes into account starting totals, monthly payment amounts, and interest rates for all your debts, automatically determining the fastest route to total debt-freedom.

Plus it lets you test "what-if" scenarios, so you can see the effect they would have on achieving your debt-freedom goal.

Key Benefits

Debt-Elimination Mode helps you quickly eliminate ALL your debts

Debt-Elimination Mode displays and prints a complete, month-by-month, payment-by-payment plan to follow to debt-freedom.

Wealth-Building Mode helps you rapidly build retirement wealth. Wealth-Building Mode also lets you print out your month-by-month plan.

Both modes allow "What-if" scenario testing, the program is simple to use - just fill in the blanks.

How can you get a *FREE* copy?

Our clients are always looking for new ways to save money and we need your help to provide that.

Submit your cost cutting ideas to the consultant that has sent you this newsletter by August 25, 2008. All entries will be put into a raffle to receive a FREE copy of the DebtFree™ for Windows® software, which retails for \$59.

The winner will be published in our next newsletter; winner will be notified via email by September 8, 2007. Make sure to include your name and address when emailing your ideas.

Is Bankruptcy a Solution or a Headache?

Harrine E. Freeman

One of the biggest myths is that if you file for bankruptcy you will be financially free and no longer have debt problems. Wrong! Bankruptcy is not the cure-all for getting out of debt. Over 1 million Americans file for bankruptcy every year. One in every 73 households files for bankruptcy. In 2005, 2 million Americans filed for personal bankruptcies.

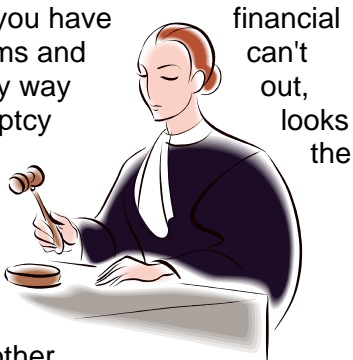
Millions of Americans are in debt and get in debt every year. Many people think that filing for bankruptcy will solve all of their debt problems. On the surface it seems that if you file for bankruptcy all of your debt will be eliminated and you can start with a clean slate. Actually it is not that simple.

Harrine Freeman is the CEO of H.E. Freeman Enterprises, a credit repair and personal finance services company.

To file for personal bankruptcy you must reside in a state for 90 days prior to filing and have a total unsecured debt less than \$290,525 or secured debt less than \$871,550. The new bankruptcy law that went into effect in October 2005 states that debtors (consumers) who earn less than the median income in their state - about 80 percent of those who file for bankruptcy - still would be entitled to file under Chapter 7. But those who earn more than that and who have the ability to repay at least \$6,000 over five years would have to file under Chapter 13, which requires a repayment plan.

Although it is true that after you file for bankruptcy you can purchase a house or a car, what people don't realize it that the interest rate that you will be given will be very high. Also, based on the new bankruptcy law implemented in October 2005, it is harder to file for bankruptcy and depending on the type of bankruptcy granted, it will remain on your credit report for seven to ten years. This greatly lowers your credit score and it will probably take about 3 to 5 years before you score increases due to the bankruptcy filed, and provided that you don't get into any further debt.

When you have problems and see any way bankruptcy like the best option, but there are many other options available to you. If you have a house you can take out an equity loan to pay your debts, you can reduce your expenses and create a budget for yourself, you can get a part-time job, go to school and further your education and get additional training related to your particular job, setup payment plans with your creditors or sell some of your assets if you have any.



The best consumer is an educated consumer. If you find yourself in financial troubles, the first and best thing to do is do research and find out the options available to you. Next you want to identify your assets and liabilities. Your assets are anything that you do not owe money on such as stocks, bonds, 401(k), retirement plans, etc. Your liabilities are

anything you owe money on such a house, investment property, boat, car, etc. This will help to determine if you have any assets that can be sold or money borrowed against to pay off your debts. Next you need to create a budget for yourself to identify how much money you have coming in (how much you get paid each week) and how much money you have going out (how much you pay each month in bills and expenses).

If you have very little or no assets then you will need to do some quick fixes such as cutting back on expenses including: bringing your lunch to work, carpooling, catching the subway or bus to work, riding your bike or motorcycle to work, eating breakfast at home, renting videos instead of going to the movies or cutting back on how often you go to the movies, canceling your pager or cell phone service or switching to the cheapest plan available.

These things will provide extra money in a short period of time until you develop a plan for paying off your bills. If you have researched all options that are available to you and are unable to use any of them then bankruptcy should be your last resort, not your first option.

Getting in debt is the worst place to be but with time you can overcome this obstacle. Think long and hard before filing for bankruptcy. It may not be worth the headache.

Real Cost of Using a Credit Card

Courtesy of ABC's Good Morning America Boot Camp for Life

A \$1,500 balance on a credit card at 29% interest will end up costing over \$17,000.



Recently Good Morning America set out to help educate families with financial challenges; a family from Gurnee, IL, with an annual income of \$70,000 was featured. They had 16 credit cards, with only two at an interest of less than 20%.

The reporter shared that one card had a balance of \$1,600 and by making only the minimum monthly payment it would take the family **75 years to pay off** and they would end up **paying \$16,000 in interest payments** alone.

This is the very reason we advocate buying things with **CASH ONLY**. It will always cost you more in terms of time and money when you finance your lifestyle with credit cards.

*Where have you
been all my life?*

*. . . the client
reaction!*

*Here is what some of our
clients are saying about
our debt elimination and
wealth building programs*

My wife and I took Sherry's workshop over a year ago and have been able to apply the principles that we've learned every month. We are working our way to being debt free. It was a valuable experience.

*Paul D.
Round Lake, IL*

We took one of your debt free classes at the Round Lake Park District a few years ago. We really enjoyed the class and learned a lot. We've recommended it to many people. The only debt we have left is a mortgage and a little bit of a student loan. We're doing great and loving it. Feels good!

Thanks.
*Frank & Greta J.
Round Lake, IL*

Very interesting class and I enjoyed the information. Look forward to being debt FREE!!

*Norm W.
Grayslake, IL*

The system has so many good ideas and content. I am currently doing some of the stuff and now know that I can tweak things and improve.

*Gina S.
Gurnee, IL*

Organize and Simplify Your Finances

Randy S. Wickstrom

It's Never Too Late to Organize Your Finances

The best time to start getting organized is now.

If you feel overwhelmed by the thought of organizing your financial information, these simple tips will help you save time, reduce stress and simplify your life.

Small steps lead to big changes. By breaking it down into small steps it's less overwhelming. Don't feel you have to do it all at once.

Start with some of these techniques to get control and build confidence.

Keep Everything in One Place

A simple effective way to take charge of your finances is to have a designated place for keeping and paying your bills.

Whether it's a basket on the kitchen counter, a mail sorter on your desktop or a cubbyhole next to your computer, develop a daily habit of always putting everything in this one place.

This prevents losing or misplacing bills and eliminates late fees and unpaid bills. Dedicating an area only for these

documents will keep you more organized.

Pay Your Bills on a Regular Schedule

Designating a place for finances won't do any good if you don't attend to it on a regular basis.

Simplify bill paying by scheduling a specific time daily or weekly to perform this task. Set a date each week that you will sit down and pay your bills so that you know they will be paid before they are due.

Randy S. Wickstrom is a Professional Organizer and owner of Purple Durple Organizers. He is a member of the National Association of Professional Organizers and specializes in providing de-cluttering and organizing services for homes and businesses throughout northern Illinois and southeastern Wisconsin. For more information on getting organized in all areas of your life you can reach Randy at www.purpleduprleorganizers.com

Paying bills on a daily basis only takes about 10 minutes and ensures everything is paid on time. It's less overwhelming to take a few minutes each day to go through your finances and you'll find it easier to keep them organized. If you don't feel you have time every day; do them weekly, and it takes no more than 30 minutes.

Developing a regularly scheduled time for paying bills is an excellent way of organizing your finances and will prevent late fees and ensure your bills are paid on time.

Use Online Payment Methods

A great way to simplify and keep your finances organized is to use online payment options.

Most businesses and banks offer the option to receive monthly statements and make payments electronically or automatically. This method prevents receiving your bill late, getting lost in the mail and saves on postage. Online payments are a convenient way to pay bills. You'll also receive payment confirmation that you can save for your records without the pile up of paper.

Automatic payments are a great way to ensure your bills are paid on time and can be easily set up through your financial institution. Always record the withdrawal from your account to keep it up to date.

Set Up a File System for All Your Financial Documents

The easiest way to keep your finances organized is to know where all your important financial documents are when you need them.

Keep your financial documents organized in a filing cabinet, file drawer or store them in an accordion folder.



Sort all your documents into broad general categories such as Automobile,

Bank, Credit Cards, Insurance, Investments, Legal, Medical, Mortgage/Rent, Receipts and Tax Related.

Regularly filing your documents when you reconcile them will prevent paper pile ups, allow for fast and easy retrieval when

needed and will keep your finances organized.

Avoid over-organizing. Keep it Simple. It will be much easier to balance your finances if you know where you put them.

Protect Your Important Financial Documents

In the event of a fire, flood or natural disaster it's important your essential records are protected.

Important documents



such as wills, passports, birth certificates, mortgage statements, insurance policies, Social Security information, company pension records, and other original personal and financial papers should be stored in a fire proof and waterproof home safe.

You may want to make backup copies and give them to relatives or trusted friends in case of an emergency.

Renting a safe deposit box at your bank is an option for storing important papers such as birth certificates or original important documents that cannot

be duplicated or replaced.

Avoid placing anything in a safe deposit box that you may need in an emergency, such as your passport or medical/legal power of attorney. These documents will be inaccessible at night or over the weekend when your bank is closed.

You're on Your Way to Financial Organization

Organizing your financial information will save you money, save you time and reduce the stress and frustration associated with paying bills.

There is no perfect way to organize. Establish a system of organizing your finances that works for you. Practice it regularly, have patience and adjust it as needed.

Reward yourself for your efforts! The greatest benefit from getting organized is to recognize your accomplishments. Spend some of that free time doing things you enjoy. Treat yourself to something special with the extra money you've saved. Relax in knowing you have control over your finances.

SHERRY DEBT FREEDOM SHOW

Tune in every Wednesday at 1 p.m. CST to WRLR 98.3 FM.

Can't listen via the radio? You can log in to the live video feed at

<http://www.wrlr.fm/tv.html>

You can also join the E Fan list to watch/listen at time convenient for you, email Sherry@Sherrydebtfree.com.