

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.



Overdraft Protection: Good or Bad?

The term “bounce” or “bouncing” can refer to fun children’s games or a cute newborn baby. However, when the word bounce is used to describe a check, negative thoughts may come to mind.

Let’s face it. Most of us have inadvertently miscalculated our checking account or forgotten about an automatic deduction. It can happen to even the most budget-conscious individuals. Unfortunately, these simple oversights may have resulted in an overdrawn account and costly fees. According to the Center for Responsible Lending (CRL), a \$100 overdraft with a \$34 fee has an APR of 884% if the overdraft lasts 2 weeks. In addition, your bank may also charge you a daily fee, averaging \$2 to \$5, for each day your account has a negative balance.

Overdraft protection may help you avoid some of these fees and aggravation associated with bounced checks. You usually have to sign up for this service and have an additional account with your bank. If your account becomes overdrawn, overdraft protection kicks in and obtains funds from a savings or checking account, a credit card, or a home equity line of credit. Because of your limited access to credit, you may consider using an additional checking or savings account for overdraft protection.

When it comes time to re-establish your credit, you may want to reconsider using a credit card or line of credit for overdraft protection. Bankrate.com states that consumers may incur 18 percent or more in interest when they use credit for overdraft protection. Some banks may also

charge an annual fee or cash advance fee for this service. With most overdraft protection plans, banks usually deduct money from the linked account in certain increments. For example, if your account is about to be overdrawn by \$10, your bank may still take \$50 from a line of credit. Therefore, banks encourage you to spend and borrow more money than you really need.

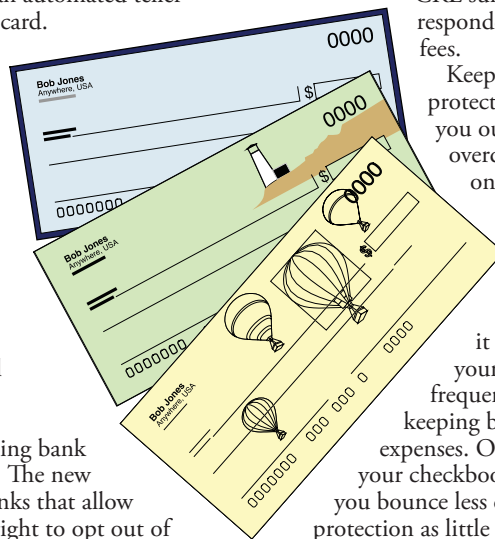
Much controversy surrounds the issue of overdraft loan products. As you may know, even if you do not have a linked account for overdraft protection, banks will still allow you to overdraw your account when you make check payments, withdraw money from an automated teller machine, or use a debit card.

Then, they routinely charge overdraft fees. Legislation was recently proposed in an attempt to end this practice. However, representatives from five major consumer advocacy groups are disappointed with the outcome issued by the Office of Thrift Supervision, the Federal Reserve Board, and the National Credit Union Administration concerning bank overdraft loan products. The new proposal will require banks that allow overdrafts to provide a right to opt out of

these programs, but the new proposal does not require banks to obtain permission to “opt-in” the overdraft programs before enrolling account holders in the systems.

According to a recent Center for Responsible Lending (CRL) survey, consumers want, but are not getting the choice of whether or not their checking account will include a fee-based overdraft loan feature. Interestingly enough, respondents to the survey reported that they would overwhelmingly prefer that their debit transaction be denied at the checkout counter if approving it would cost them a \$34 fee. The CRL survey also found that 16% of respondents pay 71% of overdraft fees.

Keep in mind that overdraft protection is intended to help you out in case you accidentally overdraw your checking account once in awhile. According to Bankrate.com, banking experts estimate that approximately 50% of consumers that have overdraft protection use it every month. If you find yourself using this service this frequently, you may consider keeping better track of your expenses. Our tips on how to balance your checkbook listed below may help you bounce less checks and use overdraft protection as little as possible.



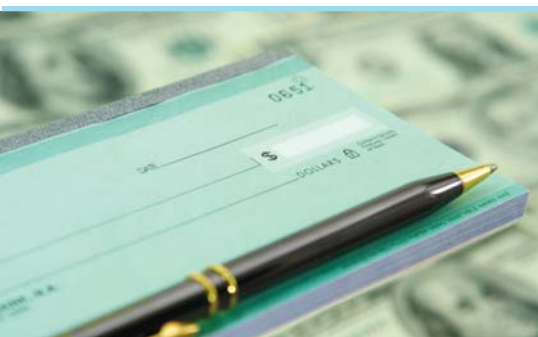
Tips on Balancing Your Checkbook

When shopping or running errands, keep all receipts in your wallet or another convenient place. Log all expenses in your checkbook when you have a free moment. This is especially important if you use your debit card frequently.

Mark all of your automatic deductions in your calendar. These can be easy to forget since most

of us have busy schedules.

Check your account balance on a regular basis. Take advantage of services such as online and telephone banking. Also, contact your bank to see if they offer any type of automatic alert service. Your bank may be able to alert you via phone or e-mail if your account falls below a certain amount.



Spare Change:

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



687,000 tons of paper would be saved every year – enough to circle the Earth 239 times.

Web site allows

seniors to search for assistance. A significant amount of the elderly population, especially those with limited incomes and resources, are living in poverty. For example, some 5 million seniors experience some form of food insecurity. Many others struggle everyday with meeting their basic needs. The National Council on Aging's (NCOA) BenefitsCheckUp® strives to change that. Through its free, confidential online service, Americans 55 years and older can determine if they qualify for help with the costs of groceries, prescription drugs,

Medicare premiums, health care, utility bills, and in-home services. For more information on this program, visit www.BenefitsCheckUp.org.

Consumers are owed free credit reporting. TransUnion recently announced that it will soon begin providing eligible U.S. consumers up to nine months of free credit monitoring and related services. The offering is part of a preliminary settlement of a class action lawsuit that has been pending for many years and arose from a business TransUnion discontinued in 2001. The Class includes individuals who had an open credit account or an open line of credit from a credit grantor (including, for instance automobile loans, bank credit cards, department store credit cards, other retail store credit cards, finance company loans, mortgage loans, and student loans) located in the United States anytime from January 1, 1987 to May 28, 2008.

Study reveals that consumers still cling to paper statements. A new report released today by Javelin Strategy & Research examines green banking issues, including consumer habits, green banking behaviors and recommendations for financial institutions seeking to attract environmentally conscious consumers. Researchers found that although most consumers expressed an interest in adopting green banking behaviors, three out of four consumers still receive paper statements. According to Javelin, if every U.S. household stopped receiving paper bills and statements,



Recent Grads Face Bleak Economy



Recently, many young adults have graduated from college and are getting ready to make the transition from college life to the “real world.” Unfortunately, a recent data report from Demos, a public policy organization, indicates that this generation of young adults may be the first not to surpass the living standards of their parents. Factors such as declining incomes, growing debt, the high cost of homeownership and healthcare costs all impact this prediction. Below are some tips for young adults as they begin to make important financial decisions in the current economy. If you are a recent graduate, congratulations and we hope this information helps you launch the next chapter of your life. As for parents, use these tips to guide your son or daughter in the right direction or pass this article on to them.

Find a place to live. Although it may not be an ideal situation, you may consider living at home temporarily until you are able to save enough money for your own place.

Your job location will also influence where you live. If you must rent an apartment or a house, this cost will probably consume the majority of your income. According to a study from the Center for American Progress, more young people are considered “housing burdened” because they are paying more than 30% of pre-tax income on rent.

Realize that living on your own not only involves rent and housing costs, but you will also have to pay for items such as food, cleaning products, and other incidentals that you may have taken for granted while living at home. Consider renting with roommates or friends to defray some of the housing expenses. As a renter,

you may want to obtain renter's insurance, as many leases require it. Landlords usually have insurance on the building, but not your personal belongings.

Develop a plan to pay student loans. According to statistics from the National Postsecondary Student Aid Study, the average student loan debt among graduating seniors is \$19,237. Because many students defer payments while attending school, this may be the first time that they see how much their education really costs. Although it may take time to pay off your student loans, you may have options if you are not able to make payments. Contact your lender immediately to see if you qualify for a forbearance or deferment. Avoid defaulting on your student loans because it may result in wage garnishment or the inability to obtain additional student loans to further your education in the future.

Transportation has hidden costs. Many young grads are eager to purchase a new vehicle. Be careful not to take on more of a car payment than you can afford. If you are under 25, you will probably pay premium insurance rates because of your age. Also, some apartment buildings and cities require you to purchase parking passes. You may want to consider public transportation if it fits into your work schedule. It may not be as convenient as driving your own car, but it may help you to save money on gas, insurance, and car payments. In fact, in large metropolitan cities such as Chicago and New York, owning a car may be more of a disadvantage.

Obtain health insurance. Because you are no longer a full-time student, many health insurance plans will not cover you under your parent's insurance. If you secured a job with a company that offers health coverage, consider joining their group plan. In most cases, it is less expensive than an individual plan. Keep in mind that most companies have a designated probationary period before you are eligible for health insurance. In the meantime, you may want to contact a local insurance agent for more information on temporary or short-term health coverage.

Control credit card debt. According to Truth About Credit (www.truthaboutcredit.org), a student public interest research group, college students are graduating with an average of close to \$4,000 in credit card debt. If you have obtained a student credit card(s) during college, consider establishing a plan to reduce your debt. Refrain from using credit to charge expenses such as food and gas, unless you are able to pay the balance in full each month.



Helpful Sites for Grads

- www.youcandealwithit.com
- www.creditcardnation.com
- www.fnaid.org
- www.youngmoney.com

Are you financially prepared for a **DISASTER**



Natural disasters such as hurricanes can cause devastating damage. Hurricane season recently began on June 1 and runs through November 30. Experts at the NOAA Climate Prediction Center are projecting a 65% chance that the Atlantic hurricane season will be above normal this year. AIR Worldwide Corporation, a leading risk modeling company that helps clients manage the financial impact of catastrophes and weather, report that hurricanes and earthquakes have the potential to cause approximately \$500 billion of total economic losses. Although it may not be possible to completely protect yourself from the wrath of mother nature, below are some precautions and valuable information that may help you recoup a portion of your losses if you are a victim of a natural disaster.

Consider flood insurance.

According to the Federal Emergency Management Agency (FEMA), flooding is the number one natural hazard. Many people have the misconception that their homeowners insurance will cover flood damage;

however, it does not. In fact, FEMA indicates that only 25 percent of the 10 million homes that lie within high flood risk zones carry flood insurance. In order to obtain flood

insurance, you must live in one of the 20,000 communities that participates in the National Flood Insurance Program (NFIP), a component of FEMA that handles flood insurance, floodplain management, and flood hazard mapping. For useful information about flood insurance, visit www.floodsmart.gov, the official web site of NFIP. Use this resource to determine your area's flood risk, estimate your premium, and helpful FAQ's concerning flood insurance.

Prepare your home for a disaster.

Depending on which disaster is more likely to strike in your geographical area, take steps to reduce the risk of damage. For example, if you live in an area that is prone to hurricanes, install hurricane shutters on your windows. In regions that experience earthquakes, secure objects like bookcases that could easily fall. You may also want to consult a building inspector for suggestions on home repairs that could prepare your home for a disaster. Certain home improvements may also

lower your homeowner's insurance premium. According to the Insurance Information Institute (III), it is a good idea to make sure you have enough insurance to rebuild your home and replace all of your personal belongings. You may also want to consult your insurance company about Additional Living Expenses (ALE) coverage, which pays for the additional costs of living away from home such as hotel bills and restaurant meals while your house is being repaired or rebuilt.

Fires may affect any home, so installing smoke detectors may be a good idea. The American Red Cross recommends that you contact your local fire department to see if they make free house calls. In some cities, a fireman may visit your home to evaluate your property and make fire safety suggestions.

Plan ahead. Visit www.ready.gov, the official web site of the U.S. Department of Homeland Security (DHS), for a printable emergency supply list. In addition to items like prescriptions and non-perishable food, USHS also recommends that you include copies of insurance policies and bank account records in a waterproof container. Although you may be on a budget, you may consider keeping a small amount of cash on hand or a



small roll of quarters in case phone lines are down and you have to use the pay phone. For insurance reasons, you may also want to make a list of your valuables. The Insurance Information Institute also recommends consumers visit the site www.knowyourstuff.org to download free home inventory software.

Be aware of assistance programs. FEMA offers many assistance programs to those affected by disasters. Visit www.fema.gov and click on the "Apply for Assistance" link to familiarize yourself with the procedures. Depending on the type of emergency situation, you may qualify for a number of their programs including Disaster Legal Services, Disaster Unemployment Assistance Program, and the Emergency Food and Shelter Program. Your local branch of the American Red Cross may also provide you with basic needs such as food and clothing immediately following a disaster. Visit www.redcross.org for more information.



Summertime Tips To Keep Cool & Save Money

As the temperature rises during the summer months, air conditioners unleash comfortable cool air, soothing people from the scorching heat. This modern day convenience seems impossible for most people to live without... until the electric bill arrives. The ideas listed below may help you reduce your electric bill this summer so your balance does not heat up with the weather.

- ✓ Contact your utility company for information about money saving energy plans. Most energy companies offer budget payment options. In most budget plans, your utility company will bill you in equal monthly amounts, which results in more consistent payments. These plans allow you to budget your money so you will not receive any surprisingly high bills. Any overpayments are usually credited to your next bill.
- ✓ If you are experiencing a hardship that prevents you from paying your electric bill, you may qualify for energy assistance plans based on your income level. It is essential for you to frequently update your utility company on your situation. In most cases, they will be willing to work with you without interrupting your service.
- ✓ If you are purchasing a new air conditioning unit, select an energy-efficient model. Although they may cost more, it will save you money on your monthly electric bills. Visit www.energystar.gov for more details.
- ✓ Install a programmable thermostat. This device may help you adjust settings to keep your house warmer than normal when you are out and cooler when you are home.
- ✓ Protect room air conditioners from direct sunlight. If the unit does not feel hot, it will not have to work as hard.
- ✓ Contact your utility company for any free maintenance or check-up services for air conditioners. You may also try to install new filters in your unit.



Money-Saving Gas Tips

According to the American Automobile Association (AAA), the current national average price for regular gasoline is \$4.06 at the time of this printing. The Energy Information Administration predicts that the average will peak at \$4.15 in August. Below are some helpful tips to help you conserve fuel during this difficult time.

✓ **Leave the gas guzzler at home.** Do you have more than one vehicle? Is one of them a truck, SUV, or van? If so, use the more fuel-efficient vehicle as often as possible. If you plan on making a vehicle purchase, remember that fuel prices are part of the total cost of vehicle ownership. It may be more cost-effective to choose small energy-conserving vehicles.

- ✓ **Consolidate trips.** Reduce drive time and keep needless miles off the odometer by finding one location in which you can bank, grocery shop, and run errands. Visit www.aaafuelcostcalculator.com to calculate road trip costs.
- ✓ **Comparison shop.** Find the best gas price with the help of Gas Buddy (www.gasbuddy.com), a web site in which local price watchers post current prices in your area. It is frugal to shop for the lowest possible price, but do not waste gas by traveling to a distant filling station just to save a few cents.
- ✓ **Slow down.** The faster a vehicle travels, the more gas it burns. Driving faster than posted speed limits is also dangerous and increases stress. Leave enough time to reach your destination at a proper speed.
- ✓ **Avoid quick starts and sudden stops.** This wastes fuel and wears out vehicle components. You may also increase your chances of having a traffic accident.
- ✓ **Maintain your vehicle.** Keep moving components lubricated and get regular tune-ups to ensure your ignition and emission systems are operating properly. This routine maintenance will help your vehicle achieve maximum fuel economy and extend its life. Poorly maintained spark plugs or malfunctioning fuel sensors can cause your

vehicle to burn too much gasoline.

- ✓ **Do not completely fill your gas tank.** A gallon of gas weighs about 6.2 lbs. If you have a 20 gallon tank, you are carrying an extra 124 lbs of weight at fill-up. The extra weight affects your mileage and adds wear and tear to the vehicle.
- ✓ **Keep your tires inflated.** A third of all vehicles have one improperly inflated tire. For every pound per square inch (PSI) that your tires are under-inflated, you are lowering your fuel economy by 1 to 2 percent per tire. Multiply that number by four and that could equal a lot of wasted fuel.
- ✓ **Lighten the load.** Do not haul extra weight in the passenger compartment, trunk, or cargo area of your vehicle. A heavier vehicle uses more gasoline.
- ✓ **Check your vehicle owner's manual.** If your vehicle does not require premium or mid-grade fuel, purchase less expensive regular unleaded gas.
- ✓ **Carpool when possible.** If commuting is costing you a bundle in gas, consider sharing a ride at www.erideshare.com. This web site allows you to search for local commuters that are going the same route or you may post your own listing. All services are free of charge.

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.



1875 South Grant Street
Suite 400
San Mateo, CA 94402
Phone: (800) 655-6303
FAX: (650) 897-8800