



freedom
DEBT RELIEF
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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.



WARM UP FOR WINTER

As temperatures drop in the upcoming months, it may be tempting to spend more money on goods and services to keep warm. The tips listed below may help you brave the cold weather climates and 'freeze' some dollars for spring.

Harvest your heat. The Alliance to Save Energy (www.ase.org), a non-profit coalition that supports energy efficiency, predicts that natural gas and home energy costs will be 20% more this year than in 2007. You may reduce your bill with simple tasks such as turning down your thermostat when you are not home and closing vents and doors to unused rooms. Keep curtains open on sunny winter days to heat up a room. When the sun sets, snug-fitting drapes may also block cold drafts. Ceiling fans can also help circulate heat during the winter months. Poor insulation can also play a factor in skyrocketing heating bills. According to the Harvard University School of Public Health, there are 46 million under-insulated homes in the United States. For more information on insulating your home, check out www.simplyinsulate.com and visit www.energystar.gov/index.cfm?c=diy.diy_index for Energy Star's Do-It-Yourself Guide to Sealing and Insulating. The web sites listed in the box at the end of this article also give some general tips on reducing your heating bill.

Find warm clothes. Warm clothing is essential during fall and winter months. Wearing an extra layer of clothing inside of the house can be a frugal alternative as opposed

to turning up the heat a few degrees. Children can be especially expensive to clothe since they outgrow items so fast. Instead of buying all new items for kids, check out thrift stores and resale shops such as Once Upon a Child (www.ouac.com). Browse your local online classifieds such as www.craigslist.org and www.freecycle.org and look for ads in which people list bags of clothing in a specific size. Some retail stores may also have a few racks of summer clearance left. You may be able to find practical items such as t-shirts and tank tops that can be used as additional layers of clothing throughout the winter. Many communities also sponsor winter coat drives for families in need during this time of the year. Visit www.onewarmcoat.org for events and programs in your area.

Stockpile food. Snowy winter days can make it difficult to drive to the grocery store. During the fall season, you may consider stocking up on foods such as canned soups, which usually make inexpensive and hearty meals. Campbell's web site (www.rethinksoup.com) lists many recipes that use their condensed soup and even estimates the cost per serving. For example, the approximate cost per serving of Campbell's Condensed Tomato Soup is 23 cents. You can also prepare food ahead of time and then freeze it to eat on those chilly days. Read the online fact sheet from the United States Department of

Agriculture about freezing food safely located at www.fsis.usda.gov/Fact_Sheets/Focus_On_Freezing/index.asp. The web site for Allrecipes.com also has a budget cooking section. You can find recipes for many tasty fall foods in addition to articles that discuss the pros and cons of bulk foods and meals for under \$10. Visit the home page at www.allrecipes.com and then click on the "Budget Cooking" tab at the top of the page.

Winterize your car. Driving can be hazardous in freezing temperatures. According to the Car Care Council, 70% of drivers do not winterize their vehicles. Ensure that your vehicle is prepared for inclement weather so you can protect your investment. First of all, make sure you have essentials such as an ice scraper and windshield wiper fluid. Once snowstorms hit your area, many stores may run out of these items. Some other necessities to keep in your car in case you are stranded include jumper cables, a snow shovel, rock salt, blankets, and a flashlight. When temperatures drop, tires lose pressure. Tires affect ride, handling, traction, and safety. Also, check your antifreeze and motor oil. You can consult your owner's manual or your repair shop for specifications. Cold weather can



also affect the life of windshield wipers by making the rubber hard and brittle. Wiper blades that are cracked or torn and do not properly clean your windshield should be changed. Freezing temperatures will also reduce a vehicle's battery power. It is critical to keep battery connections clean, tightened, and free of corrosion. For more tips on general car care and winterizing your vehicle, visit www.carcare.org. During the winter months, avoid making unnecessary driving trips. You will save money on gasoline and lessen your chances of an accident due to hazardous weather conditions.

Helpful Web Sites With Tips to Keep You Warm

U.S. Department of Energy (www.energysavers.gov): This section of the U.S. Department of Energy web site offers consumer tips on saving energy. Discover simple no-cost and low cost tips to winterize your home and you can also find more information about energy assistance programs in your state.

ACEEE (www.aceee.org/Consumer/index.htm): The American Council for an Energy-Efficient Economy

is a non-profit organization dedicated to advancing energy efficiency. You can find information about tax incentives for making your home more energy-efficient and download a checklist with energy saving tips.

ENERGYguide (www.energyguide.com): In addition to providing information on how to lower your energy bills, this site also offers a lot of online tools to calculate your energy usage.





Tips to Overcome Common Financial Hurdles

During the course of your life, you will probably experience some sort of unexpected incident or emergency. Below are some common situations that may drastically change a person's financial situation. We would like to offer you some basic tips that may help reduce the impact on your finances. Please note that the intent of this article is to give an overview of general information. We realize that everyone may have their own complex set of circumstances that may require additional resources.

A divorce occurs. Divorce laws can be complicated and may differ by state. You may choose to seek the advice of an attorney that specializes in this field. Search for a divorce attorney in your area at www.familylawsoftware.com. Under the section labeled "For Individuals Facing Divorce," click on the "Find Professionals in Our Directory" link. This site sells divorce-related software, but also offers valuable information about the divorce process. You can also check out the "Divorce Guide---A World of Help" link located under the "For Individuals Facing Divorce" column for a variety of helpful information and calculators. A certified divorce planner (CDP) may also be able to assist you. This professional is a financial planner that has completed additional training and education related to the financial issues of divorce. If you wish to hire a CDP, visit the web site of the Institute for Certified Divorce Planners at www.institutedfa.com.

A family member loses their job. If there is a loss of income in the household, see if you

are eligible to receive unemployment benefits, which may temporarily replace a portion of lost wages. The web site for the Department of Labor has a section that lists all of the unemployment offices by state. Visit www.dol.gov/dol/location.htm for more information. This site also includes state job centers and employment outlooks for particular fields. During this time, try to keep spending under control so you can continue to pay necessary bills the next three to six months. If possible, avoid withdrawing or borrowing money from your retirement savings.

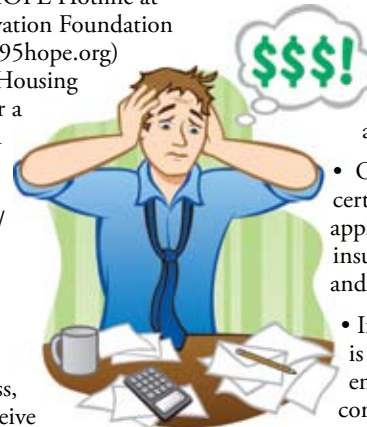
You can't make your mortgage payment. If you are having difficulty paying your mortgage, you should contact your loan servicer and find out if you qualify for modified loan terms or other options to help you keep your home instead of losing it to foreclosure. You may also want to seek help from a trained homeownership counselor. To find a reputable counselor, contact the Homeowner's HOPE Hotline at the Homeownership Preservation Foundation (1-888-995-4673 or www.995hope.org) or the U.S. Department of Housing and Urban Development for a referral to a HUD-approved homeownership counseling agency (1-800-569-4287 or www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm).

You or a family member experiences a medical emergency. In addition to dealing with a medical illness, your household will also receive

a lot of bills and paperwork. Carefully review all items such as doctor and hospital bills along with insurance claim payments/denials. Mistakes do happen and uncorrected errors can be costly. If you can not afford your medical or hospital charges, contact the service provider's billing department to set up a monthly payment plan. Be sure to save bills, cancelled checks, or other receipts for your tax preparer because you may be eligible for the Health Coverage Tax Credit. Do a keyword search at www.irs.gov for HCTC. If you are uninsured and have a serious health condition that makes it difficult to buy standard health insurance plans, you may want to find out if your state has a risk pool. This type of insurance usually can not deny you due to most pre-existing conditions. For more information, visit www.nahu.org/consumer/HRPGuide.cfm.

A family member passes away. Coping with the loss of a loved one will undoubtedly take an emotional toll on family members. During this difficult time, most families will struggle with the unbelievable shock and grief of the situation. Therefore, finances and money will not be at the forefront of someone that recently lost a loved one. This will be a time that family members can band together to support one another in accomplishing some of the following necessary tasks.

- Locate important documents, such as insurance policies and the most recent will.
- Before committing to any funeral costs, consult with other family members and perhaps a lawyer about any prior instructions or arrangements.
- Obtain multiple copies of the death certificate, which will be needed to apply for death benefits (such as life insurance policies or Social Security) and to access bank accounts.
- If the family's medical insurance is through the deceased person's employer, consider options for continuing coverage.



Inspiring Thoughts

The man who makes no mistakes does not usually make anything.
-Edward Phelps

Everyone makes mistakes. You probably have heard this phrase at some point in your life. In fact, you may regret getting

into debt and considered it to be a big mistake. Dwelling on the past will not solve your current problems. Remember that if nobody ever made a mistake, society would not grow and prosper.

It's true...everyone does make mistakes. However, you can learn from them and deal with the results of your mistakes in a constructive and effective way. In order to learn a valuable lesson, you must keep experimenting with new approaches to your dilemmas instead of repeating the same mistakes. For example, if you acquired debt due to overspending, use this time to educate yourself on responsible credit card use. When it comes time to re-establish your credit, you will know not to make the same mistakes again. Putting yourself down or becoming angry and bitter will not help your current situation.

On the other hand, if your debt was the result of an unforeseen circumstance such as a

family illness or job loss, recognize that almost everyone experiences setbacks at least once during the course of their life. In the midst of an unfortunate circumstance, you did what you needed to do in order to survive. Once you complete your settlement program, you may consider starting an emergency fund in case an unanticipated event should ever occur again.

Regardless of the reasons for your debt, realize that enrolling in a debt settlement program is one way to rectify your economic situation. Commend yourself for taking this positive step towards improving your finances. Although you may be currently faced with overwhelming debt, you have decided to take action. In the end, you may become a stronger person because you learned from your mistakes.



Credit Commentary

Banks reduce credit limits

Recent news indicates that credit card companies may be reducing credit limits on consumer accounts in response to the troubling economy. Consumer Action, a non-profit consumer advocacy organization, conducted a study this past summer entitled, "Consumer Action's Credit Limit Survey. According to this survey, 18% of the 1,083 participants revealed that their credit limits had been lowered by their banks this year. Consumers that plan to apply for new loans or credit may also face more stringent guidelines. A July 2008 Federal Reserve Board survey indicates that 65% of domestic banks had tightened their lending standards on credit card loans during the previous three months.

Is this good news? For years, many credit card companies have enticed consumers to spend by increasing credit limits and charging a relatively low minimum monthly payment. The convenience of credit cards have allowed some consumers to charge luxury items they would not normally buy with cash, cover emergency expenses, or pay for necessities such as groceries or gas during tough economic times. Shrinking credit lines could be viewed as a positive step in the right direction as many consumers may be required to live below their means.

Credit card companies also seem more prudent in making credit decisions. According to Consumer Action's 2008 Credit Card Survey, customer service representatives at six well-known financial institutions told surveyors that they would reduce cardholder's credit limits because of perceived customer risk. Factors included a decline in cardholder credit scores, late payments, and balances that go too close to the credit limit. This practice is not necessarily new considering that some credit card agreements have a universal default clause, allowing companies to raise interest rates or reduce credit lines if information contained in a consumer credit report suggests a possible credit risk. However, according to

a recent Bankrate article, many lenders are also lowering credit limits for non-traditional reasons such as whether the consumer has a sub-prime mortgage or if they live in a state that has been adversely affected by the housing crisis.

Why now? Any individual or family that has experienced a crisis situation may have discovered that difficult times sometimes inspire positive changes and bring families closer. As mentioned previously, the credit industry implemented stricter policies regarding credit limits as a result of the crippling economy. But, what happens if the nation's financial circumstances improve in the future? Will card issuers resort to their former lenient lending practices? Only time will tell.

Statistics cited in this article suggest that credit card companies are carefully assessing the risk and creditworthiness of cardholders and potential applicants. Regardless of the state of the economy, it is easy to wonder why credit card companies would not have more stringent underwriting standards for applicants such as college students. Most undergraduates do not need a job or verifiable income to apply for a credit card.



How does this affect me? You may have limited access to credit while you are enrolled in a debt negotiation program. When it comes times to re-establish your credit, consider applying for one or two credit cards with low limits. High credit lines should not really be that much of a concern to you because it is wise to charge only what you can afford to pay in full each month. If you notice that a credit card company increases your limit due to timely payments, resist the urge to use plastic for extravagant purchases. Overspending with credit can easily spiral out of control and cause a dangerous cycle of debt.



Invest in your lunch.

Ordering take-out and dining out with coworkers may be a strain on your budget. Check out Bankrate's Lunch Savings Calculator and discover how much money you can save each month by packing your lunch. Visit www.bankrate.com/brm/calculators/calc_index.asp and click on the "Lunch savings calculator" under the Savings section.

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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.

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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

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**We want
your ideas!**

What do you want to see in the newsletter? We welcome your input. Email your ideas to info@piff.org.

Spare Change

News, financial tips, and other information regarding personal financial freedom



Buying used cars can save

thousands. A recent Consumer Reports study of owner costs shows that choosing a reliable three-year-old car instead of a new one can save drivers thousands of dollars over the first five years. In many cases, that is enough to pay for all the gas used during that time. With relatively low mileage, modern safety and convenience features, and usually a much lower price than similar new vehicles, late-model used cars are great deals. On average, Consumer Reports' findings show that consumers can save 32 percent in the first five years by buying a three-year-old car. Similarly, with a one or two-year-old car, they can save 19 and 27 percent, respectively.

New law will assist New York

consumers. The Exempt Income Protection Act will shield elderly, disabled, veteran, and lower income New Yorkers from unlawful practices by debt collectors and goes into effect January 1, 2009. The new law closes a loophole that has allowed debt collectors and credit card companies to use "restraining notices"

to freeze the bank accounts of New Yorkers who receive income that is exempt from debt collection under federal and state law, such as Social Security, veterans' benefits, disability, and pension. The law ensures the first \$2,500 in an account which contains directly deposited exempt income cannot be restrained.

Charges are filed against Florida

collection agency. West Virginia Attorney General Darrell McGraw recently filed suit against Florida collection agency for unlawful, coercive debt collection practices. Beginning in 2006, consumers complained that they had received calls from this agency suggesting they would be arrested if they did not pay a cellular telephone bill. According to the lawsuit, this agency tried to coerce payments from consumers by implying that a "federal marshal" would appear at the consumer's workplace, or that a deputy sheriff would serve a warrant for the consumer's arrest. Any debt



collection contact involving an accusation of a crime or similar conduct is strictly forbidden by law. Consumers also reported that this agency threatened to sue them if they did not pay. Because this particular collection agency employs no lawyers and does not file lawsuits of any kind, these threats were misleading and therefore, unlawful.

Con artists pose as FTC

employees. In their latest effort to defraud the public, con artists claiming to work for the Federal Trade Commission are calling consumers and claiming that they have won a lottery or sweepstakes. As the nation's consumer protection agency, the FTC never collects money directly from consumers. But the public may be fooled, because by using Internet technology, con artists can make it appear that they are calling from Washington, DC, where the FTC is headquartered. The FTC's name may even be displayed on consumers' caller ID machines. All the public has to do, according to the con artists' pitch, is pay the taxes and insurance on their "winnings." The caller asks that consumers wire money or send a check for an amount between \$1,000 and \$10,000. In reality, there is no prize, and the scammers disappear with the consumers' money. Real sweepstakes don't require you to send money to claim a prize. To learn more about avoiding this type of scam, go to www.ftc.gov/bcp/edu/pubs/consumer/alerts/alt099.shtm.

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