



Find Money to Offset Social Security Tax Hike

Paychecks are getting smaller. While many Americans are breathing a sigh of relief that their income tax did not increase, there is nonetheless a tax increase that will impact all paychecks.

The Social Security payroll tax rate was reduced for 2011 and 2012, with the employee contribution cut from 6.2 percent to 4.2 percent. The intent was to put more money in people's pockets, thus stimulate spending. The rate will now increase to the former level, resulting in smaller paychecks for American workers.

If a person was fortunate enough to have received a pay raise it's likely that this Social Security tax increase will wipe out most of it. Americans, particularly those already living on the financial edge, need to act fast to adjust their budgets accordingly. To help consumers find extra money to offset the tax hike, the NFCC suggests exploring the following areas:

- Adjust withholding – Millions of Americans receive large income tax refunds each year when they could have extra money each month. Calculate the proper number of withholding allowances by utilizing the worksheet at www.IRS.gov.
- Pay with cash – People who pay for purchases with cash typically save 20 percent compared to previous credit spending, and never feel deprived.
- Refinance the mortgage – Take advantage of historically low rates to reap a lower monthly mortgage payment.
- Ten dollars from 10 categories – Carving \$10 off of 10 spending categories is a painless way to find extra money.
- Do it yourself – Small savings add up. Stop paying for things you can do yourself such as washing the car, cleaning the house, or mowing the lawn.

- Stop bad habits – Make good on those New Year's Resolutions to stop smoking, drinking, and playing the lottery.
- Clean out the storeroom – It's a double-play to sell the contents of the storeroom, thus eliminating the need for extra storage. Money in the pocket from the sale, and no more rent payments.
- Save on insurance premiums – Examine all policies and compare rates. Inquire about ways to lower premiums, and ask about any discounts for loyalty, good driving, and the bundling of multiple policies.
- Examine financial statements – Don't continue to pay for things no longer needed just because they're set up as auto-pay. Avoid unnecessary charges by not using out-of-network ATMs. Negotiate with the financial institution for lower fees.
- Earn extra income – Getting paid to do something fun won't feel like work, and honing a skill can pay dividends beyond financial.

Note: This article originally appeared on the NFCC's Financial Education blog, <http://financialeducation.nfcc.org> on January 10, 2013 and was reprinted with permission.



Housing Counseling Helps with Foreclosure Issues

Since the financial crisis of 2007, housing issues continue to be a hot topic throughout the U.S. Although the financial crisis has started to ease in parts of the country, millions of homeowners are still struggling and a growing number of current borrowers are paying more than 50% of their income for housing.

This is troubling because the budgets of many of these borrowers are stretched extremely thin. An unexpected expense, such as an auto repair or medical bill, could cause them to become delinquent on their mortgages.

Several recent studies provide evidence that both pre-purchase homebuyer counseling and foreclosure mitigation counseling can be a step in the right direction in preventing a personal housing crisis.

In 2012, the U.S. Department of Housing and Urban Development (HUD) released results of a study that found **nearly 70% of delinquent homeowners who received counseling obtained a mortgage remedy to retain their home, and 56% cured their defaults and became current on their mortgages.**

A 2010 National Foreclosure Mitigation Counseling Program study came to similar conclusions. It found that **borrowers who had missed a mortgage payment were about 50% more likely to become current on payments when they received housing counseling.**

In the counseling arena, nearly 2,700 HUD-approved housing counseling agencies strive to provide consumers with objective housing and financial advice. Some housing counseling agencies are also nonprofit credit counseling organizations that offer holistic assistance with additional financial issues such as credit card debt.

These credit counselors can assist prospective homeowners by assessing their household budgets, evaluating their credit quality, and helping them pay down debt and bring past due bills current.

If a homeowner is struggling to make a mortgage payment, a credit counselor can help the debtor explore government programs, servicer programs, and other options to resolve the mortgage problem. If the homeowner has high credit card debt, the counselor may be able to lower the amount the consumers pays on interest and fees to free up more money for the mortgage payment.

To speak with a HUD-approved housing counselor, call (877) 33-ACCEL or log on to <http://www.accelservices.org/members/counseling/housing-counseling.htm> for further information.

Note: This article is sourced from a related topic in Credit Union Magazine, found online in its entirety at: <http://www.creditunionmagazine.com>.

Valentine's Savings

According to Kiplinger's Personal Finance, florists often charge double for Valentine's Day roses. They suggest you can cut fees by scheduling a February 13 delivery, or save even more by picking up flowers at your supermarket and arranging them yourself.



Member Feedback

Credit union members have the opportunity to let us know the most important benefit they received from completing a financial counseling session with an Accel counselor. Here are some recent comments from credit union members:

"I am able to get up in the morning without worrying about what I was going to do about my bills. It has made my life much happier."

"The best benefit was the courteous and professional service received from the staff and the peace of mind that I now have regarding paying off my debt."