

MONEY SENSE

Genesis
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NEW BEGINNINGS, DEBT FREE

Surviving a Layoff- What To Do Now

In this day and age, the reality is that very few people have true job security. Stories in the paper every-day tell of layoffs, closings, downsizings, and outsourcings. We should all be "prepared for the worst," as the sayings goes. But what if we're not? What if we don't have that requisite three-six months worth of savings in the bank? When a layoff hits home, how do you get through it? Following are some recommendations from Washington Post Columnist Michelle Singletary:

1) Cut your expenses right away. Unless you do have a really healthy savings cushion or another job on the backburner, now is the time to get tough with your budget. Anything that's a non-necessity should be carefully evaluated.

2) If you suspect that you may become the victim of a layoff, and you are a homeowner with equity, this might be the time to line up a home equity line of credit. Only with the intent of using it as a last resort, of course, but it will be easier to qualify for one while you still have steady income. It should not be spent on anything that can be postponed.

3) Take advantage of all the counseling, career seminars or outplacement assistance you can. If your employer offers any kind of job placement assistance for dislocated

workers, take them up on it. If they aren't offering anything, go to www.careeronestop.org, a career resource web site sponsored by the Department of Labor. Click on "People and Places," and then go to "One-Stop Career Centers." Enter your zip code to locate the center closest to you. Among other things, these centers offer help with resume writing and possible job leads.

4) Immediately start looking for a job as if the search were your full-time job. And now is not the time to shy away from a "J-O-B," as in "Just Over Broke" job. If need be, take what you can get to survive while you continue to search for something better and more suited to your goals. Try to find something with evenings hours, so you can keep your days free for continued job hunting.

5) Keep up with your debt payments but scale back, if need be, to just the minimums on your credit cards. This will keep them current, but it will also free up extra cash to use for other necessities.

6) Finally, don't panic! It's ok to be upset and to grieve for a lost job, but you can't let fear prevent you from getting back out there right away and giving 100% to the task of finding that next perfect position.

Dollar Saver\$: Banking

- **Get the right account for your spending style**— There are numerous options for checking and savings accounts. Make sure you choose one that fits your needs (i.e., do you write many checks per month or only a few; are you a student or over 50; are you able to meet the minimum balance requirements). You could end up paying too many fees for an account that's not a good match.
- **Sign up for overdraft protection**— Most of us have bounced – or will bounce– a check at some point. Minimize the financial damage by having overdraft protection, which will help cover you in the event you have insufficient funds in your account when you put a debit through. It may cost a modest fee, but it's better than \$25+ for returned checks.
- **Watch out for "foreign" ATM's**— Make sure you choose a bank or credit union with ample ATM locations and avoid using foreign ATM's often found at malls, convenience stores, etc. Machines not affiliated with your bank can charge upwards of \$1.50 per transaction, on top of whatever fees your bank charges.

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Did You Know?

A person with good credit will pay approximately \$250,000 LESS in interest over the course of their working lives than someone with poor credit. Credit scores range from about 350-850, and the higher your score, the better your chances of scoring a good interest rate on a loan. How do you improve your score? Pay your bills on time. Pay down high balances and avoid opening too many new accounts in a short period of time.

Living frugally doesn't have to mean living without. You can have fun and save money, too!

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Tax Help for Victims of Foreclosure

In a recent issue, we presented strategies for dealing with mortgage problems and impending foreclosure. What follows is an excerpt from a recent article the IRS released alerting consumers to new resources and information available through their website to help deal with the fallout of foreclosure.

The Internal Revenue Service has unveiled a special new section on IRS.gov for people who have lost their homes due to foreclosure. The IRS also wants to reassure homeowners that although mortgage workouts and foreclosure can have tax consequences, special relief provisions can often reduce or eliminate the tax bite for financially strapped borrowers who lose their homes.

The new section on IRS.gov includes things like a worksheet designed to help borrowers determine whether any of the foreclosure-related relief provisions apply to them. For those taxpayers who find they owe additional tax, it also includes a form they can use to request a payment plan with the IRS. In some cases, eligible taxpayers may qualify to settle their tax debt for less than the full amount due using an offer-in-compromise.

Under tax law, if the debt wiped out through foreclosure exceeds the value of the property, the difference is normally taxable income. But a special rule allows insolvent borrowers to offset that income to the extent their liabilities exceed their

assets. The IRS cautions that under the law, relief may be limited or unavailable in some situations where, for example, part or all of the home was ever used for business purposes or rented out.

Borrowers whose debt is reduced or eliminated through foreclosure receive a year-end statement, 1099C, from their lender, and the IRS urges taxpayers to check this form carefully, paying particular attention to the amount of debt forgiven (Box 2) and the value of their home (Box 7). If any of the information is incorrect, borrowers should notify their lender immediately, as this could effect the amount of tax they end up owing.

Money Smart Topic of The Month: Frugal Living

“Frugal” does not have to be a bad word. At a time when the savings rate in this country is -1%, maybe it’s time to re-examine the value of living frugally— or, put another way, living simply. Living simply doesn’t have to mean denying yourself things; it just means taking time to consider what’s truly

important to you in life and learning to get rid of the stuff that isn’t. It means enjoying things in moderation and finding creative ways to have fun that don’t break the bank. Frugal living might mean making rather than buying, purchasing second-hand rather than new, and simply paying

more attention to the cost of things like electricity, gas, generic Vs. name brand, etc. It’s just a different way of looking at things. For some great ideas on how to start living more frugally- without sacrificing fun!- visit www.thefrugalshopper.com. There you’ll find coupons, articles and great links.

Please Note: Good Things Abound On Our Website!

Did you know you can find this newsletter on our website? In addition to the most current issue, you can find archived copies of all past issues. Click on the “E-Learning Center” tab at the top of our home page and, once there, click on “Newsletter Library” on the right side of the page.

While you’re there, check out the “Money

Wise” articles which offer additional money saving tips and financial advice. Or try one of the calculators that can help you figure out the most efficient way to pay off debts and show you the true cost of just making the minimum payments.

There are also links that will help you obtain your credit report, learn more about identity theft and what

to do if you’ve been a victim, learn about the process of buying a home and research a variety of other money management and consumers rights topics.

Bookmark our page and visit periodically, as we add new content. Contact our Education department if you have questions or comments about anything you see on “E-Learning.”

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