

FINANCIAL POWER PACKET

Ideas & Suggestions For Building Wealth

Any profitable business or successful family estate starts with a good plan. Although all plans are unique, logic usually takes us to a “model” plan, guideline, or framework of what others have successfully done in the past.

This is very true when drafting a SPENDING PLAN for an individual or family. The model most used nationally breaks household expenses into “categories.” Next, surveys are conducted and massive amounts of research is conducted to determine what the average expenses are for households in each of the categories. The information below is for the Pittsburgh area.

SPENDING CATEGORIES:

Housing & Taxes	Rent or mortgage, heating fuel, gas, electric, water, sewage, garbage, phone, household cleaning supplies, furnishings, household equipment	30.5%
Transportation	buying and maintaining private vehicles, gas, public transportation, taxis, air, train, etc.	19%
Food	All eatables to include out of home meals & beverages. (Does not include cleaning or paper supplies, or non-edibles)	13%
Life insurance & IRA	or any retirement or survivor funding	11.2%
Entertainment & Leisure	All social and luxury expenses. Note: includes Alcoholic beverages, Tobacco, Pet expenses, and Cable TV (or paid TV viewing service)	5.7%
Apparel and services	All wearable items including shoes and accessories. Also includes dry cleaning, shoe repair, alterations.	4.4%
Health care	Out-of-pocket expenses for insurance premiums, medical services, drugs, and medical supplies.	6.3%
Miscellaneous	Unusual or unclassifiable expenses	2.0%
Education, minors (public schooling)	School supplies, pictures, trips, back packs	.5%
Personal care products & services	Hair, dental, and skin care products. Services such as hair cuts, manicures, massages	1%
Contributions	Donations to churches, charities, or causes	.9%
Savings	Any long or short term savings. [Education, to help replace vehicle or appliance, Vacations, Christmas, etc.]	3%
Emergency Fund &/or DEBT	A recommended fund for emergencies generally about 3 to 6 months income. This category is also used for debt reduction.	2.5%

SPENDING PLAN

Based on Pittsburgh area demographics. Beaver, Butler, Crawford, Venango, Lawrence, & Mercer counties have slightly lower Housing %, but higher Transportation %. These figures are based on the Department of Labor Consumer Expenditure Survey.

How to calculate percentages: *Example* - If you spend \$350 a month on housing and your take-home pay is \$1,000, you are spending 35% of your income on housing.
 $\$350 \text{ divided by } \$1,000 \times 100 = 35\%$

Category	Guide line	The Current %	Current Amount in \$'s	The Goal %	Goal Amount in \$'s
Housing [rent or mortgage, heating fuel, gas, electric, water, sewage, garbage, phone, household cleaning supplies, furnishings, equipment] + all Taxes	30.5 %				
Transportation [including gas if applicable & buying and maintaining private vehicles]	19 %				
Food [to include out of home meals & beverages] (Does not include cleaning or paper supplies, or non-edibles)	13 %				
Life insurance & IRA [or retirement fund]	11.2 %				
Entertainment & Leisure [Includes alcoholic beverages, Tobacco, Pet expenses & Cable TV]	5.7 %				
Apparel and services [Includes: shoes, accessories, dry cleaning, etc.]	4.4 %				
Health care [out of pocket for insurance premiums, medical services, drugs, and medical supplies]	6.3 %				
Miscellaneous expenses	2.0 %				
Education, minors [if public school: i.e. pictures, trips, supplies, back pack]	0.5 %				
Personal care products and services [hair care & skin products ++ hair cuts, manicures, massages]	1.0 %				
Contributions [church, charity]	0.9 %				
Savings - [FSA, Education, replace vehicle or appliance, Vacations, Christmas, etc.]	3.0 %				
Emergency Fund &/or DEBT (minimum of 3 months income)	2.5 %				
The TOTAL % must always equal 100%, not more.	100%				

All family members, including children & especially teens, should participate.

Example Amounts for a “Balanced” Budget

Monthly Income	Monthly 13% Food	Weekly 13% Food	Monthly 5.7% Entertainment	Weekly 5.7% Entertainment	Monthly 30.5% Housing	Weekly 30.5% Housing
\$900	\$117	\$29.25	\$51.30	\$12.83	\$274.5	\$68.62
\$1000	\$130	\$32.5	\$57	\$14.25	\$305	\$76.25
\$1100	\$143	\$35.75	\$62.70	\$15.70	\$335.50	\$83.88
\$1200	\$156	\$39	\$62.70	\$15.68	\$366	\$91.50
\$1300	\$169	\$42.25	\$74.10	\$18.53	\$395.50	\$99.13
\$1400	\$182	\$45.50	\$79.80	\$19.95	\$427	\$106.75
\$1500	\$195	\$48.75	\$85.5	\$21.34	\$457.5	\$114.38
\$1600	\$208	\$52	\$91.20	\$22.80	\$488	\$122
\$1700	\$221	\$55.25	\$96.90	\$24.23	\$518.5	\$129.63
\$1800	\$234	\$58.50	\$102.60	\$25.65	\$549	\$137.25
\$1900	\$247	\$61.75	\$108.30	\$27.01	\$579.50	\$144.88
\$2000	\$260	\$65	\$114	\$28.50	\$610	\$152.50
\$2100	\$273	\$68.25	\$119.70	\$29.91	\$640.50	\$160.13
\$2200	\$286	\$71.50	\$125.40	\$31.35	\$671	\$167.75
\$2300	\$299	\$74.75	\$131.10	\$32.78	\$701.50	\$175.38
\$2400	\$312	\$78	\$136.80	\$34.20	\$732	\$183
\$2500	\$325	\$81.25	\$142.50	\$35.63	\$762.50	\$190.63
\$2600	\$338	\$84.50	\$148.20	\$37.05	\$793	\$198.25
\$2700	\$351	\$87.75	\$153.90	\$38.47	\$823	\$205.87
\$2800	\$364	\$91	\$159.60	\$39.90	\$854	\$213.50
\$2900	\$377	\$94.25	\$165.30	\$41.33	\$884.50	\$221.13
\$3000	\$390	\$97.5	\$171	\$42.75	\$915	\$228.75
\$3100	\$403	\$100.75	\$176.70	\$44.18	\$945.5	\$236.38

Paving Roads to Wealth



- § Develop a spending plan with **pre-determined spending limits**
 - Use page 13, an old check-book register, or the envelope system to track expenses.
- § Your children need Financial Understanding - involve them in the Spending Plan.
 - ✓ Let the Plan answer “Yes” or “No” to kid’s spending requests. Keep it on the refrigerator with your expense tracking sheet
 - ✓ Help yourself & kids develop a desire for meaningful **experiences** rather than **THINGS**. Brainstorm alternatives to spending with your kids: i.e., game night, cookie making, crafts, library night (computers at all), local fairs and events, etc.
- § **Sleeping on your spending decision first - then - if necessary - spend**
- § Allow for fun money, but in a structured way; be creative with economical fun
- § **SHOPPING & FOOD are not Entertainment --- or a way to Nurture (de-stress) yourself!**
 - MAKE A LIST OF ALTERNATIVES and post it. (call an old friend, start a diary, deep condition your hair, start a new hobby, GO to the library, join a special interest group at church, go to a free how-to class at Home Depot or Lowes, run, walk, yoga, etc.)
- § Ask a friend to be a **Shopping Buddy**. Make a list and have them help you stick to it.

FOOD - “Food and Beverage” is consistently the most over-spent category for the American consumer. Soda machine and coffee purchases, alone, result in hundreds of dollars in annual expense.

- § **Use weekly store ads to ① design pre-planned menus ② stocking up on sale items.**
 - Driving to more than one store is frequently worth the gas cost.
 - Prepare a grocery list and stick to it. If it is not on the list, don’t buy it.
 - Bring a calculator to compare “cost per serving.” (older kids can be involved)
 - Supermarkets order in high volume, which lowers prices. Small stores, gas stations, and convenience stores like 7/11 typically price items higher.
 - Buy store brands: A recent Gallup poll found that almost nine out of 10 consumers rated Store Brand products equal to or better than the national brands. The key difference for consumers is the notable cost savings - about 25% for many products.
 - Clipping coupons “may,” or may not, save money; compare the price per serving against store brands.
 - Buy large or economy-size items. You can repackage or store under the bed if needed.
 - Purchase foods in bulk when they're on sale. **Freeze vegetables, fruits, meat, fish, and chicken.** In the long run, the savings are well worth it - **stock up when on sale.**
- § Prepare a double portion meal and freeze the other half; which saves you both time and money later.
- § If your food budget is small... **Are you buying junk food or nutritional foods?**
 - Nutritional foods help maintain health; LOWERING expenses on cold & flu medicines, doctor’s visits, time off from work or school. Low-cost foods that are high in protein include eggs, milk, chicken, and beans. Other inexpensive foods that are good sources of vital nutrients include rice, whole-grain bread, pasta, oatmeal, and fruits and vegetables (fresh, frozen)
 - home made lemonade instead of expensive pop/soda
 - frozen fruit in plastic containers instead of overcooked/ limited-nutrition pre-packaged fruit or dessert cups for snacks/lunches




Saving Money on Food (continued)

- 💰 Use a thermos instead of pre-packaged one-serving boxes. (i.e.: frozen condensed juice makes a quart of juice) Take your own coffee; while kids can take their own juice or milk.
- 💰 **Bottled water hype:** Companies DO NOT have to meet the strict bacterial count standards placed on tap (faucet) water or carbonated beverages. On average, **more** bacteria is found in BOTTLED WATER. Many studies, here's one: www.nrdc.org/water/drinking/bw/appa.asp
- 💰 Pack lunches unless the school's lunch plan is cheaper.
 - ✓ Make (with your kids if age appropriate) snacks and treats
- 💰 Avoid grocery shopping on an empty stomach. You'll buy more than you need.
- 💰 **ANGEL FOOD MINISTRIES** buys from suppliers at volume discounts. Pre-ordered boxes worth about \$65 of quality food are available for only \$30. No out-of-date or inferior products are used. Call 1-877-FOOD-MINISTRY for a location near you. <http://www.angelfoodministries.com>

Most Important..... **GIVE YOURSELF THE "5th" DEGREE** ... before spending

THE 5th DEGREE

1. Do I have to have it TODAY?
2. Do I NEED it?
3. What will happen if I don't buy it?
4. How have I managed this long without it?
5. What do I have to give up (take away - adjust) in my Budget if I buy this?

(cut and save where you will see) 

	<i>Spend OR Save</i>			
\$'s Over Spent Weekly	Monthly	Yearly	Same amount invested monthly at 4% interest in a: Savings bond, Mutual fund, or CD	
\$10	\$40	\$520	\$530.53	
\$20	\$80	\$1040	\$1060.06	
\$30	\$120	\$1560	\$1591.58	
\$40	\$160	\$2080	\$2122.11	
\$50	\$200	\$2600	\$2652.64	

EXPENSES TO EXAMINE

Auto Insurance: [Source: Sandra Block column, USA TODAY, 5/6/2008] ❶ Raise your deductible to at LEAST \$250. If you have a \$200 deductible on your policy, raising it to \$500 could reduce the cost of collision and comprehensive coverage by **up to 30%**. Raising your deductible to \$1,000 could lower your premium by 40% or more. **Make sure you have enough in your emergency fund cover the higher deductible amount.** ❷ Many insurers provide an "early shopping" discount of up to 12%. Insurers view someone who looks for a new policy ahead of time "as being a responsible consumer", as opposed to someone who's in trouble with their current company. But always make sure you've got your new coverage in place before you cancel your old policy. ❸ Shop around. The auto insurance industry is competitive, so get at least three quotes before you buy a policy. You can shop for quotes at websites such as www.insurance.com, www.insure.com or www.esurance.com, or by working with an independent insurance agent.

Phone(s): ❶ If you have both a home phone and a cell phone, review the costs and special features on both at least once a year. ❷ Wireless companies now charge from \$1.25 to \$1.50 for information; land line charges for 411 are now 50 cents. ❸ A home phone line with long distance is now as cheap as \$15 a month. ❹ The cheapest cell plan, Consumer Cellular, is now \$10 a month with no contract and the largest coverage in PA. www.ConsumerCellular.com ❺ Do your kids REALLY need a cell phone plan? Or will a pre-paid phone - or no cell at all - give you more to spend for goals or entertainment.

Cash Machine Fees - Does your bank charge you a fee for each withdraw you make from a cash machine that they don't own? Often, the bank that owns the cash machine will charge you as well. A little planning on withdrawals, and you can avoid fees.

Overdraft Fees - So you forgot to deposit that check and were overdrawn. Overdraft (OD) fees are the highest in history right now. The average OD fee at the nation's largest banks is now \$34.65. If the check is returned to the vender you wrote it to, another \$20 is often charged. Worse yet, 60% of the largest banks add a sustained overdraft fee if an overdraft is not repaid within a few days. These banks add \$6 to \$8 per day until the overdraft and fees are repaid. **Solution: check to see if your bank offers overdraft protection.** This is usually very cheap. It works like a credit card. If you are overdrawn, the bank puts money into your checking account and charges you interest on the money you borrowed from them. Sometimes the interest rate is high (18%), but paying 18% on \$500 is only about 25 cents a day! So you get overdrawn and pay the loan back in 5 days it only costs you \$1.25 rather than \$35 **or much more.**

Other Bank Fees - Check your statement. Do you pay a checking account fee each month? Fee for using a check card? Banks are really socking it to the customer these days. There are a lot of banks that have very few fees. Might be time to change banks or explore Credit Unions.

Home Energy Usage: (Note: Energy information and Assistance Program information is available at www.puc.state.pa.us (Consumer Information link is on the left)

- Caulk and weather strip leaky windows and doors. Caulk and seal air leaks where plumbing, ducting or electrical wiring go through exterior walls.
- Insulate your hot water heater & repair leaky faucets promptly.
- Clean or replace furnace or heat pump filters once a month or as needed.
- Clean your refrigerator condenser coils at least once a year.
- Use compact fluorescent light bulbs & TURN OFF LIGHTS AND "STUFF"
- Wash only full loads in your dishwasher and your clothes washer.
- Install a programmable thermostat. It automatically adjusts temperatures during different times of the day or week. A programmable thermostat can save you at least \$100 a year.

CREDIT CARD ISSUES

1. Never charge what you can't pay off at the end of the month. Credit Card interest rates are higher than any other revolving or regular loan type. **Note:** Studies show that when we pay for items with a credit card we tend to spend 20% more than if we pay cash.
2. **Credit Card Fees** - Companies give you a grace period (usually 20 to 25 days) on new charges before you owe interest. However, a grace period may only apply if you pay your balance in full. Check with your card company to find out whether a grace period applies only if your balance is paid in full. If so, do not place additional charges on the card until the balance is paid.
3. Know what interest rate you are paying if you don't pay the balance in full. Study your options to:
 - ❶ lower the rate (call and ask),
 - ❷ transfer balances to a card that has a cheaper rate + doesn't charge a fee for transfers,
 - ❸ Unless you are TRULY strapped, pay MORE THAN the minimum payment. See the "**True cost of paying the minimum calculator**" (free) at, www.bankrate.com/brm/calc/minpayment.asp
4. As quickly as possiblePay it off.
5. If you're good at paying monthly balances completely; consider getting a card that pays Rewards. www.cardoffers.com This site does not list ALL cards, but it does have most. An optional comparison site is: www.lowcards.com
6. Doctor, attorney, or other bills are USUALLY not reported to credit reporting agencies. Paying off your credit cards directly reflects on your CREDIT SCORE. The lower your score, the higher you pay on Auto, Insurance, Mortgage, Student, and Home Equity loans. Paying off Credit Card bills should be a top priority if you are planning to apply for a loan in the next 2 years.
7. To prevent all three credit bureaus from making your address available to credit card companies, you may opt out by calling 1-888-5-OPT-OUT (1-888-567-8688) or by visiting their website www.optoutprescreen.com



Calculating card interest

Average Daily Balance

An "Average Daily Balance" formula is usually used to calculate the interest you owe on your credit card. To calculate, add your daily balances for every (each) day in the billing period, then divide by the number of days in the period. (day 1 through day 25 added together, then divided by 25)

Example: Your daily balances for a billing cycle with 25 days totaled \$8,000
 $\$8000 \text{ divided by } 25 = 320$

The Average Daily Balance is \$320

The Periodic Interest Rate (PIR): If your card's annual interest rate is 22% (typed .22 in a calculator), the PIR for one billing cycle is 0.0183333.

► $0.22 \text{ divided by } 12 = 0.0183333$ "12" because there are 12 billing cycles in a year.

Your PIR for One Month = 0.0183333

Your PIR for One Day (w/ 360 days in year) = $[0.22 \text{ divided by } 360] = .0006111$

To determine how much interest you are paying per month & per day.

If your Average Daily Balance is \$320

► Monthly interest cost is = $\$320 \times .0183 = \5.86

► Daily interest cost is = $\$320 \times .0006111 = \0.20

► Note: This does not include late charges or fees; usually \$25 to \$35.



MEDICAL BILLS

1. NEVER put medical bills on your credit card. Negotiate a payment plan with the doctor's office, clinic, or hospital. Yes, most can, and will do it - if you persist.
2. NEVER accept a NEW credit card from your doctor, hospital, clinic to use for your medical expenses. (mostly, these are the same as **any** credit card - and also have interest rates)
3. If you need help with your medical bills, consult the experts:
Access Project – www.accessproject.org
National Consumer Law Coalition – www.consumerlaw.org
4. See article for more tips:
<http://www.betterbudgeting.com/articles/insurance/savemedicalbills.htm>



HEALTH CARE

COMMUNITY HEALTH CENTERS OFFER FREE OR LOW-COST CARE:

- ◆ Program for Health Care to Underserved Populations, Univ. of Pittsburgh, 412-692-4840
- ◆ Community Health Clinic, 422 Ninth St, New Kensington, 724-335-3334
- ◆ Meadville Area Free Clinic, P.O. Box 1363, Meadville, 814-337-7166
- ◆ St. Paul's Neighborhood Free Clinic, 608 Walnut St, Erie, 814-454-8755
- ◆ Wesley Health Center, 410 S. Pittsburg St, Connellsville, 724-626-2610
- ◆ Call PA Health at 1-877-724-3258 for additional locations and services.
- ◆ PA Healthy Woman Program: breast & cervical cancer screening & questions call 1-800-215-7494.
- ◆ American Cancer Society will refer you to free or cheap screenings (800) ACS-2345

INSURANCE FOR KIDS: PA's Children's Health Insurance Program (CHIP) 800-986-KIDS Pennsylvania is expanding its CHIP program! If you were previously denied coverage because your income was too high, they need to hear from you.

LOW COST INSURANCE FOR ADULTS: PA's Adult Basic Program - 1-800-GO BASIC

Eligible adults **are encouraged to apply** and get their name on the first-come-first-serve statewide waiting list. Your place on the waiting list will be determined by the date your completed application is received. While on the waiting list, you have the option to purchase the adultBasic coverage at the PA Insurance Department's cost, which averages about \$305.00 a month. The benefits you will receive are the same as those offered through the program. You choosing to purchase coverage does **not** affect your place on the waiting list. <http://www.pahealthcoverage.com/adultbasic.htm>

PRESCRIPTIONS: Partnership for Prescription Assistance 888-4PPA-NOW (888-477-2669)

The PPA combines pharmaceutical companies, doctors, other health care providers, patient and community groups to help qualifying patients receive free or nearly free prescriptions. The PPA offers a single point of access to more than 475 public and private patient assistance programs, including more than 150 programs offered by pharmaceutical companies: www.pparx.org Start by entering the state, and then enter the medication you use. It will result in a list of discounted suppliers &/or programs.

Additional sites for patient assistance programs are: NeedyMeds at www.needymeds.com, RxAssist at www.rxassist.org, and HelpingPatients.org at www.helpingpatients.org.

Ask your doctor for free samples of any drugs prescribed. Most physicians have closets full of them.

Sun Association Card - from Sun Health 1-(866) 662-1351 or www.esunhealth.net

This discount prescription card is free (\$20 after 1st year). The average savings are 10% to 35% and vary with each prescription. It is accepted by all major pharmacies except Rite Aid.

HEALTH FAIRS: Keep an eye out for health fairs sponsored by local employers or community organizations. Free and low-cost screenings for common ailments, from depression to high cholesterol, are a routine part of these festivals.

CREDIT REPORT

→ Order your FREE yearly credit reports (one from each of the three agencies)
ONLY at: www.annualcreditreport.com or by Phone: Call 1-877-322-8228
Please order a free **paper copy** be mailed to you. Easier to review.

→ **Improving Credit Scores:** The best seminar (or web seminar) available for FREE (that we know of) is presented by ING in its Archived Web Seminars. Note: you must register first, but it's worth it
Improving Credit Scores: by, Evan Hendricks Run Time: 46 min.
<http://home.ingdirect.com/about/about.asp?s=INGDIRECTCafe>

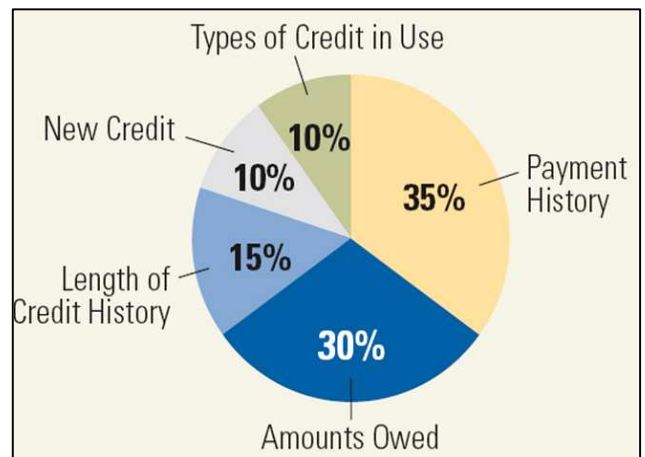


→ FICO score Estimator: www.bankrate.com/brm/fico/calc.asp
Please **DO NOT** buy your credit score. Even if you buy it through FICO at \$15.95, you will have to choose a score from only one of the three agencies. Use the money to pay debt.

FIVE PARTS TO YOUR FICO CREDIT SCORE

www.pueblo.gsa.gov/cic_text/money/creditscores/your.htm

Credit scores analyze the credit-related information on your credit report. The most commonly used is the FICO score, developed by Faar Issac. Improving your credit score improves the rate you pay for: auto loans, insurance, mortgage, home equity loans, and other loans.



1. Your payment history – 35% of FICO score
Have you paid your credit accounts on time? Late payments, bankruptcies, and other negative items can hurt your credit score. But a solid record of on-time payments helps your score.

2. How much you owe – 30% of FICO score
FICO scores look at the amounts you owe on all your accounts, the number of accounts with balances, and how much of your available credit you are using. The more you owe compared to your credit limit, the lower your score will be.

3. Length of your credit history – 15% of FICO score
A longer credit history will increase your score. However, you can get a high score with a short credit history if the rest of your credit report shows responsible credit management.

4. New credit – 10% of FICO score
If you have recently applied for or opened new credit accounts, your credit score will weigh this fact against the rest of your credit history. FICO scores distinguish between a search for a single loan and a search for many new credit lines, in part by the length of time over which inquiries occur. If you need a loan, do your rate shopping within a focused period of time, such as 30 days, to avoid lowering your FICO score.

5. Other factors – 10% of FICO score
Several minor factors also can influence your score. For example, having a mix of credit types on your credit report – credit cards, installment loans such as a mortgage or auto loan, and personal lines of credit – is normal for people with longer credit histories and can add slightly to their scores.

LOST OR STOLEN WALLET OR PURSE

- ✓ File a report with the police immediately and keep a copy.
 - ✓ Cancel your credit cards. Call the issuer(s) immediately. Many companies have 24-hour toll-free numbers to deal with such emergencies. The number is on your monthly statement.
 - ✓ Get new cards with new account numbers.
 - ✓ Call the fraud departments of the major credit reporting agencies, and ask each agency to put a "fraud alert" on your account:
 - 1) Equifax 1-800-525-6285 2) Experian 1-888-397-3742 3) TransUnion 1-800-680-7289
 - ✓ Report the loss to the fraud department of the bank where you have your checking and savings accounts. Ask about the next steps regarding your accounts, including your ATM or debit card.
 - ✓ Review your credit reports regularly and have them corrected when necessary.
 - ✓ Report a missing driver's license to your state department of motor vehicles.
 - ✓ Change your home and car locks, if your keys were taken.
- ◆ If your credit card is lost or stolen, federal law protects you from owing more than \$50 per credit card, **IF** you report the card was lost or stolen within two days of discovering the loss or theft.
 - ◆ If your ATM - Debit - or Checkbook are stolen.....You are liable for the thief's charges.

EARNED INCOME TAX CREDIT

www.irs.gov/individuals/article/0,,id=118888,00.html

Use the **EITC Assistant** interactive tool to find out if you are eligible for the credit, go to

www.IRS.gov/eitc

You may also access IRS Publication 596, Earned Income Credit.

To Claim: Submit Schedule EIC with Form 1040 or Form 1040A and file it with the IRS.

Tax Year 2008: Investment income must be \$2,950 or less for the year.

Earned income and adjusted gross income (AGI) must each be less than:

Single or Head of Household	Married filing Jointly
\$38,646 with two or more qualifying children;	\$41,646 with two or more qualifying children;
\$33,995 with one qualifying child;	\$36,995 with one qualifying child;
\$12,880 with no qualifying children.	\$15,880 with no qualifying children.

Maximum EIC: \$4,824 with two or more qualifying children;
 (free money) \$2,917 with one qualifying child;
 \$438 with no qualifying children.



IF you qualified for the EITC in past years but did not claim it, you can file an amended return up to 3 years after the due date for federal returns. Call the IRS at 800 - 829-1040

Boost your regular paycheck all year long! Eligible workers WITH CHILDREN qualify for the Advance EIC in their paycheck. Get form W-5 from your employer, or call 1-800-TAX-FORM.

Other tax credits you may be eligible for:

1. **Child and Dependent Care Credit** – If you paid someone to care for a child or a dependent so you could work, you may be able to reduce your income tax by claiming the credit for child and dependent care expenses on your tax return. See Publication 503.

2. **Child Tax Credit** – This credit is for people who have a qualifying child. It can be claimed in addition to the credit for child and dependent care expenses. See Publication 972, Child Tax Credit.
3. **Education Credits** – Education tax credits can help offset the costs of education. The Hope Credit and the Lifetime Learning Credit are education credits you can subtract in full from your federal income tax, not just deduct from your taxable income. See Publication 972, Tax Benefits for Education.
4. **PA Tax Forgiveness.** Include PA Schedule SP when filing return. 1-888-PA TAXES or www.revenue.state.pa.us (search term: “forgiveness”)

DON'T PAY TO HAVE YOUR TAXES DONE

The IRS Volunteer Income Tax Assistance program (VITA), created in 1969, offers free tax help to those **who earn less than \$40,000** (more for large families). Nearly 12,000 free tax preparation sites are open across the country this year. In addition, the Tax Counseling for the Elderly program offers free tax help to taxpayers who are age 60 and older.

To locate the nearest VITA site, call 1-800-829-1040. You may also call North Hills Community Outreach (NHCO) at 412-487-6316.

For more information on TCE call 1-800-829-1040. To locate the nearest AARP Tax-Aide site, call 1-888-227-7669 or visit AARP's Internet site, <http://www.aarp.org/money/taxaide>

CALL TO MAKE AN APPOINTMENT AS SOON AS POSSIBLE

Items you need to bring WITH YOU to have your tax returns prepared:

- ✓ Proof of identification
- ✓ Social Security Cards for you, your spouse and dependents and/or a Social Security Number verification letter issued by the Social Security Administration
- ✓ Birth dates for you, your spouse and dependents on the tax return
- ✓ Current year's tax package if you received one
- ✓ Wage and earning statement(s) Form W-2, W-2G, 1099-R, from all employers
- ✓ Interest and dividend statements from banks (Forms 1099)
- ✓ A copy of last year's Federal and State returns if available
- ✓ Bank Routing Numbers and Account Numbers for Direct Deposit
- ✓ Total paid for day care provider and the day care provider's tax identifying number (the provider's Social Security Number or the provider's business Employer Identification Number)
- ✓ To file taxes electronically on a married filing joint tax return, both spouses must be present to sign the required forms.



Federal Student Loan Amounts and Terms for 2008-09

Terms for federal student loans from July 1, 2008 through June 30, 2009. FFEL refers to the Family Federal Education Loan Program, where private lenders provide federal loans to students and parents. The federal government acts as the lender in the Direct Loan Program. Source: The Project on Student Debt www.projectonstudentdebt.org

Basic Eligibility Requirements		U.S. citizens or permanent residents, enrolled at least half time in a qualified program at a participating school, not in default on a prior student loan, and not convicted of a drug offense while receiving prior federal financial aid. Total aid, including student loans, cannot exceed school's total cost of attendance (tuition & fees, room & board, transportation, personal and miscellaneous expenses).
Stafford	Eligibility	No credit check. FAFSA required. Subsidized loans require financial need; unsubsidized loans are available regardless of need.
	Annual Loan Limits	Dependent students: \$5,500 as freshmen (including up to \$3,500 subsidized); \$6,500 as sophomores (including up to \$4,500 subsidized); \$7,500 as juniors and seniors (including up to \$5,500 subsidized).
		Independent students: \$9,500 as freshmen (including up to \$3,500 subsidized); \$10,500 as sophomores (including up to \$4,500 subsidized); \$12,500 as juniors and seniors (including up to \$5,500 subsidized).
		In addition, TEACH Grants of up to \$4,000 per year (up to a total of \$16,000) become unsubsidized Stafford loans if the borrower does not complete the teaching obligation.
		Graduate students: \$20,500 (including up to \$8,500 subsidized).
	Aggregate Loan Limits	Dependent students: \$31,000. Independent students (undergraduate): \$57,500. Graduate and professional students: \$138,500 (or \$224,000 for certain medical training) including undergraduate borrowing. TEACH Grants are not subject to these aggregate limits.
	Interest rate	6.8% on unsubsidized loans. On subsidized loans, no interest is charged during school and in some deferment periods; in repayment, the rate is 6.0% for undergraduate students and 6.8% for graduate students.
Fees	2% (see Discounts)	
PLUS	Eligibility	Available regardless of need to parents of dependent students (Parent PLUS) and to graduate and professional students (Grad PLUS). Credit check must show no delinquencies in the previous 90 days (some exceptions for extenuating circumstances) and no bankruptcy in the previous five years. FFEL lenders may apply stricter requirements but may not deny a loan based on the absence of a credit history. The credit requirement can be met by a cosigner. For Parent PLUS, the school decides whether to require the FAFSA or not.
	Loan Limit	Total cost of attendance minus other financial aid. No aggregate maximum.
	Interest rate	7.9% in the Direct Loan Program, sometimes matched by lenders in FFEL, where the maximum rate is 8.5%.
	Fees	4% (see Discounts)
Rate reduction for automatic electronic payments	0.25% interest rate reduction offered by the Direct Loan Program and by many FFEL lenders. (Note: a 0.25% interest rate reduction is equal in value to about a 1% fee at loan disbursement).	
Discounts	Some FFEL lenders/agencies offer discounts, such as covering a portion of the fee and/or offering a principal reduction or interest rate reduction tied to on-time payments. In the Direct Loan Program, fees are reduced by 1.5% at disbursement; the 1.5% is charged later if the borrower fails to make the first 12 payments on time.	
Income-Based Repayment	Available in both FFEL and Direct Loan programs starting July 2009. Income-Contingent Repayment is available now in the Direct Loan Program.	
Loan Forgiveness	New 10-year Public Service Loan Forgiveness program available only in the Direct Loan Program (includes Grad PLUS). Teacher loan forgiveness programs (Stafford only) available in both FFEL and Direct.	

Income

Employment Income - after taxes
Rental income
Alimony
Child Support
Emergency Savings
Regular Savings
Pension or IRA
Other Retirement
Tax - Federal Refund
Earned Income Credit Received
Tax - PA Tax Forgiveness refund received
Utility Assistance
Housing Assistance
Food Stamps
Other
Social Security
SSI or SSDI
TOTAL INCOME

How many Federal Tax withholdings do you have your employer take? _____

Private Mortgage Insurance (PMI) - Are you paying? _____ Equity in home _____

Loans: Student, Medical, Personal, & Credit Cards	Monthly Payment	Is this a min. payment? Yes or No	Interest Rate	Balance

What MAJOR purchases will you need to make in the next 2 or 3 years? _____

How do you plan for Christmas, birthday, or other presents? _____

How long have you had your Credit Cards? _____ When is the last time you paid a credit card late? _____

Have you ever declared bankruptcy or Chapter 11? _____ How long ago _____

Do you pay to have your taxes done? _____ How much? _____