



TWELVE-STEP FORMULA TO FINANCIAL SUCCESS IN 2011

CCCS of Central Oklahoma – A new year typically brings with it a renewed commitment to become more financially stable. Toward that end, *CCCS of Central Oklahoma* offers consumers the following 12-step formula to financial success:

- **Review your credit report** – Much of your financial future depends on the contents of your credit report. Therefore, your first step should be to obtain your report, review it for accuracy and dispute any errors. Since you can access your credit report free of charge, there is no reason to neglect this important piece of your financial life. Consumers are allowed one free report from each of the three major bureaus once every twelve months. You can get all three at once, which is a good idea if a major purchase is on the horizon, or stagger your requests to check for identity theft. Access your report from www.annualcreditreport.com.
- **Obtain your credit score** – The three digits that comprise your credit score are a major dictator of whether or not the lender will extend credit, and at what interest rate. It is likely that you'll have to pay to purchase your score, but it will be money well-spent. Be sure to understand the range within which your score falls, as each score has its own scale. Further, take the necessary steps to improve your score. Remember, a high score equals a low interest rate, saving you significant money over time.
- **Reduce debt** – If you've dug a deep financial hole, stop digging. Piling new debt on top of old is a red flag that you are living beyond your means. Lock up the credit cards until they're paid in full, and meanwhile, reach out for help from a legitimate credit counseling agency sooner rather than later. Delaying only makes the problem worse.
- **Commit to save** – Americans are great spenders and lousy savers. Without a well-funded savings account, you are on a very slippery slope, one that becomes treacherous with the next unplanned expense. Put 10 percent of each take-home check into a savings account. Find extra money to dedicate to saving by putting all raises, bonuses, birthday checks, and any other windfall monies into savings. This will create a cushion that should see you through most short-term emergencies.
- **Get financially organized** – Create your own personal financial center where you can instantly put your hands on your family's financial records. Your center doesn't have to be a fancy home office. It could be an accordion folder. The point is that you know where everything is. Place original documents such as a will or your mortgage in a safe deposit box, and keep a copy at home.
- **Avoid incurring late fees** – Pay your bills the day you receive them. This way you'll never risk the creditor receiving your payment after the due date. Delaying could result in you being charged a late fee, a ding to your credit report and a lower credit score. The risk of delay is simply too great. If you travel for work or are a

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procrastinator, consider setting up online bill pay with payments large enough to cover at least the minimum amount due.

- **Avoid paying overdraft fees** - A receipt stuffed into your car visor isn't simply being unorganized. It can cost you. Many an account has been overdrawn due to neglecting to notate an ATM withdrawal or debit purchase. Get into the habit of recording each transaction into your check register on the spot. Also take the time to balance your checkbook each week, and reconcile your bank statement each month.
- **Track your spending for 30 days** – Have everyone in the household who spends money participate in this exercise. Write down every cent that is spent, as it's the small, miscellaneous expenses that often wreck the best of plans. At the end of the month, come together to review the spending. This is the only way you can truly know where your hard-earned money is going.
- **Create a spending plan you can live with** – Once you've tracked your spending, you can then make conscious decisions as to how you want to allocate the money. Continue tracking with the new plan in place. Keep doing so until you find a plan that is right for your family. Make it too strict, and no one will stay on board. Make it too lenient and you won't be accomplishing anything.
- **Take advantage of free money** – Contribute the maximum amount to your retirement plan at work, or at the very least, meet the matched amount or you're throwing away free money. Also inquire about the availability of Flexible Spending Accounts or Health Savings Accounts. All of the above can lower your taxable income.
- **Have an annual insurance check-up** – No one wants to be over-insured. Nor do you want to be under-insured resulting in an unpleasant surprise when making a claim. Make an appointment with your provider and confirm that your coverage is exactly what you thought you were paying for. Inquire about ways to lower your premiums, and ask about any discounts for loyalty, good driving and the bundling of multiple policies.
- **Investigate refinancing your mortgage** – Even though rates of late have been rising, they are still very low, potentially saving you significant money over the life of your loan. There are multiple online calculators that can help you evaluate the options. Do not extend the term of your loan, however, in order to get a lower monthly payment unless this is absolutely necessary to stay afloat.

“A new year can mean a new you, at least a new financial you,” said **Cristy Cash**. “Put one of the above steps in place each month, and at this time next year you'll see that new financial you. Even better, put one tip in place each week, and you'll be on your way to financial stability at the end of the first quarter of 2011.”

If you need help making your financial dreams come true, reach out to a trained and certified counselor. To contact a counselor, dial toll-free to 800-364-2227 or go online to www.ccsok.org.

About the NFCC

The National Foundation for Credit Counseling (NFCC), founded in 1951, is the nation's largest and longest serving national nonprofit credit counseling organization. The NFCC's mission is to promote the national agenda for financially responsible behavior and build capacity for its Members to deliver the highest quality financial education and counseling services. NFCC Members annually help four million consumers through close to 800 community-based offices nationwide. For free and affordable confidential advice through a reputable NFCC Member, call (800) 388-2227, (en Español (800) 682-9832) or visit www.nfcc.org. Visit us on Facebook at <http://www.facebook.com/NFCCDebtAdvice> and on Twitter at <http://twitter.com/NFCCDebtAdvice>.