



**freedom**  
DEBT RELIEF  
1-800-655-6303

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.



# C hildren & ommercialism

**Y**ou are watching TV with your child and they see a commercial for the latest toy that features their favorite character. Your child will more than likely become excited and say: "I want that!" Research shows that this is how product makers want kids to react.

According to a national survey commissioned by the Center for a New American Dream, children aged 12 to 17 will ask their parents for products they have seen advertised an average of nine times until the parents finally relent.

Watching television commercials may seem like a harmless activity for children. However, companies use commercial spots and other advertising methods to promote new products to young consumers. The Institute of Medicine reports that advertisers spent more than \$10 billion targeting youth through TV ads, coupons, contests, and packaging designed for children. Exposure to an abundance of advertising can make parent and child shopping trips stressful experiences and may affect the future spending habits of children. Below are some tips to help children make smart choices in a consumer culture.

**Limit TV time.** According to CommonSense Media, a non-profit organization dedicated to improving media directed towards children, the average American child views 40,000 commercials each year on broadcast TV. That amounts to approximately 100 commercials per day!

If you are watching TV with your child and they insist that they want a toy or product shown in a commercial, consider having a conversation with them. Tell them that you wonder if the product is really as wonderful as the commercial claims. You may also want to ask them



if they currently have a toy that did not live up to its expectations or was not as fabulous as the commercial implied. This type of dialogue may help children make better purchasing decisions. If you are interested in how the amount of television and other electronic media exposure affects children, you may want to visit the web site for the Center for Screen-Time Awareness at [www.screentime.org](http://www.screentime.org).

**Make shopping trips a financial lesson.** The effect of television commercials can surface when you take your children shopping. This gives young kids an opportunity to see all of the toys and products advertised in commercials. You are bound to hear pleas and whines begging you to buy them stuff. Consider having your kids start a master list of things they want. If they demand that you buy something for them in a store, tell them they cannot have it now. If it is really important to them, they can add it to the list. When birthdays and holidays come around, tell children they can pick a certain number of items from their master list.

### Resist the urge to overindulge.

As the holiday season approaches in a few months, advertisers are gearing up now by airing many commercials for items that children may request on their holiday list. There is nothing wrong with making a child smile for a special occasion, but catering to every one of their wishes may not always be a wise choice. Oftentimes, children that are showered with gifts from relatives on birthdays and various holidays become so overwhelmed that they may lose appreciation for the items. If grandparents, aunts, and uncles insist on splurging,

suggest one or two toys along with savings bonds so children can learn the importance of saving for the future.

**Be aware of how toys and games represent money.** Certain toys and games on the market may give children misconceptions about money. Pay close attention to games that simulate a shopping experience or include play credit cards or money. These products may claim that they teach children financial responsibility, but in actuality, they may be promoting consumerism. When choosing toys, you may want to visit the site for the organization Playing for Keeps ([www.playingforkeeps.org](http://www.playingforkeeps.org)), an initiative of the Association of Children's Museums that promotes creative and imaginative play. This site lists many timeless and unbranded toys for various age groups. The Center for a New American Dream also publishes a free download entitled: "Tips for Parenting in a Commercial Culture." You can access this publication at [www.newdream.org/kids/brochure.php](http://www.newdream.org/kids/brochure.php). According to this brochure, "Whether it's playing games, cooking, reading together, or just sharing space with the TV off, remember that the best thing you can give your kids is you."



### Helpful Web Sites for Children

- **Don't Buy It:** ([www.pbskids.org/dontbuyit/buyingsmart](http://www.pbskids.org/dontbuyit/buyingsmart)) This site sponsored by PBS shows children how to "get media smart" and question advertising gimmicks.
- **Wise Pockets:** ([www.umsl.edu/~wpockets](http://www.umsl.edu/~wpockets)) This site offers younger children online stories about subjects related to finances.
- **Escape from Knab:** ([www.escapefromknab.com](http://www.escapefromknab.com)) This site is an educational simulation that is intended to teach children about daily financial choices and budgeting.



## Spare Change:

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



### Let the Wallet Buddy help you make purchasing choices.

The Center for a New American Dream is an organization that advocates consuming responsibly to protect the environment. In order to help consumers to "think before they buy," this organization offers a Wallet Buddy available for download at [www.newdream.org/walletbuddy.pdf](http://www.newdream.org/walletbuddy.pdf). You can put it over a debit card or on the back of flyers or advertisements. The Wallet Buddy has five questions written on it including "Do I need this and do I need it now?" and "Is it worth the money?" This may help you stop and think before buying excessive purchases.



### Credit freeze laws are streamlined in certain states.

A security freeze gives consumers the ability to freeze or lock access to their credit files against anyone trying to open up a new account for credit or services in their name. When a security freeze is in place at all three major credit bureaus, an identity thief cannot open a new account because the potential creditor or seller of services will not be able to check the credit file. When the rightful consumer is applying for credit, he or she can lift the freeze temporarily using a PIN so legitimate applications for credit or services can be processed. Most states give the credit bureaus up to three business days to lift or remove the freeze after a consumer makes that request. As of September 1, consumers in Arizona, Idaho, New Mexico, Utah, Wyoming, and Washington, D.C., will be able to lift or remove the security freeze within 15 minutes of making an electronic request to the credit bureaus using a PIN. This same provision goes into effect in January 2009 in Delaware, Indiana, Maryland, Montana, Nebraska, and Tennessee. The rules for using a security freeze vary across the country because of different state laws governing their use. To learn more about the security freeze in all 50 states, visit [www.financialprivacynow.org](http://www.financialprivacynow.org).

# 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](http://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!

**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](http://www.myacu.org).

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**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](mailto:support@freedomdebtrelief.com)**



## Credit Corner

As you strive to settle your debts, most of you have made a commitment to rely on cash instead of credit cards. After you complete your debt negotiation program, you will probably want to re-establish your credit. As you probably know, credit cards can cause serious financial problems if they are not used properly. Periodically, this column will discuss a credit card issue and give you tips on responsible credit card use. This month's topic is sales tactics to make you spend more with credit.



Unless you are a business owner, you may not realize that credit card companies charge businesses fees (usually 2% to 4% of the total cost of the sale) to accept credit cards. This information may make you wonder why retailers would bother with credit cards at all. The answer is easy. Research indicates that consumers spend considerably more when using credit cards. According to Cardweb Research ([www.cardweb.com](http://www.cardweb.com)), consumers spend 212% more when they pay with a credit card. Therefore, stores may use many gimmicks to encourage credit card spending. Below are some store sales tactics that may persuade you to splurge with a credit card.

**Spend at least \$7.00 to use your card at a convenience store.** At one time, credit cards were

mainly used at department stores or for major purchases like furniture. In today's society, consumers can use a credit card to pay for their morning paper or have a pizza delivered. According to Convenience Store News, an estimated 45 million Americans are willing to use credit or debit cards for purchases of \$5 or less. Consider using cash for small purchases. If a store requires you to make a minimum purchase amount, you will most likely buy more than you need.

**Open an account and save.** Many chain retailers



offer a store credit card to their customers. Employees are usually trained to persuade customers to complete a credit card application at the checkout counter. Sales associates persuade customers by telling them that they can save a certain percentage off of their purchase. Due to technological advances in recent years, customers will know the outcome of their application in minutes. Applicants usually just need to swipe another major credit card along with entering some other basic information into a pin pad. If approved, the cashier issues a temporary credit card so the customer can use it until they receive the plastic one in the mail. When it comes time to re-establish your credit, you may want to think twice about opening up a store account at a register. Checkout lines and retail

*Continued on page 3.*

Continued from page 2.

stores are usually busy and hectic. This type of environment may cause you to make impulsive decisions. If you really want a credit card from a particular store, it may be best to think about the choice before you make a snap decision just to save 10 or 20 percent. Keeping a revolving balance on the card can quickly surpass that amount of savings. Don't bother telling the sales associate that you do not think you will get approved. Many stores will still give you the discount, but the inquiry will appear on your credit report. Too many inquiries may affect your credit rating.

**Buy now and make no payment for three years.** Stores that sell furniture

and large appliances are notorious for offering deferred payment sales. Receiving your purchase now and not paying for it for years may seem like a wonderful option. These sales also promote that there will be "no interest" during the deferment period, which also may sound like a great deal. However, many consumers fail to read the fine print before signing the paperwork. In most cases, these contracts state that if you wait until after the deferment period to start making payments, you will be paying the accrued interest from the date of your purchase, which can result in an outrageous amount of money. Before agreeing to this type of contract, be sure that

you can pay off the balance within the deferment period. Consider the fact that your situation may change during this time and you may not be able to make payments as early as you would like. Also, consider how long it will take to pay off the balance if you simply pay the minimum. Online calculators such as "The True Cost of Paying the Minimum" on [www.bankrate.com/brm/calc/MinPayment.asp](http://www.bankrate.com/brm/calc/MinPayment.asp) or "The Deferred Payment" on [www.banksite.com/calc/defer](http://www.banksite.com/calc/defer) can help you discover how much interest will accrue. If it will take you ten years to pay off a piece of furniture by simply paying the minimum, consider what it will look like at that time.



com/brm/calc/MinPayment.asp or "The Deferred Payment" on [www.banksite.com/calc/defer](http://www.banksite.com/calc/defer) can help you discover how much interest will accrue. If it will take you ten years to pay off a piece of furniture by simply paying the minimum, consider what it will look like at that time.



interested in making your own natural beauty products, visit [www.mybeautyrecipes.com](http://www.mybeautyrecipes.com). This site states that some of the homemade products may be less expensive than purchasing store-bought goods.

### Clean your own

**house.** Busy schedules could inspire some consumers to hire cleaning services. According to the U.S. Department of Commerce, more than 10% of all U.S. households paid a professional service to clean their homes. It may be convenient, but quite costly. [Costhelper.com](http://Costhelper.com) estimates that an average two-story house can cost \$104-\$180 per session. Establish a cleaning schedule or chore sheet so each member of the household can contribute. If you want to save money on cleaning products, the [Treehugging Family](http://TreehuggingFamily.com) web site lists 25 non-toxic homemade cleaning solutions ([www.treehuggingfamily.com/25-safe-non-toxic-homemade-cleaning-supplies](http://www.treehuggingfamily.com/25-safe-non-toxic-homemade-cleaning-supplies)).



than an item purchased at the mall. For some inexpensive and creative ideas, visit craft stores or look in magazines to spark your imagination. Examples include collecting old photographs of your siblings and making a colorful scrapbook. You can also write a poem to your spouse and frame it. Check out the DIY network at [www.diynetwork.com/diycrafts](http://www.diynetwork.com/diycrafts) and on the Do-It-Yourself GIFTS web site at [www.do-it-yourself-gifts.com](http://www.do-it-yourself-gifts.com). The holiday season is still a few months away, but the following web site, [www.christmas-ideas.net](http://www.christmas-ideas.net) may help you get a head start on ideas for low-cost homemade gifts. Gift-making is often more economical, but plan early because some projects may be time-consuming. If you run out of time or the completed project is not what you had in mind, you may be forced to purchase a gift at the last minute, which defeats the purpose of saving money.



**Educate yourself.** There will always be some fields of study that require formal education. But, if you have an interest in a specific topic or field of study, consider alternatives to expensive classes. Take advantage of the resources at your local library. If your local branch does not stock a particular book, many libraries can locate the item via inter-library loan. One way to find interesting reading material is to visit shopping sites such as [www.amazon.com](http://www.amazon.com) and [www.barnesandnoble.com](http://www.barnesandnoble.com). Instead of always buying the book, contact your local library to see if they can find it with the ISBN number. You can also visit bookstores and peruse the aisles of topics that spark your interest. Many stores also have quiet reading areas that allow you to browse through books to see if you want to purchase it. Again, rather than always buying it, see if you can get a copy through your library. As you may know, you can also find vast amounts of information online as long as you consider the source. Remember that education is a lifelong process! We learn something new everyday.



**Cook at home.** The U.S. Department of Agriculture reports that Americans spent 47 percent of their food budget on eating out. You can usually cook meals at home for a fraction of a cost. If you are short on time, consider preparing food in large quantities and freezing it so it will be ready throughout the week. "Brown-bagging" or taking your lunch to work can also be less expensive than dining out or ordering take out. You may also want to keep staples such as peanut butter, bread, and dry soups at work instead of remembering to pack a lunch. You can check out the "Brown Bag Calculator" on the Community Bank web site. It estimates how much interest you can earn if you invest the money that you save on lunches. To access this online calculator, visit [www.dodcommunitybank.com](http://www.dodcommunitybank.com) and then click on "Calculators" followed by the "Brown Bag Savings" link.

**Make your own gifts.** A priceless homemade treasure may bring more happiness

The phrase "do-it-yourself" or DIY mostly refers to home improvement or craft projects. In order to save money, you may be able to apply the DIY concept to other areas of your life. Below are some tips that may help you review your budget and find tasks that you can do yourself instead of paying somebody else.



**Beautify yourself.** According to *Beauty Store Business Magazine*, an average retailer that offers both salon and beauty products can generate \$400,000 per

year. If you have become accustomed to frequent visits to the salon or spa, this luxury can start to seem like a necessity that is difficult to eliminate from your routine. As you strive to settle your debts, you may consider forgoing a manicure or pedicure appointment and perhaps doing your own nails at home. Visit this site: [www.nailcareguide.com/nail\\_care\\_yourself.htm](http://www.nailcareguide.com/nail_care_yourself.htm) for tips on DIY nails. You can read about frugal hair care tips at [www.thehappyhousewife.com/frugal-hair-care](http://www.thehappyhousewife.com/frugal-hair-care), courtesy of the Happy Housewife, which is an online community that offers tips for families living on one income. If you are



# Do You Have a Spending Personality? (Part 2)



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. Last month, we featured three of them. In this newsletter edition, we include three more spending personalities. Here is some information about avoidance shopping, esteem buying, and overdone buying.



## Avoidance Shopping

**Causes:** Shopping instead of dealing with problems or shopping to get even

**Solutions:** Face underlying problem, be honest with yourself

You may have heard the phrase, “When the going gets tough, the tough go shopping.” Avoidance shoppers use shopping as a way to escape the stress of life. Unfortunately, this spending personality can cause a downward spiral and lead to excessive spending. When shopping in an emotional state, it is difficult to spend smart. If this avoidance becomes a habit, the underlying problem does not disappear, it may only fester and becomes worse.



## Esteem Buying

**Causes:** Peer pressure, desire to appear successful, wants to gain self-esteem by shopping

**Solutions:** Separate self-worth from possessions, gain self-esteem in other ways

Esteem buying is the second most common spending personality after impulse buying. It is common among those influenced by their peers (teens, social climbers, etc.). Possessions may make esteem buyers feel happy and successful. They also tend to imitate the behavior of individuals that they admire. “Keeping up with the Jones” is one of the major contributing factors to exploding consumer debt.



## Overdone Buying

**Causes:** Usually related to an excessive hobby or behavior; can be a dependency

**Solutions:** Acknowledge the behavior, avoid situations that encourage the spending

Overdone buying is typically related to a hobby or behavior. The problem of this personality arises when one becomes infatuated with a habit or hobby to the point where it causes financial problems. Overdone buying may include classic examples such as drugs, alcohol, eating, gambling, etc. These habits may cause a double whammy. They not only ruin your financial situation, but may also cause health problems as well.

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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