



DOLLARS and \$ENSE

Personal finance newsletter 2Q 2017

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Achieving Financial Freedom in 2017

Did you know that 39 percent of Arkansans have \$0 saved, or that 68 percent have less than \$1,000? Breaking the living “paycheck-to-paycheck” cycle is one form of financial freedom. Becoming debt free is another. It’s one of the best things people can do for their financial health.



Life events such as medical issues, a divorce, and expanding your family can make it a struggle to make ends meet or build up much savings. The start of a new year is the perfect time to take a look at the family’s finances and work towards a brighter financial future. Let us help you achieve financial freedom this year!

"It's not how much money you make, but how much money you keep, how hard it works for you, and how many generations you keep it for."

- Robert Kiyosaki



Did you know? Owing half of your credit limit on a credit card, such as \$1,000 on a \$2,000 limit card, is a credit score killer? The less you owe, the higher your score.

New Online Home Buyer Education

We now offer an online Home Buyer Class through eHome America. You can take the class from your computer or mobile device when it is convenient for you.



The course is offered in both English and Spanish. There is a registration fee of \$99 for the online class. To register, go to our website at www.CCOAcares.com and find the eHome America link “eHOME ONLINE” at the top of our Home page.

Budgeting in 3 Simple Steps

To create a working, realistic budget, follow these steps:

1. **Create some written goals.** Goals are the motivation for us to make, and stick with, a spending plan (a.k.a. budget). Think of short, mid, and long-term goals; mainly your needs but also some wants. Needs take priority over wants.
2. **Track your spending.** Many people simply estimate what their category spending totals are when entering numbers into their budget sheet. As a result, those budgets typically don’t work. For a month, track your spending for everything and then you will be ready for the third and final step. Did you find a “blind spot” in your spending? Many do. Tracking our spending can reveal some areas where we’ve been spending too much money. If you find overspending, focus on reducing that area or areas.
3. **Enter in your tracked expense totals into your budget sheet.** If you find yourself spending more each month than you’re earning, review your expense categories and look for areas to scale back on.

A spending plan is the road map to your financial success!

Become Debt Free

Since 1995, thousands of people have achieved financial freedom with CCOA. Counseling on budget, credit, debt and housing issues is free and confidential. For those struggling with debt, the Debt Management Program (DMP) is an option that has helped people get relief from financial stress as they pay down their credit card and medical debts. Key points about the DMP:

- A DMP can lower your monthly payments, which can be a tremendous financial stress-reliever.
- Your interest rates could be greatly reduced, allowing you to make faster progress paying off debt and save perhaps thousands of dollars in interest.
- Late fees and over-limit fees can stop.
- The DMP goal is to pay your unsecured debt back and become debt-free.
- It's NOT debt settlement. Debt settlement greatly hurts your credit score, pays back only part of what you owe (settling the debt for less), and can result in an IRS tax obligation for you, based on the amount of forgiven debt.
- FICO credit scoring takes no points off your credit score for going on a DMP. And as your debt goes down, your credit score goes up.
- DMP clients pay a monthly payment to CCOA. CCOA then pays your creditors. Many people enjoy simply making one payment to CCOA to pay their creditors rather than making eight different payments, for example.



Client Profile

A client came to us after making three months of payments to a company she thought was a debt consolidation company. After three months, she realized that her creditors were not getting paid, even though she had been making on-time payments to the company. CCOA financial counselor Mary Sanchez explained to her that the company wasn't a consolidation company, but a debt settlement company.

The way debt settlement companies typically work is they hold the client's payments until the accounts go to collections. Once the accounts are in collections, the settlement company attempts to settle with the collection agency for pennies on the dollar. They keep the

remaining amount the client has paid in. Debt settlement is a big negative hit on a credit score and the IRS will typically tax forgiven debt.

After putting together the client's budget, Mary created an Action Plan. The first thing Mary suggested was for the client to contact the settlement company and request they send her money back. Mary also encouraged her to file for disability due to permanent injuries stemming from a car accident years earlier. When the client said she had applied a few years ago but was denied, Mary told her that it's not unusual to be denied at least once, sometimes several times before it gets approved.

Each time the client came in to see her counselor, Mary would contact a creditor and explained the situation to each creditor. After several sessions with the client, Mary succeeded in getting all three accounts pulled out of collections and set up on CCOA's Debt Management Program. Her total unsecured debt was \$11,422 and in less than 5 years she will be debt free. Her monthly payment on CCOA's DMP was significantly lower than what she was paying to the settlement company. Additionally, the client received a check in the mail from the settlement company! She has since applied for disability and has an attorney who told her that he would be happy to help her in any way that he can at no charge.

Client Testimonials

"My credit score went up 200 points thru the Debt Management Plan!"

"CCOA is an outstanding organization with truly kind and caring professionals. They're helping me improve my financial health which greatly reduces my stress."

"I was so scared and overwhelmed and you helped me get a plan and overcome it. A huge weight has been lifted and I couldn't have done it without CCOA!"

Free Home Buying Classes

Free classes, but please register by emailing billr@ccoacares.com, calling (479) 521-8877, or registering on our website.

April 1 (Sat) 9:00 a.m. - 2:30 p.m.
The Jones Center, 922 E. Emma, SPG

April 29 (Sat) 9:00 a.m. - 2:30 p.m.
Washington County Extension, 2536 N. McConnell, FAY

The course offers a complete overview of the home buying process, including Q&A with representatives from the Realtor, mortgage lender and insurance industries. This class is a pre requisite for several mortgage loan programs and down payment assistance loans.

