

Welcome to the Freedom Debt Relief monthly newsletter! As part of our ongoing goal to enhance our services, we will be sending you a monthly newsletter filled with interesting articles and helpful financial tips and advice. We hope you enjoy this issue, and that you find the enclosed information helpful as you continue on the road to financial freedom.



Do You Have a Spending Personality?

Many people have a primary spending personality that may affect how they use money. J. Grady Cash wrote a book entitled *Seven Deadly Money Mistakes* in which he identifies seven spending personalities. In this newsletter edition, we will feature three of the most common personalities including impulse buying, fanatical shopping, and passive buying. Stay tuned next month when we will discuss more spending personalities.

Keep in mind that we understand that consumers acquire debt for various reasons. We realize that many times family or medical emergencies can create financial circumstances beyond your control. This article is simply intended to provide some insight on how you may relate to money and question certain spending habits.

Impulse Buyer

Scenario: Ellie goes to the grocery store to buy a loaf of bread and a gallon of milk. She leaves the store with bags full of food. Her next stop is the discount department store and she plans on purchasing a toy for her niece's birthday. When she is in the store, she starts browsing through the aisles and puts some items in the cart that she thinks are great deals and absolute necessities. As she is leaving the store, her jaw drops when she looks at her receipt and realizes that she spent nearly \$100 on purchases that she did not plan on buying.

Solutions: Ellie should have considered sticking to her list at both stores. Large grocery orders are usually better planned ahead of time instead of buying a lot of food randomly. She should not have

bothered to browse at the department store, which can easily lead to impulse spending. If she saw something that she may want to buy, Ellie should have walked away and thought about the purchase for 24 hours.

Like any spending personality, impulse buying exists in people to varying degrees. In severe situations, impulse buying can become a habit and a clinical addiction. Impulse buyers enjoy the instant gratification and the emotional rush from buying. For most people, impulse buying is a personality that exerts itself more frequently with smaller purchases rather than larger purchases.

Fanatical Shopper

Scenario: Doug prides himself on being able to find the lowest price in town. Every week, he studies all of the advertisements in the Sunday paper and makes lists of the items he is going to purchase at every store. He also cuts out all of the coupons and spends many hours organizing them. His Sunday routine would include traveling to Store #1 because they have toothpaste and juice on sale. The same store also has shampoo on special. But, he plans to go to Store #2 even though he has to drive 7 miles out of his way because it is 20 cents cheaper when he uses a coupon.

Solutions: This short scenario indicates that Doug is certainly concerned about his finances because he does put forth

effort to find good deals. However, he may need to consider the time and resources in an attempt to save just a small amount of money. With gas prices at record highs, driving around town to find the lowest price may not always be the best solution.

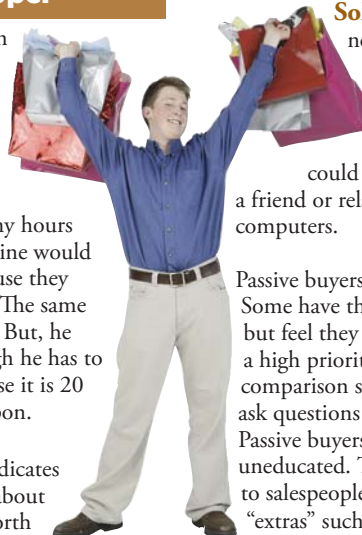
Fanatical shoppers have a compelling desire to control money, perhaps an insecurity that they will not have money in the future. Therefore, they see every purchase as a win or lose proposition. If they do not get the lowest possible price, they feel defeated. The ironic thing about fanatical shopping is that quality, time, and money are often ignored during the quest for the best deal.

Passive Buyer

Scenario: Linda does not like to shop, especially for major purchases. She needs a new laptop for her small business and has limited knowledge of technology. She goes to an electronics store and a persuasive sales associate convinces her that she needs a state-of-the-art computer even though she knows she only needs it for simple tasks such as e-mail and word processing. As a result, she will spend \$4,000 for her new laptop.

Solutions: Although Linda does not know much about computers, she could have researched prices online or looked at advertisements to find average costs for a basic laptop. She could have also gone to the store with a friend or relative that was more familiar with computers.

Passive buyers can be a salesperson's dream. Some have the potential to be good shoppers, but feel they don't have time or do not place a high priority on saving money. They do not comparison shop and are too embarrassed to ask questions even if they do not understand. Passive buyers do not want to appear uneducated. This can leave them vulnerable to salespeople talking them into expensive "extras" such as extended warranties.



Beyond Your Personality

For years, society never recognized compulsive spending as a psychological addiction. In fact, some individuals would make jokes about this problem. Many retail stores still sell novelty items such as mugs and t-shirts that read, "Born To Shop," and "When the going gets tough, the tough go shopping."

At this time, most psychological professionals do acknowledge compulsive spending as a disorder. As with

other addictions, compulsive debtors use shopping as a way to escape from emotional problems and stress in their life. Similar to Alcoholics Anonymous (AA), a 12-step program called Debtors Anonymous (DA) exists for individuals who are trying to overcome compulsive spending. If you think you may have a compulsive spending problem, consult a licensed therapist or visit www.debtorsanonymous.org for more information on the organization and meetings in your area.





freedom
DEBT RELIEF
Client Reminders

Visit us on the web! Did you know that you can view your account information online? We have recently enhanced our web site for our clients. Go to www.freedomdebtrelief.com and click on the tab "Current Clients." Then, near the bottom of the page under the heading "Existing Client Login for Account Information" click on the button, "Click Here." Enter your e-mail address, and then follow the instructions to create a password and validate your information. You will now be able to view this information online!

Tax Debt? If you owe money to the IRS and would like information on how to reduce your tax debts, please contact our sister company, Freedom Tax Relief at 1-800-455-6TAX. Our tax attorneys and tax specialists are eager to immediately start helping you resolve your tax troubles. In addition, existing FDR clients are eligible for a \$100 referral bonus if they refer someone to Freedom Tax Relief.

American Consumers Union
FDR has a partnership with the American Consumers Union in order to provide additional support to our clients with respect to creditor harassment. All FDR clients are automatically given membership into the American Consumers Union, and are given the full use and support of the advocacy group, at no additional charge. This is a terrific benefit for our clients and we are happy to be able to provide this service to our clients at our expense. You can visit them online at www.myacu.org.

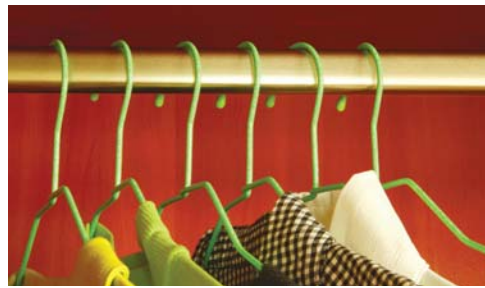
Customer Service Phone No:
1-800-655-6303

FAX No: 650-393-6800

Hours of Operation:

Mon-Thurs: 6:00 a.m. – 6:00 p.m. PST
Fri: 6:00 a.m. – 5:00 p.m. PST
Sat: 7:00 a.m. – 11:00 a.m. PST

E-mail:
support@freedomdebtrelief.com



Disorganization may cause additional stress in your life. It may also affect your finances. According to the National Association of Professional Organizers (NAPO), it costs an average of \$10 per square foot to store items in your home and disorganization may cause "crisis" purchases, which involves buying duplicates of misplaced or broken items and last-minute shopping at premium prices. If your bills and mail is a disorganized pile of paperwork, this could result in missed due dates and late fees.

Controlling your clutter does not always have to entail hiring a professional organizer or buying expensive bins and furniture. You may be able to use containers and objects that you already have in your home if you follow some of the tips listed below. Keep in mind that as you begin to organize, you will more than likely come across things that you no longer use. Try to sell them and make extra cash.

Is that really trash? Your family may throw away many boxes and household items each week. Before you toss something, consider if it will help organize clutter. For example, you could use empty cereal boxes to make magazine holders. (Detailed instructions are listed on this site: www.allfreecrafts.com/recycling-crafts/magazine-holder.shtml). Empty tissue boxes can also be a solution to hold all of those plastic grocery bags. Wash empty glass jars and cans and use them to store a variety of small objects such as office supplies, craft beads, nails, or screws. Kids also can have fun decorating these types of objects. In addition to saving money and organizing your home, reusing items can also help the environment. Using a tin can as a pen holder is better on your desk than in a landfill.

Be a multi-tasker! Just because a product is normally used in a kitchen or bedroom does not mean it can not be used in other areas of the home. For example, use ice cube trays to organize jewelry. Spare trash cans can be used as hampers or to store odd-shaped objects such as rolls of gift wrap. When choosing furniture, consider pieces that have multiple functions and a lot of storage. Coffee tables with drawers or shelves can store magazines, books, and remote controls. Dressers can also serve many purposes in the home rather than the bedroom. If you are starting out, consider buying a pre-owned dresser and use it as a TV stand in the living room. The drawers can hide a lot of the miscellaneous items that may create clutter. Dressers can also give you extra storage in the kitchen and serve as a microwave stand. If you have an old dresser that you no longer use, consider putting it in your garage to store

Frugal Organizing Ideas

various odds and ends. Refinishing old dressers can also be a fun and creative project.

Baskets and Boxes: You probably have shoe boxes that may be taking up space in your closet. Consider using them to store documents, small toys, or other loose objects. You can also reuse shoe boxes as a gift box by wrapping the bottom and top separately. Baskets are also a good storage solution for many rooms in the house. Save baskets from gifts that you may receive or products that you buy. If you can sew, consider lining the baskets with fabric like the expensive sets that are sold in stores.

Discount and dollar stores:

If you do need to purchase storage or organizational solutions, check out your discount and dollar stores first for inexpensive items such as plastic bins and utensil organizers. You may also be able to find some interesting containers and other organizational devices at thrift stores.



Some people may say that they do not have time to get organized. Below is a checklist of some quick organizational goals that you can accomplish this week!

- Put an "outbox" by the door. Family members can put library books and video rentals in this box to ensure that they are returned on time to avoid fines and late fees.
- Sort mail immediately. Remember to toss junk mail as you receive it. If you are still receiving credit card offers, visit www.optoutprescreen.com or call 1-888-567-8688 to opt out of these mailings. Eliminate unwanted catalogs in your mailbox by visiting www.catalogchoice.org. The Direct Marketing Association web site (www.the-dma.org) can also help you remove your name from general junk mail lists.
- Search the Internet for various organization tips. You can start with www.organizedhome.com, a site that includes helpful articles and a variety of printable planners and checklists.



MONEY-SAVING TIPS ON HOW COLLEGE STUDENTS CAN AVOID CREDIT CARD DEBT

Many credit card companies target college students, especially during student orientations at the beginning of the semester. According to a study conducted by the U.S. Public Interest Research Group Education Fund (U.S. PIRG), 80% of the survey participants reported that they received an average of nearly five solicitations per month. Oddly enough, these students do not have to meet many requirements in order to get approved for a credit card. They do not need to have an income or a credit history.

In recent years, much controversy has surrounded the issue of credit cards on college campuses. Nellie Mae, a national loan servicing organization, reports that nearly half of undergraduates carry an average of four credit cards and a balance of \$2,327. Approximately seven percent of undergraduates are saddled with balances that exceed \$7,000. A survey also conducted by Nellie Mae indicates that students acquire credit card debt by charging education-related items such as school supplies and textbooks along with incidentals such as food, clothing, and toiletries. Many consumer advocate groups are working towards getting legislation passed to regulate credit cards on campuses. In the meantime, if you are a college student, below

are some tips that may help you reduce some of these costs so you will be less likely to succumb to the allure of credit.

Create a budget. You may want to create a budget and learn to stick to it. Consult your parents if you need any help. Budgeting is a valuable skill that you will use after you complete your education. The financial web sites listed below have budgeting tools and calculators that cater to young adults and college students.

- You Can Deal With It: www.youcandealwithit.com
- What's My Score: www.whatsmyscore.org
- Truth About Credit (CARE) Program: www.truthaboutcredit.org

Save money on textbooks. The U.S. PIRG study indicates that 55% of undergraduates use credit to purchase textbooks. Campus bookstores usually sell new textbooks at premium prices. You may consider other alternatives such as borrowing books or buying used books from students that previously took that class. Look for signs on campus or see if the university supplies a list of classified ads. You may also consult online used book sources such as www.textbookx.com, www.half.com, and the textbook section of www.barnesandnoble.com and www.amazon.com. Also, remember to sell your textbooks at the end of the semester for extra cash. If you need software for a particular class, web sites such as www.journeyed.com and www.gradware.com offer popular software at discounted prices for students.

Get a part-time job. If it will fit into your course schedule, consider getting a part-time job

to cover some of the costs associated with college. Consult the career services division of the college or perhaps your school may offer a work-study program, in which you can work on campus. Some colleges and universities may also allow students to apply work-study earnings toward tuition. Campus employment usually has limits on the amount of hours students can work so the job does not affect their studies.

Avoid the free gifts. U.S. PIRG reported that 76% of the study participants claimed that they signed up for a credit card on campus in order to receive a free gift. These freebies usually include inexpensive items such as t-shirts, Frisbees, snacks, mugs, or water bottles. Although it may seem harmless at the time, these "gifts" may cause you to acquire a significant amount of debt. In five years, you probably will no longer have the t-shirt or mug, but you may have a credit card balance for years to come.

Consider credit card alternatives.

Instead of a traditional credit card, you may consider a prepaid debit card that include various features geared to young adults. Unlike credit cards, they carry no risk of debt or overdraft fees; cardholders can only spend the amount of money prepaid onto the card.

Additionally, prepaid cards offer the protection of a credit card and the opportunity to build credit. The cards are generally accepted wherever credit and debit cards can be used. According to Mintel, a consumer research firm, parents like the idea of prepaid cards. Three in five (62%) respondents with children attending or planning to attend college are interested in having their children use a prepaid debit card rather than a credit card. Many prepaid cards come with safety features like allowing parents to monitor spending or requiring authorization for online use.



Inspiring Thoughts

With self-discipline most anything is possible.
~Theodore Roosevelt

You have probably heard the saying, "Good things come to those who wait." This piece of inspirational advice could relate to your current debt situation. As much as you would like to, you will probably not get out of debt overnight. It may require several years for all of your debts to be settled. Although times may seem bleak on some days and you feel like your financial goals are impossible to achieve, there may be a part of you that knows you must find the strength to persevere.

In our consumer-driven society, it may be difficult to think that delayed gratification brings about good fortune. If you want to make a purchase, credit card companies want you to buy it immediately. Why wait when you can have it now? Generous credit lines also allow consumers to use credit to cover daily living expenses. Establishing a budget does not seem necessary when you can simply charge a large order of groceries instead of waiting until payday. As most of us know, these habits can cause a dangerous cycle of debt.

While you are "waiting" for all your debts to be settled, below are some tips that may help you now and throughout your financial future.

Don't give up. There may be times when it seems like collectors constantly call and the unexpected expenses are endless. Despite these hard times, try to stay strong and keep in mind that good things come to those who wait.

Learn new things. You can also use this time to educate yourself on various financial issues. Check out budgeting tools and calculators online. Borrow books from your local library on money-related topics.

Treat yourself. Working towards a debt-free lifestyle does not mean you have to deprive yourself. When you reach short-term goals throughout your program, reward yourself. It does not have to be extravagant, just small pleasures that will encourage you to move forward.

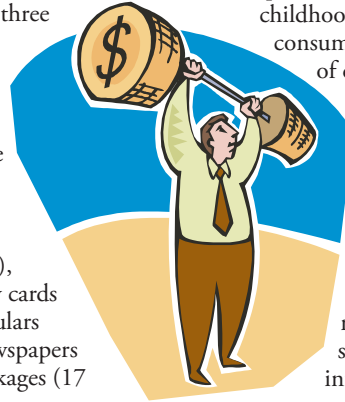


Spare Change: News, financial tips, and other information regarding personal financial freedom

Internet risks declining, but still remain high. According to a recent survey from Consumer Reports, U.S. consumers lost almost \$8.5 billion over the last two years to viruses, spyware, and phishing schemes according to projections from the magazine's annual State of the Net survey featured in the September issue. However, Consumer Reports' survey findings produced some hopeful signs that online security is slowly improving because the chances of becoming a cybervictim continue to decline. Consumers have 1 in 6 chance of becoming a cybervictim, down from 1 in 4 in 2007. Spyware and virus infections have also declined significantly over the past few years. However, Consumer Reports' projects that problems they cause have resulted in damages of roughly \$6.5 billion over the past two years. Consumer Reports also estimates that 3.5 million U.S. households with broadband remain unprotected by a firewall. Check out Consumer Reports September 2008 edition for the article entitled: 7 Online Blunders. You can learn which online activity to avoid so you can reduce your chances of becoming a victim of identity theft. For a limited time, you can also read the

article on Consumers Reports web site at www.consumersreports.org.

Many consumers surf for internet coupons. Internet coupons are of increasing interest to consumers, according to a recent analysis by consumer and media measurement firm Scarborough Research. Eleven percent of households currently obtain coupons via the Internet, and this has increased 83 percent since 2005. However, the Sunday newspaper remains the number one place for acquiring household coupons. Fifty-three percent of households get their coupons from the Sunday newspaper. Other leading places for acquiring coupons include the mail (35 percent of households usually obtain coupons via the mail), in-store coupons (33 percent), preferred customer/loyalty cards (22 percent), in-store circulars (22 percent), weekday newspapers (17 percent), product packages (17



percent), and magazines (15 percent). All of the coupon acquisition categories have experienced growth since 2005, however none at the level of Internet coupons.

Verification systems may be violating privacy laws. Recently, numerous states have begun passing laws designed to limit the amount of information which a financial institution may solicit from consumers. As a result of these new laws, financial institutions are now considering abandoning challenge / response authentication systems in order to reduce their liability and improve their compliance. Challenge / response authentication systems are security systems that solicit personal information from consumers, usually as part of a login process. As you visit various web sites, you may have been asked to register and then later answer a challenge question, such as "What was the name of your childhood friend?" The FDIC and several consumer groups believe that these types of questions may violate privacy laws. There are authentication solutions that meet the regulatory guidelines without resorting to soliciting personal information from consumers. Alternatives include traditional hardware tokens, software certificates, and virtual tokens. When considering any authentication solution, the FDIC recommends that financial institutions simply limit the use of personal information.

The Freedom Debt Relief newsletter is published by The Premier Institute for Financial Freedom. While articles in this newsletter are factual and accurate, they are not intended to replace the advice of professional financial, accounting, and/or legal advisers. As with all decisions regarding your finances, the advice, techniques, ideas and suggestions offered herein should be followed under the supervision of the appropriate competent professional.



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