

## For Credit Assistance

Contact any of these valuable consumer resources today.

### **National Foundation for Consumer Credit (NFCC)**

Provides information on financial and consumer topics, and also can refer you to a Consumer Credit Counseling Service (CCCS) in your area. For general information, call 1-301-589-5600. For a referral to a local CCCS, call 1-800-388-2227.

[www.nfcc.org](http://www.nfcc.org)

### **Consumer Credit Counseling Service (CCCS)**

Offers credit assistance from your choice of more than 700 offices. For credit counseling: contact the NFCC (above) for a CCCS referral or check the community services section of your phone book for a local CCCS listing. For a referral to a local CCCS, call 1-800-388-2227.

[www.nfcc.org](http://www.nfcc.org)

### **Federal Trade Commission (FTC)**

Publishes general information on consumer credit. For educational materials, call 1-202-326-2222.

[www.ftc.gov](http://www.ftc.gov)

### **National Consumers League (NCL)**

Answers specific questions about credit. For answers to your questions, call 1-202-835-3323.

For more information, visit  
[www.practicalmoneyskills.com](http://www.practicalmoneyskills.com)



## Avoiding Credit Trouble

[www.practicalmoneyskills.com](http://www.practicalmoneyskills.com)



## You're the One in Charge of Your Credit and Finances

You can avoid most credit and money problems by planning a realistic budget and sticking to it. However, it is not uncommon for people to experience financial difficulties now and then. This pamphlet explains how to prevent financial difficulty, the warning signs of financial problems, and how to solve financial problems when they do arise.

## How to Prevent and Solve Financial Difficulties

### **Practical Money Skills Pamphlet Series:**

Overview

**Avoiding Credit Trouble**

Budget Basics

Card Security

Credit Card Basics

Credit History

Debit Card Basics

*When you understand how to manage your finances, you've got an invaluable tool in taking control of your life. Wise use of these skills can provide peace of mind, financial freedom, increased buying power and a secure future. This pamphlet is one of a series on **Practical Money Skills for Life.***

For more information, visit  
[www.practicalmoneyskills.com](http://www.practicalmoneyskills.com)



# Taking Charge of Your Finances

## How to Prevent Financial Problems

You can stop many financial problems before they begin by managing your money wisely. Here are some tips to keep your money in control:

- **Create a budget.**

Take the time to make a budget that fits your income and your needs. To do this, review your income and expenses for the last few months. Your credit card statement, checkbook register, and cash receipts will give you a good idea of what you spend and where it goes. Then subtract your average monthly expenses from your average monthly after-tax income.

If you don't have at least 5% of your income left for savings, you need to set tighter spending limits or increase your income. Focus first on lowering any variable expenses that you can. For example, cut down on entertainment spending. If you usually go out for lunch on workdays, you could save \$400 a year just by bringing a lunch from home twice a week. And, instead of going out for a cup of coffee, make it yourself and save another \$400 a year – or more.

- **Know what you owe.**

You should never be surprised when your credit card statement arrives. Stay aware of your credit card spending between statements. For best results, save your receipts in one place and keep an ongoing written total of what you have spent so far.

- **Beware of impulse buying.**

The convenience of buying now and paying later may tempt you to make impulse purchases that you can't afford. Regardless of the sales price today, you need time to think about any large purchases paid in installments. These can lead to finance charges far greater than that special discount.

- **Use cash advances wisely.**

Avoid using cash advances for regular daily expenses. Charging a group meal to your card and pocketing the cash is a variation on this theme. If you can't cover your normal expenses this month, you probably won't be able to cover them next month either. Cut down on your expenses.

*For an online budget worksheet that calculates the figures for you, visit [www.practicalmoneyskills.com/calculators](http://www.practicalmoneyskills.com/calculators)*

### BUDGET WORKSHEET

#### Monthly Income

Income #1 \_\_\_\_\_  
Income #2 \_\_\_\_\_  
Interest \_\_\_\_\_  
Pension \_\_\_\_\_  
Other \_\_\_\_\_

#### INCOME SUBTOTAL

#### Monthly Expenses

##### Fixed

Rent/Mortgage \_\_\_\_\_  
Car Loan \_\_\_\_\_  
Car Insurance \_\_\_\_\_

##### Variable

Credit Card \_\_\_\_\_  
Groceries \_\_\_\_\_  
Utilities \_\_\_\_\_  
Television \_\_\_\_\_  
Phone \_\_\_\_\_  
Transportation \_\_\_\_\_  
Child Care \_\_\_\_\_  
Entertaining \_\_\_\_\_  
Clothing \_\_\_\_\_  
Medical \_\_\_\_\_  
Education \_\_\_\_\_  
Misc. \_\_\_\_\_

#### EXPENSES SUBTOTAL

**TOTAL** (Income – Expenses)

## The Warning Signs of Credit Trouble

The easiest way to solve credit problems is to tackle them early before they get out of control. Any of these warning signs may mean that you are deeper in debt than you should be:

- Consistently working overtime or an extra job to keep up with your expenses.
- Using your savings account to pay for regular living expenses.
- Needing to borrow money to pay off another debt – for example, using a cash advance from one credit card to pay off another.
- Letting your credit card reach its spending limit.
- Being unable to pay your monthly bills on time.
- Receiving calls or letters from credit agencies asking for payment.
- Being denied credit or having your credit revoked.

If you spot any of these warning signs, you need to change your financial habits and avoid the risk of jeopardizing your good credit history.