

SPRING 2017

# Cambridge Quarterly NEWSLETTER

A personal finance newsletter presented by Cambridge Credit Counseling

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*The Brass Tacks of Taxes: Should we change the way we pay?*

*Cambridge: Moving Forward for Reverse Mortgages*



# MELTING SNOW? SNOW PROBLEM!:

1.) ARE YOUR LAWN CARE APPLIANCES READY FOR ACTION? MAKE SURE YOUR EQUIPMENT STARTS AND RUNS BEFORE THE SEASON ARRIVES. CLEAN UP YOUR EQUIPMENT, SHARPEN ANY BLADES, CHANGE THE OIL, ETC.

2.) CHECK YOUR GUTTERS. SNOW THAT MELTS AND THEN REFREEZES CAN TURN INTO ICE-DAMS ON THE EDGES OF YOUR ROOF OR GUTTERS. ANY STRAINED CRACKS OR BENDS CAN BECOME QUITE COSTLY IF LEFT UNCHECKED FOR ANOTHER WINTER.

## THE BRASS TACKS OF TAXES

For most of us, another year of tax returns have come and gone. If you haven't received your refund yet, you may be waiting (not-so) patiently for it. According to IRS data from 2011, nearly 8 out of 10 U.S. tax filers received a federal refund and the average amount was \$2,913. Taxes are a part of our everyday lives, but have you considered changing the way taxes are withheld from you? Doing so may impact your take-home pay in a way that you would actually prefer.

### WHAT ARE THEY

We know that taxes are taken out of our paychecks and sent to the government. We are refunded if too much tax has been withheld during the year. Before a set date in mid-April, we fill out a version of a tax form to report our income, our tax contributions, and some of our expenses. Taxpayers can receive their refunds in the form of direct deposit into a bank account, have the refund applied to next year's income tax, or simply have a check mailed to their home.

### WHAT SHOULD WE DO WITH THEM?

Katherine Pickering, executive director of H&R Block's Tax Institute, noted that the two most common uses for tax refunds are paying paying bills and making big-ticket purchases, such as buying a car or paying for a vacation. Many fewer taxpayers used their refund to chip away at their mortgage or other home loans. Putting that extra money directly into savings was one of the least common uses. This could mean that the average American is depending on those returns to make necessary purchases and pay pressing bills. This could also mean that people are diligently paying their monthly debts, and counting on the financial relief to treat themselves as a reward for sacrificing luxuries to keep up with their payments throughout the year.

**the two most common uses for tax refunds are  
paying bills and making big-ticket purchases**

A survey conducted in 2016 by the personal-finance website GoBankingRates, asked Americans what their biggest financial concern is. There were more than 7,000 respondents from all 50 states, and they reported that their primary financial stressor is paying off debt. So then, what prevents us from using these returns to help alleviate their burden of debt? Instant gratification is part of the reason, of course, but some of those big-ticket purchases may also be very necessary. Some people plan months in advance

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*Christopher Mega  
Evaluation Dept. Supervisor*

OUR EVALUATION DEPARTMENT SUPERVISOR, CHRIS, HAS BEEN WITH US FOR 16 YEARS! HE'S A TEAM PLAYER WITH A GREAT SENSE OF HUMOR. WE'RE HAPPY TO HAVE HIM!

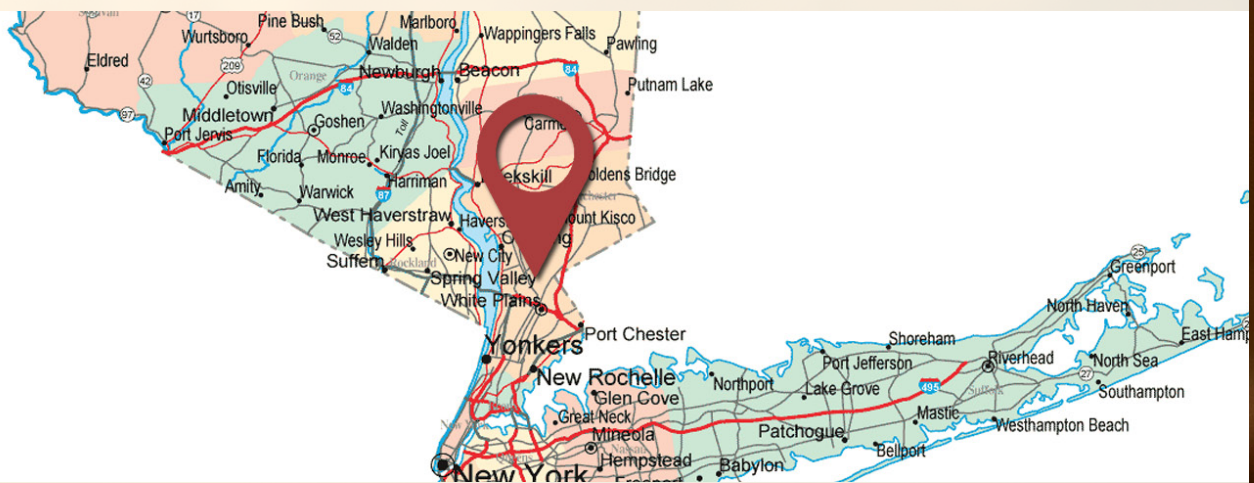
"EVERYDAY, MY GOAL IS TO CREATE AN AFFORDABLE PAYMENT FOR EACH CLIENT THAT CALLS US LOOKING FOR HELP. THE BEST PART OF MY JOB IS WHEN I TELL A CLIENT THEIR NEW PAYMENT THROUGH CAMBRIDGE, AND THEY TELL ME THAT I JUST MADE THEIR DAY."



3.) WASH YOUR CAR! THE RESIDUAL SALT LEFT ON YOUR VEHICLE CAN CAUSE SERIOUS RUST DAMAGE TO THE UNDERCARRIAGE OF YOUR CAR. SURE, YOU MIGHT NOT BE ABLE TO SEE IT, BUT RUSTY CAR PARTS CAN LEAD TO SOME EXPENSIVE FIXES IN THE FUTURE.

4.) THERE ARE AN INCREASING NUMBER OF APPS THAT LET YOU REMOTELY CONTROL YOUR HOME'S THERMOSTAT. YOU COULD SAVE MONEY BY TURNING DOWN THE HEAT/AC WHILE YOU'RE IN BED, AND YOU WILL HAVE THE LUXURY OF TURNING ON THE HEAT/AC AS YOU'RE WAKING UP. IF YOU FORGET, YOU CAN TURN OFF THE HEAT/AC WHILE YOU'RE AT WORK.

## CAMBRIDGE: MOVING FORWARD FOR REVERSE MORTGAGES



It's been an exciting year for us. Our most recent endeavor, offering face-to-face reverse mortgage counseling to residents of New York, is proving to be a success. Our New York branch officially opened on February 1st in Hawthorne, NY, and is specifically intended for Home Equity Conversion Mortgage Counseling (HECM) sessions.

New York had been severely lacking in the number of U.S Department of Housing and Urban Development-approved HECM counselors, so much so, in fact, that applicants were having a hard time fulfilling the counseling requirement. "When we researched the situation, we discovered that there were 20 agencies in New York, but each had only had 1 or 2 HECM counselors on staff," noted Cambridge's Housing Director, Jennifer Cosentini. Some counseling agencies had waiting lists that were two months long. Jennifer saw an opportunity and put the wheels into motion, "We could counsel them over the phone, but they were looking for face-to-face HECM counseling." We're thrilled to expand our outreach and deliver the kind of counseling that borrowers prefer, be it face-to-face or over the telephone.

This is Jen!



## PRODUCE IN SEASON FOR SPRING

- 1.) ASPARAGUS
- 2.) BROCCOLI
- 3.) CHIVES
- 4.) CORN
- 5.) GREEN BEANS
- 6.) LIMES
- 7.) MANGOES
- 8.) ORANGES
- 9.) PEAS
- 10.) STRAWBERRIES





CONTINUED FROM INSIDE [TAXES]:

to spend their tax refunds on dental work, car repairs, or home renovations. Those are important. Planning accordingly makes the purchase of those necessary items easy and seamless, like the money was never really there in the first place. Still, there might be a better way, but it means you'll need to become a saver.

If saving 100% of your tax refund isn't a viable option, try saving at least 30%. Saving 30% of the average tax refund (\$2,913) is over \$870!

## YOU SHOULD CONSIDER WITHHOLDING LESS

Getting a refund simply means that you paid more taxes than you owed during the previous twelve months. In other words, you gave the government an interest-free loan for a year. However, by changing the amount you allow to be withheld from every paycheck, you could access that money immediately. If the average refund is about \$2,900, you could be taking home an extra

Is there someone in your life struggling with debt?

Be sure to tell them that a simple, safe solution is available. Please refer your



1-800-CAMBRIDGE  
www.CambridgeCredit.org

Cambridge now offers  
**Student Loan Counseling**



**Call (888) 661-7910**

Talk to a Student Loan Counselor about options that may be available to help with your federal student loans.

Not available in all states.

\$240 a month! That would be ideal for anyone expecting a baby, getting ready to buy a house, or preparing to experience a similarly costly life-change. If those big plans aren't on your horizon you could consider setting up an automatic transfer from your checking account to your savings account, equal to the amount of the new increase in your paycheck. That way the money won't be spent indiscriminately, and you'll have a rainy-day fund that you can access whenever you need it.

If the average refund is about \$2,900, you could be taking home an extra \$240 a month!

Your IRS Form W4 is where you want to look if you're interested in adjusting your tax withholdings, but it can be tricky to estimate allowances to minimize your refund and maximize your paycheck. The IRS offers a free calculator that can help you make an informed decision. Visit: <https://apps.irs.gov/app/withholdingcalculator/> to complete a questionnaire to determine your options. Then, talk to your employer to make any changes on your W4 form.