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April-June 2008

Getting More Mileage Out of Your Tax Refund and Rebate

Between the customary tax refund, which averaged \$2,255 last year, and the average projected refund of \$500 generated from the Economic Stimulus Package Act of 2008, in May, many taxpayers will receive much-welcomed checks totalling about \$3,000.

Although the temptation to spend the windfall on a plasma screen television, a downpayment on a new car or vacation will be great, using the funds elsewhere can payoff bigtime in the long run, help you reach your financial goals and give you piece of mind. Consider the following smart ways to spend the funds.

Pay down your debt.

If you carry a revolving balance on your credit cards, and pay average interest rates on those cards, there is no other better way to spend your refund. Paying down your debt could improve your credit and save you hundreds in interest and fees. For example, if you pay off \$2,500 on a credit card with an 18% interest rate, rather than making minimum payments, you'll save \$445 in interest charges in only one year.

Set up/or add to your emergency savings account.

Financial experts recommend that people save enough to support themselves and their immediate family for three to six months. Most everyone is susceptible to illness, a layoff, car accident or other emergency. Credit cards are not a financially wise safety net. The average length of unemployment in 2007 was over four months.

Put money into an Individual Retirement Account (IRA).

Experts suggest that we plan for two-thirds of our retirement income to come from other sources than Social Security. If you put the money in a traditional IRA, you may be eligible to receive additional tax refunds on that contribution in 2009. Plus, with compounding interest, the money you set aside now will grow exponentially over the years.

Pay down your mortgage.

So, this option doesn't provide much immediate gratification, but if you were to make a \$1,000 prepayment on a \$100,000 loan, at 7% interest, you would save over \$4,000 over the life of the loan!

Establish a holiday savings account.

Since most people spend \$1,500 to \$1,800 over the holidays (for gifts, travel, decorations, etc.), those who set the money aside now can look forward to debt-free, lower-stress holidays.

Blow some of it.

Let yourself spend several hundred dollars of your refund for something fun. At ByDesign, since we see so many consumers drowning in debt, we don't recommend you spend the majority of your refund stimulating the economy, but contributing a bit to the greater good, and giving yourself a treat, will allow you to have some fun and motivate you to spend the rest of your refund in a manner that will fuel your financial future.



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Featured Client Award

Alicia Gargaro

As a graduate of New York University and a young woman with a good job in the entertainment industry, I was on my way to becoming a career building, financially growing success. Fifteen years after I started my career, I found that I had debt up to my neck and without a job--as is common in our business. Suddenly, the money was gone, but not my credit card bills. I had not planned for that rainy day in Los Angeles that eventually arrived. I just closed my eyes and hoped for the best.

I had opportunities to create wins and losses as any young person does, but by choosing to charge and not look, I chose losses without even realizing it. When I learned of ByDesign Financial Solutions (known as Consumer Credit Counseling Services of Los Angeles at the time), I was made to focus.

I learned about credit, really, for the first time. We are often thrown so many offers for new cards, card transfers, mileage cards, coffee cards, we get cards from every company nowadays. I signed up and then was on my way. I did not pay attention to interest rates, nor all the rules in the miniscule print.

I believe what ByDesign aims to do is not only help their clients get back on track with managing their debt, but to truly get their clients to change their habits. We learn our habits most often from our upbringing. I also accrued some habits out of desperation. I have learned from ByDesign how to educate myself and that I can live within my means without the cushion of a credit card.

I recently took ByDesign's *First-Time Homebuyers* class with my fiancé. Not only was it a thorough introduction to the new adventures of home ownership, it also gave me hope. The information provided gave someone like me, who still finds herself sometimes employed, sometimes not--the ability to plan for the future. I have not made millions since I started my program, but I have made progress and now understand my finances.

Through my consistent vigilance to my financial foundation, I have built up from zero. I have made money, lived on my savings again, and kept building up. I have paid my debt on time and am almost finished with the program, hooray!

I look forward to getting copies of my credit reports and learning how I have fared over the last few years. I want to rebuild my credit profile and achieve the goal of home ownership in the very near future.

The obsession to charge, and think it will just all be okay, has lifted. I think now before I spend. It is a positive, rewarding cycle, and it doesn't have to end.



Editor's Note: Since writing her essay, Alicia got married and on February 19, she made the final payment on her debt management

plan and left our office with no credit card debt. Congratulations Alicia! Good luck finding a house!





ByDesign Joins the Homeowner's HOPE Hotline™ to Bolster Efforts to Assist Troubled Homeowners

As of Wednesday, February 14, ByDesign Financial Solutions joined the Homeownership Preservation Foundation's national "Homeowner's HOPE Hotline." The hotline offers homeowners in danger of facing foreclosure with counseling to help them understand their options and find a solution to avoid foreclosure.

In the fourth quarter of 2007, more than 143,000 calls from distressed homeowners were fielded by the HOPE Hotline. Hotline counselors report that California continues to be the top counseled state, accounting for 18 percent of the total call volume.

"Two of the nation's cities with the highest foreclosure rates (Los Angeles and Stockton) are in our service area," said Martha Lucey, ByDesign's president and CEO. "Our housing specialists are experienced and primed to assist homeowners nationwide. The foreclosure crisis is wreaking havoc on our communities and economy and ByDesign is grateful to be included in finding a solution."

The hotline's number is 888-995-HOPE and it operates 24 hours a day, 7 days a week. The hotline provides free, bilingual, personalized assistance to help at-risk homeowners.

ByDesign has been deluged with calls from homeowners facing foreclosure over the past few months and we are adjusting and increasing staffing to meet the current demand.

In addition, the organization is aggressively applying for grants to cover the cost of default and foreclosure counseling for homeowners in need.



Featured Client Award:

Contest Rules

Tell your story and you can be one of our featured clients in our third quarter 2008 issue. The contest is open to **all of our clients**.

Essay Contest Rules:

1. Write an essay of 500 to 1,000 words answering the question "How has ByDesign's education classes and/or financial counseling changed my life?" While it's good to tell what happened before you got into a financial bind, focus more on how you have benefited from participating in our counseling sessions or educational programs. What changes in behavior have you made? We're most interested in experiences that will motivate others in your situation.
2. You must be a client of ByDesign within the year 2007--an active **participant in a ByDesign DMP** (you need to have been on the DMP for more than six months), **a student in any of our educational workshops OR a client who was counseled for any reason (budget counseling, reverse mortgage, identity theft problem, credit report issue, housing issues, bankruptcy etc.)** in person, by phone or over the Internet. Past and present employees of ByDesign are not eligible.
3. All essays become the property of ByDesign and will not be returned. Winners must agree to have their name, photo and story used in *Take Control* and other media as well. If no appropriate entries are received, no prize will be given.
4. A one time prize of \$250 will be awarded, paid in the form of a contribution toward your DMP (if you're on the program). If less than \$250 remains of the debt, the remainder will be awarded in the form of a check. All non-DMP clients will be awarded with a check.
5. Limit of one entry per person, per year. Entries are NOW being accepted.
6. Entries should be typewritten or computer printed. Be sure your name, address, phone and client number are noted in the upper right-hand corner of each page.
7. Include a photo of yourself with your entry. Snapshots are fine. (E-mail entries should attach a jpeg file.) Entries without photos will not be considered.
8. Mail your entry to:

Take Control Featured Client Contest
ByDesign P.R. Department
P.O. Box 910905
Los Angeles, CA 90091-0905

You may also e-mail your entry to:
contest@bydesignsolutions.org.

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A non-profit organization doing business as
Consumer Credit Counseling Service of Los Angeles, Consumer Credit Counseling Service of the Sacramento Valley,
Consumer Credit Counseling Service of Mid-Counties and Consumer Credit Counseling Service of Central Valley

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Cut Energy Use and Save

The Rocky Mountain Institute reports that the average American household spends \$1,900 annually on energy and creates more than 26,000 pound of carbon dioxide per year. The Institute then released nine free ways to save and reduce greenhouse gas emissions:

- 1) Lower water heater temperature to 120° F
- 2) Lower thermostat in winter by 2° F
- 3) Wash clothes in cold water
- 4) Turn off unneeded lights
- 5) Turn off home-office equipment
- 6) Unplug extra refrigerator in the garage
- 7) Use energy-saving mode on appliances
- 8) Increase air conditioning thermostat by 3° F
- 9) Air dry clothes during the summer

These tips will save the average household more than \$200 a year, but the carbon dioxide reductions are equivalent to taking 10 miles off your daily commute. To download nine practical guides (Home Energy Briefs) describing what the average homeowner can do to save energy, visit:

www.rmi.org.



Editor: Jennifer Root, Senior V.P. of Marketing and Public Relations

New Payment Address

If you are a client on our debt management program, please note that our address for your monthly deposit has changed. To better serve you, we have moved our operations department from Los Angeles to Sacramento. Please make note of our new payment address:

ByDesign Financial Solutions™
P.O. Box 650
North Highlands, CA 95660

In addition, we have a new email address for you to contact our customer service representatives during or after-hours at your convenience; send your request to csrhelp@bydesignsolutions.org.

