

www.consumer-action.org

Key Basic Steps to Help Improve Personal Finances

You can take these steps in whatever order fits your situation.

1. Open a checking and savings account at a bank or credit union. If you've had problems with accounts in the past, order your free annual ChexSystems report by calling 800-513-7125 or going to www.consumerdebit.com. Make sure there are no errors in your report. If you need help finding a bank that will consider opening an account even if you have negative information on ChexSystems, check with a counseling agency certified by the National Foundation For Credit Counseling (NFCC). Find one near you by calling 800-388-2227 or going to www.nfcc.org. Some banks will let you open a new account after you take an NFCC member agency's class on how to manage a bank account.

2. Order your free annual credit reports by calling 877-322-8228 or going to www.annualcreditreport.com. Correct any mistakes or outdated information that you find in your credit reports by following the steps outlined for "disputes."

3. Set up a budget after reviewing monthly expenses and income. Set up a spending plan or budget so that you are living within your means and saving money too. Try to save 10% to 20% of your income. Don't spend more than 25% to 28% of your income on housing. Try to keep other debt payments at or below 8% of your income.

4. Build up an emergency fund. Over time, try to build a cushion of at least 6 months of living expenses in your emergency fund.

5. Pay down debt. If you need help negotiating with creditors, find a counseling agency certified by the National Foundation For Credit Counseling (NFCC). Find one near you by calling 800-388-2227 or going to www.nfcc.org. To obtain legal help with your debt, find a non-profit legal aid agency through the Legal Services Corporation by going to www.lsc.gov or calling 202-295-1500. (Generally, you'll need to meet low-income requirements for free legal services.) You can also call your local county bar association or state bar association to ask for referrals to private attorneys or low cost legal services. The National Association of Consumer Advocates is another good source for finding consumer lawyers in your area. Reach them at www.naca.net or 202-452-1989.

6. Get a secured credit card to help build or repair your credit history. Secured cards are backed by money you deposit and keep in a bank account. If you don't pay your credit card bill, the money in the account can be used to cover the debt. To find a card, ask local banks what they have available and compare it to the secured card listings you'll find on bankrate.com. Annual fees of \$20 to \$40 for a secured card would be considered reasonable. Avoid cards that charge more or charge application or processing fees.

7. For help reaching your savings goals, consider enrolling in America Saves at www.americasaves.org. It offers free membership and financial planning advice to those who pledge to save a set amount each month. America Saves is a campaign of the Consumer Federation of America, which can be reached at 202-387-6121.

8. If you're looking for a new job or want to find job training programs, find a local workforce services agency by calling the Employment and Training Administration of the US Department of Labor at 877-872-5627 or going to www.servicelocator.org.

For more information, advice or referrals contact Consumer Action's hotline at 415-777-9635 or www.consumer-action.org/hotline/complaint_form. Chinese, English and Spanish spoken.