



THE CONSUMER ADVOCATE

Winter 2008

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Thank you!

CitiCard, for your generous and unwavering support that helps significantly fund our operations and educational efforts throughout the year.

Chase, for your kind funding, which supports our day-to-day operations and educational mission to improve financial literacy in our neighboring communities.

Fed Rate Cut Confusion

In recent months you have probably heard quite a bit about "Fed rate cuts". If you are like most people, you may be wondering, "Who is the "Fed" anyway?" What exactly is a "rate cut"? And how does it affect me? Don't worry—you're not alone. Many people have the same questions.

The "Fed", also known as the Federal Reserve System, is the central bank of the United States. The central bank is essentially the nation's money manager. It supervises and regulates all banks throughout the country. One of the Fed's responsibilities is to lend money to individual banks.

Banks are required to keep a "reserve" or certain amount of money that they can't touch. To keep this reserve, banks borrow money from the Fed. Just as people are charged interest when they borrow money, the banks are charged interest also. If the Fed is charging a high interest rate to the banks, chances are they are not going to borrow more money than they need. This means less money for banks to loan out, which affects consumers. With less money, loans are harder to get and they have higher interest rates! As a result:

- Individuals will be less likely to borrow money – therefore are less likely to spend

- Businesses are less likely to borrow, which prevents the economy from growing
- When home loans are more expensive, less people are willing or able to buy houses



So what does it mean when they cut the interest rate? It is the governments hope that the banks will borrow more money, which means more money for people and businesses to improve the economy. Lower interest rates also mean that people will save more in the long run. How can the interest rate cuts help you?

Credit Cards:

If you have a variable interest rate, give your credit card company a call and ask for a lower interest rate. If you have a fixed rate you may want to shop around for a lower variable interest rate credit card. Take advantage of paying less interest and pay down as much of the balance as possible. Use this as an opportunity to clean up your credit and

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get out of debt. If you are enrolled in a debt management plan, you probably already have the lowest interest rate available from your creditor.

Mortgages:

As the price of homes is at a four year low and interest rates are dropping you may be able to find a great bargain!

Although the Fed doesn't determine mortgage rates, if you have an Adjustable Rate Mortgage you may be able to refinance for a better interest rate. Give HUD a call at 800-569-4287 to find out.

Car Loans:

Fed rate cuts can mean lower interest rates on car loans. Do some research and see what is available. If your credit is in good shape, you may want to look into refinancing.

Certificate of Deposits (CDs):

Unfortunately, when the Fed cuts interest rates, the interest rates on CDs also drop, meaning your deposit into a CD earns less money. If you are looking to open a CD account, you may want to check online for a higher rate. Online CD accounts don't have to cover the cost of overhead that bank branches do, so they may be able to provide higher interest rates, which puts more money into your account. Also be sure to check that the account is FDIC insured.

Understanding the vocabulary of finances can be pretty confusing. Hopefully you now have a better understanding of who the Fed is and what a rate cut means. The next time you hear about it in the news you will know not only how it affects you but how you can use this information to your advantage.

Post-Holiday Bills Piling up? Here Are Some Tips to Pay Them Down

There's something about the holiday season that makes it easy to over indulge. Whether it's eating one too many cookies or purchasing one too many presents—you may be feeling a bit weighed down. Did you get wrapped up in the spirit of giving and put your budget on the back burner? Maybe you

survived the holidays but got caught up in post holiday sales? The good news is that shedding those extra pounds of debt may be easier than you think.

First things first-- assess the damage. This may seem intimidating, but in order to get moving in the right direction you need to face the reality of how much you spent. Open those bills and get organized! It may be helpful to make a chart of your balances and track each payment so you can see the debt going down.

Next, remove the credit cards from your wallet. Put them in a place you can't easily access so you won't be tempted to use them. When the holidays have passed and the cold winter months are lingering you may be feeling a bit under the weather. Be aware studies have shown that people who shop when they are sad use poor judgment and buy more than those who are feeling happy. Post holiday sales may be tempting if you are feeling those winter blues but find something else to do with your time! Digging a deeper hole will only make it harder to climb out.

This year, do your spring cleaning early. Get together anything you haven't used within the past



Celebrity \$ense

"We don't have a trillion-dollar debt because we haven't taxed enough; we have a trillion-dollar debt because we spend too much."

-Ronald Reagan

year and sell it; have a garage sale, put an ad in the newspaper, or sell items on the internet using website like www.Craigslist.com or www.eBay.com. De-cluttering your home can make you feel more organized and even help you avoid shopping! Every little bit counts towards paying down those balances.

If you haven't already established a budget, now is a good time to do so. Sit down with your bills and record all of your monthly expenses; mortgage/rent, utility bills, groceries, gas, car payments etc. Don't leave anything out! Once you have finished, take a look at what you are spending. Are there any areas that can be reduced? Temporary cut backs can help you pay down those balances sooner. If you want to speed up the process and get rid of that debt sooner, consider getting a part time job.

After going over your budget, determine how much you can put towards paying off the debt each

month. Take a look at your interest rates and pay down the card with the highest interest rate first. Make sure that you are paying above the minimum on all other credit cards. Generally, paying the minimum only covers the interest you are charged. There is virtually no money going towards paying down the actual balance, which will not help you get out of debt.

If you are feeling overwhelmed or need some positive encouragement, don't hesitate to call one of our certified credit counselors toll-free at 1.888.354.6332. Our counselors can help you get organized, fine tune a budget and plan ahead so you don't get caught in the same situation next year!

Tax Rebate in May

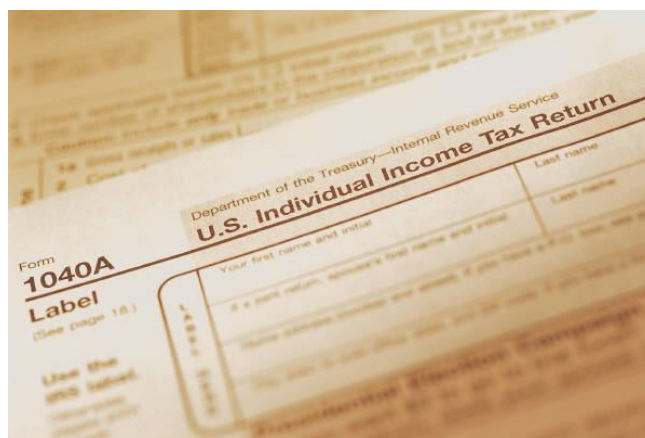
There has been quite a buzz in the news about President Bush pushing for a quick tax rebate to boost the economy. Fortunately for us, the bill has passed and those who qualify will start to see their rebate checks arriving as early as May. If you haven't filed your taxes yet, make sure you do so by April 15th or you may have to wait until December to receive your rebate check.

If you're wondering whether or not you qualify, then take a moment to review your tax forms. You will want to look at your Adjusted Gross Income (AGI). Be mindful that your AGI is not the same as your net income (income after taxes) or your gross income (income before taxes). Your AGI is the amount of money you earn annually that the government considers taxable.

If you're an individual who earned an AGI of less than \$75,000 in 2007, then you can expect a rebate of up to \$600. Couples filing jointly with a combined AGI of \$150,000 or less can expect a rebate of up to \$1200, plus \$300 for each child listed as a dependent on your tax forms.

If your AGI happens to be greater than \$75,000 per individual or \$150,000 per couple, then you may still receive a rebate, but it will be reduced based on how much more you make. Contributions to 401(k) and IRA retirement accounts will not count against you.

For more information, talk to a tax professional or call the IRS toll-free at 1-800-829-1040.



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Spotlight on the Community

Autumn '07 was a busy season for DCC's Education Department! DCC partnered with MOMMAS House, an organization on Long Island that provides housing and education to teen mothers. In order to assist the teen mothers and their children, DCC conducted seminars for houses in Jericho and Glen Cove and provided individual counseling in Hempstead. Queens Hospital Center and Elmhurst Hospital Center also continued to receive individual counseling for their Employee Assistance Programs. Over 20 college 101 financial seminars were conducted at C.W. Post Campus of Long Island University. Also, the Suffolk County Coalition Against Domestic Violence and the Displaced Homemakers Program at the Economic Opportunity Commission of Nassau County continued to benefit from our "Living Debt Free" seminar. Finally, we would like to welcome the YMCA Family Services of Centereach, Long Island as a new partner. In October, we attended the YMCA counselor staff meeting to explain how we can help the families they serve.

What's New at DCC

If you reside in the Long Island, New York area, please visit us for our monthly in-house seminars to take advantage of our *Educational Incentive Program*. If you attend a monthly seminar and are enrolled in our DMP, your monthly maintenance fee will be directed to a creditor of your choice in the following month to help pay down your debt faster. Mark your calendar for our upcoming seminars!

March 25, 2008 at 12:30pm - Parent's Guide: Raising Financially Responsible Teens

April 22, 2008 at 6:30pm - Life After Graduation

May 27, 2008 at 6:30pm - Identity Theft

Seating is limited, so reserve your seat today!

Contact Ms. Backes at 1.888.354.6332, ext. 316.



The mission of Debt Counseling Corp. is to educate the general public about debt management options such as budgeting, refinancing, and a debt management program; to provide consumers consistent, superior, individualized service; to provide each consumer with the tools they need to develop and modify a budget which will allow them to maintain a dignified lifestyle.

Debt Counseling Corp. is also committed to assisting the creditors with collecting consumer debt by helping avoid bankruptcy whenever possible and eliminating their financial burden.