

# Defeat Debt

Credit Advisors Foundation

Volume 49, Issue 3

## Tax Time

It's that time of year again so here are some things to consider while you gather all of your documentation in preparation for filing income tax forms with the Internal Revenue Service:



*It's that time of year again so here are some things to consider.*

Review your retirement plan with an eye to reducing taxable income. Contributing the maximum allowed to an employer-sponsored retirement plan or an IRA of your own will reduce your taxable income.

If you are receiving a sizable return, you may want to consider adjusting your payroll withholding. The reduced withholding would shift the money otherwise received through a refund once a year to an increase in monthly take-home

pay. This may allow you more flexibility in your budget or allow you to place the funds in savings (remember your emergency account?) or investments as soon as it is earned rather than waiting for Uncle Sam to return it to you a year later with no interest.

If you are receiving a return on your withholding, you may want to consider applying the refund to one or more of your outstanding debts. Please contact one of our Client Care credit

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## Spring into Action

Spring is time to let the fresh air in, do a little spring cleaning and plant seeds for the future. Not just in your house and garden as tradition recommends but also with your budget or

spending plan. Just like spring cleaning in your home there are certain steps to take in the process.

1. Gather your tools.

These include your original budget or spending plan, paper, pencil, (or computer if you'd rather), calculator, statements, bankbooks, receipts from the previous

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## Tax Time

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counselors to review the balances and benefits received on each of your accounts. This will allow you to make an informed choice as to which balance reduction would most benefit your overall debt reduction plan.

If you find that your withholding did not cover your tax liability for the year (you owe taxes), action must be taken. Review the last few years' returns. If you consistently under-withhold and owe additional funds at the end of the year you should increase your withholding. Consistently under-withholding of taxes owed, even if they are paid in full with the tax filing, can cause the Internal Revenue Service to require you to pay the extra amount owed in quarterly installments throughout the year.

If the amount you owe to the IRS is the result of a one-time event that is unlikely to recur (inheritance, settlement, severance, etc.) adjustment may not be necessary.



Credit Advisors negotiates repayment plans with the IRS. If you cannot pay the total amount owed, in full, at the time of filing, by all means complete your filing by the April 15<sup>th</sup> deadline and pay as much as you can to the outstanding tax liability. Fill out a form requesting that a repayment plan be arranged on the balance due and include it with your filing. Contact a Client Care credit counselor to sign the necessary releases and addendum so Credit Advisors may help you

by adding the debt to your debt management plan.

As always, you should consult a tax advisor before making any changes to your deduction/withholdings/tax strategy. These suggestions are meant as a starting point for conversation and an opportunity to pursue more information with your tax professional.

## Spring into Action

*(Continued from page 1)*

months, and so on.

2. Prepare your workstation. Choose a location and a time where you will be least likely to be interrupted.
3. Clear away the cobwebs. Sort your receipts and checks into categories between the fixed expenses (rent or mortgage, transportation, medication, etc) that are the same every month and the variable expenses that change month to month (food, entertainment, utilities, fees,

tuition, clothing, repairs, etc). See what was actually spent vs. budget.

4. Review what you find. Look for spending pattern; sort that which is truly necessary from that which is preferred, wanted or easier. (The wants vs. needs check up). Seek opportunities in your budget to find savings. Can you economize on menus, transportation, entertainment, vacation, fitness, household purchasing or any other areas based on the review of actual spending? Calculate how the reductions add up over the course of a year.

5. Look for areas requiring special attention. Has a pending area been revealed that was not planned for in your original budget? Are these 'black holes' in your budget into which cash falls – convenience foods, social obligations, or unplanned repairs? Do you



anticipate additional expenses over the next few months? Weddings, graduations, birthdays, or anniversaries

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\* Word Search \* Word Search \* Word Search \* Word Search \* Word Search \*

Our Word Search puzzle contains words selected from the articles in this edition of Defeat Debt. Try your hand at searching for all eighteen hidden words listed below.

- BENEFIT            PAY
- BUDGET            PLAN
- CALCULATE        RENT
- CLEANING         RETIREMENT
- COBWEBS         SPRING
- DEBT                TAX
- DEDUCTION        TIME
- EXPENSE           UTILITIES
- FEE                 YEAR

B	D	T	X	G	D	E	B	T	E
R	E	T	I	R	E	M	E	N	T
E	D	S	P	F	T	I	M	E	A
N	U	E	X	P	E	N	S	E	L
T	C	A	P	L	A	N	E	B	U
U	T	I	L	I	T	I	E	S	C
R	I	A	T	E	G	D	U	B	L
A	O	C	O	B	W	E	B	S	A
E	N	G	N	I	N	A	E	L	C
Y	A	P	C	G	N	I	R	P	S

Spring into Action

*(Continued from page 2)*

that you would be wise to plan for now? Prioritize, cut what can be cut, minimize where possible, and add to your budget those items that are necessary.

6. Take action. Tally up! Make certain that your income is greater than the expenses you have addressed in your budget. If not return to step 4 or explore options to increase income through new or part-time employment.

7. Finally, follow your plan.

Creating a spending plan is not always easy and will take some time, effort and soul-searching. The effort you invest now will reap the reward of maximizing the funds available for your future goals – being debt-free, owning a home, planning for retirement, educating your children, travel, or whatever your goal may be.

<p>Sponsored by:</p>  <p><b>Seminar Location:</b> 1850 South 72<sup>nd</sup> St. Omaha, NE</p> 	<p><b>FREE!</b></p> <p><b><u>Credit Reports 101</u></b></p> <p>Friday, March 10, 2006</p> <p>11:00am, 1:00pm &amp; 4:00pm central time</p> <p>Please <b><u>RSVP</u></b> by March 7<sup>th</sup></p> <p>402-501-8194 or <a href="mailto:michaela@creditadvisors.org">michaela@creditadvisors.org</a></p> <p>Out of area? Toll Free Conference Call: 1-866-285-7780 enter code 4425358</p>
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Get out of debt with no regret!!



## The Kitchen on a Dime

### Beef and Cabbage Casserole

Easy, inexpensive and delicious, this Beef and Cabbage Casserole provides a great answer to the question, "What's for supper?"

#### *Ingredients:*

2 lbs. hamburger

1 med. head cabbage, shredded

2 tubes crescent rolls

1 med. onion, diced

Salt, Pepper, & Garlic Powder to taste

#### *Cooking Directions:*

1. Brown hamburger and onion on medium high heat in a large

skillet.

2. Add shredded cabbage, cover and cook, stirring frequently until cabbage is slightly wilted.

3. Line a 9 x 13 inch pan with crescent rolls from one of the tubes.

4. Add seasonings (to taste) to hamburger and cabbage mixture.

5. Spoon seasoned hamburger and cabbage filling on top of the rolls in pan.

6. Place contents of the second tube of crescent rolls on top of filling.

7. Bake 350 degrees for 30 minutes.



*What's for supper? Beef and Cabbage Casserole*

Makes 10 servings at \$1.10 per serving.