



## Now is the Time to Start Planning for the Holidays

It's hard to believe that, while the calendar says August, now is the perfect time to start getting ready for the holidays. By making a plan, watching for sales and adjusting your budget, you can make this holiday one that will be easier on your pocketbook.

The **Association of Independent Consumer Credit Counseling Agencies (AICCCA)** offers five suggestions for avoiding holiday debt:

- **Determine the amount of money you can spend.** Whether you are planning to go ahead and begin shopping now or want to open a holiday saving account, you will need to decide upon the funds available for use. Plan to pay for all purchases, or put money away, with cash on hand. Avoid charging unless you can pay the balance due in 90 days or less.
- **Make a list** and check it twice! You'll need to record every person you plan to shop for and assign a dollar amount to their gift. Check your list against the amount you decided you could spend to be sure they line up. Make any necessary adjustments before you start shopping.
- **Keep your eyes out for bargains.** Take advantage of any summertime trips to look for unique or unusual gifts for those on your list. Be sure to make a note of purchases and mark that person off your list.
- **Go online.** Even if travel is not in your summer plans, you still have options. Ordering online now will enable you to avoid costly shipping fees. Many online retailers offer free standard shipping and have some great summer deals. You won't get your items overnight, but you have the time to spare right now.
- **Get crafty.** Summer is a great time for crafts, for both children and adults. Put little hands to work on gifts for family members on a rainy day. Get started on your own craft projects now and you can cut down on last minute stitching, or other craft-related chores, come the holidays.

The **National Foundation for Credit Counseling (NFCC)** offers five helpful tips (and potential dollars saved) to create a debt-free holiday:

- Before trimming the tree, **trim everyday spending.** Review current spending looking for leaks. Plug those leaks and use the found money for holiday spending. Amount saved by December 25 at \$1 per day: \$150.
- **Adjust your W-4** to accurately reflect the amount of taxes owed. The average income tax refund in recent years has been close to \$3,000, but Uncle Sam returns that money in April, long after the holiday bills should have been paid. Amount saved by December 25 at \$250 per month: \$1,250.
- **Commit to shaving \$10 off of 10 spending categories.** Some obligations such as rent, mortgage and car payments are fixed. However, there are other categories that offer a great deal of flexibility. Cut back \$10 each month on categories such as food, clothing, gas, utilities, and entertainment without feeling deprived. Amount saved by December 25 at \$100 per month: \$500.
- **Sell unused items.** Since others are also shopping, this is the perfect time of year to sell items that haven't been used in the past year. Amount saved by December 25: \$100.
- **Open a separate holiday savings account.** Don't mingle the holiday money with existing savings or checking accounts, as it could easily get spent on other items. Amount saved by December 25: \$1,000.

By taking some time to organize yourself now for the upcoming holiday, you'll make the most wonderful time of the year merry and bright!

## Young Adults Facing More Debt Than Ever

By Colleen Jirikovic, GreenPath/Accel Counselor, Michigan

Millennials are facing a more challenging financial future, but they can succeed with proper planning and money management.

Susan Tompor of the *Detroit Free Press* recently wrote an article, "Young Consumers a Mix of Super Savers and Those Dogged by Debt," regarding young adults who need to re-think how they are spending their hard-earned money. People in their 20's now have student loans, credit cards, and other debts they are paying off. Planning is essential to achieving financial goals.

GreenPath has found that clients with student loans average about \$31,000 in student loan debt. While student loans may be necessary to pay for education, it is usually best to take out federal loans as they have more favorable repayment options. Private loans can be more difficult to pay because most private lenders do not offer many payment plan options. GreenPath Student Services can provide more information on federal versus private loans, and can help you decide which is best for your situation. Other great resources for student loans are [www.askheatherjarvis.com](http://www.askheatherjarvis.com) and the government's [www.consumerfinance.gov](http://www.consumerfinance.gov) website. Here you will find information about programs and other options for paying off student loans.

One of the most important things to consider is to **avoid credit card debt**. Credit card debt is expensive to pay off because of the high interest rates. So never spend more than you can afford to pay in full right away. If you are faced with credit card debt, try to pay off your cards as soon as possible and stop using them.

Also, many millennials will want to **start saving for a home**. You want to have at least a 5 percent down payment. Putting



more down on a mortgage will help reduce your monthly payments, which can free up more for your emergency fund or retirement savings. Worst case, you typically want your mortgage payment to be no more than 35 percent of your gross income. Your total debt payments (including credit cards, car loans, mortgage, student loans, etc.) should be no more than 43 percent of your gross income. If you are considering purchasing a home, GreenPath offers housing counseling to help you determine how much you can afford and to prepare for homeownership. It is necessary to be as prepared as possible when taking on a mortgage.

**Saving for retirement** is a long-term savings plan. If your employer offers a retirement savings match, it is best to put as much toward that match as you can. If at all possible, do not leave money on the table. Regardless of how you save, it is important to start saving NOW. Everyone needs to build savings into their budget. Whether it is \$5 or \$500 per paycheck, savings needs to start somewhere in order to build. I find that having an automatic transfer from each direct deposit paycheck into a savings account is effective because you never see the money and can't use it for other items. You could do this for all types of savings including emergencies, vacations, purchases, and retirement.

This can seem very overwhelming to a young consumer just starting out. Millennials need to realize that they do not need to do it all at once and that saving for purchases is important. The key to financial success is to make sure you have a plan in place, and then stick to your plan. If you need help developing a budgeting and savings plan, GreenPath counselors can help you.

## What do credit union members think about Accel?

Credit union members have the opportunity to let us know the most important benefit they received from completing a financial assessment with an Accel counselor. Here is a comment from a member who spoke with an Accel counselor:

*"I felt that there was a light at the end of the tunnel. I was at my wit's end, because our finances got so out of control. I feel like working with Greenpath has given my husband and I control back."*

As a member of SECU, you can take advantage of the **Accel**, a program of GreenPath, Inc. Accel is a **free** financial education and counseling service. For more information, call 1-877-33ACCEL (332-2235) or visit us on the web at [www.accelservices.org](http://www.accelservices.org).

