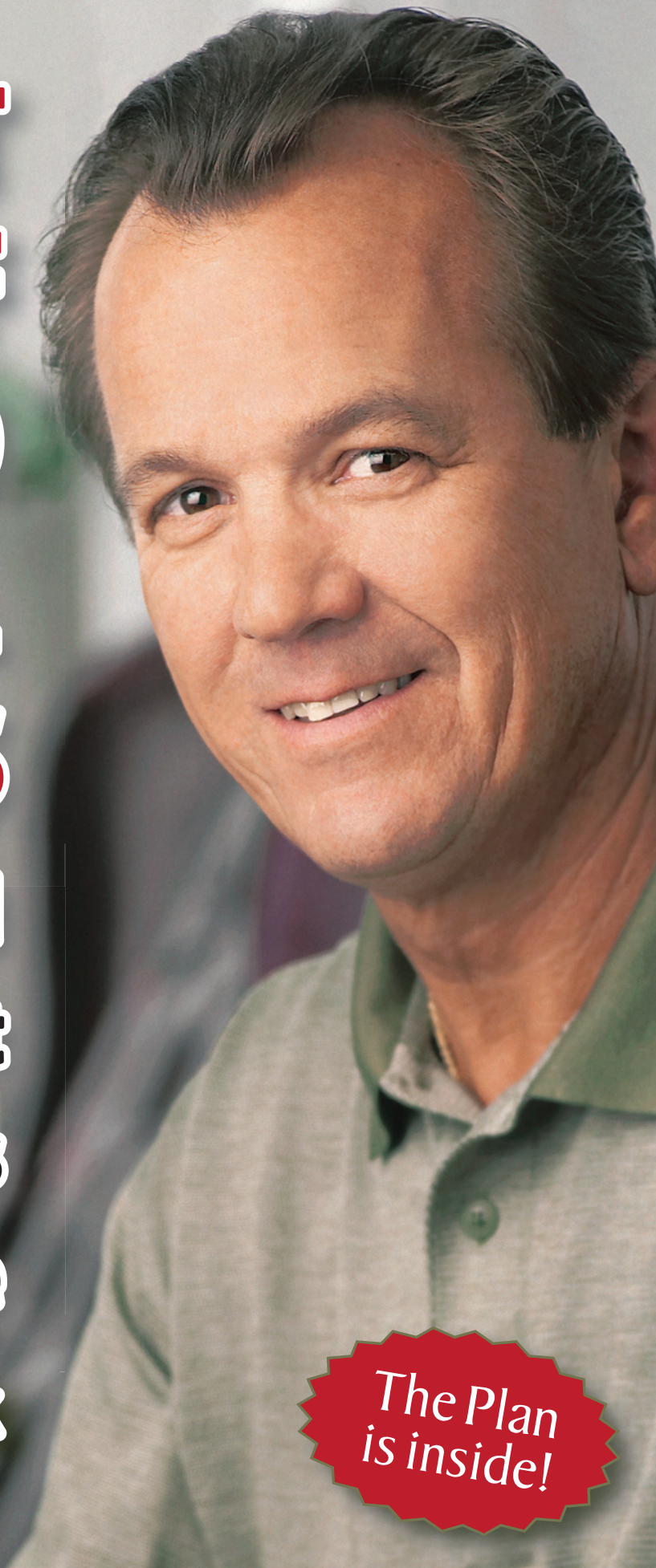


# **THE DO IT YOURSELF GUIDE TO FINANCIAL SUCCESS**

**How To Build  
Stronger Credit  
Bigger Savings  
And A Better Life**

**by Gary A. Vosick**

*The Plan  
is inside!*

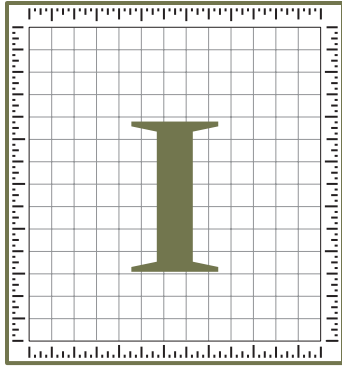


# **THE DO IT YOURSELF GUIDE TO FINANCIAL SUCCESS**

**How To Build Stronger Credit  
Bigger Savings And A Better Life**

*"Far away in the sunshine are my highest aspirations.  
I may not reach them, but I can look up and see the beauty,  
believe in them and try to follow where they lead."*

– Louisa May Alcott (1832-1888) American Writer



## Building A Better Life

In this great journey through life, our destination is success. But why do so few of us ever actually achieve it? The answer we seek may lie in these words...

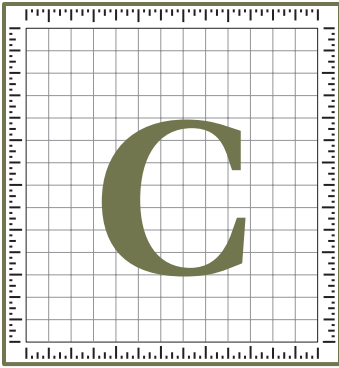
If we pass each day with a wary eye, idle hands, and dread in our thoughts, then life will give its response. Whereas, if we seize each day with a sharp eye, busy hands, and hope in our hearts, then life may be fulfilled.

On the surface, this booklet is about money management: expense tracking, budget planning, and debt reduction. But let us be honest, this subject matter may not keep us on the edge of our seats. Why then should we follow it, or much less bother reading it at all? Why should we care about controlling our expenses, meeting a budget, or paying off our debt?

Why indeed. Is it to balance our books... to please our accountants... as a favor to our creditors? Or rather, is it simply to build a better life? We suggest the latter. Now, as we work toward learning the *what* and *how* of managing our finances, we cannot lose sight of the *why*. For it is the promise of providing security for our loved ones that matters most. Success is less about making money than it is about developing oneself into a person who is valuable to others.

This booklet is your plan for building stronger credit, bigger savings, and a better life. There is no doubt that people with clear, written goals, accomplish far more. It's also true that the ability to delay short-term gratification in order to enjoy greater rewards down the road is a true formula for success. The following pages will show you the way.

So now, as you prepare for the journey ahead, remember that your final destination is success, and that your plan is to build a better life for you and your family. It really *is* that simple. To begin, proceed to the next page...



## Prioritizing Debt To Create A Financial Plan

carefully evaluating each of your outstanding debts and then creating a financial plan to effectively manage these debts will allow you to build the life you want. Debt creates enormous obstacles to accumulating savings, making future investments, and building a more secure financial future. If you are experiencing financial problems, it's likely that you are having trouble keeping all of your accounts up to date. Plus, it's likely that only some of your expenses can be reduced, and your available income has its limits. Setting priorities will allow you to make better use of your resources so that you can organize, budget, and prepare a plan for eliminating your debt. This plan will allow you to manage your monthly expenses, improve or rebuild your credit history, and achieve your long-term financial goals. In considering your options for managing debt, you will have to decide how much you can afford to dedicate to reducing debt and which debts to pay first. You may be tempted to take on additional debt, such as refinancing your home, adding a second mortgage, or borrowing money to pay off credit cards or other burdensome obligations; but these options produce more debt and are not recommended.

It's a good idea to first pay those creditors who have the ability to take legal action against your home, car, or financial assets. Debt with collateral must be carefully managed. Collateral is property that a creditor may seize if you do not pay a particular debt. Creditors who have collateral are usually referred to as "secured" creditors. Creditors who do not have collateral are commonly referred to as "unsecured" creditors.

Allocate additional funds to pay off credit cards with low balances first, and consistently reallocate the monthly payments that would go to those accounts to high balance accounts. Also, consider paying more than the minimum to accounts with high interest rates and/

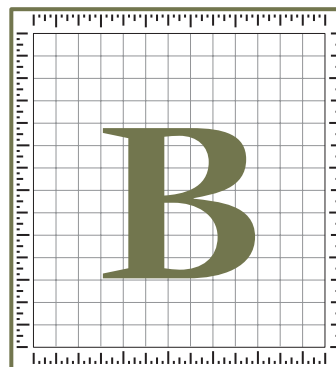
or fees. Remember, creditors who call are those with aggressive collection practices. These debts may not be the ones you should pay first. Creditors or collectors who call repeatedly do so because they have no other way to collect on a debt. Make appropriate arrangements on these debts, but do not give in to harassment.

### Secured Debt:

- Mortgage loans to buy or refinance a house or other real estate
- Home equity lines of credit from banks or finance companies
- Personal loans for cars, trucks, motorcycles, or equipment
- Car equity loans from a loan or finance company
  - Personal loans from finance companies with property as collateral

### Unsecured Debt:

- Lines of credit for personal or business use
- Personal loans from finance companies with no collateral
- Various legal or medical bills
- Retail credit cards such as gasoline, clothing, or home repair



## Creating A Financial Plan

Now you have prioritized your debt and are ready to begin looking critically at the numbers in order to create your new financial plan. On the following page, you'll find several helpful suggestions for getting started:

**1. Review Your Personal Finances:** The first step toward taking control of your finances is to determine how much money you earn; and, perhaps more importantly, how much you spend. These are the two most important initial determinations to be made and will serve you well as you go through the financial planning process. You can get started by listing your income from all sources. Remember to be as thorough as possible. Then, list your “fixed” expenses (expenses that are the same each month, such as mortgage payments, rent, car payments or insurance). Next, list your “variable” expenses (expenses that change each month, such as entertainment, clothing, or transportation). Remember, it’s important to be honest with yourself when listing variable expenses. Once this has been completed and you know what your fixed expenses are, you can then decide how much to allocate to the variable expense categories.



**2. Track Your Monthly Expenses:** Your next step is to track your monthly expenses. Regardless of how much you review your budget, you cannot begin to manage your debt without understanding more about your personal spending habits. Begin by writing down what you spend each day and keep these records for a month to determine how you spend money. Next, review total amounts spent for such items as transportation, clothing, entertainment, or other variable expenses. Tracking these will provide you with a detailed summary of how you really spend money. Spending is one aspect of your personal behavior that, with determination, can be altered to fit the requirements of your financial plan.

**3. Review Your Credit Report:** Now it’s time to review your Credit Report. To further understand your financial situation, you will need a recent copy of your credit report. You can obtain a copy, at no charge, from [annualcreditreport.com](http://annualcreditreport.com). Review your report for outdated, duplicate, or incorrect information. Credit reports often have multiple errors, so you may need to dispute all incorrect information at your earliest opportunity.

**4. Contact Your Creditors:** If you are having trouble paying your bills, contact your creditors, explain your hardship, and ask for modified payment arrangements. Do not wait until your accounts have been turned over to a debt collector. If this happens, you will have more difficulty negotiating new terms.

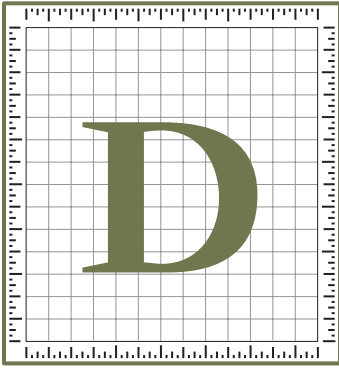
**5. Talk To An Expert:** Contacting a nonprofit credit counseling organization will help you understand your options. Credit counseling organizations will provide helpful suggestions for consolidating various debts. They will also review your personal finances, and offer suggestions for managing your finances. You may consider enrolling in a Debt Management Plan (DMP) through a credit counseling agency. Upon enrollment, your unsecured accounts will be closed and reasonable payment arrangements will be established at reduced interest rates. Late and over-limit fees will be eliminated. Should you remain active in a DMP, your unsecured debt will be fully paid in 3 to 6 years.

**6. Understand, But Avoid Bankruptcy:** Sometimes managing debts means filing bankruptcy, but this option is a last resort and should come only after careful consideration. Remember, the negative impact on your credit record will be long-lasting and far-reaching.

### **WARNING SIGNS OF A DEBT PROBLEM**

***If you answer “yes” to any of these questions, you have a debt problem...***

- Are your credit cards charged to the limit?
- Do you use one credit card to pay another?
- Are you making only minimum credit card payments while still incurring charges?
- Do you skip paying some bills each month?
- Have creditors closed any of your accounts?
- Have you taken out a consolidation loan?
- Have you bounced any checks?
- Are collection agencies calling or writing?

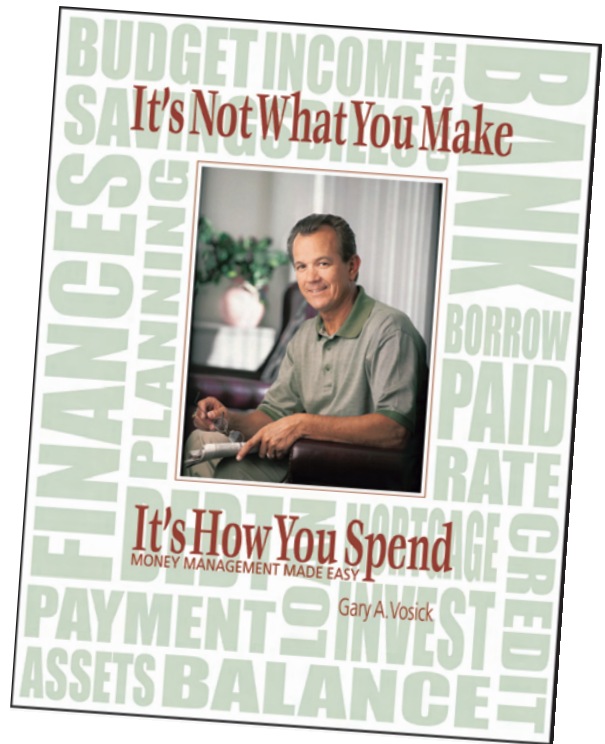


## Developing Your Budget

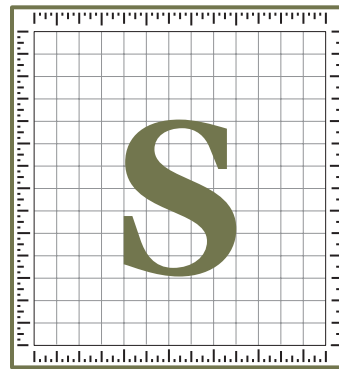
Deciding how to manage your financial problems requires establishing a budget based on your expected income and expenses. An effective budget will help you identify your options and determine available income for managing outstanding debts. A budget will provide a detailed summary to predict future expenses and determine which expenses are likely to increase.

Throughout the budgeting process, your goal should be to minimize any shortfall between your income and expenses. This means you should evaluate ways to either increase your income or find ways to reduce expenses to make the budget more manageable.

In making these choices, it is essential to be realistic about what is possible. As you begin budgeting and making the important decisions to reduce your spending, you may find yourself cutting expenses such as entertainment or transportation costs to a minimum—only to find yourself frustrated after a few months of budgeting. Of course, this approach is not recommended. Unrealistic budgeting or making excessive cuts will lead to a sense of hopelessness and frustration. Your goal is success, so be realistic. Try out your options for a month and determine how much your expenses can be cut. Then set your spending limits accordingly.



Trinity provides an informative budgeting workbook with detailed worksheets to help you categorize your expenses. Please call if you would like to learn more about budgeting or to speak with a Trinity credit counselor. Request *It's Not What You Make, It's How You Spend* at (800) 364-1086, or download a copy at [trinitycredit.org](http://trinitycredit.org).



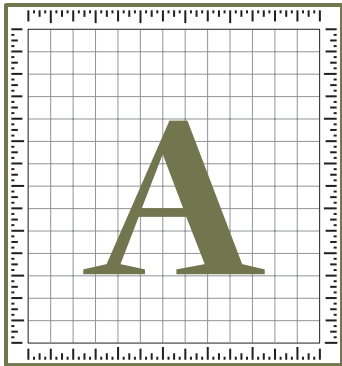
## Evaluating Your Monthly Budget

Several factors should be used when evaluating your monthly budget. One of the most important is the difference between your income and expenses.

**Income:** Your budget should include all of your present sources of income. Use the most realistic estimate of what you will earn. Extra money, such as overtime pay, should be included cautiously because you risk overstating your income if it can't be quantified in advance. You should include additional money you receive on a regular basis such as child support, alimony, trust payments, dividends, insurance, pension, or public benefits.



**Expenses:** Your expenses should include all of your expected monthly spending including food, rent or mortgage, utilities, clothing, transportation, entertainment, medical, etc. Computing the true cost in each expense category is often difficult. Take extra time to be as accurate as possible. After reviewing your expenses, look for ways to minimize unnecessary expenses such as dining out, department store shopping, or entertainment. Your expenses should include insurance, medical or legal expenses, and deductions for investments or savings.



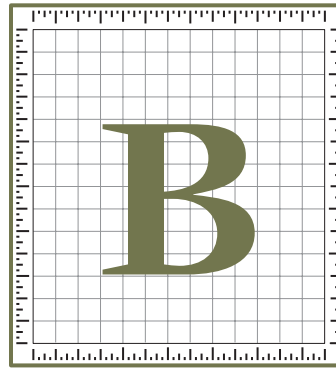
## Assessing Your Financial Situation

After you have reviewed your income and expenses, you will have a detailed summary of your available income after expenses. You will either have enough income to meet expenses (a balanced budget) or not enough. If you do not have a balanced budget, you will need to identify where you can increase income, cut expenses, or eliminate wasteful spending habits.

### Suggested Guidelines for Monthly Expenses

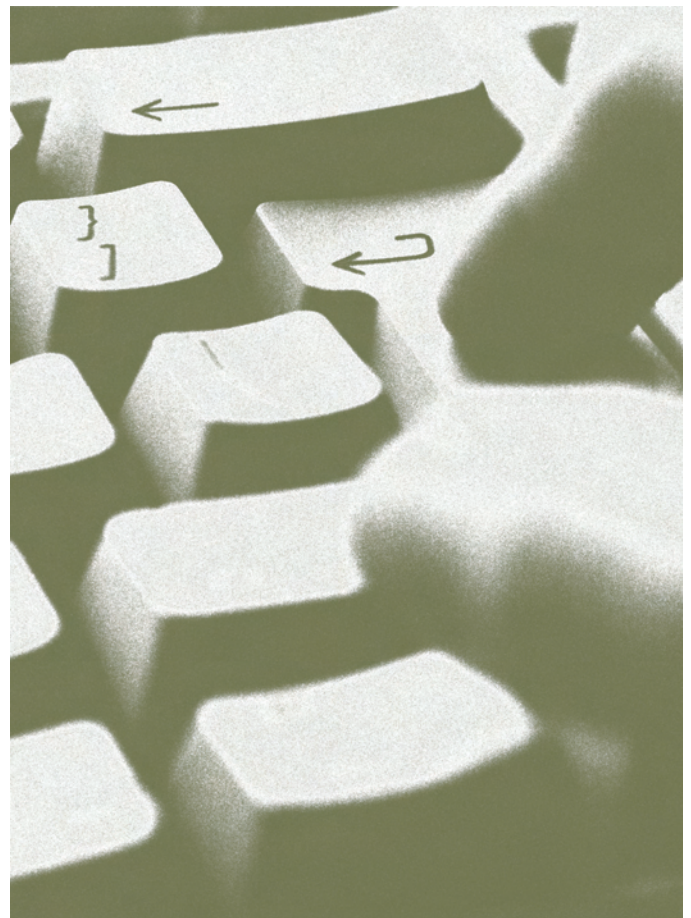
We recommend you review these expense guidelines and compare them to your monthly expenses.

- ✓ **Housing 35%:** Monthly payments (rent, mortgage, taxes, repairs, improvements, insurance, and utilities).
- ✓ **Transportation 20%:** Monthly payments (gas, oil, repairs, insurance, parking, or public transportation).
- ✓ **Debt 15%:** Monthly payments (credit cards, personal loans, student loans, and other debt payments).
- ✓ **Other Expenses 20%:** Monthly payments (groceries, medical bills, prescriptions, clothing, or personal items).
- ✓ **Savings & Investments 10%:** Monthly contributions to retirement or investment portfolios or savings accounts.



## Beyond The Numbers

Budgeting will help you determine your financial options and guide you toward understanding what you can and cannot afford. Of course, prioritizing debts and managing monthly expenses are part of this process. But a realistic budget is more than just a numerical listing of your income and expenses. It reflects personal choices and values. The ability to see past the numbers is essential to understanding more about your personal spending habits and/or behavior that impacts your quality of life. Learn to use a budget as a guide for knowing more about your spending habits and ways to change habits that keep you from achieving your financial goals. Use your budget to organize monthly bills, identify priorities, meet obligations, and plan for financial success. On the following page, you'll find tools to help you in your budgeting efforts:

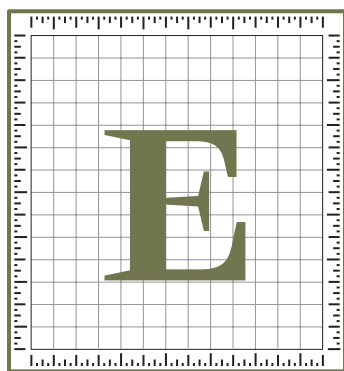




**Online Budgeting Calculator:** Many banks and financial service companies, such as Morningstar or Fidelity, T. Rowe Price, offer online budgeting calculators to help you work on your budget. Visit Google and use “personal budget calculator” as a search term and you will find a lot of user-friendly sites for personal budgeting and investments.

**The Envelope System:** This traditional method of budgeting involves creating a single paper envelope for each budgeted expense, such as entertainment, housing, and transportation. Each time you are paid, allocate a portion of the cash to your expenses by placing the required amount into each envelope. To pay a bill or make a purchase, simply use the designated envelope.

**Basic Checking Account:** This is perhaps the most common way to pay bills— you can track your spending and pay bills through online billing or by mailing in checks.



## Eliminating Credit Card Debt

Eliminating debt and learning to use credit wisely is essential to building a secure financial future. Managing overextended credit, or carrying credit beyond your capacity to make payments, is one of the more difficult financial situations. Many people suffer under enormous credit card debt, finding that their minimum monthly payments have made little difference in reducing their balances. This section will help you learn to manage credit card debt, improve your credit score, and rebuild your credit history.

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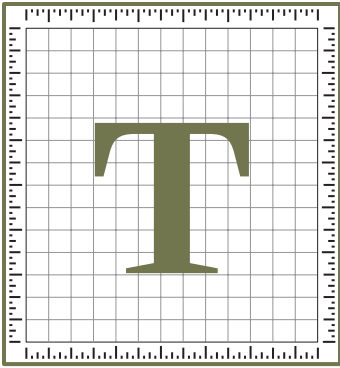
**1. Identify Overspending:** To manage credit card debt or rebuild your credit history, you must understand where your money goes and identify your personal spending habits. Effective budgeting is essential to managing or rebuilding your credit history. Take time to determine how much you spend, review your tracking worksheets, and determine where you are exceeding your budget.



**2. Create A Spending Plan:** After you’ve carefully tracked your expenses for a month, you are ready to create a spending plan. In making this plan, you will impose reasonable limits for your monthly expenses. You also will set limits on your spending within each budget category and resolve not to exceed them. At the end of the month, you will then have successfully met your expenses and have money left over to start paying down your credit account balances.

**3. Review Credit Report:** The content of your credit report must be reviewed before you can improve your credit score or history. Take extra time to analyze the contents of your report as it provides a record of your outstanding debts, credit card inquiries, credit history, and creditor contact information. Carefully study your personal contact information, social security number, and addresses. In addition, search for duplicate, outdated, or incorrect information. Should you find errors in your report, immediately contact the three major credit bureaus— Equifax, Experian, and TransUnion— and dispute all credit reporting errors.

Having collected information about your budget and credit history, you now are able to begin paying down high credit card balances, and/or contact your creditors to discuss alternative payment plans. Before you proceed, however, be sure to speak with a counselor at Trinity Debt Management. Trinity can help you review your credit card debts and discuss various options for repayment. They also can advise you on the best ways to negotiate with your creditors. Trinity can be reached toll free by calling at (800) 364-1086.



## Obtaining Your Credit Report

The Fair Credit Reporting Act (FCRA) requires each of the nationwide consumer credit reporting agencies—Equifax, Experian, TransUnion—to provide you with a free copy of your credit report, at your request, once every 12 months. Equifax, Experian, and TransUnion use one web site, one toll-free number, and one mailing address. This combined information resource lets you order a free annual report.

This report does not contain a credit score but provides a detailed summary of your credit history. To order your free annual credit report online, visit: [annualcreditreport.com](http://annualcreditreport.com) or call toll-free: (877) 322-8228.

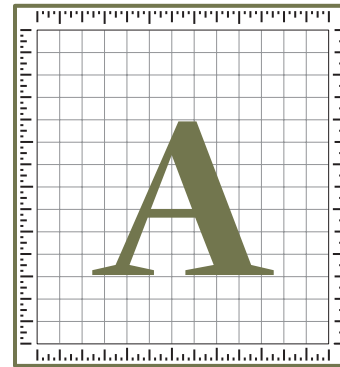
Several options are available to you when ordering your free credit report: you may wish to order your annual reports from each of the consumer reporting agencies at the same time, or you may prefer to stagger your order throughout the year, providing you with a periodic look at your credit status.

In obtaining your report, you will need to provide your name, address, Social Security number, and date of birth. If you have moved in the last two years, you will be required to give your previous address as well. In order to maintain the security of your credit file, each reporting agency will ask for information that only you would know. It's important to note that the content of your files will vary as each reporting agency pulls its data from different sources.

## Who Can View Your Credit Report

Federal law regulates who can view your credit report. Here's a list of those who also have access to your file:

- ✓ Creditors who make credit inquiries, including home, personal, or installment loans.
- ✓ Employers who evaluate you for hiring, promotions, or other employment purposes such as arrests, convictions, or court judgments.
- ✓ Government agencies who may be trying to collect child support or if you apply for public assistance.
- ✓ Landlords who are making leasing or rental decisions.
- ✓ Insurance companies who are looking for medical information or previously filed insurance claims.



## How Credit Scoring Works

At this point, fully understanding how credit scoring works is essential to managing debt effectively. First, credit scoring is a numerical indicator used to predict risk. Lenders rely on credit scores to determine, based on a range of numbers, the borrower's potential for credit risk, default, or delinquency. Interest rates and credit terms and conditions are adjusted accordingly. There are rewards for higher scores and penalties for lower scores. Those with higher scores qualify for easier access to credit, lower interest rates, and more financial options.

### Where To Contact The Three Major Credit Bureaus

#### Equifax

P.O. Box 740241  
Atlanta, GA 30374  
(800) 685-1111  
[equifax.com](http://equifax.com)

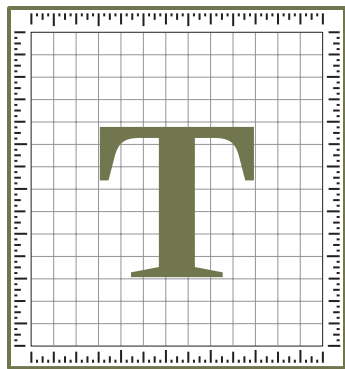
#### Experian

National Consumer Assistance Center  
P.O. Box 2002  
Allen, TX  
[experian.com](http://experian.com)

#### Trans Union

Consumer Disclosure Center  
P.O. Box 2000  
Chester, PA 19022  
(800) 888-4213  
[tuc.com](http://tuc.com)

Raising your credit score requires a great deal of work and cannot be accomplished without understanding how the results are calculated. Without question, you can raise—or lower—your score based on the decisions you make. For example, overextending your credit, obtaining personal loans, or accumulating debts will have a dramatic impact on your score. Remember, following a few simple steps and learning these scoring factors will improve your result.



## Factors For Credit Scoring

The most common scoring system, Fair, Isaac and Company (or FICO), is used

by nearly all creditors and credit bureaus. Most use either the FICO scoring system or have one based on the FICO model. Generally, we think of credit scoring as a single score. However, under FICO, there are three separate scores, or one score for each of the three credit bureaus. If you have pulled a recent report, you may have noticed some variation—either a lower or higher score—on each of the three credit reports. The reason scores vary is that each credit bureau uses slightly different models in calculating your score. Be sure you take the time to understand the difference.

Bureau Score Names	Ranges
Equifax Beacon.....	300-850
Experian/Fair Isaac Risk Model.....	330-830
TransUnion FICO Risk Score/Classic..	400-925

FICO Scoring Range 300-850 Points	
Factors For Scoring	Value
Baseline Points.....	300
Payment History.....	193
Outstanding Debt.....	165
Credit History.....	82
Credit Inquires.....	55
Types of Credit.....	55
<b>Total Points</b>	<b>= 850</b>

## Understanding FICO Score

In learning how scores are calculated, we will review the FICO Beacon score, as well as the factors that are used to calculate your credit score. It's important to note that the same factors are used in all three scoring models.

### Payment History 35%

✓ Includes a record of your history with various financial institutions: finance companies, retail cards, and credit cards, such as Discover or Visa, and installment loans.

✓ Public record and collection items—reports of events such as bankruptcies, foreclosures, suits, liens, wage attachments, and judgments.

✓ Details on late or missed payments (delinquencies) and public record and collection items such as collection accounts, charged-off accounts, or debt settlement.

✓ Number of accounts showing no late payments.

✓ Recent negative information will significantly lower your score; minimum of 2 years of positive history to establish credit worthiness.

### Outstanding Debts 30%

✓ The amount owed on all accounts; the total balance on your last statement is generally the amount that will show in your credit report.

✓ The amount owed on all accounts and on different types of accounts. FICO considers the amount you owe on specific types of accounts such as credit cards and installment loans.

✓ Whether you are showing a balance on certain types of accounts; balances should be under 30%.

✓ How many accounts have balances: a large number can indicate higher risk of overextension.

✓ How much of the total credit line is being used on credit card accounts: high balances (or cards close to “maxing out”) indicate an increased potential for risk and lower your score.

### ***Length of Credit History 15%***

How long credit accounts have been established; accounts that are older than seven years are favorable and raise your score.

✓ How long specific credit accounts have been established. New accounts temporarily lower your score. Accounts that are open for one year are positive.

✓ How long it has been since you used certain accounts. Regular credit activity is important.



### ***Inquiries 10%***

✓ Too many new accounts. Recently opened credit cards may have a negative impact on your score.

✓ Length of time since you opened a new account.

✓ How many recent requests for credit you have made, as indicated by inquiries to the credit bureaus. More than four within a three-month period may lower your score.

✓ Length of time since credit inquiries have been made by lenders.

### ***Types of Credit 10%***

✓ What types of credit accounts you have, such as credit cards, retail cards, installment loans, or finance company loans. It is not necessary to have one of each.

✓ How many of each; FICO looks at the total number of accounts. One to three revolving accounts are optimal, but no more than seven are recommended.

### **Commonly Asked Credit Scoring Questions**

#### ***Do my FICO scores alone determine whether I get credit?***

No. Most lenders use a number of facts to make credit decisions, including your FICO score, your income, employment history, and your credit history.

***How fast does my FICO score change?*** In a given three-month time, only one in four people has a 20-point change in their score. For this reason, you should check your score 6-12 months before applying for the loan.

#### ***How can mistakes get on my credit report?***

✓ You applied for credit under different names (Mary Jones, Mary Jones-Smith). Someone made a clerical error in reading or entering a name or address.

✓ You gave an inaccurate Social Security number or the number was misread by the lender.

✓ Loan information was applied to the wrong account.

#### ***Should I close old accounts to raise my score?***

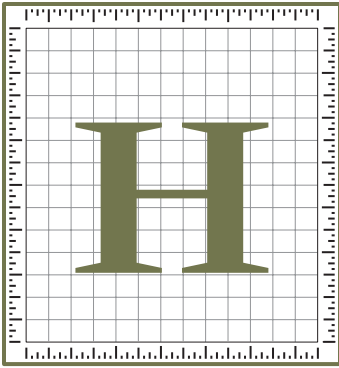
✓ No. Long established accounts show a longer history of managing credit.

#### ***What is a good FICO score?***

✓ Lenders make decisions based on their own criteria; however, a score in the range of 680 to 720 generally is considered to be "good."

# YOUR TARGET CREDIT SCORE

# 710



## Disputing Credit Report Errors

Having a credit bureau verify incorrect, outdated, or duplicate information, is a legal responsibility that credit bureaus must undertake. Be diligent about having items that are not accurate removed from your credit report. Errors that are left in your file can have a damaging affect on your credit score. By law, credit bureaus must do the following:

- Complete their investigation within 30 days of receiving your complaint.
- Contact the creditor reporting the incorrect information within 5 days of receiving your complaint.
- Review all relevant information supplied by you.
- Remove all inaccurate and unverified information.
- Adopt procedures to keep errors from reappearing.
- Provide you with results of their investigation, including a new credit report, within 5 days of completion.

If you receive a favorable decision from a credit bureau, take the following steps:

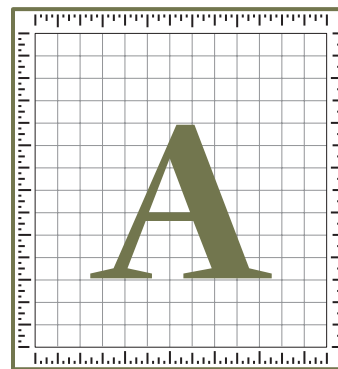
- Obtain another copy of your credit report to make sure that the bureau made the corrections.
- Contact other credit bureaus to determine if the error has been removed from their files as well.
- Send the results of the investigation to the other bureaus.
- Get a copy of your credit report 3 to 6 months later to make certain the credit bureau has not reinserted the information.

## Disputing Identity Theft Errors

In some cases, you may need to dispute identity theft errors on your credit report. If you have been victim of identity theft, you should immediately take the following steps:

1. Contact the fraud department of each of the three major credit bureaus and tell them that you are an identity theft victim. Request that a “fraud alert” be placed in your file along with a statement asking that creditors call you before opening any new accounts or changing your existing accounts.
2. Contact your creditors to find out about any accounts that have been opened fraudulently, including credit card, phone, and utility companies. Close any accounts that have been fraudulently opened and open new accounts using new PIN numbers.
3. File a report with the police in the community where the identity theft occurred. Be sure to outline specific details and send a copy of the report to your creditors.

**Fair Isaac Contact Information:**  
Corporate Headquarters  
901 Marquette Ave, Suite 3200  
Minneapolis, MN 55402  
[fairisaac.com](http://fairisaac.com)  
[myfico.com](http://myfico.com)



## Using Credit Cards Wisely

As you begin rebuilding your credit or work toward improving your score, take time to review the disclosed terms and conditions of any new credit lines that you open. Details such as billing cycles, grace periods, late fees, and interest rates often are overlooked and the consequences are costly. Before you open any new credit card accounts, it's important that you gain a full understanding of the cards you plan to use, and consider the cost.



**1. Annual Percentage Rate:** Calculate the yearly rate of interest for a particular credit card; the higher the percentage, the more interest paid.

**2. Grace Period:** A grace period lets you avoid finance charges by paying your balance in full before the due date. Knowing whether a card gives a grace period is important if you plan to pay the balance every month. Without a free period, the lender may charge from the date you use the card or from the date each transaction was posted to your account.

**3. Annual Fees:** Most lenders charge annual membership or participation fees, such as fees for “Gold” or “Platinum” cards. Search for cards that offer low annual fees or no annual fees at all.

**4. Late and Over-Limit Fees:** A late fee penalizes you for missing a payment. The cost of being tardy with your payments often ranges from \$35-\$39. An over-limit fee penalizes you for charging beyond your credit card balance. Fees are typically around \$35. Late and over-limit fees can be very costly, as they will continue until you become current in your billing status.

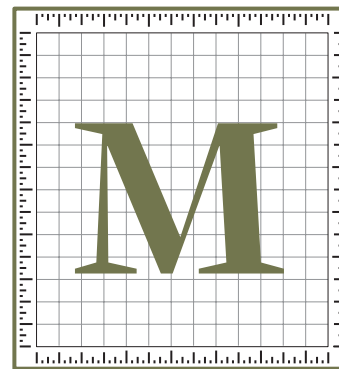
**5. Minimum Monthly Payment:** Minimum monthly payments are calculated as a percentage of your total balance, usually between 2-4% of the total balance. Paying only the required minimum monthly payment is costly and will not significantly reduce a credit card debt.

Increasing minimum monthly payments will reduce your total balance. Small amounts make a difference:

a. A \$2000 VISA balance, with an interest rate of 18%, would take nearly 30 years to pay-off when making a 2% minimum monthly payment. Interest accrual: \$5,000.

b. By making a 4% minimum payment, you would be paid in full in about 10 years. Interest accrual: \$1,100.

**6. Special Interest Rate Offers:** Carefully read any special offers such as “0% Interest” offers or “No interest for 6 Months” offers. These offers carry terms and conditions that you must meet to avoid paying interest; you are penalized with high interest rates for not meeting the specific credit terms.

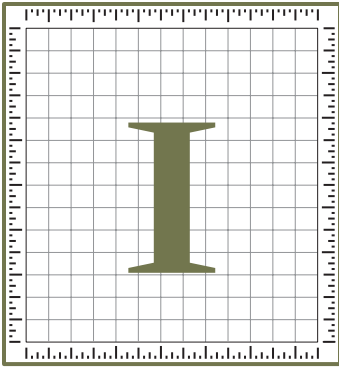


## Understanding Pre-Approved Credit Offers

any companies that solicit new credit card accounts use pre-screening to identify potential customers. These are also referred to as “pre-approved credit” offers, and are based on information in your credit report. This payment history indicates that you meet certain criteria, set by the lender, offering you a new line of credit. For example, a pre-approved offer means you qualify for credit meeting a minimum credit score (even low scores can qualify). Be careful opening new pre-approved credit lines. If you are overextended or rebuilding credit—avoid creating new debts.

### Avoiding Pre-approved Solicitations

- You have the ability to stop pre-approved credit card solicitations; you can opt out for 5 years or permanently. Contact (888) 667-8688 or visit [optoutprescreen.com](http://optoutprescreen.com).
- The federal government created the Do Not Call Registry to stop pre-approved telemarketing calls: Contact (888) 382-1222 or visit [donotcall.gov](http://donotcall.gov).
- To eliminate direct mail pre-approved applications, register online with the Direct Marketing Association: [the-dma.org/consumers/offmailinglist.html](http://the-dma.org/consumers/offmailinglist.html).



## Guarding Against Identity Theft

Identity theft occurs when someone uses your personal information fraudulently. They may use your name or Social Security number to apply for credit or service, or your personal finance information such as your bank account PIN or credit card numbers for purchases.

According to the Fair Trade Commission, people generally do not become aware of identity theft until about 14 months after the crime has occurred. Meanwhile, debts are accruing in your name and damaging your credit history. In the aftermath, you could be facing a number of problems, not the least of which would be a loss of your time and money to set the record straight.

Skilled identity thieves use a variety of underhanded methods to gain access to your personal information. It's important to know what you're up against:

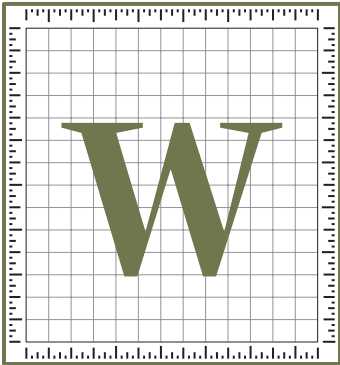
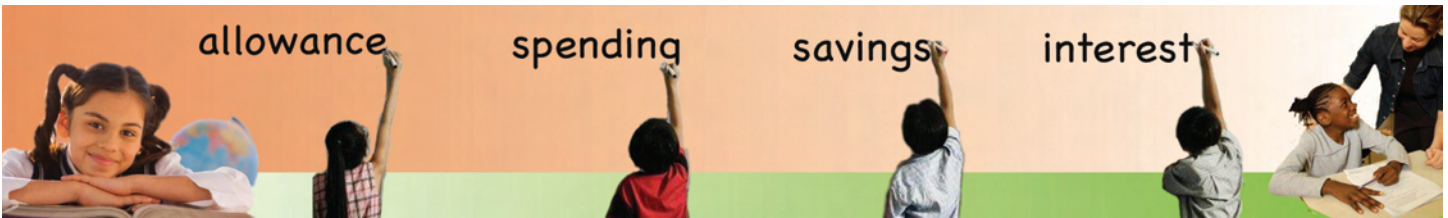
- ✗ Search through your trash for pertinent financial information such as credit card, savings, and checking account numbers.
- ✗ Steal credit or debit card numbers by capturing information in a data storage device that saves your credit card numbers or PIN.
- ✗ Go through your mail searching for bank and credit card statements, new checks, or tax information.
- ✗ Steal your wallet or your purse searching for credit cards, or your Social Security card.
- ✗ Complete a "Change of Address" form to divert your mail to another location.
- ✗ Hack into your computer system to steal your personal information.

## Seven Preventative Measures

Here are seven ways to manage your personal information wisely and minimize the risks of identity theft:

1. Before you reveal any personal information such as your Social Security number or PIN, find out whether it will be shared with other institutions or organizations.
2. Pay attention to billing cycles; contact the creditor if a bill does not arrive on time.
3. Guard your mail by depositing outgoing mail in a post office collection box or at your local post office. Remove mail from your mailbox as soon as it has been delivered. If you are planning to be away from home, call the US Postal Service (800) 275-8777 to ask for a vacation hold.
4. Do not give out personal information over the telephone, through the mail, or over the Internet unless you know them to be secure. Look for Internet secure sites with security postings such as VeriSign®.
5. Protect any personal information in your home. Shred documents such as charge receipts, copies of credit offers and applications, insurance forms, discarded bank checks, or credit card statements.
6. Never carry your Social Security card; leave it in a secure place at home. Do not give out your number unless you are convinced it is absolutely necessary.
7. Order your credit report from each of the three bureaus every year to make certain it includes only activities you have authorized.





## Teaching Kids About Money

Working with your children, teaching them the importance of savings and credit,

and encouraging them to practice good money management habits is among the valuable lessons you can provide as a parent. Early on, we must start teaching our children about the importance of using money wisely. We can teach them how to avoid making mistakes such as overspending or misusing credit, and help them become wise consumers and financially secure.



### Elementary School

- ✓ Teach them to save money by having them contribute towards purchasing an item.
- ✓ Encourage them to earn money such as having a paper route, doing odd-jobs for relatives or family, or working summer jobs.
- ✓ When you are grocery shopping, have them think about comparing the costs of items.

- ✓ Read or talk with them about money-topics such as credit or savings.

### Middle-School

- ✓ To encourage banking, open custodial accounts, then have them make deposits and balance their checkbooks.
- ✓ Teach them about the misuse of credit cards by having them understand about interest rates and fees.
- ✓ Encourage them to earn money through after-school summer jobs.
- ✓ Talk with them about investment concepts such as saving for a car or college.

### High School

- ✓ Encourage them to participate in a Financial Education Course through a nonprofit organization or bank to learn personal finance concepts such as budgeting and credit.
- ✓ Describe how credit card debts, opened while in college, may limit financial options after college.
- ✓ Have them complete a personal finance budget, identify future financial goals, and determine how they will manage their monthly living expenses.

### Getting A Head \$tart:

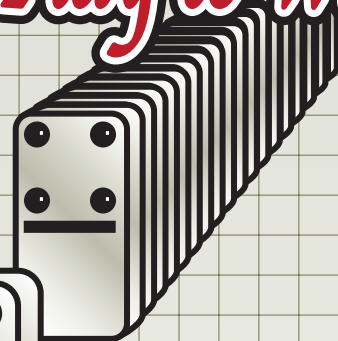
To help children learn about money management, Trinity works with local schools and community organizations to promote youth financial education. This program teaches basic financial concepts, such as budgeting, saving, and the proper use of credit. The course introduces children to wise consumer habits and the importance of financial planning. Request a copy of *Getting A Head \$tart* by calling (800) 364-1086, or download a copy at [trinitycredit.org](http://trinitycredit.org).



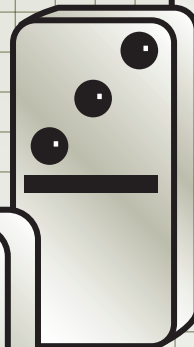


# Play Debt Dominos and Play to Win!

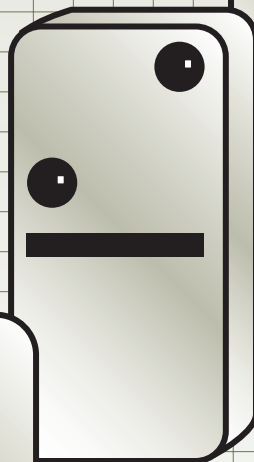
The object of the game is to apply most of your available dollars to the smallest debt, pay it off, and then re-apply those same dollars to the next smallest debt, and so on, building up your payoff amount for each consecutive debt as you go, knocking down all of your remaining debt.



Write down all of your obligations, listing your debts from lowest to highest, or first to last. Be sure to include all of your outstanding debts.



Then, take as much of your monthly budget as you can and put it toward debt elimination, with most of your money going to the "first" or smallest debt. The more you pay, the better.

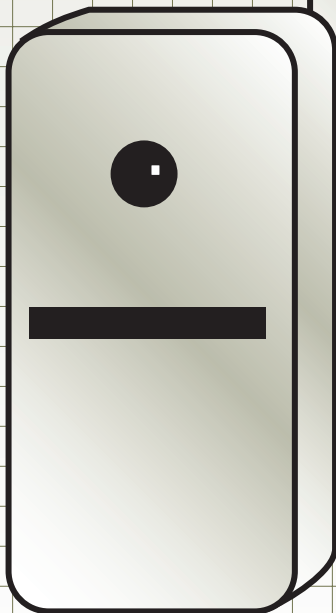


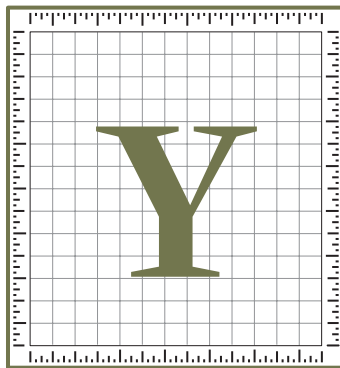
Meanwhile, make only minimum payments on the "rest" of your debts.

Pay as much as you can on the first debt until you knock it down.

Then, take the money you were paying on the first debt and put it toward the "next."

One by one, you'll knock them all down to become a "winner" in Debt Dominos!





## Following The Plan

ou now have reached the point where you take everything you have learned in this booklet and put it to use. While the path that awaits you will have many challenging turns along the way, never forget that your final destination is success and that your plan is to build a better life for you and your family. Should you need support or guidance at any point in your journey, be assured that the experts at Trinity will be waiting with a helping hand. So call us if you need us. In the meantime, we wish you Godspeed in your quest.

**Family Income Percentage Guide**  
(Family of Four)

<b>Gross Income:</b>	<b>\$15,000</b>	<b>\$25,000</b>	<b>\$40,000</b>	<b>\$50,000</b>	<b>\$60,000</b>
1. Tithe	10%	10%	10%	10%	10%
2. Taxes	8%	17.5%	18%	19%	21%
<b>Net Spendable:</b>	<b>\$12,300</b>	<b>\$18,125</b>	<b>\$28,800</b>	<b>\$35,500</b>	<b>\$41,400</b>
3. Housing	35%	38%	30%	27%	25%
4. Food	15%	12%	12%	12%	10%
5. Auto	15%	15%	12%	12%	12%
6. Insurance	5%	5%	5%	5%	5%
7. Debts	5%	5%	5%	5%	5%
8. Entertainment Recreation	5%	5%	7%	7%	7%
9. Clothing	5%	5%	5%	6%	6%
10. Savings	5%	5%	5%	5%	5%
11. Medical/Dental	5%	5%	4%	4%	4%
12. Miscellaneous	5%	5%	7%	8%	8%
13. School/Child Care*	10%	8%	6%	5%	5%

\*Included as a guide only. Percentage shown must be deducted from other budget categories.

## Monthly Expense Work Sheet

Category		Total
<b>Housing:</b> Mortgage, Rent		
<b>Utilities:</b> Phone, Electric, Water		
<b>Auto:</b> Payments, Gasoline, Repairs		
<b>Child Care:</b> Day Care, Education		
<b>Healthcare:</b> Medical, Dental		
<b>Insurance:</b> Auto, Home, Life		
<b>Food:</b> Groceries, Restaurants		
<b>Clothing:</b> Apparel, Dry Cleaning		
<b>Personal Care:</b> Beauty, Barber		
<b>Entertainment:</b> Recreation		
<b>Credit Cards:</b> Visa, MasterCard, Discover		
<b>Cash Expenditures:</b> Smaller Purchases, Tips, etc.		
<b>Miscellaneous:</b>		

## Income Versus Expenses Summary

Income:	Actual	Desired
Take -Home-Pay		
<b>Total Income:</b>		
<b>Expenses:</b>		
Housing		
Utilities		
Automobile		
Child Care		
Health Care		
Insurance		
Food		
Clothing		
Personal Care		
Entertainment		
Credit Cards		
Cash Expenditures		
<b>Total Expenses:</b>		
<b>Difference (INCOME VS. EXPENSES):</b>		

### Additional Financial Education References

- Available through the Trinity web site, you'll find numerous links to financial education. Visit [trinitycredit.org](http://trinitycredit.org).
- [bankrate.com](http://bankrate.com) offers financial education materials such as personal budgeting calculators and detailed information about various credit cards.
- [creditcards.com](http://creditcards.com) provides information on various credit card offers, terms, and conditions.
- The Federal Trade Commission offers free educational materials such as credit, home ownership, identity theft, and consumer rights. Visit [FTC.gov](http://FTC.gov).

## A Letter From Our President...

Dear Reader:

Nothing about money management has been the same since Trinity was founded in 1992. Our idea was simple: To help people properly manage their money by counseling them on subjects like income and expense tracking, and budget planning.

For those with long-term, unmanageable debt, we developed a program that helps them meet their obligations, while eliminating penalties and collections calls. We also consolidated their bills, dramatically reduced their interest rates, and over time, improved their credit scores.

Since then, we've helped countless people across this great nation get out of debt, while paying thousands less than they originally owed. And thanks to the skills they've learned from Trinity, many will remain debt-free for keeps.

Today, we still provide these same valuable services. But not everyone can find the time to ask for our help. One thing we kept hearing from our clients was that they wanted an easy way to share the knowledge they had gained from Trinity with their family and friends.

That's why we came up with "The Do It Yourself Guide." It's a plan to help you secure a successful financial future through effective money management. Granted, this booklet doesn't qualify as a spellbinding thriller. Real excitement is to be found in your prospects for the future. If you read, understand, and practice the proven methods outlined in this guide, you will become a successful money manager.

So read on and be reassured. After all, the plan for building a better life is in your hands.

Sincerely,



Gary A. Vosick  
President  
Trinity Debt Management



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