

# MONEY SENSE

**Genesis**  
FINANCIAL MANAGEMENT INC.

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## NEW BEGINNINGS, DEBT FREE

### Tax Credits Can Be A Welcome Windfall

Ready or not, here comes tax season again. How would you like to reduce your tax liability or, even better, receive a sizable refund? Did you know that billions of dollars a year in federal tax credits go unclaimed by those who don't know they exist or aren't familiar with the steps they can take to qualify. There might be a credit just right for you.

Tax credits equal a dollar-for-dollar subtraction from your tax liability. For example, if you've determined that you owe Uncle Sam \$1000, and you qualify for a tax credit of \$200, your final tax liability would actually be \$800. And the nice thing about some credits is that you can claim them even if your tax liability is "0." You would simply need to file a basic form to claim the credit and the money you have coming to you. Examples of some common credits include:

- *Hope Scholarship Credit and Lifetime Learning Credit* for students.
- *Child Tax Credit* that equals about \$600 for each qualifying child under the age of 17.
- *Dependent Care Credit* that can aid workers who pay employment-related expenses for care of a child or other dependent if

that care gives them the freedom to work, seek work or attend school

- *Retirement Plan Contribution Credit* that benefits individuals and couples who contribute to an IRA or employer-sponsored retirement plan.

And one of the most significant credits that can benefit working families and individuals is the *Earned Income Tax Credit*. It can be claimed by households with and without children and is based on income, filing status and household size. Credits can be up to \$4,400, and you can claim it even if you would not normally need to file a tax return. Even better, if you would have been eligible in the past but were not aware of it, you may be able to file amended returns for up to three years back to claim it.

Many communities around the country will be offering free tax preparation services to help people determine their eligibility for, and claim, these credits. To find out if such services exist in your area, contact your county administrative offices, local AARP offices, or local IRS offices. You can also visit [IRS.gov](http://IRS.gov) to find a qualification calculator for the EITC.

#### Dollar Saver\$:

##### Home Heating Costs

- **Conduct a home energy audit.** Your utility company may be able to come to your home for free, assess its energy efficiency and offer money-saving tips, as well as possible rebates on up-grading insulation, purchasing a new AC system, etc.
- **Check the exterior of your home for air leaks-** such as around faucets, AC hoses, dryer vents and gas pipes. Use caulk or foam to seal.
- **Keep curtains and blinds closed at night to keep cold air out,** but open during the day to allow sun to warm the room.
- **When going on vacation, lower your thermostat to 55 degrees.** This will save energy while preventing pipes from freezing.
- **Upgrade attic insulation.** Going from 3 inches to 12 can cut heating costs by up to 20% and cooling costs by 10%.

#### Payment Address

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Happy New Year! Did your resolutions include a commitment to work on your finances? If you haven't already completed the "Debt Guard" money management course on our website, that would be a great place to start. The course is free and can be done at your own pace. Upon completion, you can have a positive statement added to your credit file.



**Credit Fact:** Some card issuers have now devised ways for us to save while we're spending. American Express's "One" card funnels 1% of all purchases into a savings account paying 3.5% interest. And Bank of America's "Keep the Change" program rounds up all purchases made on your debit card to the nearest dollar and transfers the difference from your checking to your savings account. B of A will match your deposits 100% for the first 3 months and 5% per year after, up to \$250.

The FCBA allows you to withhold payment of a disputed charge while you're trying to correct it.

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## Your Savings Toolbox: Certificates of Deposit

After your emergency fund is established, CD's can be used as a tool to help you reach specific savings goals. They're a relatively low-risk investment that earns higher returns than standard savings accounts but lower rates than stocks or mutual funds .

Most banks and credit unions offer CD's which are

considered fixed-time deposits. You purchase the CD at or above the minimum investment amount established by the financial institution (usually from \$100 and up), and in exchange for earning higher rates of interest, you agree to keep the money in the CD for a specific period of time that can range from 7 days

to 8 years or more. The longer the money is on deposit, the higher the rate of interest paid. You'll usually pay a penalty for early withdrawal, so make sure you can afford to lock up the money you're investing. CD's are insured by the FDIC or the National Credit Union Share Insurance Fund.

## Money Smart Topic of the Month: Fair Credit Billing Act

The Fair Credit Billing Act governs credit and charge card billing errors, which can be defined as:

- 1) *A mistake in the amount you owe.*
- 2) *An extension of credit to an unauthorized user.*
- 3) *An extension of credit for goods or services you never received*
- 4) *A company's failure to credit your account properly*
- 5) *An extension of credit for items returned due to defect.*

To take advantage of this law, you need to submit a letter to the company that issued your credit card within 60 days of receiving a bill with errors in it. Be sure to send the letter to the "billing and error" address given in your monthly statement, and NOT to the payment address (otherwise, your complaint may not be

addressed). The letter should be clear about the nature of the error and the amount involved, and you should include any supporting documentation—such as receipts— you may have.

Always keep a copy of the letter for your records.

The credit card company must acknowledge receipt of your letter within 30 days, unless they correct the error in that time. They then have up to two billing cycles (but no more than 90 days total) to correct the error or explain why they believe the amount to be accurate. If the company disagrees with your complaint, they must send you an explanation along with copies of any evidence that supports their claim. If you're not satisfied with their decision, you have ten days to send an-

other letter explaining why you still refuse to pay. After that point, if the company reports you as delinquent, they must also report that you believe you don't owe the money.

The FCBA prohibits a card issuer from reporting a contested charge as delinquent during the two-cycle/90 day investigation period. They also may not threaten or pursue any collection action against you during that period. You may withhold payment of the disputed amount and related charges while you're awaiting a response, and if the error is corrected, the company should credit your account for those amounts and report the resolution to any credit bureaus that may have been notified of a delinquency.

## Please Note: Divorce and the Debt Management Plan

The end of a relationship can be a very difficult time, and it can impact many areas of your life, not least of which would be finances.

If you and your spouse share a debt management account, and you separate or divorce, you should consider how the future management of the account will be handled. Our goal remains to

help both partners successfully resolve their debts and rebuild positive credit, but after a divorce it may be necessary to decide whether to keep one debt management plan or establish a second so that debts are divided up according to who is responsible for them. Don't assume that one partner will take care of the

payments, because if that person fails to do so, it can have serious consequences for both spouses' credit histories. And if you are also closing out old bank accounts or opening new ones, please be sure to alert us so that we don't debit an inactive account and delay the sending of funds to your creditors.

**Check Out Our New Web Address!: [www.YourGFM.com](http://www.YourGFM.com)**