

INSTITUTE FOR
FINANCIAL LITERACY®



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FRESH START™ TIMES

LETTER FROM THE EXECUTIVE DIRECTOR

Greetings from Portland, ME:

Spring is just about here and while it's been relatively mild in New England, some areas of the country have suffered the worst winter they've seen in years. This means many spring cleaning projects. It's also tax season, and while some of us have filed, others will be filing soon, waiting for their tax refunds to help pay for projects or perhaps something else they planned on.

This issue of *Fresh Start™ Times* provides tips for re-assessing your tax obligation in accordance with your budget. We'll also discuss tax refunds and why it is important not to spend them before you get them.

In this issue we'll also introduce readers to another of our stellar counseling staff members with whom many of you have probably worked to complete your credit counseling or debtor education. We'll also try to give you some information on spring cleaning and how replacing a filter or vacuuming ducts can actually save you money and we'll give you some tips on donating unwanted or unused items.

In closing, please remember that we are available to answer questions and respond to any comments you may have. Let us know what you'd like to read in this newsletter! You may contact us at newsletter@financiallit.org.

Sincerely,

Leslie E. Linfield, Esq.
Executive Director/Founder
Institute for Financial Literacy®

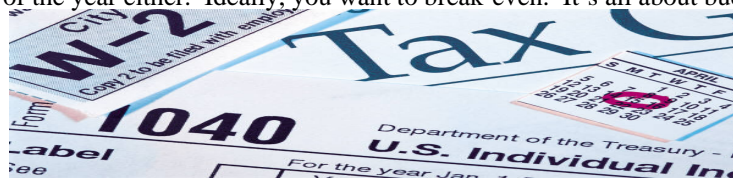
TAX TIME AGAIN
BY
WILLIAM LAIDLEY AND DEBORAH TINGLEY

Spring is a time for flowers blooming, grass growing, and taxes to be filed. This is a good time to re-assess how you did budgeting for your tax obligation. Did you pay too much and have receive a substantial refund on the way, or did you pay too little and owe the government some money? Paying taxes is part of the budgeting process. It is a necessary expense that must be paid, but not overpaid.

Take a look at your 2005 1040, 1040EZ, or whatever IRS form you filed. If you had to pay more, then you may want to increase your withholdings. If you received a refund, you may want to decrease your withholdings. The goal is to budget enough of your hard earned money to cover your responsibility, but not give the government an interest-free loan.

There are several factors that effect whether you need to change the amount of taxes withheld from your paycheck. Has the number of your dependents changed over the past year? Did you have a lot of un-reimbursed medical expenses? Did you go from a one-income household to a two-income household—or the reverse? Or did your income drop due to a change in employment? These are just a few examples of things that can change your tax burden.

If you think you may need to adjust your withholdings, ask your employer for a copy of form W-4. There is a worksheet attached to the form that gives you step-by-step instructions on how to figure out the correct amount of withholdings. The IRS website (www.irs.gov) also has a withholding calculator under the Individual section of the website that will give you an accurate idea of your tax burden. You don't want to overpay. Yet, you don't want to owe anything at the end of the year either. Ideally, you want to break-even. It's all about budgeting.



BANKING ON WHAT WE DO NOT HAVE
BY STEVEN BENTZ

Someone once told me, "If someone owes you money, you're never broke". That may be well and good, though don't bank on it.

Too often we bank on money we *expect* to receive. Far too often we spend it before we get it on purchases made, bills incurred, or something we want. With tax time around the corner, many of us are counting on refunds to make up the difference between our spending and our earning.

It is very important as we reform and rework our budgets that we pay careful attention to what we have and not what we expect. Why you ask? The answers are simple.

- 1: Our budgets are based on our regular monthly income, i.e. from our jobs or other sources.
- 2: Our basic living expenses and the opportunity to rebuild our credit depend on us following this budget.

Refunds are not guaranteed income. If you expect a certain amount, you may be disappointed.

The key is to stay within the guidelines of your budget based upon the money that you *know* you earn, not what you *expect* from any source. Banking on money you don't have frequently leads to financial hardship. It's important that follow your individual budgetary guidelines. It's also important to keep in mind that loans against your refunds will cost you a sizable portion of your refund for the quick return

Always remember that while you may be able to put money in the bank, don't bank on what is not there.

GET RID OF THOSE DUST BUNNIES BY DEBORAH TINGLEY

With spring right around the corner, it's time to think about cleaning out the winter dirt and letting the fresh air in. Along with the normal cleaning of walls, windows and all those nooks and crannies, don't forget to do a spruce up of your heating and cooling systems. By increasing your home's efficiency, you will not only keep your systems working properly but, will save money in the long run.



Dust can be a robber of energy in your home. Take a look at your heating registers. All that dust that has collected over the winter is keeping your heat from flowing and making your furnace work harder. Clean those registers and ducts with your vacuum cleaner. You may also want to hire a professional to give your furnace a good cleaning, they will also be able to tell you how efficient your burner is and may be able to help you avoid problems next year.. Remember, no one wants to make that call at 2:00 in the morning when the furnace decides not to work on a cold winter night.

With warm weather coming soon, many may be looking forward to turning on air conditioners. Before you do, take a look at the filters to see how clean they are. A dirty filter will cause a unit to work harder and run less efficient costing you more money.

Other things to keep in mind are checking doors and windows for air leaks. According to the National Association of Home Builders, 30 percent of a home's energy is going right out the windows. Sealing and caulking will go a long way to keeping heat and air inside and your money in your pocket. While you at it, take a look behind that refrigerator. All those dust mites are sucking up energy and costing you money, so, move that refrigerator and clean those elements. It is also a good idea to clean out under the stove and don't forget about your dryer!

There are other things you can do to reduce your energy bill, so look around your house as you are cleaning. You may be surprised just how much money you can save by taking a few simple steps.

MEET THE COUNSELOR: RACHAEL S.

"My name is Rachael and I am a trained credit counselor and financial educator with the Institute for Financial Literacy." I've been with IFL for about six months now and I love it here. The people here are great but the best part of working at IFL is the feeling I get when I've actually gotten through to someone. When a client learns something new that might help them during the session it is very satisfying.

When the counseling is done for the day you can find me either curled up with a good book or out with friends. I am the "baby" of our little IFL family. An IFL note; Please join us in congratulating Rachael in her new position as evening supervisor.

DRAWING QUESTION

In every newsletter we will be presenting a question related to financial literacy education to give our readers the opportunity to win one of our financial literacy education programs. This newsletter's question is as follows:

How many steps are there in financial goal setting?

Answers must be received no later than May 15, 2007. This newsletter's drawing winner will receive a copy of the **Guide to Budgeting**. Void where prohibited. Please mail your answer along with your name, address and email address to:

Drawing Question
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DONATIONS of UNWANTED or UNUSED ITEMS
BY STEVEN BENTZ

Continuing the theme of spring-cleaning, many of us have items, (clothes, furniture, household items, books, etc.), that we'd like to get rid of and don't know how. There are many organizations that accept donations of these items like Goodwill, The Salvation Army, Big Sisters, etc, and, these items must be in good useable condition.

To make a donation you must contact these organizations and they will inform you of their procedure. Remember they don't take everything and they don't take junk, so, do not expect them to clean out your garage or basement. All donations usually need to be packed up and they are all subject to inspection.

If you plan to claim a deduction on your taxes next year, remember to get a receipt! The organization will provide you with a price guideline as far as the suggested value of the items, be reasonable. An item you purchased 10 years ago is not worth what you originally paid. There is plenty of help online just Google donations for tax purposes.

IRS publications [561](#) and [526](#) will help tax filers through determining fair-market value of a piece and appraisals. For noncash donations totaling more than \$500, filers will need Form 8283.

