

FINANCIAL STABILITY



Making Ends Meet

Spring 2010

Make Improvements: The Payday Loan Trap

On average, people spend \$850 to pay back a \$500 payday loan, yet there are more places to get payday loans than the total number of Starbucks and McDonalds combined.

Although payday loans are convenient and provide quick cash, they can be expensive when you consider the fees and interest paid. The Annual Percentage Rate (APR) on payday loans ranges from 400 - 1200% and the loans are targeted toward people who cannot pay back the entire loan within a two-week period

Payday loans go on credit reports and create a cycle of taking out new payday loans to pay off old ones, which increases interest and fees. This is called "churning" and occurs an average of five times per payday loan.

If you have questions regarding payday loans, repairing your credit or budgeting, please call Family Services and ask to speak to a Financial Coach. The advice is free, and you could save hundreds of dollars.



Car Corner

The single most important way to maintain a healthy car is to change the oil regularly. Nothing helps keep the engine running more smoothly than clean oil. It even helps cars get better gas mileage. Would you rather pay \$30 every three months for an oil change or a new transmission for \$3,700?



Productive Practices: Knowledge is Power: Create a Spending Plan

Creating a spending plan each month is easy and important. Spending plans allow you to track where money comes from and where it goes. This tool enables you able to more effectively control spending.

To start, collect and list all income sources, including wages, child support and public benefits. Next, collect and list monthly bills including rent/mortgage, utilities, insurances and credit card bills. Finally, write down where you want to spend the rest of your money. This may be eating out or buying clothes. If you want to save money each month, include it in the spending plan.

Each month track expenses. The more you track expenses, the more you will really know what you spend your money on. By doing this you will have more power to achieve your financial goals such as home ownership, savings for your children's education or a family vacation.

Resources

United Way 2-1-1
Angel Food Ministries
www.annualcreditreport.com



713-861-4849
www.familyservices.org

Helping You THRIVE - FREE tax help

Neighborhood Tax Centers for families making less than \$50,000
Call 2-1-1 for locations and times