

Faculty and Employee Assistance Program

NEWSLETTER

Credit Cards and Holiday Spending

All of us have felt the effects of financial problems at one time or another. The holiday season may bring along potential financial burdens; we usually buy gifts, attend functions or throw our own parties. There may be pressure to outdo others by buying the latest toys, the most popular clothing or throwing a lavish party. Children do not usually understand the financial aspects of the holidays and may want more expensive items than you can afford. The temptation is often there to use credit cards to be able to purchase extra things during this time of year. How do we react during these times to safeguard our financial future and/or credit rating?

One suggestion is to take advantage of free or low budget holiday activities—caroling, free concerts, window shopping, looking at lights, spending time with people you care about. Suggest alternate gift giving strategies at home or work such as name drawing or a potluck lunch. Talk to your children about using the holiday time to help others; giving small items or gifts to children in need is one possibility.



Another suggestion is to try and keep spending within limits. Prepare a budget spending no more than you earn, while allowing for savings. **You should never be**

paying more than 15-20% of your take home pay on credit. This includes all debt except your mortgage-- cars, personal loans and credit cards. For example, someone bringing home \$18,000 annually; should owe no more than \$3,600 on credit cards, cars and personal loans.

If you are over-extended, and can't meet your monthly payments after providing for necessary living expenses:

- \$ **Determine exactly what your total debt is and what the regular monthly payments are.**
- \$ **Attempt to obtain a part-time job or additional income.**
- \$ **Notify your creditors of your situation. Tell them what steps you are taking and make a proposal for repayment.**
- \$ **Get help from a consumer credit counselor. In Charlottesville, contact the Consumer Credit Counseling Service, 300 Preston Avenue, Suite 210; (804) 977-9596.**

Getting Help



Make an appointment with a counselor who will help you with budget counseling. When needed, the counselor will negotiate with

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your creditors for reduced payments and set up a debt repayment program for you.

Applications are also available by mail by calling (804) 780-9042.

Consumer Credit Counseling Services of Virginia, Inc. is a non-profit organization. Services are free.

There are also financial information/educational resources available through Virginia Cooperative Extension. There is on-line information on such topics as getting out of debt, preventing foreclosure, spending less, dealing with a reduced income and much more. The web address is <http://www.ext.vt.edu>. The local VCE office phone number is 434-984-0727.

Avoid bankruptcy unless it is your final option. With bankruptcy, your credit rating will be severely damaged, showing the bankruptcy for at least 10 years. Even with bankruptcy, many of your debts may not be discharged. If you must choose bankruptcy, see an attorney.

Remember that your credit rating is a very valuable tool. It's important to protect your future ability to make large needed purchases, to obtain the apartment or home you want to rent or buy, or to get a job. A good credit rating is important to your financial future. Please do not take it lightly.

Feeling stress, marital conflict and other problems can occur with financial difficulties. For help in finding resources for financial problems or other personal/workplace issues, contact your Faculty and Employee Assistance Program.



**Faculty and Employee
Assistance Program**
(434) 243-2643

or
(800) 847-9355
24 hours a day

**Rebecca Mason, RN,
MSN, CS, CEAP**
(434) 924-0048

**Brenda Wilson, LCSW,
CEAP**
(434) 924-5483

**Mary Sherman, LCSW,
CEAP**
(434) 924-1727

**Kit Hennessy, LPC,
CEAP**
(434) 243-9521

**Owen G. McKenzie
ACSW, CEAP**
Program Manager
(434) 924-8140