

**NEWS RELEASE 2007**

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**EXTREME MAKEOVER: FINANCE EDITION**

*Financial Improvement Tips for a New You in the New Year*

WASHINGTON, Dec. 19— Because the new year is a great time to get your financial house in order, the American Bankers Association is offering suggestions for a successful "extreme financial makeover" in 2008.

"The new year symbolizes a fresh start and is the ideal time to take charge of your finances," says Laura Fisher, director of the ABA Education Foundation. "Some people will resolve to quit smoking or lose weight, but every one of us can resolve to assess current economic conditions and find ways to enhance our financial comfort zone in 2008."

Fisher recommends the Foundation's [getsmartaboutcredit.com](http://getsmartaboutcredit.com) Web site for tips, resources and links to financial education programs offered by financial institutions that provide sound credit education information to consumers.

Whether it's a minor tweak or a complete renovation, ABA member banks are encouraging consumers to consider these changes:

**Budget**

Create a realistic budget to balance income with expenses. This will allow you to pay down debt while saving. Computer software programs or basic budgeting worksheets can help consumers get started. One place to start is [getsmartaboutcredit.com](http://getsmartaboutcredit.com).

**Lowering Debt**

"Debt is common in most households today," explains Fisher. "It has a legitimate place in many budgets but only when handled with great care." ABA recommends that consumers pay more than the minimum due and always pay on time. Pay off debt with higher interest rates first, transfer high-rate balances to credit cards with lower interest rates, and limit long-term debt to purchases that will appreciate in value, such as a home.

**Saving**

Saving is an essential element of financial fitness. It provides security and ensures a comfortable future that can withstand financial surprises. "Saving is no longer an option and no matter what age you are, it's

never too late to begin," says Fisher. Banks are committed to helping consumers save for the future. Many offer savings plans that automatically transfer funds from checking to a savings account, mutual fund or other savings plan.

### **Retirement Planning**

The best way to prepare for retirement is to enroll in a retirement plan or consider optimizing an established retirement plan. Contribute at least the maximum amount that will be matched by an employer because contributions are tax deductible. IRAs are another choice that offer tax-deferred growth, meaning taxes are assessed on investment gains only when withdrawals are made. Your banker can help you find the best options for your budget and your lifestyle.

Ready to be more fiscally fit in 2008? Visit the ABA Education Foundation's [getsmartaboutcredit.com](http://getsmartaboutcredit.com) Web site or visit [www.aba.com](http://www.aba.com) and click on "Consumers" for financial resources that will help make your "extreme makeover" last for many years to come.

*The American Bankers Association brings together banks of all sizes and charters into one association. ABA works to enhance the competitiveness of the nation's banking industry and strengthen America's economy and communities. Its members – the majority of which are banks with less than \$125 million in assets – represent over 95 percent of the industry's \$12.7 trillion in assets and employ over 2 million men and women.*