

## Partnership for Families, Children and Adults

Sandra L. Hollett, Chief Executive Officer

FOR IMMEDIATE RELEASE  
March 4, 2011

Contact: Linda Rath, CCCS Interim Director  
423.490.5620  
[lrath@partnershipfca.com](mailto:lrath@partnershipfca.com)



1800 McCallie Avenue  
Chattanooga, Tennessee 37404  
Phone: 423-697-7130  
Fax: 423-697-3812

### STEPS TO TAKE WHEN YOUR FINANCES ARE OUT OF CONTROL

**Chattanooga, TN** - Many people feel as though their personal finances are out of control, with no hope of ever recovering from the financial mayhem in which they find themselves. With jobs lost, mortgages underwater, and retirement accounts still on life-support, this feeling of hopelessness is understandable.

For those who think that financial stability is out of reach, Partnership's Consumer Credit Counseling Service reminds consumers that even if their current situation seems hopeless, there are steps they can take now that will put them in a better financial position. Each tip in the following list can be implemented at little or no cost, and put you on the road to solid financial ground:

**Live within your means** – Simply put, don't spend more than you make. To accomplish this, put the credit cards away. Many well-meaning people resort to living off of credit when facing a financial crisis, digging an even deeper financial hole. Instead, try living on a cash basis. People who do this typically spend 20 percent less, and they do it without feeling deprived. They buy what they want, but since their level of awareness has increased, they don't spend as frivolously.

**Get financially organized** – Sometimes people become so overwhelmed that they bury their head in the financial sand. Not only do they neglect paying their bills on time, they don't even open the monthly credit card statements. Such habits result in late fees, a tarnished credit report and a lower credit score. Become financially organized by creating a cash-flow calendar where you record each payday for everyone in the home who earns money. Next, write down which bills are to be paid out of each check. Get into the habit of keeping all bills in one location so that you can easily put your hands on them, and commit to visiting your financial center at least once per week.

**Don't overdraft your checking account** – Even if you have overdraft protection, this is a habit that speaks of a deeper problem that should be addressed. Write down each deposit and withdrawal in your check register, including all debit and ATM transactions. Regularly balance your checkbook, and reconcile your bank statement within one week of it arriving. If you do these things, but continue to overdraft your account, the overdraft is no accident. Do not continue in this pattern. Instead, reach out to a legitimate credit counseling agency for help resolving whatever is at the root of this problem.

**Know where your money goes** – Have everyone in your household who spends money track their spending for 30 days. At the end of the month, come together to review the findings and determine where the leaks are. Jointly decide how to plug them. Make adjustments so that your budget reflects exactly how you want your hard-earned money to be spent. You will never be fully in charge of your finances until you complete this exercise.

**Create a rainy-day fund** – Many people say they can't afford to save. Neither can they afford to be ill-prepared for the inevitable money-gobbling emergency. Now that you've tracked your spending and are allocating where your money goes, be sure to include a savings category with money ear-marked for that purpose each month.

**Improve your tarnished credit** – If recent events have made your credit report less than stellar, work on improving it. Review the damage by obtaining a free copy of your credit report from [www.annualcreditreport.com](http://www.annualcreditreport.com). Look for what's doing you the most harm, things such as accounts that have gone into collections, or old credit card bills that you've forgotten about. Create a plan to begin repaying these debts, even if it's a small amount each month. A past-due bill that has been paid is less damaging than a past-due bill that remains unpaid. Further, recent activity has a

stronger influence on your credit score than things that happened in the past, so taking positive steps now will likely result in an improved score down the road.

**Slowly reenter the world of credit** – Most people will need a thick and positive credit file to obtain the credit necessary to buy a big-ticket item such as a house or a car. If you are not currently a candidate for more traditional forms of credit, you may want to consider applying for a secured credit card. You will be required to place a pre-determined amount of money up as collateral on the account. Your spending limit will be equal to this amount. Make sure that the secured card you select reports your activity to each of the credit bureaus and doesn't have unreasonable fees. Treat your obligation responsibly, and it is likely that you will soon be offered an unsecured card.

"If you've suffered a financial set-back, know that it is possible to restore financial stability to your life," said Linda Rath, Interim Program Director with CCCS. Partnership's Consumer Credit Counseling Service assists thousands of people each year, and understands how overwhelming it can be to deal with a serious financial situation. Consumers do not have to face the journey alone, however, as there is legitimate help available. The sooner you reach out for assistance, the sooner you will be on that road to recovery."

If you need help recovering from a financial set-back, reach out to Partnership's Consumer Credit Counseling Service at 423-490-5620 or 1-800-459-2227.

###

#### **About the Partnership and Consumer Credit Counseling Service**

*Partnership is a nonprofit social-service agency that has been empowering people to build better lives through counseling, crisis intervention, prevention and education programs for 133 years. Last year, our services touched the lives of over 74,000 people in Tennessee, Georgia and Alabama. The Consumer Credit Counseling Service is one of 20 programs of the Partnership. This service offers voluntary debt management, budgeting and various forms of financial counseling for consumer. CCCS is the only local, nonprofit debt management program in Chattanooga. Partnership is a United Way Member Agency, is accredited by the National Council on Accreditation, and the agency's CCCS is a member of the National Foundation for Credit Counseling (NFCC).*

#### **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 close to four million consumers through 800 community-based offices nationwide. For free and affordable confidential advice through a reputable NFCC member, call 1-800-388-2227, (en Español 1-800-682-9832) or visit [www.nfcc.org](http://www.nfcc.org).*