

Defeat Debt

Credit Advisors Foundation

Volume 48, Issue 2

The Real Story—Dreaming of a Debt Free Future

During the month of December, Insight Express polled over 1000 consumers for the LendingTree.com Smart Borrower Survey. The results of the survey, reported last month, demonstrated again the importance of wise debt decisions and developing your credit smarts.

Nearly eighty percent of Americans surveyed believe that one day they will be debt free. Obviously, many of us have good intentions. The problem? Consider this:

- Of those surveyed, sixty percent are extremely to moderately worried about their debt situation, and the majority of these folks have no financial plan and/or



One-third of those planning a major expenditure in 2005 don't have a plan pay for it.

do not intend to develop one. (No wonder they're worried!)

- Twenty-one percent are planning a major expenditure in 2005; for instance, purchasing a new car or making home improvements, but nearly one-third of those don't know how they will pay for it.
- Given that almost one-third of those surveyed do not understand debt ratios, it is not surprising that one in four are confronted with debt ratios at 50 percent or above.
- Sixty percent reported they have little or insufficient knowledge about credit and debt, although twenty-six percent of those who do claim to have such knowledge don't act on it—evidenced by making only minimum payments on their credit cards.

Research has shown that as adults, we learn best from our experience. Examining our past choices and decisions and analyzing the resulting consequences gives us a better understanding of both what went right and what went wrong. There is only one problem with this approach. Often in the credit and debt arena, choices and consequences are separated by delays, causing considerable difficulty identifying exactly what consequence relates to which choice, as well as, determining if the outcome was the positive we had planned it to be.

Today and in the future, the learning curve of an individual's experience is simply too long. For example, a home equity line of credit may appear to be the perfect solution for today's budget difficulties. However, what happens ten years down the road? What if the line of credit is variable and interest rates rise, or you are making interest-only payments with a lump-sum payment due when the term ends or you need to sell and your home

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The Real Story (continued)

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value drops? Not so suddenly, that perfect solution may not seem so perfect anymore.

What if you get a debt consolidation

You will never borrow your way out of debt.

loan to combine all your credit card debt into one payment? Great idea, unless you ignore the spending habits that created the problem in the first place. The result? Unfortunately, the majority of those riding this debt carousel are back in debt to those same credit card issuers and others within one year.

That's why a strategy that seems to work in the short run, yet produces greater long-term costs, may become

apparent only too late. If you are dreaming of a debt free future there are some basic facts you must understand:

- You will never borrow your way out of debt.
- Just dreaming about it, won't make it happen.
- Ignorance or lack of knowledge is no excuse with the law and no excuse when dealing with credit and debt.
- You've got to have a plan – inertia, apathy and denial are not your friends
- Your commitment is the best friend of your debt free dream

By committing to the Credit Advisors debt management program (DMP) you have taken a positive first step. Active participation in your DMP will give you the tools and the support needed to make your debt free dreams a reality.

No one is born with credit and debt knowledge or skills, but they can be learned. And there's no need to make all the mistakes

yourself. Through your DMP, using our decades of experience and hard won success as your guide, you are able to learn what works and what doesn't when dealing with credit and debt.

So take advantage.

Then, once you achieve your dream and are truly debt free, you will understand how to continue to make smart financial choices and avoid future costly credit decisions.



Active participation in your DMP can help your debt free dreams come true.

Early Tax Season Hints

Tax season is here. Knowing how we all look forward to dealing with this annual undertaking, here are some helpful hints to keep in mind as you prepare. Plan ahead and get organized. Create one place for fewer headaches. Get a large

envelope or a file folder to keep all your tax information and documents in one place.

This simple hint can save you money. If you have all necessary documentation and are not rushing to file your forms on April 15th, there is less likelihood of making errors or missing valuable deductions.

If you have someone prepare your taxes,

make your appointment now. Many will be booked up after the end of the month.

Finally, don't be afraid to check out changes to the tax laws. The IRS website, irs.gov, has articles with change updates described. Believe it or not, the articles are even easier to understand than some of the directions on your tax forms.

Another Reason to Stop When You're in Over Your Head !

There's now another reason to stop accepting more credit if you're in over your head.

Pre-approved credit offers.

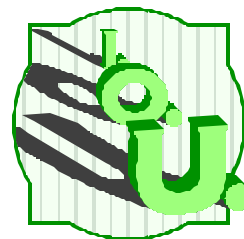
While some past due debtors receive pre-approved credit card offers and see them as a chance to put off the inevitable problems that result from credit delinquency, some of these offers are not what they appear.

Collectors are now using credit offers to gather up-to-date contact information

to continue their efforts in the collection of past due debts.

Due to the delinquent debt, the consumer will not receive the 'approved' credit (see the small print), rather to the contrary, will find themselves the center of heighten collection efforts.

So again, if you are in a debt management program (DMP), avoid opening new credit accounts – even if they say 'pre-approved'. Not only



Collectors try new tactics to find debtors

may you find your benefits canceled by a creditor from your DMP, but you may also find yourself back to square one with increased collection calls, letters or more harsh collection activity.

WORD SEARCH

	C	X	T	L	P	L	E	N	D	I	N	G
ADD	N	O	Q	T	N	E	M	Y	A	P	S	H
AMERICANS	W	V	M	A	Y	A	D	G	T	D	B	N
BUDGET	T	E	R	M	D	R	R	R	S	T	U	R
COMMITMENT	V	J	K	E	I	N	E	D	E	C	D	C
CREDIT	A	D	B	R	E	T	A	K	R	O	G	S
DEBT	R	T	S	I	X	Z	M	B	E	H	E	U
DREAMING	I	I	I	C	Q	S	I	E	T	F	T	P
INTEREST	A	D	D	A	J	U	N	H	N	B	U	P
LEARN	B	E	M	N	R	K	G	L	I	T	Y	O
LENDING	L	R	F	S	P	E	N	D	I	N	G	R
PAYMENT	E	C	H	O	I	C	E	R	X	V	D	T
SPENDING												
SUPPORT												
TERM												
VARIABLE												

Client Updates

Credit Reports:

Effective March 1, 2005, due to expense increases; CAF will begin charging \$40.00 for couples' first credit reports and \$30.00 for future couples' reports. The charges for single client reports will stay the same, at \$25.00 for the initial report and \$15.00 for subsequent reports.

Mark Your Calendar:

CAF has scheduled a client meeting on March 22, 2005 at 7 p.m. central time. Clients in Omaha and the surrounding area are invited to join us at our offices, while clients from around the country may join us by conference call.

FREE!

Debt & Stress Seminar

FREE!

February 16, 2005 11am and 12pm

Learn to manage the financial pressures of daily life.



Please **RSVP** by February 14th

402-501-8182 or
emily@creditadvisors.org

Out of area:
 Toll Free Conference Call: 1-866-285-7780
 enter code 4425358

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We're on the Web!
www.creditadvisors.org

Get out of debt with no regret!



The Kitchen on a Dime

Turkey Meatloaf with Spicy Cranberry Sauce

Ingredients:

2 tablespoons butter
½ cup chopped onion
½ cup chopped celery
2 pounds ground turkey
2 large eggs
2 cups herbed stuffing cubes
1 envelope Lipton Golden Onion soup mix

To prepare:

Preheat the oven to 350 degrees. Coat a 9 by 5 inch loaf pan with nonstick cooking spray.

In a small sauté pan over medium heat, melt the butter, and add the onion and celery. Cook, stirring, until the vegetables are softened, 4 to 5 minutes. Remove from heat, set aside and let cool. In a large bowl, combine the turkey,

eggs, stuffing cubes, soup mix and onion/celery mixture.

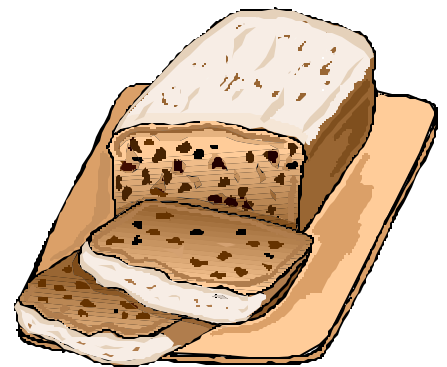
Pack the mixture into the prepared loaf pan. Pour ½ cup Spicy Cranberry Sauce over the meat loaf and bake the meat loaf until it is browned, 50 to 60 minutes. Spoon some of the cranberry sauce over the meat loaf every 15 minutes.

Remove the meat loaf from the oven, let it rest for 5 minutes, and drain off the excess fat from the pan.

Turn the loaf out of the pan to a serving platter, and slice. Serve with additional cranberry sauce.

Ingredients for Spicy Cranberry Sauce:

1 tablespoon of butter
¼ cup onion finely chopped
¼ cup apple juice
¼ cup cranberry mustard
1 can whole berry cranberry sauce



Turkey meatloaf fills your home with wonderful smells.

To prepare:

In a small saucepan on medium heat, melt butter. Quickly sauté the onions, 2 to 3 minutes. Add all other ingredients to saucepan. Stir until just combined. Remove from heat.

Makes six servings. \$1.45 per.