

Fall is here, the leaves are changing, the air is crisp and it's a **GREAT** time to take control of your finances!

Need Help?
726.1665

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October: The Most Critical Month of the Year

When did Halloween move to September?!

We're already being bombarded with the seasonal candy and decorations immediately upon entering any store ... and the holiday is over almost a month away! What's even crazier is that Christmas decor is already stocked in the back and ready to overtake the shelves at a moment's notice! Marketers have realized that as we approach the last few months of the year, we tend to let our emotions influence our spending at a new level.

What this really means is that they've been carefully studying our habits. They know the value of having thought-out and well-executed plans. Can the same be said of you? **Are they ahead of you in their planning?**

Regardless of your financial standing, October is a critical month for determining how your bank account will look and affect your life over the next few months—and even next year (which, by the way, is less than 100 days away). There are two options—plan or don't plan. The lack of planning in October can really set you back financially and cause stress through the holiday season. Therefore, have a reality check with your money and plan accordingly *now* before the temptation to overspend is here in full force ... times three. On the flip side, your diligent planning and focus will pay off and set you up for fun times with less money worries! Even if you heeded last newsletter's advice to write down your goals and refocus your monthly budget, every month is different and requires your undivided attention once again. And when you throw a full holiday season in the mix, you better believe extra attention is vital! **Because, really, who wants to be paying for Christmas in April?**

So before Halloween, Thanksgiving, Christmas and all the little "emergencies" in between get



here, sit down tonight, write down a separate plan for your holiday money and pinky-swear, spit-shake or whatever you must do to establish that you and your family are committed to this plan. If you've already added this part to your regular monthly budget, good for you! Keep it up and stick to your plan. Don't let your guard down now so close to game time. **Stay diligent so you can reap the rewards of your hard work!**

Remember, it doesn't have to be complicated. Just a simple agreement of "We are going to spend X amount of dollars for gifts, X amount for potluck-gathering food and X amount for traveling" will be sufficient. But you must take care of all the ongoing necessities first before you budget these fun things. Don't stress out if the amount you've set aside for these celebrations isn't as high as you want it to be. Gifts are fun to give and receive, but they definitely shouldn't make or break your enjoyment.

So keep this in mind as you're working through your plan: *Is it worth it to buy hundreds of dollars of stuff now, pay for it later and still be in debt?* The decision and action is up to you!

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Community Action Duluth's Common Cents Class is proud to announce that it will now offer Homebuyer Education in addition! The class is free, open to the public and provides dinner and childcare. Join us today to learn about: Asset building, budgeting, savings, credit reports/repair, debt, collections, predatory lending, mortgages, and much, much more!

Next Class Offered:
MONDAYS 6pm-8pm
NOVEMBER 8 to DECEMBER 27

Call to register!
726.1665

Secrets of Smart Shoppers

Who *doesn't* love to spend less and save more? Keeping cash in your wallet is something everyone loves to experience and thinking of ways to be a smart shopper can result in plenty of saved money. But you don't have to make drastic changes in your daily life.

SAVE FOR QUALITY: From sofas to shoes, it pays to purchase quality products. When you buy cheap stuff, you end up replacing it more often, thus spending more money. Saving up for something nicer and a little pricier actually helps you save money over the long term.

CLIP COUPONS: You don't have to be that batty lady who goes crazy when the Sunday paper isn't delivered, but taking time to clip coupons—and combining them with store specials—is a smart way to save money. You can also sign up for online coupon websites that deliver coupons straight to your email. All you have to do is hit the print key!

BALANCE YOUR CHECKING ACCOUNT: If you

write a check or use your debit card, note it in your checkbook register immediately. Keeping a close eye on the cash in your account means you're less likely to spend frivolously

STICK TO THE BUDGET: Make a budget every month and stick to it. Fill your envelope with a set amount of cash, and when the cash is gone, stop spending. When you're tempted to take a few bucks out of another envelope, don't give in!

JUST SAY NO!: Learning to say no is hard, but once you know how to do it, you'll be in control of your money. If you don't need it, don't buy it. Tell your kids no when they ask for a fast food dinner that's not in the budget. It's hard to do, but it's worth it in the end.

MAINTAIN WHAT YOU HAVE: Keep your items longer by taking care of them. This seems like an obvious one, but how many people do you know with a car that looks like a garbage pit or a home that looks like a tornado went through it? You spend hard-earned money on

your stuff, so take care of it!

TRAVEL WISELY: Be a smart traveler by taking advantage of your drive time. Instead of zooming around town twice in one day, plan your schedule so that you run two errands in one outing. Do your grocery shopping on the way home from work or after your child's basketball game. This will save you money *and* time!

Simple steps like these can end up saving you a lot of money in the long run. It may not seem like much when you're saving \$10 here and \$20 there, but it really does add up when you see it reflected in your budget!

What are some of the things you do that make you a smart shopper?



Community Action Duluth is proud to announce its new website!

Visit us at: www.communityactionduluth.org

Do You Trust Banks and Credit Unions?

USA Today reports: Robin Aase, 49, of Santa Clarita, Calif., says the economic downturn has forced her family to live from paycheck to paycheck. That means she can't afford unexpected expenses, such as the \$33 overdraft fee her bank charged for a debit card purchase that exceeded her balance by \$2.18. She admits she was at fault but says that was a lot of money to pay for an iced tea!

Aase still has a small amount of money left in her bank account but she now cashes her check at a check-cashing store and pays all her bills with cash. She says her son and daughter are considering abandoning their bank accounts, too,

"Because of the way the economy is, I don't have the money I once did. I'm making less, and my husband is making way less. We went way down on our

bank account and the fees just piled up."

Nearly 8% of U.S. households, or about 17 million people, don't have bank accounts, according to a 2009



study by the Federal Deposit Insurance Corp. An additional 18% -- 43 million people -- are "underbanked," which means they have bank accounts but occasionally use check-cashing companies, pawn

shops, liquor stores or other alternatives to cash checks, pay bills and borrow money.

A 2008 study by the Pew Charitable Trusts estimated that the average "unbanked" household in California spends \$700 a year just to cash checks. When they need to borrow money, unbanked consumers often turn to payday loans, which carry annual percentage interest rates of 380% or more.

Do you trust banks?

Do you have a bank account?

If your answers are no and you would like them to be yes, we're the people to call! Chat 1:1 with a financial counselor and forget your \$700/year cash-checking payments!

The average household without a bank account spends \$700 in cash-checking services each year...

Managing Rising Energy Costs Within a Budget

The cost of basic utilities such as water, electricity and heating continue to rise, especially in the cold months ahead. This can pose problems for those with strict budgets or a fixed income. Below are some tips on how to control your energy costs this year.

- Turn down your thermostat to 65 while at home and 55 while at work or when you're sleeping. This can reduce your costs by almost 25% and its free!
- Stop drafts by pushing throw rugs up against door jams and sealing windows with inexpensive rope caulk.
- Keep your furnace running efficiently. Replace your furnace filter at least twice a year and partially close off vents (\$20/year).
- Call your utility company to see if there are special programs such as no-interest loans or grants to replace older furnaces or water heaters and request a free energy audit to learn more!

- Turn off the lights when you leave the room and use compact fluorescent bulbs to cut costs (\$2/each).
- Set up a clothesline or drying racks to let laundry air-dry. This saves money and provides needed moisture.
- Call your utility company and ask for a budgeted plan that averages your yearly costs, billing you equally each month and avoid huge winter bills.
- If you are living on a fixed income or are low-income, you may qualify for Energy Assistance Programs through AEOA. Give them a call! 218-624-7625

Now is the time to budget for the winter months ahead, save some cash and stay warm while you do!





3 Reasons Most Budgets Don't Work (and How to Fix Them)

Most people get too discouraged trying to get a budget to work. They spend hours trying to figure out how much to budget in each category and may even track every penny spent during the month only to find out that reality didn't match what was budgeted.

In these instances budgeting just seems like a futile theoretical exercise. There's no follow up or reconciliation to tie one month's budget to the next. Add to this, the emotional issues that budgeting can trigger and your chances of maintaining a budget dive bomb. Many people get to this point and just give up...but take another look, consider this advice.



The three major problems with most budgets are:

1. **They don't reflect reality.** Budgeting is really an exercise in being wrong—budget amounts are estimates. They're targets. Especially at the start of a budget, you're going to be off. Your numbers will get closer as time goes on, but they'll never match perfectly.

2. **They don't connect one month to the next.** Expenditures are not static. They change month-to-month. Most budgets don't reflect this but rather assume constant spending in every category. You will also have budget surpluses and shortfalls that carry over from month-to-month and those need to be accounted for.

3. **They don't track the surplus of money left over after all categories are filled.** For a budget to work, you must track ALL of your money, even the stuff left over after you've budgeted for necessities.

So what do you do? How can you fix the common budget problems we all face? Here are some ideas:

1. Allocate every dollar you earn (some to savings!)
2. Include a buffer category for minor inaccuracies
3. Budget realistic amounts for necessities
4. Realize your spending won't match your budget
5. Look at your monthly spending (planned vs actual)

We know this is a lot of work but its WORTH it! Eliminate your unnecessary stress with a realistic budget. If you would like help with your monthly budget—give us a call!



Duluth Saves strives to meet the diverse needs of all Duluthians regardless of income. We truly believe everyone can build wealth and better their financial future with the right tools and the right encouragement.

We're here to support you as you achieve your financial goals!

**For more information about the Duluth Saves Program
and your opportunities
contact: Rachel 726.1665 Ext. 27**