

your money

a guide to managing your credit and debt

Volume 5

Making Money,
Saving Money



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Making Money, Saving Money

While it doesn't grow on trees, you can find ways to make your money grow for you—with a little help. This issue of *Your Money* is all about making and saving money, and includes advice on:

- How to get ahead in the workplace and increase your “paycheck potential”
- Tips and strategies to save money every day
- Investing for your future, with an overview on 401ks and IRAs and how they can make your golden years sparkle
- How to avoid scams

*It's your money—
make the most of it!*

Your Paycheck Potential: How to Get Ahead

Wish your paycheck had a little more weight to it? You're not alone. But you can do something besides fantasize about making more money. You can take steps to make it happen. Here are some strategies to use that can pay off big:

Play for the team, but be an MVP.

Being a team player is important, and shows you are supportive and loyal. Just make sure you aren't a bench warmer. Instead of only doing the team work required of you, take a lead role. You'll gain respect and gratitude, and show you know how to take initiative—all things management tends to notice.

Ask for more responsibility.

Got downtime? Ask your manager(s) if there are additional projects or tasks you can take on. Or ask if there is any work that can be redistributed to help take pressure off harried coworkers. Not only will this show you are a go-getter, but taking up needed slack will make you popular with your teammates too.

Watch your image.

The phrase "dress for success" really does make sense. No, you don't have to wear a suit to work every day unless your employer requires it, especially if your workplace is a casual one. But do take care to wear neat, well-pressed, professional-looking outfits—basically, wear clothes that project the image you want to have. Watch your body language as well. Don't slouch or slump—you could appear lazy. And always make eye contact. You'll look confident and capable.

Show up on time.

There are few things that will show you're meant to scale the corporate ladder more than being timely. This goes for everything: arriving at work, attending meetings, and handing in work. It shows you're responsible, dependable and that you respect a deadline—not to mention the person who set it.

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in the Workplace

Get a mentor.

Find someone whom you respect, admire, and has a job (and salary) you'd really like to have. Talk with them about their tactics, strategies, and philosophies—and find out how they got to the position they are in now. Ask for advice, then emulate their ideas and ways of doing business. They'll be flattered—and you'll be wiser.

Think a job or two ahead.

Do you want to be at your current job for the rest of your life? Don't settle. Decide where you want to be or what you want to do, and make strides toward that position. This could mean continuing your education, networking with people in other industries, or pursuing specialized training. And always keep your resume current—you never know when you'll need it!



Spend Less—Save More

Think you're a pretty savvy saver? Good for you. For pros and novices alike, here is a laundry list of ways to save, every day.

Travel

For air travel, be flexible with dates and travel on non-business, off-peak days like Saturdays and Thursdays—you'll probably find cheaper fares. Search budget travel sites on the Web for low fares, but check individual carriers' sites before you buy. You might find a better deal. Need a rental car? Shop around via phone and the Internet—rates can be very competitive. And don't pay for extra insurance—check with your auto insurance carrier first.

Repairs and Gasoline

Don't skip routine maintenance service. Well-maintained engines and tires equal lower fuel costs. Watch your mileage. Plan car trips wisely to avoid unnecessary driving, and drive the economy car for longer treks, not the gas-guzzling SUV. Find the cheapest gasoline station in your area and make it your regular pit stop.

Banking

Still paying for checking? You don't have to. Find a bank that offers free checking and free online bill paying. More and more banks are adding these benefits to stay competitive, so shop around and save money (not to mention time and stamps!) And never pay ATM fees. Always use your bank's machines or the cash-back option at retailers that don't add a fee, like grocery stores. Consider this: If you pay a \$1.50 ATM fee, twice a week, for a year, you'll throw away \$156. Ouch!

Movies

Hit the matinee, not the nighttime showing. Bring your own snacks (no one will care so long as you're neat and tidy.) Better yet, watch first run movies for free! Check with local radio stations and newspapers—they often have tickets to free sneak previews to use as giveaways. Ask how you can score them.

Energy

Install a programmable thermostat or simply adjust the setting manually before you leave for work. It actually costs more to leave the air running all day long, even at a higher temperature setting, than it does to shut it off and turn it back on when you return home. Same goes for heat. Call your local utilities company and ask if they give free home energy inspections. Many do, and will also install additional insulation for you. They'll even add the cost to your monthly bill, bit by bit, so you don't have to pay for it all at once, up front. The money you'll save will pay for the service in no time.

Food

You know the culprit—eating out. Enjoy special nights out occasionally, but eat most meals at home. And bring lunches to work. Make a meal plan and a list to use at the supermarket—it will stop you from buying things you don't need. Use coupons to give you meal ideas and save money.

Insurance

Think about raising your deductibles on home and car insurance, and consider dropping collision if your vehicle is paid for. But don't drop disability insurance—should you get hurt, it could be the only way to avoid financial catastrophe. Shop around to make sure you're getting the lowest rates.

Clothing

Plan your shopping needs. The last thing you want to do is impulse buy. List your clothing needs and wants, then stick to them. Buy for quality, not fads. And buy things that will coordinate with what you already have.

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Planning Ahead: The Power of

Whether you're starting your first job out of school, or you're well into your career, there's no better time than today to start your retirement fund if you haven't already. Why? Because every day you wait, you lose valuable time. Let's use this for an example:

Say you invest \$125 per month in a tax-deferred employer-sponsored retirement plan, and assume an 8% rate of return compounded monthly.

- If you start investing at the age of 21, you can retire at age 65 with \$611,400 in your account.
- If you start investing at the age of 45, you can retire at age 65 with \$74,118 in your account.

See why you need to start now? Just don't be intimidated and think you need the brains of a Wall Street financial planner to start a retirement savings plan. They are not as complicated as you think. Here's a quick overview:

401k plans

These are employer-based retirement savings funds that generally work like this: You designate an amount of tax-deferred income to be taken out of your paycheck on a regular basis (a percentage of your wages or salary) to be invested in your choice of stock market and mutual funds (from their chosen portfolio). The beauty of these plans is that most employers match up to a certain amount of your contributions. It's not only a great deal, but it's flexible. Should you leave the company, you can "roll-over" your account to a new plan—to the 401k plan at your next job, or to an IRA (see below), all without any tax implications.

Wondering how to get started? If your employer offers a 401k plan, simply ask how to join. Some companies require you to work for them for a minimum period (often six months or a year) before you can enroll. Once you are eligible, use their HR department or the financial planner that helps manage their fund for advice on how to choose your investment strategies within their portfolio—they can help you out.

IRAs

Your employer may not offer a 401k, or you may want an additional investment source. Check out individual retirement accounts (IRAs), another great way to save for the future. There are a few different types of IRAs, but they generally work the same way: These tax-deferred retirement accounts are for individuals, and allow them to set aside up to \$2,000 per year, with earnings tax-deferred until withdrawals begin at age 59 1/2 or later (or earlier, with a 10% penalty). Only those who do not participate in a pension plan at work or who do participate and meet certain income guidelines can make deductible contributions to an IRA. All others can make contributions to an IRA on a non-deductible basis. Such contributions qualify as a deduction against income earned in that year and interest accumulates tax-deferred until the funds are withdrawn. A participant is able to roll over a distribution to another IRA or withdraw funds using a special schedule of early payments made over the participant's life expectancy. How do you start one? IRAs can be established at a bank, mutual fund or brokerage—use your phone or the Internet for help, or use a financial planner.

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Retirement Savings



Don't Be Scammed: How to Protect Your Money

If you've never been the victim of a scam, consider yourself lucky. Just don't let your guard down. Thousands of consumers are preyed upon by con artists every year—and collectively they lose millions of dollars. Here's an overview of some main types of scams and how to avoid them:

Credit card scams

By now, you've probably heard of identity theft. It's when someone assumes your identity and opens bank, credit card or other accounts to commit fraud or theft. And credit cards are the easiest and most popular ways for identity thieves to get to you. Protect yourself. Destroy your dining receipts before leaving the table. Anytime your card is out of your sight, stay aware. Any unscrupulous cashier or server could copy your card number down and use it later. Check your statements to make sure all your charges are legitimate.

ATM scams

Don't be a victim of an ATM "skimmer." Savvy criminals place these devices illegally on ATMs, usually on top of the existing equipment. With one card swipe, the skimmer reads all your account information from the magnetic stripe, and may even be able to record your PIN code! Armed with this info, they can now drain your account. So pay attention. If the ATM just doesn't look right—don't take chances. Find another one.

Investing scams

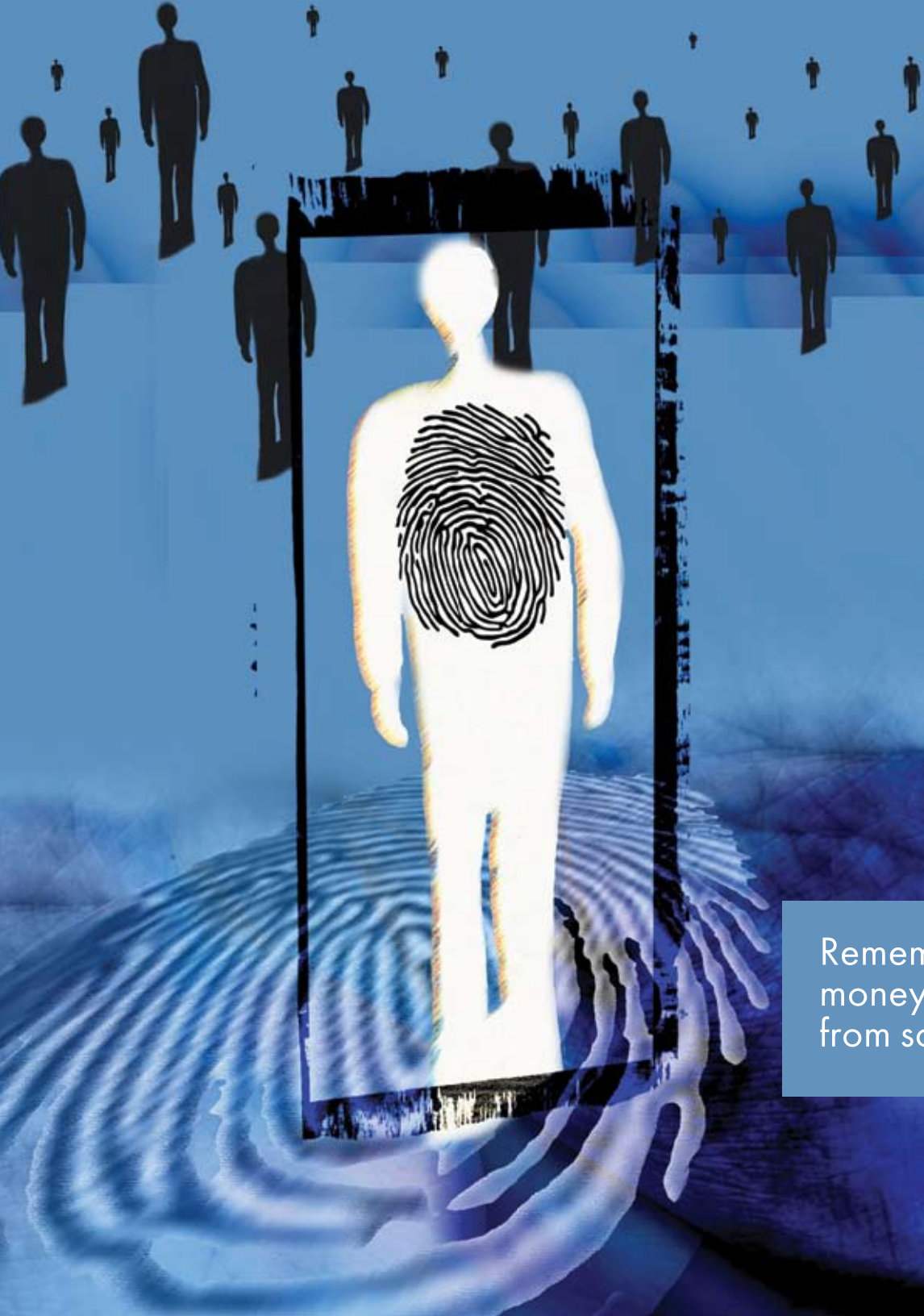
Over the Internet and through the mail, you've probably seen these "get rich quick" offers. Many are pyramid scams, where each newcomer must find additional customers or buyers to get compensated. These scenarios can look great on paper, but use the rule of thumb: if it seems too good to be true, it is. Don't fall for them, especially if it is a company and/or product you've never heard of.

Employment scams

With so many people looking for work, it's easy to see why crooks use employment scams. Beware of employment ads with "fee" in the wording. It's often buried in the fine print. The fee is charged by a staffing service, and can be large. Remember this: You should never have to pay to get a job.

Think you've been a victim of a scam? You can fight back. In addition to its toll-free consumer hotline (1-877-ID-THEFT), the FTC also provides an ID Theft Web site (www.consumer.gov/idtheft) that includes tips on how to guard against identity theft and warns about some of the latest ID theft scams. It's a great resource for those who think they've been victimized. Callers who reach the hotline are advised to file a police report with their local law enforcement agency.

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Remember, it's your money—so protect it from scam artists!

