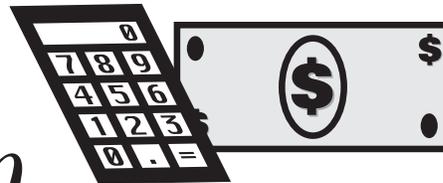


BASIC



Money Management



Table of Contents

Leader's Guide4

Budgeting Basics25

Banking Basics61

Credit: How to Get It, Use It, and Keep It86

Record Keeping: The Facts of Your Life..... 125

Evaluations 135

BASIC *Money Management*



Leader's Guide

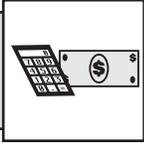
The *Basic Money Management* life skills curriculum has four modules, including:

- *Budgeting Basics*
- *Banking Basics*
- *Credit: How to Get It, Use It, and Keep It*
- *Record Keeping: The Facts of Your Life*

For each module, you will find: objectives; fact sheets, worksheets, activity sheets; and sample lesson plans. The *Basic Money Management* curriculum materials were designed to be used for self study or for presentation and discussion at educational sessions. Copy fact sheets, worksheets, and activity sheets for distribution, as needed.

Evaluation instruments also are included to measure progress toward the stated objectives for each module. The evaluation has several parts:

- Ask participants to fill out the *Basic Money Management* evaluation (*Identifying My Need to Know More About Basic Money Management Principles and Skills*), which is designed to help determine which modules (and which parts of each module) best fit their needs. There is only one of these forms for the entire *Basic Money Management* life skills curriculum, since it addresses all four modules.
- For each of the modules where a participant indicated a need to know more about that area, use the following evaluation forms:
 - Shortly before the lessons (or before they have been provided with the fact sheets and other materials to read and complete on their own, if that is what they prefer), have participants complete:
 - *An Assessment of How My Money Management Activities Affect My Family's Health and Well-Being*
 - *My Plans For Improving My Skills*
 - Shortly after the lessons (or after they have been provided with the fact sheets and other materials, assuming you are able to “track” them), ask the participants to fill out the form entitled *Evaluating My Progress Toward Meeting My Goals*.
 - Six-months and 12-months after the classes (or after they have been provided with the fact sheets and other materials, assuming you are able to “track” them), have participants again complete the evaluation form *An Assessment of How My Money Management Activities Affect My Family's Health and Well-Being*.



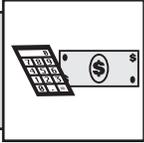
Budgeting Basics

The objectives of the *Budgeting Basics* life skills module are to help participants:

- List financial goals for the family
- Track spending to determine how money is spent
- Set up a budget or spending plan
- Determine if and when expenses can be reduced
- Develop a reasonable savings plan to meet emergencies and goals

To help achieve these objectives, the following fact sheets, worksheets, and activity sheets are included:

- *Budgeting Basics*
- *Getting Started*
- *You and Your Money Quiz*
- *Wants, Needs, Goals*
- *Net Worth*
- *What Do I/We Owe?*
- *Track Your Daily Spending*
- *Budget*
- *Budget Worksheet (Income)*
- *Budget Worksheet (Expenses and Savings)*
- *Calendar of Monthly Income and Expenses*
- *Yearly Calendar of Expenses*
- *Does Your Money Have Wings?*
- *Saving for Tomorrow*
- *Money Saving Suggestions*
- *Increase Your Income; Don't Fall for a Scam*
- *Getting Help*
- *Insurance*
- *Rent-to-Own*
- *The Cost of Moving*
- *The Cost of Moving Worksheet*



Following is a suggestion for three *Budgeting Basics* educational sessions.

Session I:

Use the following fact sheets, worksheets, and activity sheets:

- *Budgeting Basics*
- *You and Your Money Quiz*
- *Wants, Needs, Goals*
- *Tracking Your Spending*
- *Does Your Money Have Wings?*

Teaching points:

Hand out *An Assessment of How My Money Management Activities Affect My Family's Health and Well-Being* and the *You and Your Money Quiz* as they enter the room. Ask them to complete the evaluation first; then the quiz.

Discuss the *Budgeting Basics* fact sheet. Stress that how we manage our money is an individual matter, but very important part of our lives.

Discuss the *You and Your Money Quiz*. Point out that family members often have very different approaches to money management. Suggest that participants discuss this quiz with their families to see how they would answer.

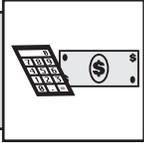
Discuss *Wants, Needs, Goals*. Explain the difference between a want and a need. Have participants list several things they would like to buy. You might want to add to the list. Go over the list and ask if they think it is a want or a need. You also could have a list of several items such as a car, car with radio, car with CD. Read the list and have participants indicate if it is a want or need.

Discuss goals and the differences between immediate, short-term, and long-term goals. List some goals in each category, with input from the audience. Ask participants to list at least three goals in each category for the next session.

Hand out *Tracking Your Spending*. Show how to fold a 8 1/2" by 11" sheet to get eight spaces (by folding three times) and write the days of the week on each space.

Ask participants to keep track of everything they spend for at least two weeks — a month is better. Suggest other family members also track their spending.

Discuss *Does Your Money Have Wings?* Go through some of the items listed. Ask participants



what items costs and how many times they usually purchase them. Add up yearly costs. Ask what they could buy with the money they saved from cutting back or cutting out something listed. Discuss remainder of sheet.

For the next session, ask participants to bring their weekly spending record (from *Tracking Your Spending*), plus information about other regular monthly expenses.

Session II:

Use the following fact sheets and worksheets:

- *Net Worth*
- *What Do I/We Owe?*
- *Getting Started*
- *Budget*
- *Budget Worksheet (Income)*
- *Budget Worksheet (Expenses and Savings)*
- *Calendar of Monthly Income and Expenses*
- *Yearly Calendar of Expenses*

Teaching points:

Talk about the *What Do I/We Owe?* worksheet and what should be listed on it to help participants see their total debt obligation. Ask them to complete the work sheet either in class or at home.

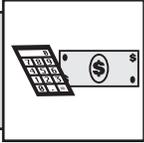
Show the *Net Worth* form. This summarizes what they own versus what they owe.

Look at *Getting Started* and discuss.

Discuss the *Budget Worksheet (Income)* and *Budget Worksheet (Expenses and Savings)*. Explain the various categories and how they can be changed to fit the participant's family situation.

The *Budget* worksheet is basically an overall view of the totals on the worksheets and helps determine if participants need to reduce expenses or increase income.

Talk about how to use the *Calendar of Monthly Income and Expenses* to list when income is received and when bills need to be paid. Do a sample of a weekly paycheck and how to pay monthly bills, such as rent. List several bills that will occur each week. To the right of each week, list how much is left over after paying bills. Suggest when a bill arrives, participants put it on the calendar for the day it must be paid, not the day it is due (to avoid late fees). Circle the bill and amount when it is paid.



Point out that the *Yearly Calendar of Expenses* is designed to help participants be aware when occasional expenses arise and how money needs to be saved each month to meet them. Have each participant start filling in this calendar.

For next session, ask participants to complete the three budget worksheets and the *Yearly Calendar of Expenses*.

Session III:

Use the following fact sheets and worksheets:

- *Saving for Tomorrow*
- *Money Saving Suggestions*
- *Increase Your Income; Don't Fall For a Scam*
- *Getting Help*
- *Insurance*
- *Rent-to-Own*
- *The Cost of Moving*
- *The Cost of Moving Worksheet*

Teaching points:

Review budgeting forms. Discuss what participants discovered about their budget. Ask them for suggestions on how they could change their spending.

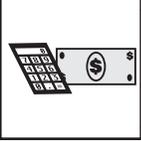
Use the *Saving for Tomorrow* fact sheet and discuss how saving even small amounts can add up over time.

Go over the *Money Saving Suggestions* worksheet. Pick a few statements from each category and discuss.

Ask for ideas on how participants can increase their income and what opportunities may be a "scam." Bring newspaper ads that sound suspicious.

Use the *Getting Help* fact sheet to explore the many agencies, organizations, and groups in your the area that offer assistance. Check out local agencies, organizations, and groups; then add them to the list.

Talk about the importance of insurance and the different kinds of insurance. Be sure participants are aware of renters insurance and the different types of auto insurance coverage. Talk about income-based, low-cost health insurance for kids.



Budgeting Basics

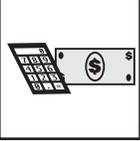
Leader's Guide

Ask if anyone has used rent-to-own. Discuss advantages and disadvantages.

Ask if any participants have moved recently (or plan to do so in the near future). Discuss *The Cost of Moving* fact sheet. Go over *The Cost of Moving Worksheet* and suggest they use it when they move. It is an easy way to keep track of what *has* to be done, as well as the cost of moving.

Urge participants to contact you if they have any money management questions.

By: Mary Lou Odle, Saline County Extension Agent, Family and Consumer Sciences, K-State Research and Extension



Banking Basics

The objectives of the *Banking Basics* life skills module are to help participants:

- Identify and evaluate the various ways to make purchases and pay bills
- Know how to select a checking account that best fits their needs
- Learn how to manage a checking account

The following fact sheets and a worksheet are included:

- *Deciding How To Pay*
- *When Are Deposits Available?*
- *Selecting A Checking Account*
- *Managing A Checking Account*
- *Electronic Transfer Accounts (ETAs) – A New Option*

Following are some suggestion for two educational sessions on *Banking Basics*. You may want to expand it to three (or more) sessions, depending on the number of activities you choose to include.

Session I:

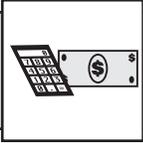
Use the following fact sheets:

- *Deciding How To Pay*
- *Electronic Transfer Accounts (ETAs) – A New Option*

Teaching points:

Provide copies of the two fact sheets, *Deciding How To Pay* and *Electronic Transfer Accounts (ETAs) – A New Option*. Explore with participants the various ways to make purchases and pay bills. Focus the discussion around the questions below. You might want to summarize these points on newsprint, a chalkboard, dry erase board, or an overhead transparency.

- What are the advantages and disadvantages of using each method of payment? How do they compare against each other?
- How do they work? Are they convenient? How easy or difficult are they to manage?
- What are the costs? Are these costs different locally? If I don't manage the payment method wisely, what are the possible consequences?
- What records will there be of transactions? How easy or hard will it be to keep track of these transactions?



- Are there safety issues to consider?
- What other factors influence whether I use a particular method of payment or not?

As an alternative, you could develop a few case studies and ask participants what payment method would be appropriate in this particular situation and why. Again, try to address some of the questions mentioned earlier.

Pay attention to how the group responds. What do the responses tell you about their past experience with, or willingness to consider, this type of payment method? Acknowledge their feelings and experiences.

Gather (or have participants who have signed up to attend the educational session gather) local data on costs of the various payment methods in your community, such as the cost of money orders and cashier's checks, check cashing fees, ATM and debit card fees, service charges, stop payment requests, "insufficient funds" fees, and others. In some cases, this may mean gathering copies of brochures and disclosure information from financial institutions and businesses.

If some participants have never used Electronic Fund Transfer, such as using an ATM card, a debit card, or electronic bill payment service, you might want to arrange a field trip to a local business or financial institution that has the systems in place. See if the manager or other employee could explain how the system works.

While not discussed in the *Deciding How To Pay* fact sheet, questions may arise about the Kansas Vision card. This is another type of Electronic Fund Transfer card. The Kansas Vision card is more correctly referred to as an Electronic Benefit Transfer (EBT) card. Families who receive food stamp benefits, Temporary Assistance for Families, or TAF, general assistance, or refugee assistance in Kansas access these benefits through the Vision card. If you need information, you can get the booklet *How to Use Your Kansas Vision Card* from the nearest Social and Rehabilitation Services Office.

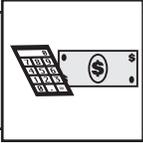
Session II:

Use the following fact sheets and worksheet:

- *When Are Deposits Available?*
- *Selecting A Checking Account*
- *Managing A Checking Account*

Teaching points:

People choose not to have checking accounts for many reasons — some are financial; some are some emotional. If your audience tends not to have checking accounts, you may want to address analyzing whether or not a checking account is appropriate for all families.



Brainstorm about the reasons someone might want to have a checking account versus not have a checking account. Some possible reasons why a person would *not* want to have a checking account could be:

- Past problems with a checking account (such as “bounced” checks)
- Not able to keep a minimum balance to avoid or minimize fees
- Poor math skills
- Not able to balance a checkbook
- Only have a few bills to pay each month
- Don't trust financial institutions

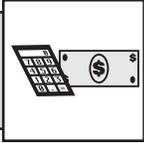
Continue this discussion with how to select a checking account, since there are many different types of accounts and services available. If not discussed in the previous session, this may lead to a discussion of the new Electronic Transfer Accounts (ETAs) as an alternative to a regular checking account.

At the end of the earlier session, consider asking participants to visit with local financial institutions and gather copies of brochures or disclosure information that explain their checking accounts, other services, fees, and related information and bring it to the second session. This information can be used to begin filling out the *Selecting A Checking Account* worksheet during the second session. As an alternative, if you plan to expand the *Banking Basics* educational sessions to three, ask each participant to visit one financial institution before the next session and gather the information needed to fill out the *Selecting A Checking Account* worksheet.

Hand out the two fact sheets *When Are Deposits Available?* and *Managing A Checking Account*. Discuss why it is important to manage a checking account wisely. Ask the following questions:

- What information appears on a check? What is the correct way to write a check? How do you make a deposit? How do you endorse a check?
- How do you use a check register (or stub) to keep track of the money in an account?
- What is the purpose of an account statement and how do you reconcile a checkbook register with this statement?

Have participants “practice” writing a check, filling out a deposit slip and checkbook register. (Duplicate extra copies of the following sample blank check, deposit slip, and checkbook register). Make a list of bills (and people) to be paid by check. Have participants write the checks and enter the information into the checkbook register. Provide examples of check deposits, direct deposits, and ATM or debit card withdrawals to enter into the checkbook register. Provide scenarios that involve endorsing checks in various ways.



Credit: How to Get It, Use It and Keep It

Leader's Guide

The objectives of the *Credit: How to Get It, Use It, and Keep It* life skills module are to help participants:

- Understand the advantages and disadvantages of using credit
- Identify types and sources of credit
- Know how to get credit and use it wisely
- Understanding consumer credit protection laws
- Know how to check their credit report
- Keep credit use under control
- Identify their total debts
- Determine if they have too much debt

To help achieve these objectives, the following fact sheets, worksheet, and activity are included:

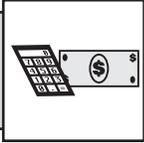
- *Give Yourself a Checkup*
- *Tool or Trap?*
- *Choosing and Using a Credit Card*
- *Your Credit Rights*
- *Check Your Credit Report*
- *Analyze Your Debts*
- *Keeping It Under Control*

Following are some suggestions for three educational sessions on *Credit: How to Get It, Use It, and Keep It*.

Session I:

Use the following fact sheet and activity:

- *Give Yourself a Checkup*
- *Tool or Trap?*



Credit: How To Get It, Use It, and Keep It

Leader's Guide

Teaching points:

Hand out the activity *Give Yourself a Checkup*. Have participants check which of the warning signals they have experienced in the past year. Do not ask them to share responses with the group, however. While there are no hard and fast rules, and some of the warning signals are more serious than others, even experiencing two or three of these warning signals may indicate the participant needs to make some significant changes in the way money is managed.

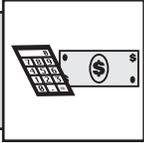
Discuss the various types and sources of credit. Then ask participants what they think are the advantages and disadvantages of using credit. Record their responses on newsprint, a chalkboard, dry erase board, or on an overhead transparency. You may want to supplement their responses with those listed in the handout *Tool or Trap?*

Make a list of 10-15 types of purchases or expenses that participants might (or might not) use credit for. Include some situational examples, also. Here is a possible list:

- Appliances and major furnishings for the home
- Past-due bills
- Food or gasoline for the car (everyday expenses)
- A home
- A car
- A college education
- Several small purchases in the same store
- Purchases less than \$5
- Items on sale
- A vacation
- Purchases where couldn't save enough to pay cash
- Purchases where could have paid in cash, but chose not to

Ask participants whether they would use credit for this type of purchase (yes, no, or maybe) and why or why not. Discuss the examples in terms of advantages and disadvantages, costs, risks, obligations, and consequences.

There are no right or wrong answers. People choose to use (or not use) credit for many reasons – some are financial; some are emotional. However, using credit for some of these examples may be a “warning signal” under certain circumstances. For example, charging day-to-day expenses (especially perishable items) instead of paying cash, can be a “warning signal” if it is done regularly because there is not enough income or too many expenses.



Credit: How To Get It, Use It, and Keep It

Leader's Guide

However, some people do this simply for convenience, paying off the balance owed each month.

Spend some time discussing how to apply for credit. List some "guidelines" (compare credit costs, read the fine print, don't sign a contract with blank spaces, etc.) on newspaper, a chalkboard, dry erase board, or on an overhead transparency.

Discuss what creditors look for when granting credit. Stress that creditors set their own standards for granting credit and may reach different conclusions when evaluating the same credit applicant. Explore some of the ways to establish a good credit history.

Go over the questions to ask yourself before deciding to use credit. Stress the need to consider advantages and disadvantages, costs, risks, obligations, and potential consequences.

Session II:

Use the following fact sheets:

- *Choosing and Using a Credit Card*
- *Your Credit Rights*
- *Check Your Credit Report*

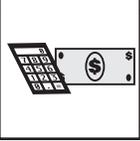
Teaching points:

Use the *Choosing and Using a Credit Card* fact sheet to discuss the major costs and features to consider when selecting a credit card:

- Annual fee
- Annual Percentage Rate (purchases; cash advances; balance transfers; fixed, variable, or tiered; introductory; penalty)
- Grace period
- Method of calculating balances
- Credit limit
- Other fees (late-payment; over-the-limit; cash advance; minimum finance charge)

There are several ways to involve participants. Consider the following alternatives:

- Write the major costs and features on separate pieces of paper. Then write the definitions for these major costs and features on other pieces of paper. Tape the costs and features on one wall; the definitions on another.



Credit: How To Get It, Use It, and Keep It

Leader's Guide

Divide participants into small groups of 4-6 people. One at a time, have each group select a feature or cost, match it with the correct definition, and tape the two together. Then discuss the “matches.”

- Have the groups each look at different credit card offers (such as “pre-approved” offers received in the mail – just be sure to mark out the name and address of the person it was sent to) or at different disclosure statements for credit cards (generally sent to credit card holders each year). Have each group look for the actual costs and features for that credit card and report the information back to the group. As a group, discuss the similarities and differences among the credit card costs and features.
- Develop a few case studies and ask participants what type of credit card might be appropriate for this person and why. Here's an example:

Which credit card is best for Jim?

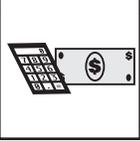
Jim is 19 and got his first full-time job two months ago. The job involves quite a bit of traveling throughout the state. Jim is required to pay for his travel expenses, for which he will be repaid by his employer.

Jim wants to get a credit card that he can use to charge these business travel costs. He hopes that when the bills come due, he will already have been repaid by his employer – but other employees say that doesn't always happen.

This is Jim's first credit card and he has been having trouble staying within his budget since he graduated from high school.

For this situation, the more important issues for Jim probably are:

- Longer grace period (to allow time for his employer to repay expenses before the payment is due)
- Lower interest rate (in case he has to carry over a balance to the next month)
- Balance calculation method that excludes new purchases (since he may have lots of charges each month)
- Lower late payment fees (if he has trouble managing his money)
- Higher credit limit (in case his travel expenses are high that month)
- Have participants list their credit cards and account numbers, when the cards expire, and the addresses and telephone numbers of the companies that issued the credit cards. Be sure to indicate the telephone number to call in the event the credit card is lost or stolen (generally a toll-free one). Participants also may want to note the



Credit: How To Get It, Use It, and Keep It

Leader's Guide

general customer service telephone number. Remind them to keep this information in a safe place at home.

- Summarize the major consumer credit rights from the fact sheet *Your Credit Rights*.
- Discuss what a credit report is, the type of information Consumer Reporting Agencies keep and how long they keep it, and how to get a copy of a credit report. Also review how people have the right to correct inaccurate information in their credit report.
- You might want to use a type of “matching” activity. Write down on separate pieces of paper the periods of time that Consumer Reporting Agencies can keep certain information (7 years; 10 years; no time limit) and place them on the wall. Give examples of different types of information that Consumer Reporting Agencies keep (accounts with creditors, tax liens, bankruptcies, default on guaranteed student loans, etc.) and ask participants how long they keep this type of information. Have participants (individually or in small groups) match the “type of information” with the correct “number of years.”

Session III:

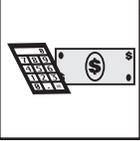
Use the following fact sheet and worksheet:

- *Keeping It Under Control*
- *Analyze Your Debts*

Teaching points:

Have participants fill out part of the worksheet *Analyze Your Debts*. Provide additional copies if more than 10 debt entries are needed.

- Enter the interest rate on an annual basis (Annual Percentage Rate). If this is a past-due bill that has no interest rate for late payments, enter the late fee that will be charged.
- Check (✓) those debts that are secured by property or that have a co-signer.
- Check (✓) those debts where some type of legal action already has been taken (turned over to collection agency, wage garnishment, or other).
- Provide appropriate details of the payment plan (such as number of installment payments left to pay; lump sum payment; or revolving credit). Also indicate the payment amount. For revolving credit, list an average or typical payment amount. For lump sum debts, enter a monthly equivalent (total amount owed divided by number of months left before the lump sum payment is due).



Credit: How To Get It, Use It, and Keep It

Leader's Guide

- Note when payments are due and the date the last payment was made.
- Leave the last column (priority for repayment) to fill out later.

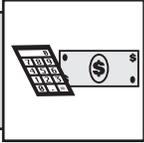
Have participants then multiply their take-home income times .2 and compare it with the total monthly debt payments. Have participants committed more than 15-20% of their take-home income to debt payments (not including mortgage)?

If debt payments exceed 15-20 percent of take-home income, have participants consider setting up a debt repayment plan.

- Explain the self-help steps in setting up a debt repayment plan, including how to analyze and prioritize debts. If you have a copy of the computer program *PowerPay*, you may want to use it to assist with this effort (or make appointments to work with participants on a one-to-one basis).
- Then have them fill out the last column in the *Analyze Your Debts* worksheet by ranking the importance of paying off each debt (either rank by number, such as first, second, third etc.; or as highest, high, moderate, etc.).

Also discuss options where professional help is needed, such as credit counseling (and local sources, if any), debt consolidation, and bankruptcy options.

In small groups, you might want to have participants write sample letters to creditors notifying them of the situation (such as not being able to make regular payments) and proposing a particular debt repayment plan (with blank spaces to fill in the appropriate information). Share sample letters with the rest of the group.



Record Keeping: The Facts of Your Life

The objectives of the *Record Keeping: The Facts of Your Life* module are to help participants:

- Understand when important records may be needed
- Know how long important records should be kept
- Know where important records should be kept
- Learn one possible way to organize a home file

Several fact sheets and an activity sheet are included to help achieve these objectives:

- *When Do You Need Important Records?*
- *How Long Should You Keep Important Records?*
- *Do You Know Where These Important Records Are?*
- *Where Should You Keep Important Records?*
- *Sample Filing System*

Following are some suggestions for a series of two *Record Keeping: The Facts of Your Life* educational sessions:

Session I:

Use the following fact sheets:

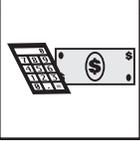
- *When Do You Need Important Records?*
- *How Long Should You Keep Important Records?*

Teaching points:

Ask participants if they have needed some type of important record recently. Why did they need it? Were they able to find it? How long did it take for them to find it? Then have participants share other times in their lives when they needed important records. Why did they need the information? Discuss other situations where records might be needed (from the fact sheet *When Do You Need Important Records?*).

As a second part of the above discussion, have participants identify what records they need in the various situations mentioned.

As an alternative, you could divide participants into groups of 4 to 6 and ask each group to make a list of 20 records that they or their families might need to keep. Remind them that records may be family, work, or financial. They also may be for everyday situations, as well as emergencies. Have each group share one item on their list. Continue getting additional



Record Keeping: The Facts of Your Life

Leader's Guide

items from each group until you notice that they are having difficulty identifying additional records. Write down their ideas on newsprint or a chalkboard, dry erase board, or overhead transparency. You may want to list them by type of record, such as by family, work, or financial. You also may want to add other records that need to be kept. Use the various lists in the fact sheet *Where Should You Keep Important Records* as a guide. Don't hand out the fact sheet to participants until at the next session, however.

Once participants have an idea of the types of records to keep, address the issue of how long they need to be kept. You might want to start by asking participants if it is important to keep all of these records forever? This can lead into a discussion of the general rule for keeping records:

Keep important records until they are no longer useful.

Ask participants to think about the previous activity – where they identified situations that needed certain records – and identify those records that need to be kept indefinitely (and why), those that need to be kept for several years (and why), and those that can be discarded earlier (and why). Use the fact sheet *How Long Should You Keep Important Records?* as a guide for supplementing and “adjusting” the lists developed by the participants.

Session II:

Use the following fact sheets:

- *Do You Know Where These Important Records Are?*
- *Where Should You Keep Important Records?*
- *Sample Filing System*

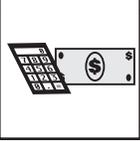
Teaching points:

Hand out the activity sheet *Do You Know Where These Important Records Are?* Give participants time to respond to the question.

Stress that, in Session I, the discussion centered around when records were needed, what records were needed in those situations, and how long records should be kept. In Session II, the discussion will focus on where these records should be kept.

There are several ways that you can get participants involved in this session.

- Mention various records individually and ask the group where they think that record should be kept. Using three columns (safe deposit box, home file, and carry with you), write down their answers on newsprint or a chalkboard, dry erase board, or overhead transparency.

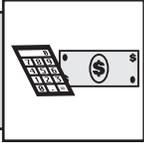


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- As an alternative, divide participants into groups of 4 to 6. Place three signs around the room (safe deposit box, home file, and carry with you). Select 20 or so different records and write them down on pieces of paper (one record per piece of paper). This represents a “set.” Make one “set” for each group. Ask each group to discuss and sort the records into three stacks, depending upon where they think they should be stored (safe deposit box, home file, and wallet or purse). Have each group tape the pieces of paper around the room under the appropriate “storage location” sign.
- In both activities, use the fact sheet *Where Should You Keep Important Records?* as a guide. Go over the lists or groupings. When there is a disagreement about where certain records should be stored, or where records are incorrectly placed or listed, discuss the correct placement and why another location is more appropriate.
- For additional information, you can use the publications in the three-part *Getting Your Household in Order* series as a reference (*Organizing Household Records*, L-801; *Our Valuable Records*, MF-685; and *Taking Inventory: Protecting Your Household Possessions*, L-776).
- Share the fact sheet *Sample Filing System*. In small groups, you might want to have participants put together some mini-files using folded index cards. Have participants label them according to the categories in the *Sample Filing System* (or an adaptation the group develops). Put them in a small box.
- Did you use the activity above where participants sort “records” and place them around the room according to the appropriate “storage location”? If so, you could have participants retrieve the records located at the home file “storage location,” fold them into smaller pieces, and file them under the appropriate categories in the mini-files.

By: Joyce E. Jones, Extension Specialist, Family Financial Management, K-State Research and Extension



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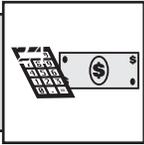
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Budgeting Basics

Money is a part of our life every day. What we wear, what we eat, where we live, and the fun things we do are only a few money related decisions we make.

For some people, having a million dollars wouldn't be enough to satisfy their wants. Millions of other people manage to pay their bills, save for the future, and enjoy life while still living within their income. Managing money takes time and effort.

The way you spend or save money today will help determine what you have and whether you can pay your bills in six months, a year, or many years from now. For example, if you spend your money as fast as it comes in, you may find yourself in debt when unplanned expenses occur.

Do you have control over how you spend money? Can you live within your income — meeting expenses and putting some money into savings?

Budgeting is a way to get the most out of your dollars. It is not just about saving money or being a tightwad or doing without. Budgeting is about deciding where your money will go and making a spending and savings plan.

Money Management Skills

No one is born with natural money management skills. You may have learned some money management skills from your family, but you may want to manage your money differently than your parents managed their money. You also may have learned some money management skills at school or through life experiences. Developing good money management skills takes time, practice, and patience.

Budgeting

If you run out of money before all the expenses are paid, you are not alone. While people work hard to earn an income, they often do not work at planning how income will be spent. There are steps you can take to make a budget work for you. The basic steps in successful budgeting include:

1. Track how your money is spent for one month.
2. List all income for the month.
3. Compare expenses to income.
4. Determine what changes need to be made.
5. Make a spending and savings plan.
6. Try to follow the spending and savings plan, adjusting as necessary.
7. As money is spent, record all expenses on expense worksheet.

By: *Mary Lou Odle, Saline County Extension Agent, Family and Consumer Sciences K-State Research and Extension*



Budgeting Basics — Getting Started

1. Get organized.

- Get your bills and financial records together. Have a designated box, basket, or file where bills are placed when they arrive. Open the bill and mark on the outside of the envelope the date the bill should be paid. If you are going to mail the payment (rather than pay it in person), the date noted should be four or five days before the due date (to allow the payment to arrive before the due date and avoid a late fee).
- After paying a bill, mark it “paid” and put it in large envelope, box, or file marked “Paid bills.” Keep receipts for cash payment of bills in the same place.

2. Track spending.

- Keep a folded sheet of paper or small notebook with you at all times to track all of the money you spend for one month.

3. Record spending.

- Record your spending on the budget expense worksheet, adding categories if necessary to fit your spending pattern.

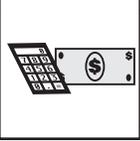
4. Record all income on the income worksheet.

5. Compare expenses to income.

- If your expenses are more than your income, look for what you can cut.
- Determine what expenses are absolutely necessary, such as housing, utilities, and food.
- Decide which other expenses can be cut to meet the necessary expenses.
- Look for ways you can increase your income.

6. Make a budget (spending and savings plan) for next month.

- Fill in planned expenses and expected income on budget sheet.
- As it is received, record income on income sheet and monthly calendar.
- As bills arrive, list them on the monthly calendar on the date they should be paid. Also record other monthly expenses if no bill is received (such as rent).
- Plan what bills and expenses will be paid out of each paycheck or other source of income, as well as how much of the income must be saved to pay expenses later in the month.

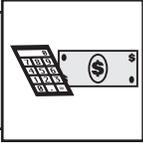


Budgeting Basics — Getting Started

Fact Sheet

- 8. At the end of the month, subtract expenses from income and determine if you have stayed within your budget.**
- 9. Review expenses and income to determine what needs to be changed. Do you need to cut some expenses or increase income?**

Don't be discouraged. The first few months you try to follow your budget will be a learning experience. You may need to make changes in your budget. Remember, a budget is a guideline for spending and saving money. It helps you identify where your money goes and helps you plan how to use your money to get the things you need and want.



Budgeting Basics — You and Your Money Quiz

Activity

Each person handles money differently. Have each member of the family complete this quiz and then compare and discuss your answers.

1. How would you rank your family's spending habits?

	You	Your Partner	Kids
Too thrifty	_____	_____	_____
Reasonable	_____	_____	_____
Easy going	_____	_____	_____
Spend every cent	_____	_____	_____

2. What do you enjoy spending money on? _____
3. What does your family enjoy spending money on? _____
4. What causes the most discussion about money in your household? _____

5. What would you like to change about how family money is spent? _____

6. Within a few dollars, how much does your family spend each month on:
- _____ Eating out
- _____ Utilities — heat, water, cable TV, phone, etc.
- _____ Entertainment
- _____ Purchases at discount stores
- _____ Snacks, cigarettes, alcohol
- _____ Gas for car
7. Do you feel any of your monthly expenses are too high? _____
Which ones? _____
8. If your family had to cut spending, what would you cut? _____
What would your partner cut? _____
9. How would you pay an unexpected expense of \$150? _____

10. If someone gave you \$1,000, what would you do with it? _____

11. What would you like to change about your financial situation? _____

12. How much does your family put into savings each month? _____
How much does your family have saved for emergencies? _____

By: Mary Lou Odle, Saline County Extension Agent, Family and Consumer Sciences K-State Research and Extension



Budgeting Basics — Wants, Needs, Goals

We all have basic needs in our life — shelter, clothing, and food. Each person in the family has additional needs that costs money. There is a difference between needs and wants. A want is something you would like to have but could live without. It is important to discuss with your family what are their wants and needs and how do they fit into the family's financial plans.

A car may be a need for the family, but a new car probably is a want. Would you consider a radio in the car a need; what about a CD player? A phone in the house may be a need for your family, but a cell phone could be a need or a want.

Have each family member write down five needs. Then ask each person to write down five wants. Read the lists aloud. Discuss how you could include the needs in your budget, and plan to save for the wants of family members.

Goals:

What is really important to you and your family? Do you have goals? What goals do you plan to work toward?

A goal is a broad general statement of what you want to achieve. Goals provide direction for your plans and actions.

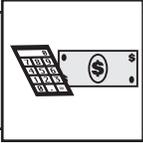
Goal setting is more than deciding what is important to you. To help write your goals, ask yourself these questions:

1. What do I want to do with my money?
2. How much will it cost?
3. How long will it take to get that much money?

Write down your immediate, short-term, and long-term goals. Immediate goals are those things you want to get done in the next week, month, or three months. Short-term goals are things you want to do or accomplish in six months to a year. Long-term goals are goals you want to reach in 1 to 5 years or longer.

You may have more goals in one category than another. You need not have all three types of goals.

As you list your goals, decide which goals you want to use your money for first. Set dates to reach your goals. Ask yourself which goals are the most important and which are the least



Budgeting Basics — Wants, Needs, Goals

important. Just because a goal is short or long term it may be just as important to save for it as the immediate goal. Ask yourself these questions:

1. How important is this goal to me and my family? Is it something I want, but could do without?
2. How urgent is this goal? If you have to buy a new car tag and pay personal property taxes in two months (or you will get a ticket), saving to pay that bill is an immediate goal.
3. What will happen if I don't work on this goal? Will your bills continue to grow with interest charges, or will your credit rating be affected? How will you store food if your can't replace your old refrigerator?
4. How much will I have to save each payday to reach this goal?

Goals are important to successful money management. Goals guide you to use your money for the things that are really important to you and your family. Don't let setting goals be just an exercise. Build them into your spending and saving plans.

Immediate Goals

(within next three months)

Costs

Save Each Month

Short-Term Goals

(six months to a year)

Costs

Save Each Month

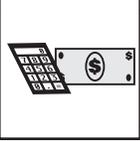
Long-Term Goals

(1 to 5 years or longer)

Costs

Save Each Month

By: Mary Lou Odle, Saline County Extension Agent, Family and Consumer Sciences K-State Research and Extension



Budgeting Basics — Net Worth

Worksheet

Date: _____

Assets:

- Home \$ _____
- Other real estate _____
- Business interests _____
- Automobiles _____
- Home furnishings and personal property _____
- Checking account _____
- Savings account _____
- Stocks and mutual funds _____
- Pension (cash value) _____
- Individual Retirement Account _____
- Life insurance (cash value) _____
- Amounts owned you _____
- Other _____
- Other _____

Total Assets: \$ _____

Liabilities:

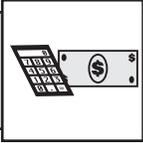
- Mortgage (balance) \$ _____
- Current bills _____
- Auto loan _____
- Other loans _____
- Credit cards (balances) _____
- Life insurance loans _____
- Taxes due _____
- Other _____
- Other _____

Total Liabilities: \$ _____

Assets	\$ _____
minus	
Liabilities	\$ _____
equals	
Net Worth	\$ _____

Update your net worth at least once a year to see how it has changed.	
Current Net Worth	\$ _____
minus	
Last Year's Net Worth	\$ _____
equals	
Change in Net Worth	\$ _____

By: Mary Lou Odle, Saline County Extension Agent, Family and Consumer Sciences, K-State Research and Extension



Budgeting Basics — What Do I/We Owe?

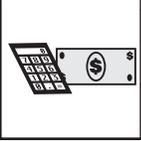
Worksheet

List all your debts, loans, and credit card accounts. For credit cards, list the phone number to call in case they are lost or stolen. Knowing what you owe can help you determine if you can take on more credit card or other debt.

Date: _____

Debts

Company Name	Address and/or Phone	Total Owed	Monthly Payment
Total		\$	\$



Budgeting Basics — Track Your Daily Spending

Fact Sheet

Tracking your daily spending helps you see where your money goes. One easy way is to take a sheet of paper and fold it in half three times. This will give you eight sections. Write the days of the week on seven sections, and “totals” on the last section. Keep it in your pocket or purse, and every time you spend money, write down how much and what it was spent on. Be sure to record purchases made in cash and by check, credit card, or debit card. Record weekly totals and transfer to your budget worksheet.

Other methods to track your spending include carrying a small notebook to record expenditures, or saving receipts and writing on them what you purchased.

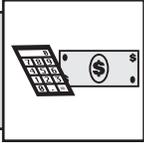
Track your spending for a month to get a good picture of where your money goes. Ask each family member to participate in tracking their spending to get a total picture of the family’s spending.

Here’s a money tracking sheet example:

Dates: _____ to _____

Monday	Tuesday	Wednesday	Thursday
Friday	Saturday	Sunday	Totals

By: Mary Lou Odle, Saline County Extension Agent, Family and Consumer Sciences, K-State Research and Extension



Budgeting Basics — Budget

Worksheet

Month: _____ Year: _____

Income (Take home pay and all other income): \$ _____

Expenses:	Planned	Spent
Housing and utilities	\$ _____	\$ _____
Transportation	_____	_____
Food	_____	_____
Other debts	_____	_____
Insurance	_____	_____
Clothing	_____	_____
Entertainment	_____	_____
Other	_____	_____
		Total Expenses: \$ _____

Income Minus Expenses (+ or -): \$ _____

Available For Savings And To Reduce Debt: \$ _____

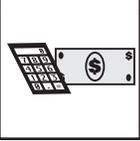


Budgeting Basics — Budget (Income)

Worksheet

Month: _____ Year: _____

Take Home Pay	Week 1	Week 2	Week 3	Week 4	Week 5	Monthly Total
Job 1	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Job 2	_____	_____	_____	_____	_____	_____
Child support	_____	_____	_____	_____	_____	_____
WIC	_____	_____	_____	_____	_____	_____
TAF	_____	_____	_____	_____	_____	_____
Food Stamps	_____	_____	_____	_____	_____	_____
Other income	_____	_____	_____	_____	_____	_____
Total	\$ _____					



Budgeting Basics — Budget (Expenses and Savings)

Worksheet

Month: _____ Year: _____

	Planned	Spent					Month Total
		Week 1	Week 2	Week 3	Week 4	Week 5	
Savings	\$ _____						
Housing & Utilities							
Rent, mortgage	_____						
Gas, elec.	_____						
Water, sewer, trash	_____						
Telephone	_____						
Cable TV	_____						
Home supplies	_____						
Transportation							
Auto payments	_____						
Gas	_____						
Maintenance, repair	_____						
Other	_____						
Food							
Groceries	_____						
Eating out	_____						
School lunches	_____						
Other Debts							
Loans	_____						
Credit card payments	_____						
Other	_____						
Insurance							
Auto	_____						
Life	_____						
Health	_____						
Homeowner, renter	_____						
Clothing							
New, used	_____						
Laundry	_____						
Entertainment							
Movies, videos	_____						
Other	_____						
Other							
Medical	_____						
Child care	_____						
Personal care, supplies	_____						
Personal allowances	_____						
Gifts, contributions	_____						
Tobacco, alcohol	_____						
Other	_____						
Other	_____						
Total Expenses	_____						

By: Mary Lou Odle, Saline County Extension Agent, Family and Consumer Sciences, K-State Research and Extension

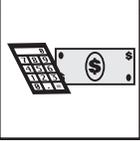


**Budgeting Basics —
Calendar of Monthly Income and Expenses
Worksheet**

Month _____ Year _____

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	
							Income Bills to pay
							Income Bills to pay
							Income Bills to pay
							Income Bills to pay
							Income Bills to pay

By: Mary Lou Odle, Saline County Extension Agent, Family and Consumer Sciences, K-State Research and Extension



Budgeting Basics — Does Your Money Have Wings?

Worksheet

Does it seem like money flies out of your pocket or bank account without you noticing where it is going? Purchases of even small items can add up to quite a few dollars over a period of time.

Check the items your family spends money on. Total how much you spend each year. Look for ways you can save. This is just a sample; you may want to add to the list.

	Cost	How Often	Monthly Cost	Yearly Cost
___ Soda	\$		\$	\$
___ Candy bar				
___ Movies				
___ Snacks				
___ Tobacco				
___ Alcohol				
___ Eating out				
___ CD's				
___ Lottery tickets				
___ Bingo				
___ Overdraft charges				
___ Late payment charges				
___ Caller ID and other phone charges				
___ Long distance phone calls				
___ Cell phone charges				
___ Cable TV extras				
___ Garage sales				
___ Auctions				
___ Book and video clubs				
___ Health club				
___ Magazine subscriptions				
___ Rent to own				
___ Other				
___ Other				
___ Other				

Small amounts add up in a year. Before spending ask yourself:

1. Do I "need" this expense or item? Or is it a "want" I could do without?
2. How long did I have to work to pay for it?
3. Could the money be better spent on something else such as building savings or reducing bills?

What could you cut down or cut out? _____

How much would you save each month \$ _____ or year \$ _____?

Managing your money is like managing your life. You have to take an active role and make good decisions. If you don't, you will wonder how it slipped away without you noticing.

By: Mary Lou Odle, Saline County Extension Agent, Family and Consumer Sciences, K-State Research and Extension



Budgeting Basics — Saving for Tomorrow

Saving money is important for several reasons:

1. Provides funds for emergencies and unexpected expenses.
2. Helps you reach your financial goals.
3. Gives you a feeling of security.

First, save and build an emergency fund so you have money available for unexpected expenses such as car repairs, medications, and appliance breakdowns. Most experts suggest having an emergency fund equal to three months of living expenses in case you lose your job or become ill and cannot work. This allows you a cushion to pay bills. Often people feel they cannot save that much money, but you can start by saving small amounts out of each paycheck.

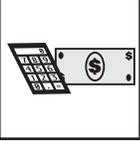
Save some money from each paycheck toward your goals, and to pay those expenses that do not occur monthly, but at specific times during the year.

“Pay yourself first” is a good rule to follow each time you receive money. Put money aside for savings before spending your income and you will have a reserve to fall back on when needed.

Practicing “pay yourself first” may mean you delay buying some items you want now to build up your savings. The security of knowing you have money if your car breaks down may be worth more than eating out a couple times a week.

How money grows:

Your savings will grow as you add money to it, but it also grows through compounding interest. With compounding, saving even small amounts can add up over time. Compounding means the interest that is earned also earns interest when it is left in the savings account. Let interest work *for* you on your savings instead of *against* you on credit card debt.



Budgeting Basics — Saving for Tomorrow

Fact Sheet

If you save \$5, \$10, \$15, or \$20 at the beginning of each week and earn 5% interest, your money would grow to the following amounts:

Amount saved per week	Value after (5% interest)		
	2 yrs.	5yrs.	10 yrs.
\$5	\$547	\$1,478	\$3,375
\$10	1,094	2,955	6,749
\$15	1,641	4,433	10,124
\$20	2,189	5,910	13,498

As the chart shows, the more you save, the more interest you earn and the faster the account grows. If you save at the beginning of the week rather than the end of the week (or month/year), your money grows faster (since it has more time to grow). How much do you want to try to save each week?

Rule of 72:

The Rule of 72 is a quick way to figure how your savings will grow:

- Divide 72 by the “interest rate” your money will earn. This will tell you how many years it will take for your money to double.

Example: If you earn 6% interest on your money, it will take 12 years for your money to double.

$$72 / 6\% = 12 \text{ yrs.}$$

- Divide 72 by the number of “years” you want your money to double and you will know what interest rate you must earn. If you want to double your money in 6 years, you must earn 12% interest.

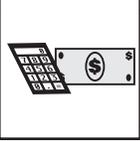
$$72 / 6 \text{ yrs.} = 12\%$$

Yearly savings to reach a goal:

If you want to have \$1,000, \$5,000, or \$10,000 by a certain time, how much would you have to save at the beginning of each year if your savings earned 6% interest?

Years to save	Goals		
	\$1,000	\$5,000	\$10,000
		Save per year	
2 yrs.	\$457.96	\$2,289.80	\$4,579.59
5 yrs.	167.36	836.78	1,673.55
10 yrs.	71.57	357.87	715.74
15 yrs.	40.53	202.65	405.31

If you divide the amount to save per year by 12, that is approximately how much you need to save each month to achieve the same goal.



Budgeting Basics — Saving for Tomorrow

Fact Sheet

Tips to start saving:

- Save your change.
- Cut back on eating out.
- Put a dollar a day in a piggy bank, then into a saving account.
- Save any raise in pay.
- Save birthday money or any gifts of money.
- Hide your savings in a safe place until you have enough to put in the bank (so you won't be tempted to spend it).
- Open an interest paying savings account.

What suggestions do you have for building your savings?

Start saving early in your life

The following chart shows how much you would have at age 65 if you save either \$1,000 or \$600 at the beginning of each year for 10 years, starting at age 25, compared to how much you would have if you save either \$1,000 or \$600 at the beginning of each year for 30 years, starting at age 35.

How money grows:

Saving early in life and allowing the money to grow does make a difference.

Save early in life (7% Interest)					Save later in life (7% Interest)				
Age	Save each year		Save each year		Age	Save each year		Save each year	
	Year	Value	Year	Value		Year	Value	Year	Value
25-33	\$1,000		\$0		25-33	\$600		\$0	
34	\$1,000	\$14,784	\$0		34	\$600	\$8,870	\$0	
35-43	\$0		\$1,000		35-43	\$0		\$600	
44	\$0	\$29,082	\$1,000	\$14,784	44	\$0	\$17,449	\$600	\$8,870
45-53	\$0		\$1,000		45-53	\$0		\$600	
54	\$0	\$57,208	\$1,000	\$43,865	54	\$0	\$34,325	\$600	\$26,319
55-64	\$0		\$1,000		55-64	\$0		\$600	
Invested \$10,000					Invested \$30,000				
Value at 65:		\$112,537	\$101,073		Value at 65:		\$67,522	\$60,644	

To save \$1,000 a year, save \$80.23 at the beginning of each month.

To save \$600 a year, save \$48.14 at the beginning of each month.

By: Mary Lou Odle, Saline County Extension Agent, Family and Consumer Sciences, K-State Research and Extension



Budgeting Basics — Money Saving Suggestions

Consider what you and your family can do to save money that could be used to increase your emergency fund, save toward goals, or meet other family needs.

Check what you are doing now and the changes you might try.

Do Will

Now Try

Food

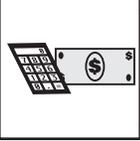
- ___ ___ Check sales each week at grocery stores.
- ___ ___ Use a shopping lists for groceries and don't be tempted to buy what is not on the list.
- ___ ___ Check day-old bread rooms for reduced items.
- ___ ___ Use coupons if available for things you normally buy.
- ___ ___ Cut down on eating out. Set a budget for eating out and stick to it.
- ___ ___ Take brown bag lunches to work.
- ___ ___ Ask about reduced cost or free lunches for kids at school.
- ___ ___ Eliminate high-cost, low-nutrition snack foods, soft drinks, and candy from shopping list.
- ___ ___ Plan no meat meals a couple times a week.

Clothing

- ___ ___ Shop garage sales and thrift shops for clothing and household items. Ask if they will accept your offer if the price is higher than you want to pay.
- ___ ___ Watch seasonal sales for items you cannot find at thrift stores.
- ___ ___ Buy washable clothing or use home dry cleaning.
- ___ ___ Watch for shoe sales, especially for children. Trade speciality sport shoes with friends.
- ___ ___ Take at least one day to think about a purchase if you have to buy it at regular price.
- ___ ___ Take care of clothing such as hanging up garments, treating stains promptly, and making minor repairs such as sewing on buttons.

Energy costs

- ___ ___ Change the furnace filter every 4 to 6 weeks.
- ___ ___ Put plastic over windows in winter to reduce air leaks.
- ___ ___ Turn thermostat down to 55 degrees at night in winter.
- ___ ___ Don't waste energy on an empty house. Turn thermostat down during the day in winter or up during the summer when no one is home.
- ___ ___ Use weather stripping and caulking around doors and windows to reduce air leaks.



Budgeting Basics — Money Saving Suggestions

Worksheet

Do Will

Now Try

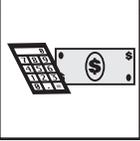
- ___ ___ Place “draft dodgers,” such as rolled up towels, at bottom of doors.
- ___ ___ Turn water heater down to 120 degrees and keep hot water usage to a minimum.
- ___ ___ Wash clothing only when you have a full load. Use cold water when appropriate.
- ___ ___ Hang clothing to dry on hangers or outside when possible instead of using the clothes dryer for everything.
- ___ ___ Turn water off when washing hands and brushing teeth.
- ___ ___ Fix leaky faucets — have a friend show you how.
- ___ ___ Use fans instead of (or along with) air conditioner since circulating air feels cooler.
- ___ ___ Turn air conditioner up at night and run a fan in the bedroom.
- ___ ___ Close blinds and pull shades to keep out heat and cold.
- ___ ___ Open windows in early hours of summer days, then close before the temperature heats up.
- ___ ___ Turn off the TV, lights, and computer screens when not in use.

Fun

- ___ ___ Plan “family fun nights” at home a couple times a month and play games, watch videos, and pop popcorn.
- ___ ___ Attend free events, such as fairs and festivals. Look at exhibits and don’t spend money on rides.
- ___ ___ Plan visits to museums and other historic places in area.
- ___ ___ Pack a lunch and go to park to play.
- ___ ___ Use the library to borrow books and videos and magazines. Check out other library activities.

Shopping and personal

- ___ ___ Make a list and plan shopping so you don’t make trips for one or two items and waste gas.
- ___ ___ Walk where possible — it is good exercise.
- ___ ___ Watch gas prices since costs can vary depending on the service station.
- ___ ___ Change oil in auto on a regular schedule, or ask a friend to change it for you.
- ___ ___ Ask several friends to recommend a good auto mechanic in case you need one.
- ___ ___ Always get a written estimate of repair costs.
- ___ ___ Pay bills on time and avoid late charges.
- ___ ___ Check phone cards for lowest cost per minute. Use phone cards for long distance so you are not surprised when bills arrive.
- ___ ___ Sign up only for basic phone service. Say no to caller ID, call waiting, and other phone services that can add up to substantial costs in a year.



Budgeting Basics — Money Saving Suggestions

Worksheet

Do Will

Now Try

- ___ ___ Cut down or eliminate tobacco and alcohol use.
- ___ ___ Buy personal items such as shampoo and makeup at discount stores. Look for low cost brands or sales.
- ___ ___ Don't shop in convenience stores for personal or home items. Prices generally are much higher.
- ___ ___ Limit the number of household cleaning products you purchase.
- ___ ___ Measure laundry detergents so you don't overuse products.
- ___ ___ If you shop for pleasure or to kill time, leave your money, checkbook, and credit cards at home.
- ___ ___ Set limits on spending for gifts and holidays; then stick to them.
- ___ ___ Watch out for great sales such as "66% off." If you don't need the item or can't afford it (even on sale), don't spend the money. Think about what it costs, not just what you save.
- ___ ___ Don't be tempted by impulse items at the checkout stands, such as candy and magazines.
- ___ ___ Don't buy on credit items that will be used up before you get the bill.
- ___ ___ Use a debit card instead of credit card (where the amount of the purchase is deducted immediately from your account), but be sure to write the amount in your checkbook and subtract it from your balance.
- ___ ___ If you use a credit card, keep it wrapped in a 5" x 7" card and keep a running total of amounts charged and dates of purchases.
- ___ ___ Know payday loan fees and avoid using the service (and paying the fees) if possible.
- ___ ___ Find a place to cash checks that charges no fee or only a small fee.
- ___ ___ Pay credit card bills in full to avoid paying interest.
- ___ ___ Compare bank services to get free or low cost banking.
- ___ ___ Eliminate money orders and their fees when possible.
- ___ ___ Don't shop for recreation or because you are bored; it's too easy to be tempted to spend. Just stay out of stores.



Budgeting Basics — Increase Your Income; Don't Fall for a Scam

If your income is less than your monthly expenses, consider what you can do to increase your income:

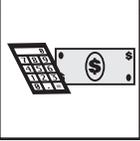
- get a second job,
- work overtime,
- check on assistance through local agencies,
- ask family for help, or
- sell some possessions.

What are your suggestions for increasing your income?

Watch out for money-making opportunities that sound too good to be true. There are many scam artists who want to take your money by offering bogus business opportunities. Look for these warning signs:

- Many ads for fraudulent business opportunities run in classified pages of newspapers. Look at the type of business. According to the Kansas Attorney General, some advertisements are legitimate, but fraudulent opportunities tend to be vending machine and display rack operations, pay phones, medical billing services and often computer or Internet related businesses. They usually require you to send money, then fail to deliver the equipment and products needed for the service; or products are of extremely poor quality.
- You may find yourself with worthless equipment and merchandise and no way to contact the company as they often move to dodge authorities.
- Some operations ask you to send money, then send you information to place a similar type ad to make money.
- Be careful of “work from home” ads that claim you can make hundreds or thousands of dollars part time.
- If you received letters promoting a money-making venture, such as asking you to send money to other people listed in the letter and guaranteeing you will get a huge amount of cash in return, this most likely is a fraudulent scheme.
- Once you fall for a money making scam, your name is on a list and sold to other scam operators who will send you more “get rich” information.

Remember: If a money-making opportunity sounds too good to be true, it probably is. It also may be illegal. Contact the Kansas Attorney General's office (1-800-432-2310) if you have questions about any money making opportunity and ask if they have had complaints against the company.



Pyramid schemes

Be especially careful of “Pyramid” money-making schemes. In a pyramid scheme, you pay money for the opportunity to receive more money that comes primarily from the people you recruit, rather than from the sale of goods. You may have to buy a product that might be extremely costly. Pyramid schemes are illegal in Kansas, and promoting them is a felony. Pyramid schemes do not work because of the number of people who must be involved for you to get your money back or make money.

The first person recruits one person. At every additional level, each person in a pyramid scheme recruits one new person. As this goes on, the numbers become so large that it would be impossible to recruit that many people.

Pyramid Matrix — The Proof is in the Pyramid*

Level	People Involved
1	1
2	2
3	4
4	8
5	16
6	32
7	64
8	128
9	256
10	512
11	1,024
12	2,048
13	4,096
14	8,192
15	16,384
16	32,768
17	65,536
18	131,072
19	262,144
20	524,288
21	1,048,576
22	2,097,152
23	4,194,304
24	8,388,608
25	16,777,216
26	33,554,432
27	67,108,864
28	134,217,728

**Pyramid Chart provided by the Kansas Attorney General's Office.*

By: Mary Lou Odle, Saline County Extension Agent, Family and Consumer Sciences, K-State Research and Extension

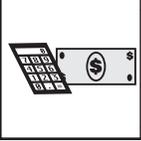


Budgeting Basics — Getting Help

If there is a time in your life when you need help paying your bills, or providing the necessities for your family, there are a variety of agencies and organizations that may be able to help.

Consider these and other organizations in your local community:

- Social and Rehabilitation Service (SRS)
 - Temporary Assistance for Families (TAF)
 - Food Stamp benefits
 - Medical Assistance
 - Ask about assistance for your specific needs such as paying utility bills
- Community programs
 - Heartland Share
 - Commodity Foods
- Health Department
 - Women, Infant, and Children Program (WIC)
 - Food vouchers for pregnant women, and families with young children
 - Immunization clinics
 - Well child clinics
- Salvation Army
- Schools
 - Free and reduced cost meals
- Food banks
 - Food
 - Money assistance for utility bills
- Emergency aid hot lines
- Churches



Budgeting Basics — Getting Help

Fact Sheet

- Red Cross
- Homeless shelters
- Local assistance organizations such as Christmas Funds
- Money management education
 - County offices of K-State Research and Extension
 - Consumer Credit Counseling Services

Usually one organization such as a food bank, United Way, church, or local K-State Research and Extension office can direct you to other organizations in the community that can help. In medium to large cities, local organizations often have a network to assist people in getting help for their needs.

If you need help, don't hesitate to ask. If it bothers you to ask for help, just remember, when things are going better for you, you can help others, make a donation, or volunteer at a helping organization.



Budgeting Basics — Insurance

Insurance is a way to protect yourself against large expenses.

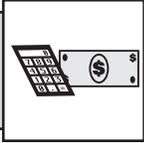
Automobile Insurance

There are three types of automobile insurance coverage you can purchase. Kansas law requires all persons who own an automobile, to have proof of liability insurance before they can buy a tag for the auto or renew the tag.

- **Liability:** Protects you and pays if your auto causes damage to someone else (or someone else's property).
- **Comprehensive:** Pays for losses to your auto, such as wind or hail damage and losses from theft.
- **Collision:** Pays for repairs to your car after an accident, or pays you the "book value" of the car (current average selling price) if it is declared a total wreck after an accident.

The cost of auto insurance is affected by:

- **Value of auto:** The more expensive the auto, the more costly the insurance.
- **Type of insurance:** Liability is the least expensive. Collision and comprehensive add to the cost but will cover damages to your auto that liability does not cover.
- **Deductibles:** This is the amount you pay before the insurance pays on a claim. The higher the deductible, the lower the cost of the insurance.
- **Age of drivers:** Teenagers and young adults have higher rates.
- **Location:** Whether you live in a rural area or city, as well as how many miles are driven to work or school, can affect rates.
- **Driving record:** If you have had tickets or accidents, rates are often much higher.
- **Discounts:** Discounts may be available if:
 - House and car are insured with the same company.
 - Two vehicles are insured with the same company.
 - Drivers have good driving records.
 - Student drivers have good grades.



If you have been rejected by three insurance companies, coverage will be extended to you through the Kansas Automobile Insurance Plan. Check with an insurance agent about the program. It is more costly, but you will be covered and can purchase a tag.

Housing Insurance

Renters

If you rent an apartment or house, your furniture, clothing, and personal property is not covered by the owner's insurance. The owner's insurance covers only the owner's property (such as the building), not your property.

You can purchase renter's insurance to help you replace items lost in a fire, tornado, or other losses covered by the policy. You chose the deductible that you pay before the policy pays. The higher the deductible, the lower the premium. Add up the value of your belongings and consider how you would replace them if your apartment or house burned down and you did not have insurance.

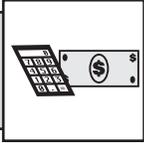
Owners

Homeowners insurance covers losses listed in the policy not only for the house, but also the personal property in the house. It also provides liability coverage if someone is injured on your property. The higher the deductible, the lower the premium.

Health Insurance

Check with your employer about a group health insurance plan, since group plans are usually less expensive than individual plans.

- If your income is low, your family may qualify for medical assistance that covers some health costs. Check with the local Social and Rehabilitation (SRS) office.
- If your income is too high to qualify for medical assistance through SRS, you may qualify for the Kansas plan that covers children — Health Wave. There are income guidelines depending on the number in the family. The cost is approximately \$10 to \$15 a month and covers all children in the family under 18. Call 1-800-792-4884 to get an application. If approved, your children will receive an insurance card and list of doctors who accept the card. Information about Health Wave is often available through a school counselor.
- If you or another adult have applied for health insurance and have been turned down by two insurance companies because of bad health, you can apply to the Kansas Health Insurance Association for a policy that covers major medical expenses. Call 1-800-290-1368 to get an application and information on costs. This coverage is for anyone regardless of income level if they have been turned down for health insurance coverage.



- If you are on Medicare and your income is low, check with a SRS office to see if you qualify to have your Medicare Part B premiums paid, or if you are eligible for other health benefits.

Life Insurance

- Life insurance protects your family if you should die. The best buy for most people is term life insurance.
- Term life insurance is usually issued for 1, 5, 10, or 20 years and remains in affect for that period of time, as long as you pay the premiums. You have to reapply for the insurance at the end of the specified time period. Premium costs increase as you get older.
- You can buy a term insurance policy in the dollar amount of your choice. Check with at least three insurance companies to compare rates.

Also check with your employer. You may be able to get term life insurance from a group plan. It may be less expensive, especially if you have a health problem.

DO YOU KNOW what your deductibles are on your auto and home insurance?

DO YOU KNOW what type of coverage you have on your auto? You can save money by carrying only liability insurance if your car does not have much value. However, you will not be covered for losses to your car, such as damages from an accident, storm, or burglary.



Budgeting Basics — Rent-to Own

Rent-to-own is one way to get furniture and appliances for your home if you don't have money to pay the full price of the item in cash. Rent-to-own is a purchase contract with fairly small weekly or monthly payment plans.

Rent-to-own might be right for you if you only want to use furniture and appliances for a few weeks or months; however rent-to-own is a very expensive way to furnish your apartment or home.

Policies at rent-to-own stores vary, but you will pay a great deal more to own the item than the price for a similar item if purchased from a department or discount store. Rent-to-own items also may be used items.

Making the “rent-to-own” decision

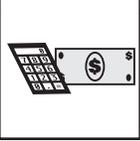
Ask yourself these questions:

1. Is this a want or a need?
2. Can I wait to have this item when I can pay cash?
3. Is there a better use for my money?
4. Can I afford to pay the weekly or monthly payments and still meet my family's other needs?
5. Have I shopped and compared prices for this and similar items at discount stores, second hand stores, garage sales, and auctions?
6. Can I buy this item on credit elsewhere and pay much less for it?

Before you sign a “rent-to-own” — ask these questions

Payments:

- What is the total for each payment? Are payments weekly or monthly?
- How must payments be made? By cash, debit or ATM card, or money order? Will they accept checks?
- When are payments due?
- How many rental payments are you required to make before you can return the item?
- How many payments must you make before you own the item?
- What is the total cost of the contract?



Budgeting Basics — Rent-to-Own

Fact Sheet

- Can you purchase the item for cash before the rent-to-own contract is up?
- Is there a grace period for late payments? Most stores will demand the return of an item if:
 - Weekly payment is two days late.
 - Monthly payment is five days late.

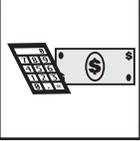
They will come to your home and pick up the item if you do not return it!

- How do you reinstate a rent-to-own contract? If you have paid a large amount on the contract, then miss a payment, you will not want to lose the item. Be sure to know your rights on how to reinstate the contract.
- Is the merchandise new or used?
- Are you responsible for loss or damage? Most contracts state you are responsible for fair market value if the item is stolen, lost, damaged, or destroyed. Ask what the fair market value is.
- Can you buy insurance on the item? What does it cover and how much does it cost?

Credit Checks:

Will they do a credit check?

Most rent-to-own dealers do not check your credit rating. They ask you for employment information such as employer, employer address, and your income. They will check the information. They also require references and may request that relatives be listed (so the company will have information about how to locate you and the merchandise).



Budgeting Basics — Rent-to-Own

Fact Sheet

Example of rent-to-own contract cost:

27 inch color TV

\$696.59 cash at rent to own store

\$16.99 a week for 82 week equals total purchase price—\$1,393.18

\$67.96 a month for 19 months equals total purchase price—\$1,291.24 (monthly is slightly less because some months have five weeks)

If you use rent-to-own to furnish an apartment or home, here is an example of possible costs.

Weekly cost:

TV	\$16.99
Bedroom set	\$33.99
Couch and love seat	\$23.99
Table and chairs	\$18.99
Computer	\$29.99
Printer	\$10.00

Weekly total:

\$133.95 equals \$535.80 in a four week month, or \$669.75 in a five week month

Yearly total:

\$133.95 x 52 weeks = \$6,965.40 a year (Contract length for items will vary, but most items would have a contract for longer than one year.)



Budgeting Basics — The Cost of Moving

If you are moving into your own place for the first time, or if you are moving from one house or apartment to another, there are costs involved.

Rental deposits

A landlord can charge a security deposit up to the amount of one month's rent for an unfurnished apartment or house. Deposits can be higher if it is furnished or if you have a pet. When you rent, you will need cash to pay the deposit plus the first month's rent.

Lease

While a lease can be for any length of time, you may be required to sign a six month or one year lease. Be sure to read everything in the lease before you sign. If you move out before the end of your lease, you are obligated to pay the rent each month for the rest of the lease. However, if you or the landlord find someone else to rent the apartment or house, you will only be charged for the time it is empty. If you plan to move before your lease is up, be sure to give the proper written notice and talk to the landlord before you move.

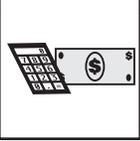
The lease agreement should spell out the requirements for returning your deposit. Before you move in, make a written list with the landlord of what is broken or in need of repair. Both you and the landlord should sign and date the list. Keep a copy in a safe place.

Utilities

Gas and Electricity:

Check with the utility company about policies and costs to hook up utilities or put utilities in your name. Policies vary by company.

- Deposit — A general rule is a deposit of two times the average monthly bill for the house or apartment where you will be moving. This deposit may be divided into payments with part due before the utility is hooked up, and the rest in equal monthly payment. The deposit will generally be returned after you have paid bills on time for one year.
- No deposit — If you have service in your name now, and all bills are current, there may not be a deposit required.
- Letter of credit — If you are moving to another town, get a letter of credit from your current utility company stating you have paid your bills on time for the past 12 months and you may not have to pay a deposit. This is a good reason to pay bills on time.



Budgeting Basics — The Cost of Moving

Fact Sheet

- Letter of guarantee — Some utility companies allow another person who has an account with the company to sign a “Letter of Guarantee.” They are held responsible for up to the guaranteed deposit amount (generally two months average bill), if you move out and leave an unpaid bill.
- Level payment plans — Means you can pay a fixed amount each month that would equal the total year’s bill and not have huge bills when it is unusually hot or cold. If bills are higher than average, the company can adjust your level payment plan.
- Utility payment assistance — Check with the Red Cross, Salvation Army, and Social Rehabilitation Service to see if you qualify for assistance with your utility bills.
- Most companies require that past due accounts from an old address be paid in full before service will be started at a new address.

Water and Sewage:

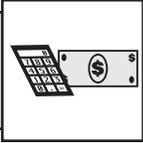
Some apartments include water, sewage, and trash as part of the rent. Others require you pay for these services separately.

- There is usually a small hookup fee for water service.
- Water is billed by how much you use.
- A fee for sewage may be included in water bill.
- Trash is usually a flat fee and may be included in your city services bill. At some locations, you must contract with a waste service.
- Some cities require you contact a trash pickup service that charges a separate fee.

Phone:

Most phone companies have a hook-up charge of about \$40 instead of a deposit. Check with your local company.

- Local phone service will have a monthly fee.
- You can pick a long distance service provider, or you can decide not to have long distance service. Some local companies may have a monthly charge to block long distance on your phone.
- Decide if you need or can afford the options provided by the phone company such as: caller ID, call waiting, and in-line service charge (in case something is wrong with your phone lines). These extra services can quickly add up to additional dollars per month. You may want to start with the basic service with no add-on features.
- Check with several long distance companies. Ask if there is a monthly fee to get the best cost per minute. Search for the best plan that fits your needs and telephone habits.



Budgeting Basics — The Cost of Moving

Fact Sheet

Cable TV:

Charges, monthly fees, and number of channels vary by company.

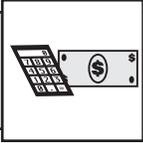
- There is usually an installation charge from \$20 and up.
- Most companies offer a basic package of channel selections.
- If you choose to expand the basic package with additional channels, there is an additional fee.
- You can add a digital receiver and more channels for more money.
- Movie channels add another charge.
- Pay-per-view movies may be available with a charge for each movie or special event you watch.

Decide how many channels you can afford and need. Bills can run from approximately \$15 to \$75, with more costs if you get the pay-per-view movies.

Moving expenses

Moving costs can vary greatly depending on whether you do it yourself (with help from friends), rent a moving vehicle, or have professionals move for you.

- Ask a friend with a pickup or trailer to help you move.
- Rent a trailer or moving vehicle. Costs will vary. Check with more than one rental agency.



Budgeting Basics — The Cost of Moving

Worksheet

Moving costs:

Rental housing:

Name of landlord _____
 Phone number _____
 Property address _____
 Move in date _____
 Monthly rent _____ 1st month date paid _____ \$ _____
 Deposit amount \$ _____ Date paid _____ \$ _____
 Receipt received _____
 Property condition checklist completed — Date done _____

Gas or electricity:

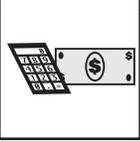
Name of company _____
 Phone number _____
 Date called _____
 Hook up date _____
 Deposit \$ _____ Date paid _____ \$ _____
 Letter of credit from old utility co. Date requested _____
 Letter of guarantee sent Date _____
 Level payment plan agreement amount per month \$ _____
 Disconnect at current residence — Date _____

Water and sewage:

Name of office to call _____
 Phone number _____
 Date called _____
 Hook up date _____
 Water hook up fee \$ _____ Date paid _____ \$ _____
 Sewage monthly charge _____
 Disconnect at current residence — Date _____

Cable TV:

Name of company _____
 Phone number _____
 Date called _____
 Hook up date _____
 Hook up fee \$ _____ Date paid _____ \$ _____
 Services monthly fee
 Basic \$ _____
 Other _____ \$ _____
 _____ \$ _____
 Total monthly fee \$ _____
 Disconnect at current residence — Date _____



Budgeting Basics — The Cost of Moving

Worksheet

Phone:

Name of company _____

Phone number _____

Date called _____

Hook up date _____

Hook up fee \$ _____

Monthly base charge plus taxes \$ _____

Other services

Call waiting \$ _____

Caller ID \$ _____

Other _____ \$ _____

Total monthly charges \$ _____

Long distance company name _____

Date called _____

Base monthly fees for long distance _____

Rate per minute for long distance \$ _____

Disconnect at current residence — Date _____

Moving costs:

\$ _____

Rental of moving vehicle/trailer:

Name of company _____

Name of person talked to _____

Location _____

Phone _____

Date called _____

Date scheduled to use _____

Deposit _____ Date paid _____

Pick up date and time _____

Return date and time _____

Costs \$ _____

\$ _____

Summary of moving costs:

Rental housing \$ _____

Gas or electricity _____

Water and sewer _____

Cable TV _____

Phone _____

Moving _____

Total \$ _____



Banking Basics — Deciding How To Pay

When you buy something or pay bills, you are transferring your money to someone else. There are several ways you can handle these transfers. You need to decide which method best fits your family's needs and spending patterns.

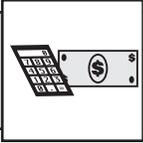
Deciding how to pay for purchases or bills depends on many factors, such as:

- amount of money you have
- amount of the purchase or bill to be paid
- number of purchases to be made or bills to be paid
- your experience and skill in handling money
- cost, convenience, and safety of various ways to make purchases or pay bills

For example, if you were deciding whether to use money orders or open a checking account, you would need to consider things like:

- How many bills do you pay or purchases do you make each month? How many of these cannot be paid in cash (or are not safe or convenient to pay in cash)? How many money orders would you need to purchase each month? How much would they cost? Is there a convenient place for you to purchase money orders? Does not having a checking account create problems for you, such as making it difficult to cash checks that you receive?
- How many checks would you probably write each month? Would this affect the monthly service charge for the checking account? Would you need to keep a minimum (or average) amount of money in your account to keep service charges low? What other fees or costs would you have to pay in order to have a checking account? How do these costs compare with the cost of using money orders? Do you have the management skills (or are you willing to learn the management skills) necessary to keep track of your spending and manage the account carefully? Would you use other services provided by the financial institution where you have the checking account? What other fees or costs would you have to pay to use these services?

This fact sheet discusses ways of paying for purchases or paying bill from existing cash. In some cases, you may decide to pay with future income, such as using credit. When you promise to pay in the future for something that you buy now, costs usually are higher. So be cautious. Will you have the money to make the future payments and still have enough



Banking Basics — Deciding How To Pay

Fact Sheet

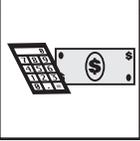
for other current living expenses? For more information on credit, refer to the *Basic Living Skills* materials on *Credit: How to Get It, Use It, and Keep It*.

Two of the most common ways of paying from existing funds are cash and personal checks. Other ways of paying from existing funds include money orders, cashier's checks, and electronic fund transfers.

When Paying With Cash:

Cash is a convenient and easy way to make payments, especially for small purchases. You pay the business or person in bills and coins. The item you purchase is yours (or the bill is paid). The business or other person can immediately use the money for their purchases or deposit it in some type of financial account.

- Cash is accepted by businesses and other individuals. They may not accept your personal check, credit card, or debit card.
- Cash usually is the cheapest way to make purchases, with no additional service charges, fees, or interest.
- Use caution when handling cash, since it can be easily lost or stolen. It is a good idea not to carry a lot of cash or keep a lot of cash in your home.
- Having cash around may encourage you to buy things on impulse, such as things you do not really need or cannot afford.
- Cash is not protected like some other ways of making payments (such as the limit on what you can lose when a credit card is lost or stolen; or the ability to stop payment on an uncashed check if it is lost or stolen).
- Unlike some checking accounts and most savings accounts, cash does not earn interest.
- You may have to stand in line and wait when you pay bills with cash, such as at a utility or other company.
- Be sure to ask for and keep receipts for cash purchases and payments.
 - When making a purchase, remember to keep your sales receipt. It may be needed for an exchange or refund, to get warranty service, for income tax purposes, or to track spending.
 - When making a payment with cash, be sure to get a receipt. Without a receipt, it is your word against the business if there is a dispute about whether (and how much) you paid.



Banking Basics — Deciding How To Pay

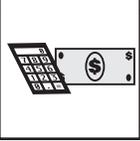
Fact Sheet

- Have the person you are paying mark the bill “paid.” Unless a “paid” stamp is used (that has the date and the name of the company or person on it), have the person sign and date the receipt.
- If there is no bill or statement (such as when paying your rent), be sure to get a written receipt. The receipt should have your name, the date, the amount paid, and the signature of the person you are making the payment to.
- Never send cash in the mail! Not only could the money be stolen, but you also have no proof of payment. If you do not have a checking account, it is best to purchase a money order or cashier’s check, or make other arrangements.

When Paying by Personal Check:

A personal check is a piece of paper that authorizes a bank, savings and loan association, or credit union to take a certain amount of money from your account and pay that amount to another person or business, or to you as cash. The transfer of money into and out of your account usually takes a few days.

- Personal checks are reliable, convenient, and widely accepted by businesses (although proper identification may be required).
- Money is kept safe, with deposits at federally insured financial institutions protected up to \$100,000.
- Banking laws help protect you in the event someone steals your checks and forges your name. If a check is lost or stolen, you also may be able to stop payment on the check if you act quickly (before the check “clears” and if you meet any other rules set by the financial institution). Contact your financial institution immediately if a check is lost or stolen.
- Checking accounts allow you to pay bills easily by mail. Don’t forget the cost of postage.
- Canceled checks can provide proof of payment for tax purposes, or if a question comes up about whether a bill was paid or not.
- There are many types of checking accounts and the services provided by financial institutions vary. Some checking accounts only provide basic check writing services. Others offer a variety of services, such as Automated Teller Machines (ATMs), debit cards, credit cards, and bill payment services. Some checking accounts earn interest.
- The costs of a checking account can vary widely, depending on such things as the type of account you choose and the number of services that you actually use. Shop for the financial institution and the checking account that best fits your needs (and your spending patterns) at the lowest cost. Examples of fees include:
 - a charge for printed checks



Banking Basics — Deciding How To Pay

Fact Sheet

—a service charge, which may be a set monthly amount or based upon a set of factors (such as the number of checks you write, the number of checks you write above a specified number, the average amount in the account, or if the amount drops below a certain minimum amount)

—ATM and debit card fees

—a charge for deposited checks returned because of insufficient funds

—a charge for checks written on an overdrawn account

—stop payment requests

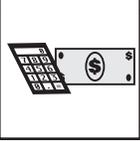
—bill payment services

- While safer than carrying cash, checks also can be lost or stolen. Keep track of your checkbook. Also keep an accurate listing of checks written in your checkbook register or on the check stubs. Extra checks should be kept in a safe place.
- A well-managed checking account can help you live within your income, avoid overspending, and build a good financial history. Managing your account means:
 - knowing how to correctly make a deposit, write a check, and endorse a check
 - using the checkbook register or stubs to keep track of the money in your account
 - reconciling your checkbook with the statement you get from your financial institution every month or quarter
- Checking accounts also can create havoc for your family if you fail to keep track of your spending or don't manage the account carefully. For example, checks returned due to insufficient funds ("bounced" checks) can be very costly.

When Paying by Money Order:

People who don't have checking accounts and don't want to pay in cash often use money orders when paying bills or making purchases. Personal (non-postal) money orders can be purchased at financial institutions, as well as some supermarkets and other retail stores. Financial institutions may require you to have an account in order to get a money order. Postal money orders can be purchased from the U.S. Postal Service, money order facilities for members of the Armed Forces, and rural route carriers.

- Money orders can be issued for almost any amount, usually up to \$700 (postal money orders) or \$1,000 (personal money orders).



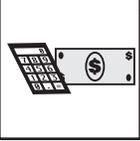
Banking Basics — Deciding How To Pay

Fact Sheet

- If only the amount is filled in at the time the money order is purchased, handle it with great care! Until the rest of the information is filled out, a money order is like cash — anyone who has it can use it. It is best to fill out the money order and receipt at the time of purchase.
- Postal money orders *require* that additional information be provided on both the money order and the receipt at the time of purchase (such as the name and address of the purchaser and the “payee” — the person who is receiving the payment). Some financial institutions and other retailers who sell personal money orders also may require additional information be provided at the time of purchase.
- Be sure to keep the money order receipt (or in some cases, the stub or copy) until it has been cashed. The receipt can be helpful if there is a question about whether the money order was cashed or not (and by whom) or if the money order is lost, stolen, destroyed, or damaged. Money orders can be traced without the receipt, but in the case of personal money orders, the process may be costly and time consuming.
- You usually can stop payment on a money order that has not yet been cashed. In addition, money orders that have been damaged, lost, or stolen — but not cashed — usually can be reissued. The cost and the process that has to be followed vary, however, depending upon who the money order was purchased from.
- After the money order has been cashed, the rules are different. Postal money orders that have been lost or stolen — and cashed by someone other than the original payee — can be reissued with no charge. Whether personal money orders can be replaced (and the resulting fee) depends upon the issuer of the money order.
- Money orders cannot have multiple endorsements, which means they must be deposited or cashed by the person or company they are made out to. There may be some limited exceptions, such as when one or both parties — the payee and the second endorser — are established customers of the financial institution where the money order is being cashed or deposited.
- Payments made with a money order are usually treated as cash. This may be helpful, such as when ordering something by mail. The company may ship the purchased item more quickly, since they don’t have to wait to be sure the check has sufficient funds to cover it.
- Fees charged for purchasing money orders vary. However, money orders usually are less expensive than cashier’s checks.
- Be aware that when cashing personal money orders, some retailers may charge a fee.

When Paying by Cashier’s Check:

Cashier’s checks (sometimes called bank or teller’s checks) are available from banks, savings and loan associations, and credit unions. Some financial institutions require you to have an account in order to get a cashier’s check; others do not.



Banking Basics — Deciding How To Pay

Fact Sheet

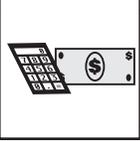
- To purchase a cashier's check, you simply go to the financial institution and ask for one. If you don't have an account at that financial institution, you can pay the teller in cash (or use your debit card or traveler's checks) the amount of the check plus any service charge or fee. If you do have an account at that financial institution, the teller can simply debit your account. You also must provide the name of the "payee" — the person or business to whom the check will be written.
- Keep your copy of the check stub as proof of payment.
- Fees vary, but they are often less if you are a customer at that financial institution. Some financial institutions offer a limited number of free cashier's checks; then charge a fee for additional checks over that number.
- You usually cannot stop payment on a cashier's check.
- Because cashier's checks require payment before they are written, they are sometimes required (rather than a personal check) when making a major purchase or down payment on a loan (such as when buying a car or house).

Some financial institutions also offer certified checks. With these checks, the financial institution "certifies" that the check signature is genuine and that funds have been set aside to cover the amount of the check.

When Paying by Electronic Fund Transfer:

Electronic fund transfer is a computer-based system that allows fast, electronic transfers of funds to and from checking, savings, or other accounts. There are many ways to make payments using electronic fund transfer, including direct or electronic bill payment, Automated Teller Machines (ATMs), and debit cards.

- Many financial institutions offer the option of preauthorizing the transfer of funds from your checking or savings account to another account in order to make payments that occur on a regular basis. Fees are charged for this service.
 - Direct payment usually involves giving a "voided" check (a blank, unsigned check across which you have written the word "void" in large letters) to the "payee" (who the payment is going to) and providing written authorization to have a set amount automatically deducted from your account on a specific date or series of dates. In most cases you can select the dates; in some cases you choose from a selection of dates set by the "payee."
 - Electronic bill payment services allow you to pay bills or make payments that occur regularly (similar to direct payments), as well as those that occur irregularly (that occur on different dates or in different amounts each time). These payments are handled through your financial institution (rather than through the payee). Irregular payments are usually made by using a touch-tone telephone to connect with your financial institution and entering a Personal Identification Number



Banking Basics — Deciding How To Pay

Fact Sheet

(PIN), a number that identifies the “payee” (a list of whom you have previously authorized), and the amount of the payment.

—The advantages of direct payment and electronic bill payment are convenience and avoiding late charges, since bills are paid automatically on specified dates. However, it is critical to carefully select the dates when transfers are to be made (to coincide with when funds are available in your account). Always note in your account register when the transactions are made and the amount of the transactions.

—It is also important to monitor your account carefully. Compare your account register with your financial statement, making sure that payments were made and funds were deposited as scheduled. Make adjustments to the payment schedule as needed.

- Automated Teller Machines allow you to withdraw cash from your account without a teller. In most cases, you also can do other banking transactions, such as make deposits or move money from one account to another.

—To use an ATM, insert an ATM card into a machine that accepts your particular card (one owned by your financial institution, or one where the logo on the face of the card matches one of those displayed near the ATM, indicating which cards can be used with that particular system).

—Next, you enter your Personal Identification Number (PIN), indicate what transaction you wish to complete, and enter the requested information.

—Some transactions may be limited, such as the amount of cash that can be withdrawn in a 24-hour period. Or, the cash withdrawn may have to be in multiples of a specific dollar amount (like \$10).

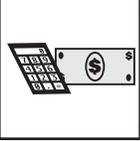
—The machine issues a paper receipt showing the amount and type of transaction. Many receipts also indicate your account balance.

—Deposits are subject to verification, and funds from deposited checks may not actually be available for up to five days. If you don’t have enough in your account to cover the transaction, the ATM will reject it.

—Fees are usually charged for each transaction (although there may not be a fee if you are using your own financial institution’s ATM).

When using another financial institution’s ATM, you may have multiple charges — one from your bank, savings and loan association, or credit union, as well as one from the financial institution that owns the ATM.

- A debit card uses Point of Sale (POS) terminals to make purchases (and in some cases, get cash back above the purchase amount). They can be used at grocery stores, department stores, gas stations, or other business locations that have the debit card

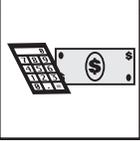


Banking Basics — Deciding How To Pay

Fact Sheet

system and that accept the type of card you have (one that has the same logo on the card as that posted near the POS terminal). Here's how debit cards work.

- If you are buying something at a department store, insert the debit card into the POS terminal at the checkout. Then you enter your PIN number (for on-line systems) or sign a transaction slip (for off-line systems).
- Money from your account is transferred to the business's account. The machine then issues you a paper receipt showing the amount of the transaction and the location of the terminal.
- On-line systems are connected to your financial institution in “real time,” so transactions are completed and posted to your account immediately. With off-line systems, however, there may be a small delay (2 to 3 business days) before transactions are posted to your account. Financial institutions that offer debit cards using an off-line system may require you to meet certain financial standards before issuing you one.
- Fees often are charged for debit card transactions. However, debit card transaction fees tend to be lower than ATM transaction fees.
- Some cards serve more than one purpose.
 - Debit cards usually can be used to get cash at Automated Teller Machines (ATMs).
 - Some (but not all) ATM cards can be used with POS terminals as debit cards.
 - It is becoming more common for financial institutions to provide account holders with a single electronic fund transfer card, one that is designed to serve both as ATM cards and debit cards.
 - ATM cards and debit cards often look similar to credit cards. However, they function very differently and it's important not to confuse them.
 - Some credit cards also can be used in POS terminals (functioning as a credit card, however, rather than a debit card), transferring funds from your line of credit to the business's account.
 - Some ATM cards and debit cards have logos of major credit cards on them (indicating that they also can be used with credit card systems displaying that logo). However, they are still functioning as ATM and debit cards — automatically withdrawing the funds from your account — not as credit cards.
- Here are some safety tips to protect your ATM or debit card:
 - Sign the back of your card as soon as you get it. Read the information that comes with it.



Banking Basics — Deciding How To Pay

Fact Sheet

—Memorize your Personal Identification Number (PIN). Don't write it down on your card or somewhere else in your wallet. Don't share it with anyone else.

If you get to select your PIN, don't use something that would be known (or could be "guessed") by other people, such as your birth date, telephone number, address, or zip code. And be aware of your surroundings when entering your PIN; be sure no one else can see what you enter.

—Periodically, check to see if your ATM or debit card are where they are supposed to be.

—Do not bend or scratch your card. Keep it away from heat and magnetic surfaces.

—At night, only use ATMs or POS terminals that are in well-lit and safe areas.

—Be sure to enter requested data accurately and verify any purchase amounts entered by a salesperson.

—Record ATM and debit card transactions in your account register immediately, just as if it were a check, and keep your receipts. Carefully compare your account register and receipts with your account statement. Notify your financial institution immediately if there are any errors.

—Keep a list of your account number, card expiration date, and the telephone number of the financial institution that issued it in a safe location (to call in the event your ATM or debit card is lost or stolen).

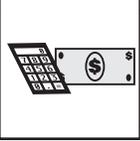
—If your ATM or debit card is lost or stolen, or someone makes unauthorized withdrawals from your account, contact the financial institution as soon as you become aware of the loss. Follow up with a letter. Under both federal and state law, the longer you wait to report the loss, the more money you may lose!

- Federal law limits your liability (the amount you will be responsible for) to \$50 of any unauthorized withdrawals that occur *if* you notify the card issuer within two business days after learning of the loss or theft.

After two business days — but within 60 days after the financial institution sends you a statement where the unauthorized withdrawal appears — your liability can go up to \$500.

If you don't report the loss, theft, or unauthorized withdrawal within 60 days after the financial institution sends you a statement, you are liable for any losses that occur after the 60 days (until you notify the financial institution of the loss, theft, or unauthorized withdrawal).

- If your account is located in Kansas at a state-chartered bank or savings and loan association, your liability is limited to \$50 *if* you notify the card issuer within four business days of discovering the loss or theft. After four days, however, your loss can go as high as \$300.



Banking Basics — Deciding How To Pay

Fact Sheet

- There are several other ways to make payments or purchases using electronic fund transfers.
 - Prepaid transaction cards are a popular way to pay for purchases or services ahead of time (such as prepaid telephone cards and prepaid gift cards). You generally purchase the cards for a specific amount (its “cash value”) and then use it whenever you want to use that service or make that type of purchase. As you use the card, the amount of the service or purchase is deducted from the card’s current balance. Once the card balance is zero, or near zero, you can purchase a new card, or in some cases add more money to the existing card so it can be used further.

The next “generation” of these cards are called smart cards. They will be able to store a lot of information on a single card, thus allowing you to use the card to make many different types of transactions and access other types of services.
 - Computer banking (also known as home banking or on-line banking) allows you to pay bills, transfer money, and bank 24-hours-a-day using your computer and a telephone (or other electronic connection).
 - Telephone debits allow you to authorize a business to electronically withdraw funds from your checking account. You provide the routing number and checking account number off your check. This method can prevent late fees on bills or speed the delivery of goods. However, it is critical that you *only* give this information to reputable companies where you initiate the call. If you are interested in making a purchase from a company you have not done business with before, carefully check out the company (such as by contacting the Better Business Bureau and the Kansas Consumer Protection Division of the Attorney General’s Office). Giving your checking account information to someone you do not know, or to someone who you have not checked out, can be dangerous. They may be fraudulent.

As you can see, there are many ways to pay bills or make purchases. You need to carefully consider the advantages and disadvantages of each and select the ones that best fit your family’s needs and spending patterns.

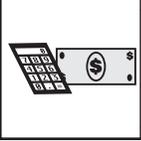
Banking Basics — When Are Deposits Available?

The transfer of money into and out of your checking account generally takes a few days. It is important to know how long you must wait, after you make a deposit, before the money is available for you to spend.

Remember, the day of deposit means when the deposit is *received* by the financial institution (on Monday through Friday, except holidays). Deposits may be made in person (using a teller), electronically (using electronic transfers, direct deposit, or an ATM – Automated Teller Machine), or by mail. How you make the deposit – and even the time of day when it is received by the financial institution – may affect how quickly the money is available for you to spend. For example, if you mail the deposit rather than make the deposit in person, you must allow time for it to arrive at the financial institution before it is deposited into your account.

Below are some general rules for the maximum amount of time after you make a deposit before the money is available for you to spend. Other restrictions, and in some cases special rules, may delay your access to the deposited funds. Some examples where access to funds may take longer include: deposits into new accounts (that have been open 30 days or less); deposits of cashier's, certified, or government checks that have been endorsed over to someone else; and the redeposit of a previously returned check.

When the Money is Available	Type of Deposit
Day of deposit	Direct deposit of federal government payments
Next business day <i>after</i> the day of deposit	Electronic transfers
	First \$100 of any deposited check that is <i>not</i> a “next business day” deposit
	Cash (deposited in person)
	U.S. Treasury checks (deposited in person or at ATMs owed by your financial institution)
	Postal money orders (deposited in person)



Banking Basics — When Are Deposits Available?

Fact Sheet

When the Money is Available

Type of Deposit

Next business day *after* the deposit (continued)

State or local government checks day of (deposited in person)

Cashier's or certified checks (deposited in person)

Checks from another account at the same financial institution

Money orders from (or drawn on) the same financial institution

Second business day *after* the day of deposit

Checks and non-postal money orders from local financial institutions

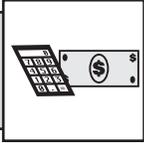
Deposits of cash, postal money orders, state or local government checks, cashier's checks, or certified checks that are made at an ATM owned by your financial institution

Fifth business day *after* the day of deposit

Checks and non-postal money orders from non-local financial institutions

Deposits made at an ATM not owned by your financial institution

These are Federal rules. In some cases, special rules or rules governing the check processing centers may apply that make deposited funds available sooner. The financial institution where you have an account also may choose to make the money available more quickly. Check with your bank, savings and loan association, or credit union about their rules on deposited funds.



Banking Basics — Selecting A Checking Account

Worksheet

When selecting a checking account, there are many questions to ask. It is important that you select an account that best fits your needs (and spending patterns) at the lowest cost. Several basic questions to ask yourself are:

- How many checks do you think you will write each month?
- How much money do you think you will be able to keep in the account?
- Are you willing to spend the time and energy needed to manage the account carefully?

Other questions need to be asked at each bank, savings and loan association, and credit union where you are considering an account. If more than one type of account is offered at a financial institution, you need to ask the first set of questions for each type of account.

Name of financial institution _____

• Type of checking account? _____

—Is checking free? _____

• If checking is free:

—Is there a balance requirement for free checking?
What is it? _____

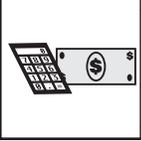
• Is it a minimum balance or an average balance? _____

• What are the fees if your account drops
below this balance? _____

—Is there a maximum number of checks that can
be written before fees are charged? What is the
maximum number of checks? _____

• What are the fees if you write more than
this number of checks? _____

—Are there any other requirements
that must be met for free checking? _____



Banking Basics — Selecting A Checking Account

Worksheet

• If checking is not free:

–Is there a set monthly fee? What is it? _____

–Is there a fee based on some other criteria?
How is it calculated? _____

–Is interest paid? _____

• If yes:

–What is the interest rate? _____

–Is there a balance requirement to earn interest?
What is it? _____

• Is it a minimum balance or an average balance? _____

–Are there any other requirements that must
be met? _____

–What are the fees or charges for:

• Printed checks? _____

• Checks written on overdrawn account? _____

• Overdraft protection? _____

• Deposited checks returned because of
insufficient funds? _____

• Stop payment requests? _____

• Use of Automated Teller Machines (ATMs)
or debit cards:

–Equipment owned by
the financial institution? _____

–Equipment not owned
by the financial institution? _____



Banking Basics — Selecting A Checking Account

Worksheet

- How often are statements sent to account holders? _____
- Are canceled checks returned with the statements?
If not, how much does it cost to get a copy of a
check? _____
- What other services are provided at this financial
institution and what are the fees for using these services:
- Cashier’s checks? _____
- Money orders? _____
- Traveler’s checks? _____
- Bill payment service? _____
- Safe deposit box? _____
- Credit card (annual fee and interest rate)? _____
- Others? _____
- Other things to consider:
- Is the financial institution conveniently located? _____
- Is there a drive-up teller service? _____
- Where are ATMs located? _____
- Are they “drive-up” or “walk-in” centers? _____
- Are they in safe and well-lit locations? _____
- What savings plans are offered? _____
- Are the employees knowledgeable and helpful? _____
- What are normal business hours (inside and
drive-up window)? _____



Banking Basics — Managing a Checking Account

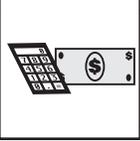
If you have a checking account from a bank, savings and loan association, or credit union, managing it can be very important in using your resources wisely. Financial institutions may offer other services, such as Automated Teller Machines (ATMs), debit cards, bill payment services, and more. If you use these additional services, managing a checking account can be a bit more difficult — but no less important.

Know what information appears on a blank check.

- The information that appears on a printed check include:
 - ① your name and address (and possibly telephone number)
 - ② the check number
 - ③ routing numbers (indicating the financial institution on which the check is drawn, the state where it is located, and who will process the check at the regional level)
 - ④ your checking account number
 - ⑤ the name or branch of the financial institution that handles your checking account

Sample Check

Sam Wheat ——— ① (555) 555-5555 1234 Sunflower Ave. Anytown, KS 10000	000 ——— ② Date _____
Pay to the Order of _____	\$ <input style="width: 100px;" type="text"/> _____ Dollars
Financial Institution 123 Elm Street ——— ⑤ Any Town, USA 00000	Signature _____
MEMO _____ 00 ③ _____ 000001,000000000 ——— ④	



Banking Basics — Managing A Checking Account

Fact Sheet

Know how to write checks correctly.

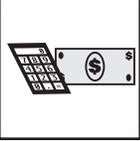
- The information you enter when writing a check include:
 - ① the date
 - ② the name of the “payee” (the person, business, or organization to whom the check is written)
 - ③ the amount of the check in numbers
 - ④ the amount of the check in words
 - ⑤ the purpose of the check
 - ⑥ your signature

Sample Check

Sam Wheat (555) 555-5555 1234 Sunflower Ave. Anytown, KS 10000	000 Date <u>August 20, 2001</u> — ①
Pay to the Order of <u>Business, USA</u> — ②	\$ <u>400.00</u> — ③
④ <u>Four Hundred and ^{no} / 100</u> Dollars	
Financial Institution 123 Elm Street Any Town, USA 00000	
MEMO <u>computer software</u> — ⑤	Signature <u>Sam Wheat</u> — ⑥
00 11 00000 11 00000000	

- When writing a check, it is important that the information be accurate and written in such a way that it cannot be altered by someone else.
- If you make a mistake, it is best to write “VOID” on the check in large letters (making sure it covers at least part of your signature) and start over with a new check. Be sure to note in the checkbook register or on the check stub that the check was “voided.” Keep the voided check for your records.

For minor errors (such as the wrong date), you may be able to mark out the error and rewrite the corrected information. Be sure to put your initials next to the correction.



Banking Basics — Managing A Checking Account

Fact Sheet

- Always write clearly and in ink. Use a ball point pen, rather than a felt tip pen or pencil, which are more likely to be erased or smeared.
- Make sure the spelling and the date is correct. For the date and the “pay to the order” line, it is best to write the information out completely and not use abbreviations or numbers. Never post-date a check (put a future date on it), since the person you wrote it to may go ahead and try to cash or deposit it. This could result in a “bounced” check. If you don’t have enough money in your account to cover the check, don’t write the check.
- Start at the far left of lines where you are to enter information. It’s also a good idea to draw a wavy line through any remaining space to the right of what you entered. This is especially important when indicating the dollar amount of the check — both in numbers and in words. And remember that if the two amounts don’t match (the number and the words), the amount in words will be assumed to be correct.
- Never give someone a blank, signed check. If lost or stolen, the person who took the check (or found the check) can fill in an amount and try to cash or deposit it. You may be able to stop payment on the check if you act quickly (before the check clears and if you meet any other rules set by the financial institution). Contact your financial institution immediately if a check is lost or stolen.
- It is best not to sign the check until last — after everything else is complete. Then sign your name like that on the signature card (the card you signed when you opened the account).
- Use the memo line to note the purpose for the check for your spending records (such as groceries, rent, electricity, clothing). If you are paying a bill that has an account number, write the account number on the memo line.

Know how to make a deposit.

- Some financial institutions require you to use deposit slips when making a deposit. Others no longer require them. Check with the bank, savings and loan association, or credit union where you have your account.
- If deposit slips are needed, preprinted ones (with your name, address, and account number on them) usually are provided at the back of each pad of printed checks. If not, pick up blank deposit slips at your financial institution.
- You also may make deposits at many Automated Teller Machines, using your ATM card, or through direct deposit.



Banking Basics — Managing A Checking Account

Fact Sheet

Sample Deposit Slip

Deposit Ticket		Currency ▶	<table border="1"> <tr><td> </td><td> </td></tr> </table>												
Sam Wheat (555) 555-5555 1234 Sunflower Ave. Anytown, KS 10000		Coin ▶													
DATE _____		Checks ▶													
_____		Total ▶													
Financial Institution 123 Elm Street Any Town, USA 00000	Less Cash Received ▶														
	Total Amount to be Deposited														
00 11	00000 11 00000000														

- When you deposit a check, the money may not be available for you to spend right away. Deposited funds are usually available more quickly with local checks or checks from the same financial institution, government checks, certified or cashier's checks, and direct deposit, or other electronic transfers. Deposits with checks from non-local banks and where you use ATM machines that don't belong to your financial institution are not available as quickly. Check with your bank, savings and loan association, or credit union about their rules on deposited funds.
- To deposit a check, you need to endorse it (see below).

Know how to endorse a check made out to you.

- Endorsing a check made out to you simply means writing your name on the back of the check before you cash or deposit it. Be aware that, once you sign your name on the back of the check, anyone can cash it.
- If you plan to cash the check, don't sign it until you are at the financial institution and ready to make the transaction.

Endorse here

DO NOT WRITE IN THESE SPACES

Date *August 20, 2001* 000

USA

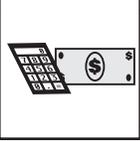
and no/100 \$ *400.00*

Dollars

MEMO *computer software*

Signature *Sam Wheat*

00 11 00000 11 00000000



Banking Basics — Managing A Checking Account

Fact Sheet

—If you plan to deposit the money into your account, you can write “For Deposit Only,” the name of the financial institution where your account is, the account number, and then sign it. This way, no one else can cash or deposit into their account. This is the best method for endorsing a check that you plan to deposit by mail.

- To endorse a check, sign the check on the back, at the left end. Many checks have a line marking the area where you should sign. Sign the check exactly as it is written on the “Pay To The Order Of” line (on the front of the check). If your name is misspelled, first sign it the way it is written on the front; then sign it again with the correct spelling.
- If you want to give the check to someone else, you can write, “Pay To The Order Of” and the name of the person. Then sign your name underneath. Before the check is cashed or deposited, it must be signed by the person named.

Sample Endorsements

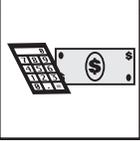
ENDORSE HERE
Sam wheat
DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE
RESERVED FOR FINANCIAL INSTITUTION USE *

ENDORSE HERE
PAY TO THE ORDER OF
Sally Oats
Sam wheat
DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE
RESERVED FOR FINANCIAL INSTITUTION USE *

ENDORSE HERE
FOR DEPOSIT ONLY
Financial Institution
Acct # 00000
Sam wheat
DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE
RESERVED FOR FINANCIAL INSTITUTION USE *

Keep track of the money in your account.

- Use the checkbook register (a separate booklet that comes with your printed checks) or check stubs to keep track of the money in your account.
 - Record all transactions in the checkbook register as they occur — checks, debit card transactions, ATM withdrawals, and deposits.
 - Don’t forget to enter automatic transactions (such as direct deposits going into your account, and bill payments going out of your account) on the dates they occur.
 - Note the date and purpose for each transaction. For checks, indicate the check number. For deposits, also note the source of the funds deposited. This will help when balancing your checkbook. Don’t rely on your memory
 - If you have the type of checks that automatically make copies as you write them (carbonless duplicate checks), it may be somewhat easier to keep track of your checks.



Banking Basics — Managing A Checking Account

Fact Sheet

account statement and the checkbook register if the check appears in both places. This will help you see which checks have “cleared” (been paid by your financial institution).

- Do the same thing (as above) for other withdrawal transactions like automatic bill payments, ATM withdrawals, and debit card transactions.
- Add up checks, automatic bill payments, ATM withdrawals, and debit card transactions in your checkbook register that do *not* have a check (✓) by them.
- These “outstanding” checks and withdrawal transactions are those that have *not* “cleared” the financial institution by the closing date on the account statement.

2. Identify “outstanding” deposits.

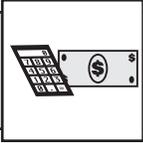
- Compare deposits listed on your account statement against your checkbook register entries (or stubs).
- Make sure the amounts agree (and note any errors). Place a check (✓) on the account statement and the checkbook register where the deposit appears in both places. This will help you see which deposits were received by your financial institution (and added to your account balance) before the closing date of your account statement.
- Add up deposits that do *not* have a check (✓) by them in your checkbook register. These are “outstanding” deposits that have *not* been credited to your account by the financial institution as of the closing date on your account statement.

3. Enter in your checkbook register (and subtract from your balance) any service charges or fees that appear on the account statement (those that you had not already entered into your checkbook register).

4. Put in your checkbook register (and add to your balance), any interest earned that appears on the account statement (those that you had not already entered into your checkbook register).

5. Starting with the ending balance indicated on your account statement (the amount the financial institution says you have in your account):

- Add the amount of the outstanding checks and other withdrawals.
- Subtract the amount of any outstanding deposits.
- Compare this “revised” ending balance from your account statement with the amount listed in your checkbook register. The two numbers should match.



Banking Basics — Managing A Checking Account

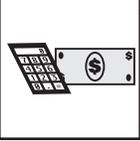
Fact Sheet

6. If the two numbers don't match:

- Is there a math error?
- Did you find some amount errors (on withdrawals or deposits) when you compared entries on the account statement and entries in the checkbook register? These amounts need to be subtracted or added to the "revised" ending balance, depending upon who made the error and whether it was a deposit error or a withdrawal error.

If you made the error, be sure to also enter it in your checkbook register. If the financial institution made the error, be sure to report it as soon as possible.

- Did you correctly identify all "outstanding" withdrawal transactions and deposits (those that appear in your checkbook register, but that had not "cleared" the financial institution as of the date of the account statement)?
- Are there any withdrawal transactions or deposits on the account statement that don't appear on your checkbook register? Any missing entries need to be entered into your checkbook register.
 - Look at your transaction receipts.
 - If this is a joint account, did both people record all of their withdrawals and deposits?
 - Did you remember to include all automatic withdrawals and deposits?
- If you can't find any errors, consider taking your checkbook, account statement, canceled checks, and transaction receipts to the financial institution where you have the account. They can help you. Ask what the fee for this service is. The longer you wait to figure out the error, the more complicated it becomes.
- If you don't balance your checkbook regularly every time you get an account statement from your financial institution, you run the risk of writing checks that will be returned because of insufficient funds. Even one "bounced" check can be costly because of the various fees that are charged. A history of overdrawing your account can get you into financial and legal trouble.
 - Fees are charged by your financial institution at the time the check is returned. This can lead to additional checks bouncing because of the fees being debited from your account. If you do not deposit funds to cover the check (and the fees), and the check is submitted for payment again, additional fees may be charged.
 - The financial institution of the "payee" sometimes charges a fee.



Banking Basics — Managing A Checking Account

Fact Sheet

- The person or business that the check is written to may charge a fee. This is especially true if, after several attempts to have the check paid, the business has to turn the matter over to a check collection agency.
- Late fees may be a problem, if the bounced check results in a bill being past due.
- Prearranged overdraft protection may be available, such as through using a savings or other account you have at the same financial institution, or through a credit card cash advance. While there is usually a fee for this service, it probably will be much less than those that result from bounced checks.

A well-managed checking account takes a little time and effort, but it can help you live within your income, avoid overspending, and build a good financial history. A poorly-managed checking account can create havoc for your family.



Banking Basics — Electronic Transfer Accounts (ETAs) — A New Option

Many employers give their employees the option of getting their wages or salaries by direct deposit (instead of receiving a check) into their checking, savings, or other accounts at financial institutions. Those who get other regular payments or benefits, such as pensions and annuities, often are deposited this way. Direct deposit is convenient, avoids lost or stolen checks, and makes deposited funds available more quickly.

People who do not have a checking or savings account may have difficulty cashing checks, even federal benefit checks like Social Security. In this case, cashing a check usually means paying a fee. Without an account to receive funds (by check or direct deposit) and without easy access to check-cashing services, how do you get cash or otherwise pay bills?

A new kind of low-cost account is now available from some federally insured financial institutions. These Electronic Transfer Accounts (ETAs) offer people an inexpensive way to electronically receive federal benefits and payments.

- For a low monthly fee (currently up to a maximum of \$3), federal payments can be deposited electronically into these accounts. For this fee, ETAs must provide certain basic services.
 - These accounts are not checking accounts, but allow access to funds through cash withdrawals (at least four per month using a teller or the financial institution's Automated Teller Machines) and on-line Point of Sale networks (if the financial institution has one).
 - Account holders also must be allowed at least four balance inquiries each month.
 - The financial institution has the option to offer interest on the account funds or to accept other types of deposits (besides federal payments).
- Additional fees (above the \$3) can be charged for account services other than the required ones (like those charged other account holders). These might include additional cash withdrawals and balance inquiries (above the required minimum number), lost card fees, and overdraft fees (which for ETAs, may not exceed \$10 per 24-hour period, regardless of how many overdrafts occur during that period of time).



Credit: How to Get It, Use It, and Keep It — Give Yourself A Checkup

Almost everyone uses some type of credit. Credit allows us to use goods and services while paying for them. But using too much credit can lead to financial problems. Below are some “warning signals” to look for:

- | Yes | No |
|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> 1. You pay only the minimum amount due on your credit cards each month. |
| <input type="checkbox"/> | <input type="checkbox"/> 2. The total amount you owe on your credit cards does not shrink from one month to the next because of new credit purchases. |
| <input type="checkbox"/> | <input type="checkbox"/> 3. You take out new loans to pay off old ones. |
| <input type="checkbox"/> | <input type="checkbox"/> 4. You skip payments. |
| <input type="checkbox"/> | <input type="checkbox"/> 5. You rely on the overdraft protection feature on your checking account. |
| <input type="checkbox"/> | <input type="checkbox"/> 6. You charge day-to-day expenses like food and toiletries, instead of paying cash. |
| <input type="checkbox"/> | <input type="checkbox"/> 7. You get notices or phone calls about past-due bills. |
| <input type="checkbox"/> | <input type="checkbox"/> 8. You rely on extra income from overtime to make ends meet. |
| <input type="checkbox"/> | <input type="checkbox"/> 9. You use savings to pay current bills. |
| <input type="checkbox"/> | <input type="checkbox"/> 10. Not counting your mortgage, your credit payments are 20 percent or more of your take-home income. |
| <input type="checkbox"/> | <input type="checkbox"/> 11. You borrow money to pay occasional expenses like insurance and taxes. |
| <input type="checkbox"/> | <input type="checkbox"/> 12. You are late in making payments each month. |
| <input type="checkbox"/> | <input type="checkbox"/> 13. You are turned down for credit because you have a poor credit record or too much debt. |

By: Joyce E. Jones, Extension Specialist, Family Financial Management, K-State Research and Extension



Credit: How to Get It, Use It, and Keep It — Tool or Trap?

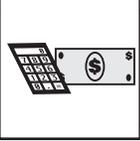
At some point in our lives, almost everyone uses consumer credit. Credit means buying now and paying later — using goods and services while paying for them (or borrowing cash and repaying it in the future). Credit also means becoming indebted to someone else; you have to pay back the debt.

Credit has both advantages and disadvantages. Advantages include:

- You get to use the purchase (or enjoy the service) while you pay for it.
- You can buy things that are needed when you don't have enough money on hand to pay for them.
- Credit can be helpful in financial emergencies, such as when you have unexpected major medical costs, a death in the family, or need to replace (or have major repairs made on) appliances or automobiles.
- Credit is convenient. You do not have to carry a lot of money around with you.
- Credit helps to make expensive items easier to purchase.
- Using credit wisely helps build a good credit history, which can be important for getting credit in the future.
- You may be able to save money by taking advantage of special bargains or sales when you don't have enough money with you.

Disadvantages include:

- Purchases cost more when using credit. Interest and other charges are added to the purchase price of goods and services.
- Credit ties up future income. When you use credit, you owe money that must be paid back from income you haven't yet earned. By committing to monthly credit payments, you may have to give up other things that you need in the future. It also may be more difficult to deal with unexpected events and emergencies (such as layoffs or illnesses).
- Credit can encourage overspending. You may buy more than you can pay for, and may even buy things you don't want or need.
- If poorly managed, credit can lead to major financial problems.



Credit: How to Get It, Use It, and Keep It — Tool or Trap?

Fact Sheet

Types and Sources of Consumer Credit

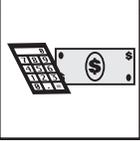
There are several types and sources of consumer credit, including:

- Sales credit — Sales credit is used to buy goods and services. The features and costs can vary greatly. This form of credit is often used by department stores, furniture and appliance stores, automobile dealers, contractors, utility companies, and repair people. Sales credit can include charge accounts, revolving charge accounts, and installment plans.
 - Charge accounts usually must be paid in full each month and don't have a finance charge. These accounts can include service credit (such as when you are billed later after visiting the doctor or using utilities in your home) and charge cards.
 - Revolving charge accounts are similar to charge accounts, except that you generally must sign a contract or agreement that covers all the goods and services you buy on your account. There usually is a limit to the amount you can charge. If you don't pay the full amount due (listed on your billing statement), you can pay a portion of the balance (or a minimum) and pay a finance charge.
 - Installment plans require a signed contract whenever you make a purchase. The amount you owe is divided into a specific number of payments (installments). The installments include the various costs associated with the credit, as well as repayment of the original debt. A down payment is often required.
- Cash loans — Cash loans are often used to obtain goods and services that are expensive or to meet emergencies. This type of credit may be obtained from commercial banks, savings and loan associations, credit unions, consumer finance or loan companies, or even life insurance companies (if you have a policy where you have built up a "cash value"). Other sources of cash loans (which can be very expensive), include pawnshops and those offering payday loans. Cash loans generally are payable in one lump sum or installments.
- Credit cards — Credit cards can be used to purchase goods or services (sales credit). Some credit cards (bank credit cards) also can be used to get cash (cash advances).

Getting Credit

When you apply for credit, the potential creditor will want to know if you are "creditworthy." In other words, the creditor wants to know if you are willing and able to repay the debt. To determine your creditworthiness, a creditor usually looks at three factors:

- **Capacity** — This refers to your current and future ability to pay. Do you have a steady job? How long have you been employed? What is your income? How much credit are you already committed to? What are your other expenses?



Credit: How to Get It, Use It, and Keep It — Tool or Trap?

Fact Sheet

- **Capital** — What do you own (or what are you purchasing) that could be used to guarantee the debt? Even if you don't have to put up "security" (to guarantee the loan), creditors usually prefer that you have assets other than just your income (such as savings, investments, or property) that could be used to repay the debt.
- **Character** — This refers to your willingness to repay the debt. How trustworthy are you? In the past, how prompt have you been in paying your debts, rent, and utility bills? Is your credit history good?

Creditors use these and other factors (such as the state of the economy) when reaching their decision. Some set higher standards than others; some simply do not offer certain kinds of credit. Different creditors may reach different conclusions based on the same set of facts about you. One creditor may find you an acceptable risk, while another may deny you the credit you request.

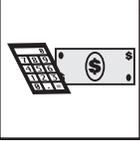
Some common reasons for being denied credit include:

- too much outstanding debt
- too little time in current job or at current address
- unreasonable purpose for requesting credit
- co-signer can not take on additional debt
- errors on credit report
- strict creditor standards

If you have borrowed before and have a good repayment history, you have some information to help convince a creditor that you are a good credit risk. But what if you have never borrowed, or if you have a poor record of credit repayment in the past? Then you need to begin to build (or rebuild) a good credit record.

One of the best ways to establish (or re-establish) a good credit history is to provide evidence of financial responsibility. You can do this in several ways, such as by:

- opening (and managing wisely) a checking or savings account
- paying bills on time
- getting (and managing wisely) a local retail or department store credit card or charge card
- getting a small installment or cash loan and paying it back promptly
- having someone co-sign a loan with you (and guarantee to repay the debt if you don't)



Credit: How to Get It, Use It, and Keep It — Tool or Trap?

Fact Sheet

Don't apply for too much credit at the same time, since this may be a warning sign to a potential creditor. In addition, having credit denied or having repayment problems will stay on your credit record for a period of time (generally seven years), and may make it difficult to get credit in the future.

Comparing Costs of Credit

Two terms are essential in understanding credit — finance charge and the Annual Percentage Rate (APR).

The finance charge is the total of all costs which you must pay for credit (in dollars and cents). The APR is the relative cost of credit in percentage terms. Creditors are required by the Truth in Lending law to disclose in writing to the borrower both the finance charge and the APR. The APR is the rate you can use to compare the cost of credit from one creditor or credit transaction to another.

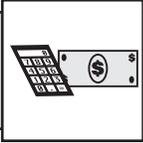
The type of credit contract or agreement, where you get the credit, and your credit rating are the major factors that determine the amount you pay for consumer credit.

Reviewing the Contract

If you decide to use credit, you will be asked to sign a contract or agreement. It is legally binding. So read the contract carefully before signing — including the “fine print.” For example, on installment loans you would need to look for:

- the cash price
- the down payment (or trade-in value) and remaining balance
- the finance charge (in dollars and cents)
- the Annual Percentage Rate (APR)
- any other charges that are not included in the cash price
- the number, amount, and due dates of payments
- the charge for a late payment
- what happens if you miss a payment
- a description of any security held by the creditor

If you do not understand the entire contract, be sure you ask the creditor to explain it to you. If you still don't understand, consider contacting an attorney or other knowledgeable professional for assistance. You are obligated to fulfill your credit responsibilities once you sign the contract.



Credit: How to Get It, Use It, and Keep It — Tool or Trap?

Fact Sheet

Remember, when you use credit, you are promising to:

- Pay back the amount of money you borrow, plus the finance and other charges.
- Pay back the debt regardless of any personal crisis or unexpected situation you later face.
- Make payments on time.
- Keep any item that has been used as security for the debt until all payments have been made.
- Give back what you are buying (or give up whatever is used as security), if you cannot finish paying off the debt.
- Take responsibility for the loss of value to the item you bought on credit if it has lost value (depreciated) and has to be returned to the creditor.

Deciding to Use Credit

Whether or not you use credit is a decision that requires careful thought. Using credit creates a financial obligation that can affect your family's future. So, whenever you are considering using credit, ask yourself these questions:

- Is it worth the extra cost to have the item now?
- Is this something I really want?
- Is this something I had planned to buy? Is it related to my financial goals?
- Can I make the payments?
- Have I been realistic in estimating my other expenses?
- Will I want to be paying for this for the length of the credit agreement (contract)?
- Will the payments force me to use (or limit my contributions to) savings that have been set aside to meet my financial goals or build my emergency fund?
- Can I afford to tie up my future income?
- What if I get sick or have an accident?
- Do I want to risk repossession, a bad credit history, or legal action if I cannot repay the debt?
- Would it be wiser to save money and buy this later?
- Am I borrowing from a fair and honest lender?
- Do I understand what the contract says?

By: Joyce E. Jones, Extension Specialist, Family Financial Management, K-State Research and Extension



Credit: How to Get It, Use It, and Keep It— Choosing and Using a Credit Card

When you use a credit card, you are promising to pay in the future for something that you buy now (or to repay a cash advance), plus interest and other fees. Be cautious when using credit. Will you have the money to make the payment and still have enough for basic living expenses?

Credit cards can sometimes encourage you to overspend. If you don't keep good records, you may lose track of what you owe and find yourself in financial trouble. Using credit cards usually adds to the cost of your purchases.

At the same time, credit cards are convenient and may be safer than carrying around a lot of cash. They can be very helpful in emergency situations. However, they must be handled with care.

Compare Features and Costs

When selecting a credit card, it is important to compare features and costs before you open an account. They can vary greatly and will affect your overall costs.

Major features and costs to consider are the annual fee, Annual Percentage Rate (APR), grace period, balance calculation method, and credit limit. Also compare late payment, over-the-limit, and cash advance fees, as well as minimum finance charges. Look for this information in the credit card application or in the credit card offer (if no application is required).

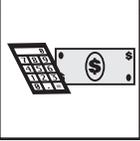
- Some credit cards charge annual fees. These are like membership fees and often range from \$20 to \$50 a year. Other credit cards (such as “gold” or “platinum” cards, which carry higher credit limits and provide other services) may charge up to \$75 or more.
- The Annual Percentage Rate (APR) represents the cost of credit as a yearly interest rate (such as 12%, 16%, or 18%). For billing purposes, the APR is often divided into a periodic rate (daily or monthly). This is the rate that is applied to your balance to figure the finance charge. For example, a monthly periodic rate for an APR of 18% would be 1.5% (18 divided by 12 equals 1.5).
 - Interest rates on credit cards usually are fixed or variable. Some credit cards have tiered rates.
 - A fixed-rate credit card means the interest rate is set at a specific rate by the credit card issuer (the company that issued the card). The rate on fixed-rate credit cards can change over time. The card issuer must notify card holders before the rate changes, however.



Credit: How to Get It, Use It, and Keep It — Choosing and Using a Credit Card

Fact Sheet

- The interest rates on variable-rate credit cards are usually tied to some other interest rate, such as the prime rate or Treasury Bill rate. An additional amount is then added (called the margin). So, if the rate that the credit card is tied to changes, so does the interest rate on your credit card. If you're considering a variable-rate card, be sure you know how the rate is figured (which index is used and what margin is added).
 - A tiered-interest rate means that different interest rates apply to different balances. For example, the interest rate on balances under \$1,000 might be 14% Annual Percentage Rate (APR), while the interest rate on balances of \$1,000 or more might be 16% APR.
- Many credit cards charge different Annual Percentage Rates for credit used in different ways. For example, there may be one APR for purchases, another for cash advances (which is usually higher), and still another for balance transfers (where you transfer the balance from another card to the current card).
- If you have a credit card with a high interest rate, consider calling your credit card issuer and asking them to lower the rate. If you are a good customer, they may offer to reduce the rate to keep you from switching to another, lower-rate credit card.
- Some credit card issuers increase the APR if payments are late a number of times within a specified period of time (sometimes called the penalty rate). For example, if you make two late payments within six months, the card issuer may raise your interest rate from 14% APR to 21% APR. Other credit card issuers may increase your APR if you are late on payments on other credit cards — issued by other credit card companies — or on other, non-credit card debts. Be sure to read the fine print to see if such a penalty rate or universal default clause applies.
- Credit cards also may offer an introductory or promotional rate that is very low. While this can be attractive, be sure you know what the non-introductory interest rate is and when it takes effect.
- Another term you may see is the finance charge, which is the dollar cost of using credit. In addition to interest, other fees (such as cash advance fees) may be included in the finance charge amount.
- The grace period (sometimes called the “free period”) is the number of days between when you charge something and the payment due date (when you can pay your bill in full without having to pay a finance charge).
- Not all credit cards offer a grace period. However, if your card does have a grace period, the credit card issuer must mail your bill at least 14 days before the due date.



Credit: How to Get It, Use It, and Keep It — Choosing and Using a Credit Card

Fact Sheet

Knowing whether a card gives you a grace period or not is especially important if you plan to pay your account in full each month. Without a grace period, the card issuer may impose a finance charge from the date you charge something or from the date the transaction is “posted” to your account.

Under nearly all credit card plans, the grace period applies *only* if you pay your balance in full each month. In other words, you could take advantage of the grace period this month if you pay your current balance in full this month *and* you also paid the previous month’s balance in full.

In addition, the grace period usually does not apply to cash advances, where interest may be charged from the day of the transaction or from the day the transaction is posted to your account.

- If you don’t pay your balance in full each month, it is important that you know what the balance calculation method is. The way your balance is calculated can make a difference in the finance charge you pay.

—Average daily balance is the most common method. The credit card issuer totals the balance for each day in the billing period, subtracting any credits or payments received that day.

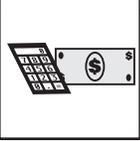
New purchases may or may not be added to the balance, depending on the credit card plan. Cash advances are typically included.

The daily balances are then added up for all the days in the billing period. To get the average daily balance, the total is divided by the number of days in the billing period.

—Credit card issuers sometimes calculate balances using two months’ credit card transactions — a two-cycle, average daily balance. This method includes an average daily balance for the current billing period, as well as an average daily balance from the previous billing period.

New purchases made during the current billing period may or may not be added to the balance, depending on the credit card plan. Purchases in the previous billing period that were already subject to finance charges are usually not included in the balances.

—The adjusted balance method takes the balance from the beginning of the current billing period and subtracts payments or credits received during the current billing period. New purchases are not included.



Credit: How to Get It, Use It, and Keep It — Choosing and Using a Credit Card

Fact Sheet

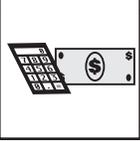
- The previous balance method uses the balance at the beginning of the current billing period.
- Depending on whether or not you carry a balance — and the timing of your purchases and payments — the average daily balance method excluding new purchases, the adjusted balance method, and the previous balance method, tend to result in lower finance charges than the other balance calculation methods.

- The credit limit is the maximum total amount of money you can borrow from the credit card issuer. The amount usually increases over time. While this amount is typically based upon your credit history, it is not necessarily an indication of how much credit you can afford.
- The minimum monthly payment is the smallest amount you can pay and still be in “good standing” with the credit card issuer. This usually is stated as a percent or fraction of your balance, or a flat dollar amount, whichever is less. While paying only the minimum payment may sound attractive, it leads to paying maximum interest. In some cases, you may end up paying interest on interest!

Let’s look at an example:

You use your credit card (with an 14% APR) to purchase something for \$500. Your minimum monthly payment is 2% of the balance or \$10 (whichever is higher). If you only pay the minimum monthly payment, how long will it take to pay off the credit card (assuming you don’t make any more charges on the credit card)? In this case, it will take you 6.3 years to pay off the balance. At the end of the 6.3 years, you will have paid back \$755 — the original \$500 plus \$255 in interest. [Note: Credit card minimum payments are now required to be more than 2% of the outstanding balance.]

- A credit card may include other costs:
 - A late-payment fee may be charged when your payment is late. If your credit card offers a grace period, and your payment arrives after that, you may be charged both interest (on your balance) and the late-payment fee.
 - You may have to pay an over-the-limit fee if your total credit charges go over the credit limit set on your card.
 - Cash advance fees are charged if you use your credit card to get a cash advance. These fees are usually stated as a percent of the amount of the cash advance, although there also may be a minimum and maximum fee. The cash advance fee is charged in addition to the interest rate charged on the actual amount of the advance.
 - There may be a balance transfer fee for transferring balances from another card to the current card. This fee is in addition to any interest that may be charged on the amount of the transfer (the balance).



Credit: How to Get It, Use It, and Keep It — Choosing and Using a Credit Card

Fact Sheet

—A minimum finance charge may apply when your balance is subject to a finance charge (that is, you carry over a balance from the previous month and a finance charge is due).

- The credit card also may offer other services, such as travel accident insurance, rental car insurance, extended warranty protection on purchases, or others. You need to consider carefully whether you will use these services when comparing credit cards.

In addition to comparing features and costs, think about your typical spending and bill payment patterns. Select the credit card that meets your needs at the lowest cost. In other words, match the features and costs with your spending and bill payment patterns.

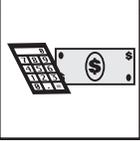
For example, if you think you will not be able to pay the outstanding bill in full each month, you may want to look for a credit card with a lower Annual Percentage Rate. If you think you can pay your monthly bill in full, your best choice may be a credit card that has no annual fee and that offers a longer grace period.

Managing Your Credit Card

Credit card (and charge card) fraud costs hundreds of millions of dollars each year. While having your credit card stolen is the most obvious form of fraud, other things also can happen. For example, someone may use your card number without your knowledge and without actually having your credit card.

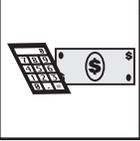
It's not always possible to prevent credit card fraud. But there are some things you can do to make it more difficult for someone to get your credit card or your credit card numbers. At the same time, these "tips" represent wise management practices when using your credit card.

- Treat your credit cards like cash. Don't leave them lying around.
- If your new or renewal card does not arrive on time, contact the card issuer.
- Sign your cards as soon as they arrive. Read all of the information that comes with the card, including the "fine print." You also may need to call the credit card issuer in order to "activate" the card.
- Don't lend your cards to anyone.
- You may want to carry your cards separately from your wallet or checkbook. Just be sure to keep them enclosed in something, like a key envelope or plastic sleeve, to protect the magnetic strip from damage.
- It's a good idea to limit the total number of credit cards you have and cancel those that you do not use. When travelling, it is especially important to carry only those credit cards you will need.



Credit: How to Get It, Use It, and Keep It — Choosing and Using a Credit Card Fact Sheet

- Keep in a safe place (away from your credit cards) a list of your credit card account numbers, when they expire, and the phone numbers and addresses of the credit card issuers (the company that issued you the card). If a card issuer has several phone numbers, be sure to list the number to call if your card is lost or stolen (usually a toll-free number). You also may want to list the card issuer's main contact number (such as customer service) for other types of problems or questions.
- Notify card companies in advance of a change in address.
- Don't give your account number over the phone unless you're making the call to a company you know is reputable.
 - If the caller says he or she is a representative of your credit card company, call back on the credit card issuer's telephone number.
 - If you have questions about a company, check it out with the Better Business Bureau (you may get more information if you contact the one closest to the main address of the company in question), or the Kansas Consumer Protection Division of the Attorney General's Office.
- Keep an eye on your card during transactions. Get your card back as soon as possible, making sure it is yours.
- If you catch an error before the credit card transaction is completed, be sure the receipt is "voided" or all copies are destroyed. If the transaction has been completed, be sure it is canceled or a credit is posted to your account.
- If the credit card charge slip uses carbon paper to create your copy of the receipt, be sure the carbon is destroyed.
- Never sign a blank charge slip. When you sign a charge slip, draw a line through any blank spaces around the total charge amount.
- Don't write your account number on a postcard or on the outside of an envelope.
- Save your receipts to check against your credit card billing statement. Don't leave them behind after you charge a purchase. When your bill arrives, open it promptly. Compare the charges on the statement with your credit card receipts.
 - One method to keep track of your receipts is to place them in an envelope whenever you make a charge. Keep the envelope in a safe place, also.
 - Keep a running total of the charges on the front of the envelope.
 - After you receive your billing statement, pull out of the envelope those receipts for charges that appear on your statement. You may want to keep these receipts for a while, so attach them to your billing statement.



Credit: How to Get It, Use It, and Keep It — Choosing and Using a Credit Card Fact Sheet

When you do discard the receipts, be sure to tear, shred, or otherwise destroy them. Don't just throw them in the trash.

- Note on your billing statement those charges where you can't find receipts. Then you need to do some searching (to find the credit card receipt or to determine if the charge is correct). Report any errors promptly and in writing to the card issuer (see discussion below).

- Add any interest charges to the running total of charges on the front of the envelope. And when you make a payment, subtract the payment amount from the running total. This way, you will always know what your total credit card debt is.

—If you have more than one credit card, you can keep several running totals (one for each credit card) on the front of the envelope, or keep separate envelopes for each credit card.

- Another way to keep track of your total credit card debt is to write down all of your credit card purchases in the back of your checkbook register or on a separate piece of paper. Column headings can include the date, type of transaction (credit card purchase, cash advance, interest, and fees; payments and credits), amount of the transaction, and the ending balance.

Keep a running total of your credit card debt, adding purchases, cash advances, interest, and fees; and subtracting payments and credits. You still need to keep track of your receipts, to compare with your billing statement.

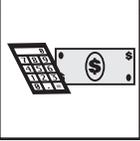
- If you lose your credit card, or if you realize it has been lost or stolen, immediately call the card issuer. It's a good idea to follow-up the phone call with a letter. Be sure to include your account number, the date you noticed your card missing, and the date you reported the loss.

—Many companies have toll-free numbers and 24-hour service to deal with such emergencies.

—By law, once you report the loss or theft, you have no further responsibility for any unauthorized charges. So if someone has charged something to your account without your authorization, you only have to pay for those charges made before you notified the card issuer, up to a maximum of \$50 per card.

Other Things To Consider

- If you find an error on your bill, report it immediately. The error might be a charge for the wrong amount, for something you didn't order, or for an item that wasn't delivered.



Credit: How to Get It, Use It, and Keep It — Choosing and Using a Credit Card **Fact Sheet**

You can dispute the charge and withhold payment on that amount while the charge is being investigated. Of course, you still have to pay any part of the bill that's not in dispute, including finance and other charges.

If you find errors on your bill, both you and the credit card issuer must follow certain rules for correcting them:

- Write to the creditor at the address indicated on your statement for “billing inquiries.” Include your name, address, account number, and a description of the error.
- Send your letter promptly. It must reach the creditor within 60 days after the first bill containing the error was mailed to you (not after you received it).
- The creditor must acknowledge your complaint in writing within 30 days of receiving your letter, unless the problem has been resolved. At the latest, the dispute must be resolved within two billing cycles (but not more than 90 days).
- You also can dispute charges for unsatisfactory goods or services, if you meet both of the following:
 - You must have made the purchase in your home state or within 100 miles of your current billing address. The charge must be for more than \$50. (Note that these limitations don't apply if the seller also is the card issuer, or if a special business relationship exists between the seller and the card issuer.)
 - You must have first made a “good faith effort” to resolve the problem with the seller.

Choosing and using a credit card that has the best features and costs, given your spending and repayment patterns, can save you money. So shop around! And once you have selected a credit card, remember to use it wisely.



Credit: How to Get It, Use It, and Keep It — Your Credit Rights

The Consumer Credit Protection Act of 1968 was landmark federal legislation that “launched” Truth in Lending. For the first time, creditors had to “disclose” the cost of borrowing in a common language so consumers could figure the actual costs and use the information to shop around for the best credit deal.

Since 1968, credit protections have expanded. They were meant to reduce the problems with and confusion about consumer credit, which has become both more popular and more complex. For example, the concepts of “fair” and “equal” have been written into federal credit laws that:

- prohibit unfair discrimination
- require that consumers be told “why,” when they are turned down for credit
- provide for accuracy and privacy of information in consumer credit reports
- set up ways for consumer to settle billing disputes

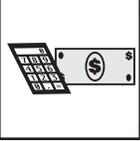
These laws do not guarantee that you will receive credit. Instead, they protect your rights by requiring creditors to treat consumers fairly.

Fair Credit Reporting Act

If you’ve ever applied for a credit card, a personal loan, or insurance, there’s probably a file of information about you at Consumer Reporting Agency (CRA). The file — your credit report (or consumer report) — will include such things as where you work and live, how you pay your bills, and whether you’ve been sued, arrested, or filed for bankruptcy. Consumer Reporting Agencies sell this information to creditors, employers, insurers, and other businesses who have a legitimate reason to get the information.

Under the Fair Credit Reporting Act:

- You have the right to receive a copy of your credit report. It must contain all of the information in your file at the time of your request.
- You have the right to know the name of anyone who received your credit report in the last year (or in the last two years for employment purposes).
- Any creditor that denies your application for credit because of information in your credit report must supply the name and address of the CRA that provided the information.



Credit: How to Get It, Use It, and Keep It — Your Credit Rights

Fact Sheet

- You have the right to a free copy of your credit report when your credit application is denied because of information in the report (and in certain other situations). Your request must be made within 60 days of receiving the denial notice.
- If you question the completeness or accuracy of information in your report, you should file a dispute with the CRA and with the company that furnished the information to the CRA. Both are legally obligated to reinvestigate your dispute.
- You also have the right to add a summary statement to your credit report if your dispute is not resolved to your satisfaction.

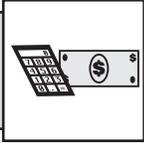
Equal Credit Opportunity Act

When creditors evaluate your application for credit, they must base their decision on your actual creditworthiness. They cannot discriminate on the basis of your sex, race, marital status, religion, national origin, or age. Creditors may ask for this information (except religion) in certain situations, but they may not use it to discriminate against you when deciding whether to grant credit.

You also cannot be discriminated against because you receive public income (such as social security, veterans benefits, or welfare assistance), or because you have exercised one of your credit rights (such as reporting a billing error to a creditor).

Under the Equal Credit Opportunity Act, when you apply for credit, a creditor *may not*:

- Discourage you from applying because of your sex, marital status, age, race, national origin, or because you receive public income.
- Ask about your marital status if you're applying for a separate, unsecured account
- Ask if you're widowed or divorced (if allowed to ask marital status, the creditor may only use the terms married, unmarried, or separated).
- Request information about your spouse (except when your spouse is applying with you or will be allowed to use the account, or when you are relying on your spouse's income — or on alimony or child support income from a former spouse — to get credit).
- Inquire about your plans for having or raising children.
- Ask if you receive alimony, child support, or separate maintenance payments, unless you are first told that you don't have to provide this information if you won't rely on this income to get credit (a creditor may ask if you have to pay alimony, child support, or separate maintenance payments, however).



Credit: How to Get It, Use It, and Keep It — Your Credit Rights

Fact Sheet

When evaluating your income, a creditor *may not*:

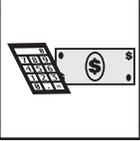
- Refuse to consider public income the same way as other income.
- Place less value on your income because of your sex or marital status.
- Place less value on (or refuse to consider) income because it comes from part-time employment or pension, annuity, or retirement benefits.
- Refuse to consider alimony, child support, or separate maintenance payments (although a creditor may ask you to prove you have received this income regularly).

When deciding whether to give you credit, a creditor *may not*:

- Consider your sex, marital status, race, national origin, or religion.
- Consider whether you have a telephone listed in your name (although a creditor may consider whether you have a telephone or not).
- Consider your age, *unless*:
 - You are too young to sign a contract (usually under 18).
 - You're 62 or older and the creditor will use your age as a *positive* factor.
 - You're 62 or older and age helps explain other factors related to creditworthiness (such as considering your age if your income might drop because you are about to retire).

You also have the right to:

- Have credit in your birth name (Mary Smith), your first and your spouse's last name (Mary Jones), or your first name and a combined last name (Mary Smith-Jones).
- Get credit without a co-signer, if you meet the creditor's standards.
- Have a co-signer other than your husband or wife (if one is necessary).
- Keep your own accounts after you change your name or marital status, reach a certain age, or retire (unless the creditor has evidence that as a result, you will not be willing or able to pay).
- Know whether your application was accepted or rejected (within 30 days of filing a complete application).
- Know why your application was rejected (the creditor must give you a notice that tells you either the specific reasons for your rejection or tell you that you have the right to learn the reasons, if you ask within 60 days).



Credit: How to Get It, Use It, and Keep It — Your Credit Rights

Fact Sheet

- Find out why you were offered less favorable terms (such as less credit than you requested) than you applied for (unless you accept the terms).
- Find out why your account was closed or why the terms of the account were less favorable.

Fair Credit Billing Act

It is important to check your credit account billing statements regularly. If you find an error or discrepancy on your statement, promptly notify the company and dispute the error.

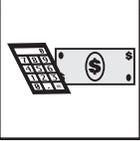
The Fair Credit Billing Act has set up procedures for resolving errors on credit account billing statements. This law usually applies only to “open end” credit accounts, such as credit cards and revolving-charge accounts. It does not apply to installment loans or credit sales that are paid according to a fixed schedule until the entire amount is paid back, such as an automobile loan. It also does not apply to disputes about the quality of goods and services, since these are not considered “billing errors.”

Billing errors could include:

- Charges that you (or anyone you have authorized to use your account) have not made.
- Charges that are not identified correctly or that show the wrong amount or date.
- Computation or similar math errors.
- Charges for goods and services you didn’t accept or weren’t delivered as agreed.
- Failure to reflect payments or credits to your account.
- Not mailing or delivering credit billing statements to your current address (as long as the address was received by the creditor in writing at least 20 days before the end of the billing period).
- Charges for which you request an explanation or documentation because of a possible error.

To take advantage of the law’s consumer protections, you must:

- Write to the creditor at the address given for “billing inquiries” (not the address for sending your payments) and include your name, address, account number, and a description of the billing error.
- Send your letter so that it reaches the creditor within 60 days after the first bill containing the error was mailed to you (not when you received it).



Credit: How to Get It, Use It, and Keep It — Your Credit Rights

Fact Sheet

Be sure to send your letter by certified mail and request a return receipt. This way, you have proof that the creditor received the letter and when. Include copies (not originals) of sales slips or other documents that support your position. Keep a copy of your dispute letter.

The creditor must acknowledge in writing that they received your letter (within 30 days after receiving it), unless the problem has been resolved. The creditor also must resolve the dispute within two billing cycles (but not more than 90 days) after receiving your letter.

While the possible error is being investigated:

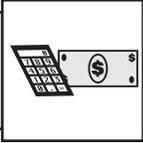
- You may withhold payment on the disputed amount (as well as related charges, such as finance charges, on the disputed amount).
- You must pay any part of the bill not in question (as well as related charges, such as finance charges, that are not associated with the disputed amount).
- The creditor may not take any legal or other action to collect the disputed amount and related charges.
- Your account cannot be closed or restricted (although the disputed amount may be applied against your credit limit).
- The creditor may not threaten your credit rating or report you to a Consumer Reporting Agency as delinquent (although the creditor may report that you are disputing your bill).

If the creditor's investigation determines that the bill was *incorrect*:

- The creditor must explain to you, in writing, the corrections that will be made to your account. In addition to crediting your account, the creditor must remove all finance charges, late fees, or other charges related to the error.
- If the creditor believes that you owe a portion of the disputed amount, you must get a written explanation. You may request copies of documents proving you owe the money.

If the creditor's investigation determines that the bill was *correct*:

- You must be told promptly and in writing how much you owe and why. You may ask for copies of relevant documents. At this point, you'll owe the disputed amount, plus any finance charges that accumulated while the amount was in dispute. You also may have to pay the minimum amount that you missed paying because of the dispute.
- If you disagree with the results of the investigation, you may write to the creditor. However, you must act within 10 days after receiving the explanation.



Credit: How to Get It, Use It, and Keep It — Your Credit Rights

Fact Sheet

- You may indicate that you refuse to pay the disputed amount, but at this point the creditor may begin collection procedures.
- If the creditor reports you to a Consumer Reporting Agency as delinquent, the report also must state that you don't think you owe the money.

Fair Debt Collection Practices Act

You are responsible for your debts. If you fall behind in paying your creditors or an error is made on your account, you may be contacted by a "debt collector." In either situation, the Fair Debt Collection Practices Act requires that debt collectors treat you fairly. It also prohibits them from using unfair, deceptive, or abusive practices while collecting these debts.

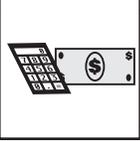
A debt collector is any person (other than the creditor) who regularly collects debts owed to others. This includes lawyers who collect debts on a regular basis.

Under the Fair Debt Collection Practices Act:

- A debt collector may contact you in person, by mail, telephone, telegram, or FAX. However, they cannot contact you at inconvenient times or places, such as before 8 a.m. or after 9 p.m. (unless you agree).
- Debt collectors may not contact you at work if they know your employer disapproves.

If you have an attorney, the debt collector can contact the attorney, rather than you. If you do not have an attorney, they may contact other people, but only to find out where you live, what your phone number is, and where you work. In most cases, the debt collector cannot tell anyone else (other than you and your attorney) that you owe money.

- Within five days after you are first contacted, the debt collector must send you a written notice telling you the amount of money you owe, the name of the creditor to whom you owe the money, and what action to take if you believe you do not owe the money.
- A debt collector may not contact you if, within 30 days after you receive the written notice, you send the collection agency a letter stating you do not owe the money. However, a collector can renew collection activities after they send you proof of the debt.
- Debt collectors must stop contacting you if you ask them to do so in writing. Once the collector receives your letter, they may not contact you again except to say there will be no further contact or to notify you that the debt collector or the creditor intends to take some specific action.

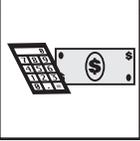


Credit: How to Get It, Use It, and Keep It — Your Credit Rights

Fact Sheet

Of course, sending the letter does not make the debt go away if you actually owe it. The debt collector or your original creditor could still take legal action against you to collect the debt.

- Debt collectors may not harass or abuse you (or any other person they contact). For example, they may not use threats of violence or harm, publish a list of consumers who refuse to pay their debts (except to a Consumer Reporting Agency), use obscene or profane language, or repeatedly use the telephone to annoy you.
- Debt collectors *may not* use false or misleading statements when collecting a debt, such as:
 - Use a false name or falsely imply that they are attorneys or government representatives.
 - Falsely imply that you have committed a crime.
 - Falsely say that they operate or work for a Consumer Reporting Agency.
 - Misrepresent the amount of your debt.
 - Indicate that papers being sent to you are legal forms, when they are not.
 - State that you will be arrested, or that they will take legal action against you, if you do not pay your debt (such as file a lawsuit against you or seize, garnish, attach, or sell your property or wages), unless the collection agency or creditor intends to do so (and it is legal to do so).
- Debt collectors also *may not*:
 - Deposit early a post-dated check.
 - Deceive you into accepting collect calls or paying for telegrams.
 - Take (or threaten to take) your property unless this can be done legally.
 - Contact you by postcard.
 - Send you anything that looks like an official document from a court or government agency, when it is not.
 - Give false credit information about you to anyone, including a CRA.



Credit: How to Get It, Use It, and Keep It — Your Credit Rights

Fact Sheet

Consumer Credit Code

In addition to federal laws, there are state laws that regulate consumer credit transactions and lenders under state jurisdiction. Because of the national scope of many creditor networks, determining which state law applies can be somewhat complicated.

The Kansas Consumer Credit Code provides protection for residents using consumer credit (subject to Kansas regulation) by, among other things:

- defining and requiring certain information be disclosed
- establishing maximum interest rates that can be charged
- identifying what fees creditors can charge (and in some cases, the maximum amount or how they can be calculated)
- limiting what creditors can do if a Kansas resident defaults on a debt

It is important that you know your consumer credit rights, know how to use them, and exercise them when necessary.

Many agencies are responsible for regulating consumer credit. For example, regulatory agencies include the Federal Trade Commission, Office of Thrift Supervision, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, National Credit Union Administration, and the Kansas Bank Commissioner. So, carefully read the information that comes with your credit application, credit contract, or billing statements to learn about your consumer credit rights, and what to do if you suspect a creditor has violated your consumer rights.



Credit: How to Get It, Use It, and Keep It — Check Your Credit Report

If you've ever applied for a credit card, a personal loan, or insurance, there's probably a file of information about you somewhere. The file will include information such as where you work and live, how you pay your bills, and whether you've been sued, arrested, or filed for bankruptcy.

Companies that gather and sell this information are called Consumer Reporting Agencies (CRAs). The most common type of CRA is a credit bureau. CRAs sell this information — your credit report (or consumer report) — to creditors, employers, insurers, and other businesses who have a legitimate reason to get the information.

The CRAs do not make the decision to grant you credit or not. They simply provide the information to potential creditors. Creditors decide whether or not to grant credit according to their own standards, using a variety of information (including that provided by CRAs).

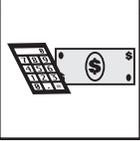
What is in your credit report?

Consumer Reporting Agencies collect four basic types of information:

- Identification and employment information — Your name, birth date, social security number, employer, and spouse's name are routinely included. The credit bureau also may provide information about your employment history, home ownership, income, and previous addresses.
- Payment history — Your accounts with different creditors are listed, showing how much credit has been provided and whether you've paid on time. If an overdue account was turned over to a collection agency, this also may be listed.
- Inquiries — Credit bureaus maintain a record of those creditors who have asked for your credit history within the past year, as well as a record of those who have requested your credit history for employment purposes for the past two years.
- Public record information — Events that are a matter of public record, such as bankruptcies, foreclosures, or tax liens, also may appear in your report.

Most information stays in your credit report for seven years. There are certain exceptions, however:

- Information about lawsuits or unpaid judgments against you can be reported for seven years or until the statute of limitations runs out, whichever is longer. In general, the statute of limitations refers to the period of time during which legal action can be taken to establish the claim and collect on the judgment.



Credit: How to Get It, Use It, and Keep It — Check Your Credit Report

Fact Sheet

- Bankruptcy information may be reported for 10 years.
- Some information can be reported indefinitely. For example, there is no time limit for reporting information, when you apply for a job with a salary of \$75,000 or more, when you apply for life insurance with a face amount of \$150,000 or more, or when you apply for credit in the amount of \$150,000 or more.

Time, a conscientious effort to repay your debts, and a pattern of financial responsibility is the only remedy for improving negative (but accurate) information in your credit report. Companies that promise to clean up your credit report — for a fee, of course — can't do anything for you that you can't do for yourself. Fraudulent credit repair companies may even collect their fees and vanish without providing any assistance at all. It is a good idea to check with the Better Business Bureau or the Kansas Consumer Protection Division of the Attorney General's Office about the credit repair company before purchasing this service.

How can you get a copy of your credit report?

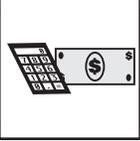
Have you been denied credit, insurance, or employment because of negative information in your credit report? If so, it's important that you check to make sure the credit report was accurate!

- Check the denial notice that you received. It must provide you with the name, address, and telephone number of the CRA providing the report. If you contact this CRA promptly (within 60 days of receiving the notice), you can get a copy of your credit report free of charge.
- You also are entitled to a free copy of your credit report each year if you certify (in writing) that you are unemployed (and plan to look for employment within 60 days), if you are on welfare, or if you suspect your credit report is inaccurate because of fraud.

CRAs must tell you what is in your report (including medical information), and in most cases the sources of the information. The CRA also must give you a list of everyone who has requested your report within the past year (two years for employment related requests).

- One place to start is your local credit bureau (check the yellow pages under Consumer Reporting Agencies or Credit Reporting Agencies). Expect a small fee (around \$8.00) for a copy of your report.
- You also may want to check one or more of the national CRAs listed below, especially if you use a major credit card. The cost is around \$9 to \$9.50 per report. Your spouse will need to request a separate report (providing the requested information and fees).

You can request a report from one of the national CRAs through the Internet or by telephone. Each CRA has specific information requests, so you may want to call the



Credit: How to Get It, Use It, and Keep It — Check Your Credit Report Fact Sheet

toll-free number to find out exactly what information you need to have on hand when ordering your credit report. Generally, you will need to provide the following:

- full name (including middle name and any Jr., Sr., II, or similar titles)
- spouse's name
- current home address (including proof of current address, if you have moved within the last 2 years, such as a copy of your drivers license or a copy of a recent utility bill)
- previous addresses within the past two years (including apartment numbers and zip codes)
- current employer
- home telephone number
- social security number
- date of birth
- signature (if requesting a credit report by mail)

Experian
(formerly TRW)

Experian, P.O. Box 2104, Allen, Texas 75013-2104
888-397-3742
<http://www.experian.com/consumer/>

Equifax

Equifax, P.O. Box 105873, Atlanta, Georgia 30348
800-685-1111
<http://www.equifax.com/>

Trans Union

Trans Union, P.O. Box 1000, Chester, Pennsylvania, 19022
800-916-8800
<http://www.transunion.com/>

Even if you have not been denied credit, insurance, or employment, it's a good idea to check your credit report every year or so. Mistakes do happen! This could be especially important if you're thinking about buying a home or a car. Checking in advance on the accuracy of the information in your credit report could help speed up the credit approval process.

As of December 2004, each of the three nationwide Consumer Reporting Agencies must provide you with a free copy of your credit report — at your request — once every 12 months.



Credit: How to Get It, Use It, and Keep It — Check Your Credit Report

Fact Sheet

To order your free annual credit report, you can call 877-322-8228; complete a form online (<http://www.annualcreditreport.com>); or complete the Annual Credit Report Request Form (go to <http://www.annualcreditreport.com/cra/order?mail>) and mail it to the Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281. You may order your reports from each of the three nationwide consumer reporting companies at the same time, or you can order from only one or two of the CRAs. It might be a good idea to stagger your requests for your free credit reports during the year in order to have a new report every four months or so.

How fast you receive your free annual credit report depends upon how you ordered it. If you requested your report online, you should be able to access it immediately. If you ordered your report by calling the toll-free number or by mail using the Annual Credit Report Request Form, your report will be processed and mailed to you within 15 days.

If you want another copy of your credit report from a Consumer Reporting Agency within a 12-month period, you will be charged a fee (generally around \$9). See the chart provided earlier for contact information (Web sites and telephone numbers).

When ordering a credit report (whether free or not), you also can request a credit score (numerical summaries of your creditworthiness based on information from CRAs). However, you will be required to pay a fee for the credit score.

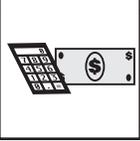
What if there is an error on your credit report?

The Fair Credit Reporting Act (FCRA) is the federal law that addresses accuracy and privacy of information used in credit reports. When you receive a copy of your credit report, check all information very carefully. Is the personal information correct? Is information on current credit accounts and past credit history complete, accurate, and up-to-date?

If there is an error on your credit report (or if it is incomplete), both the Consumer Reporting Agency (CRA) that provided you with the report and the creditor (or other business) that provided the information to the CRA have responsibilities for correcting the information.

- First, notify the CRA in writing what information you believe is inaccurate or incomplete. Include copies (not originals) of documents that support your position. Clearly identify each item in the credit report that you think is not correct and explain why. State the facts and request that the inaccurate information be deleted or corrected.

You may want to enclose a copy of your credit report with the items in question circled. Send your letter by certified mail (with a return receipt requested), so you can document that the CRA received your letter and when. Keep copies of your letter and any enclosures.



Credit: How to Get It, Use It, and Keep It — Check Your Credit Report **Fact Sheet**

- Also send a copy of the letter (with enclosures) to the creditor or other business that provided the information to the CRA.
- The CRA must reinvestigate the item(s) in question — usually within 30 days — unless they consider your dispute “frivolous.” The CRAs also must send all relevant information you provide to the creditor (or other business) that provided them with the information.

The information provider must then investigate and review all relevant information provided and report their results back to the CRA.

If the information provider finds the original information to be inaccurate, it must notify all nationwide CRAs (so that they all can correct the information in your file).

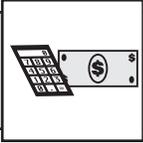
- If the information being disputed cannot be verified, or if your file shows an account that belongs to another person, it must be deleted from your file.
- If the information is incomplete, the CRA must complete it. For example, if your file shows that you were late making payments, but failed to show that you are no longer delinquent, the CRA must show that your payments are now current.

It is important to note that not all creditors supply information to CRAs (such as some travel, entertainment, and gasoline card companies; local retailers; and credit unions). If you’ve been told that you were denied credit because of an “insufficient credit file” or “no credit file” and you have accounts with creditors that don’t appear in your credit report, ask the CRA to add this information to future reports. Although they are not required to do so, many CRAs will add accounts (for a fee) that can be verified. However, if these creditors do not report to the CRA on a regular basis, the added items will not be updated in your file.

- When the re-investigation is complete, the CRA must give you the written results and a free copy of your report (if the dispute results in a change).

If an item is changed or removed, the CRA cannot put the disputed information back in your file unless the information provider verifies its accuracy and completeness. The CRA must give you written notice of its intent to put this information back in your credit report and provide the name, address, and phone number of the information provider that verified it.

- You can request that the CRA send notices of any correction to anyone who received your report in the past six months. You can have a corrected copy of your report sent to anyone who received a copy during the past two years for employment purposes.
- If the CRA feels the original information is correct (and you disagree), you have the right to add a statement of explanation which the CRA must then include with future credit reports. You also can request that the statement of explanation be sent to those who received the old credit report (usually for a fee).



Credit: How to Get It, Use It, and Keep It — Check Your Credit Report

Fact Sheet

Your credit report is valuable! It can affect not only whether you get credit (now and in the future), but where you live and where you work. So “guard” your credit report by making sure it is accurate and by managing your finances (and your credit) wisely.

The use of trade names is not intended as an endorsement, nor is criticism of unnamed business implied.

By: Joyce E. Jones, Extension Specialist, Family Financial Management, K-State Research and Extension



Credit: How to Get It, Use It, and Keep It — Analyze Your Debts

Worksheet

In the spaces below, list all of the companies and people that you owe money to. Include loans, credit card accounts, and any bills that are past-due. Indicate the total amount owed, the interest rate (or late payment fee, if a past-due bill), the payment plan, the monthly payment, when the payment is due, and when you made the last payment. Next, note if the debt is secured and whether any legal action has been taken. Finally, indicate your priority for repayment of the debt.

Company/Person Owed	Total Owed	Interest Rate (APR)	Debt Secured?	Legal Action?	Payment Plan	Payment Amount (Per Month)	Payment Due Date	Date Last Paid	Priority for Repayment
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.									
10.									

Total Monthly Debt Payments \$ _____



Credit: How to Get It, Use It, and Keep It — Keeping It Under Control

Many people face financial problems at some time in their lives. Whether they are caused by personal or family illness, the loss of a job, overspending, or other reasons — financial problems can seem overwhelming.

Some people ignore debt when they experience financial difficulty. Perhaps they don't feel comfortable contacting their creditors. However, the consequences of not paying back your debts can be devastating. Getting out of financial trouble is not easy, but it can be done!

Ignoring debts will affect your credit rating. In addition, creditors may take action against you in an effort to get payment, or turn the matter over to a debt collector. Your property could be repossessed or your wages may be garnished. You may even have to file bankruptcy.

You do have choices to help manage financial difficulties when bills stack up and you cannot pay them. For example, you could set up a debt repayment plan and discipline yourself to follow it. If you need assistance in preparing or following the plan, a credit counseling service may be of help. Another option is to let the courts get involved in handling your credit obligations.

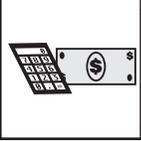
The most desirable of these options is to set up a debt repayment plan. The court provisions, which include bankruptcy, should be your last resort.

Developing a Debt Repayment Plan

If you find yourself with more debts than your income can cover, develop a debt repayment plan. A debt repayment plan will only work if you really want to get out of debt, and are willing to start right now. You have to admit that you have financial problems, be committed to solving them, make up your mind that you will pay your debts within a specified length of time, and discipline yourself to pay back the debts (and not take on any more debt in the process).

To set up a debt repayment plan, follow these steps:

- Find out who you owe and how much you owe.
- Decide how much you can pay back and when you can pay it back.
- Set up a plan for paying back your debts.
- Discuss your plan with creditors.



Credit: How to Get It, Use It, and Keep It — Keeping It Under Control Fact Sheet

- Control your spending by sticking with your debt payment plan until debts are repaid.
- Occasionally, look over your plan to see if you are keeping up with your debt payments and covering your everyday living expenses. If there is a change in your income, you may need to raise or lower your monthly payments accordingly. Be sure to talk to your creditors if you are forced to change part of your debt repayment plan.

1) Find out who and how much you owe.

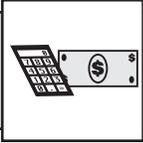
The first step in getting out of debt is to find out who you owe and how much you owe. Get out all of your credit contracts and recent billing statements. Using the *Analyze Your Debts* worksheet, list the following information about each debt:

- name of company or person that you owe
- total amount (balance) you owe
- Annual Percentage Rate (APR) (if this is a past-due bill that has no interest rate for late payments, enter the late fee that will be charged)
- whether debts are secured (such as by your home, car, land, or other asset — you also may want to note what the security is) or have a cosigner
- whether debts have had some type of legal action taken (such as being turned over to collection agency, wage garnishment, or other — you may want to also note what that legal action is)
- details about your payment plan, such as whether it is a lump-sum, installment, or revolving plan; the number of payments left; and any other important information
- the monthly payment amount (for revolving credit, list an average or typical payment amount; for lump sum debts, you may want to enter a monthly equivalent — the total amount owed divided by the number of months left before the lump sum payment is due)
- when payments are due and the date the last payment was made

Then add up your payment amounts to get your total monthly debt payments. If you list mortgage debt on the form, be sure not to include it in the total figure for monthly debt payment when calculating the percent of your take-home income committed to debt payment.

2) Decide how much you can pay back (and when).

You know who you owe. Now you need to figure out how much you can pay each creditor and decide how long it will take to pay back each debt.



Credit: How to Get It, Use It, and Keep It — Keeping It Under Control Fact Sheet

Generally it is a good idea to limit your credit payments (excluding your home mortgage) to no more than 15-20 percent of your monthly take-home income. In other words, if your family takes home \$1,500 a month, try to keep your credit payments under \$300 per month ($\$1,500 \times 0.20 = \300).

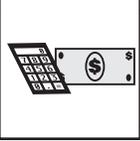
If you have both secured debts and unsecured debts, you may have to separate the amount you can pay toward debt repayment into two parts: secured and unsecured. You may be forced to pay the original debt payments to the secured creditors (if they won't agree to work with you on your debt repayment plan) and develop a debt repayment plan that deals only with unsecured debts.

Multiply your take-home income times .2 and compare it with your total monthly debt payments. Have you committed more than 15 to 20 percent of your take-home income to debt payments (not including mortgage)?

If you already have a lot of debt, you will probably need to figure out a way to use 25 percent of your monthly take-home income to repay debts. Most people need around 75 percent of their income to handle everyday expenses.

There are basically only three ways to solve financial problems — increase income, decrease expenses, and/or adjust debt payments.

- Increase income
 - There are many ways to increase income, but they may not be feasible given your situation. Possibilities might include:
 - Switch to a better-paying job.
 - Take a second job or work overtime.
 - Consider selling or using existing assets. Do you have assets that you can sell, savings or investments you could use, or cash value on your life insurance that you could borrow against? Don't forget to consider the consequences of selling off or using these assets.
 - Have non-employed family members find jobs (where more money is earned than spent on related employment costs).
 - Look for local, state, or federal assistance, benefits, grants, or resources that family members might be eligible for.



Credit: How to Get It, Use It, and Keep It — Keeping It Under Control

Fact Sheet

- Decrease expenses

—Keep track of your spending for a month. Compare your monthly income with your monthly expenses. Then set up a “bare-bones” budget. This budget may not be how you would like to live the rest of your life, but until your debts are paid off, try to make it work. Your goal is for income to equal everyday expenses plus debt repayment.

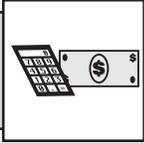
—Look for ways to reduce your expenses and use the extra money to pay off your debts.

- Periodically, go on a “essentials only” week, using the money saved to pay off debts.
- Try to either “cut down” or “cut out” as much as possible. Certain expenses cannot be cut out entirely because of health or safety concerns, of course, so think carefully about the consequences of each action you consider.
- Go to a cash-only basis — don’t take on any more debt!
- Use free or low-cost community resources to substitute for things you would normally pay for, such as recreation.
- Temporary adjustments in expenses may provide temporary income increases. For example, could you stop payroll deductions for retirement, savings, or education funds for a short time? Or could you adjust tax withholding so that, while enough is being withheld to pay your income taxes, there won’t be a refund when you file in the spring?
- Use (or develop) personal talents or skills in order to do things yourself, rather than hire someone else to do it. Be realistic about what you can do, however, and take into account the cost of equipment or needed supplies.

Perhaps you also could trade your skills for a neighbor’s skills. For example, you could provide child care in exchange for automobile repair.

3) Set up a plan for paying back your debts.

At this point, you should have a clear picture of how much money you can use to pay down your debts. The next step is to decide how much you will pay each creditor. It is a good idea to set up a plan that pays your creditors in a reasonable length of time, such as three years. Once you have worked out a plan, it is important that you do not take out any more loans or use additional credit except in extreme emergencies.



Credit: How to Get It, Use It, and Keep It — Keeping It Under Control Fact Sheet

Debt repayment plans usually cover unsecured debt. They may or may not cover debts that are secured, however. If secured creditors will not accept a debt repayment plan, you must continue to make payments to these creditors directly. If you don't, the creditor may repossess or foreclose on the security for the debt.

Some common types of debt repayment plans include:

- most important method
- reduced payment method
- low balance method
- high interest method
- new payment plan method
- debt consolidation method

The **most important method** means paying those debts that are most important to your credit rating, or to maintain your family's well-being. Consider the consequences of not paying each debt.

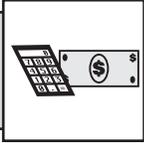
For example, is the debt secured? What are the consequences if the security is repossessed or foreclosed on? Which creditors are most likely to turn the debt over to a collection agency or take legal action against you?

Other debts may not be as important and a partial payment may be all that needs to be made, at least for a while. If you have credit card debts, try to make some payment on them each month. These businesses typically report monthly to CRAs and nonpayment will affect your credit rating.

The **reduced payment method** involves calculating payments to creditors based on the percentage each individual debt represents of your total debt. This type of debt repayment plan usually only applies to unsecured debt, since secured creditors usually require full payment on time.

Divide each individual debt by your total debt. Then multiply this amount (percentage) for each debt times the amount you have determined you can pay each month for debt repayment. This is the amount you can pay to each creditor. Of course, the creditors would need to agree to this arrangement.

The **low balance method** involves paying off bills with the lowest balance due. For example, if you only owe two more payments on your car or refrigerator, you may want to pay those first (generally with only minimal payments to other creditors). Then the money



Credit: How to Get It, Use It, and Keep It — Keeping It Under Control Fact Sheet

you used for those payments can go to pay off other debts. There also is some satisfaction in simply getting a debt paid off!

For the **high interest method**, you focus on paying off those debts with the highest interest rates (and perhaps those with other higher cost fees and charges). Again, you would make only minimal payments to other creditors (unless they agreed to another arrangement). Paying off those debts with the highest interest rates can free up more of your money to pay on other debts.

If your debts exceed 15 to 20 percent of your take-home income, you might want to work with your creditors to set up a **new payment plan**. This may work well with utility companies when you have high winter bills and lower summer bills. To set up a new plan, you will need to know your monthly take-home income and your total monthly expenses.

In the **debt consolidation method**, you get another loan to pay off all your debts. The monthly payments on the consolidation loan would be less than your current payments because they are spread out over a longer period of time.

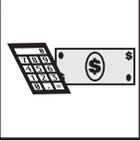
However, in almost all cases, debt consolidation will cost you more (because you will pay more interest). An exception might be if you are paying off very high interest rate debts (such as credit card debt) and the interest rate on the debt consolidation loan is lower. You would still need to take into account the longer repayment period to determine if it is more or less costly in the long run. Be sure you clearly understand the contract — the terms, costs, and any security you are pledging to back up the loan. And be sure to check out the business (to be sure they are reputable), such as by contacting the Better Business Bureau (usually, it is best to contact the one nearest the businesses' home office) or the Kansas Consumer Protection Division of the Attorney General's Office.

As you consider these various repayment plan options, consider the consequences and costs of each option. By the time you repay the debt, what will be the total cost?

Once you have determined what type of debt repayment plan you want to propose to creditors, identify on the *Analyze Your Debts* worksheet your priority for repayment for each debt.

4) Contact your creditors.

Contact each creditor and explain your plan. Do not make a commitment to follow the plan unless you really intend to do so! If the creditor agrees and you fail to follow an agreed-upon plan, they may take prompt action against you. This also will harm your chances of getting credit in the future.



Credit: How to Get It, Use It, and Keep It — Keeping It Under Control Fact Sheet

Be truthful and specific about your situation and how long you expect it to last. Remember that most creditors would rather receive a small payment than nothing at all. They also prefer to have the money, rather than the items you purchased.

Contact your creditors in person, by telephone, or by mail. Explain to each creditor that you do not have the money to pay back the debt as originally promised. Be prepared to provide the following information to each creditor:

- why you fell behind in your payments (loss of a job, illness, divorce, death in the family, poor money management skills, etc.)
- your current income
- your other obligations — debts and other expenses
- how you plan to bring this debt up to date and keep it current
- the exact amount you will be able to pay back each month

Do not wait for creditors to contact you! Call the creditors *before* debt payments are due. They will be much more likely to work with you. Creditors also may be more likely to work with you if you have handled credit well in the past. They may be willing to offer options such as refinancing the debt, suspending payments for a while, reducing payments, waiving interest payments temporarily, letting you pay only the interest for a while, or extending the term of the loan.

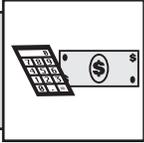
Since not all creditors may agree to work with you on an informal debt repayment plan, first contact your secured creditors and major unsecured creditors (those with whom you have large debts). If these creditors are not willing to agree to your plan, you may need to work with a credit counseling service (perhaps one that has worked with these creditors before or that has an agreement with them) on a more formal debt repayment plan.

Probably the best approach is to call and make an appointment to talk to the creditor in person.

- When you call, ask to speak to the person in charge of bill payment problems. Explain your situation briefly and ask if there are any records you need to bring.
- At the appointment, provide the information mentioned above. Show the creditor your debt repayment plan, emphasizing that you want to work out a mutually acceptable plan. If your plan isn't acceptable, ask what the creditor would suggest.

If an agreement is reached with the creditor, write down the details about decisions or agreements reached. Make sure the creditor agrees with your understanding and interpretation of the details.

If you contact your creditors by telephone, ask to speak to the person in charge of



Credit: How to Get It, Use It, and Keep It — Keeping It Under Control

Fact Sheet

adjusting bill payments.

- The person who answers the phone usually is not authorized to make payment changes. Wait to explain the details of your problem until you have reached someone who is.
- If the creditor doesn't accept your debt repayment plan, ask for specific suggestions of what to do.
- Keep a record of each call, including the date, with whom you talked, and any decisions or agreements reached.
- Follow up with a letter that details your understanding of the conversation. Ask for an immediate response if the creditor disagrees with your understanding of the decisions or agreements reached.

When contacting a creditor by mail, again provide the information detailed earlier. Be sure to:

- Type the letter or write neatly.
- Keep a copy of the letter for your records.
- Ask that the creditor respond promptly to your proposed repayment plan.

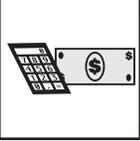
Working With a Credit Counseling Service

If you aren't able to create a workable budget (or stick to it), can't work out a repayment plan with your creditors, or can't keep track of mounting bills, consider contacting a credit or debt counseling service. Your creditors may be willing to accept reduced payments or other adjustments if you enter into a more formal debt repayment plan with a reputable counseling service. Many of these companies and organizations are expanding their services to include telephone and internet counseling.

Typically in these plans, an application must be completed for a counselor to review. The counselor then prepares a budget to be approved by you and the creditors, outlining exactly how each debt will be repaid.

For some counseling services, you deposit with them a specific amount of money each month. They in turn pay your creditors according to a payment schedule developed by the counselor.

A successful repayment plan requires you to make regular, timely payments and could take 48 months or longer to complete. Ask for an estimate of the time it will take you to complete the plan. Some credit counseling services charge little or nothing for managing the plan and may be funded, in part, by contributions from creditors. Others charge a monthly fee that could add up to a significant charge over time. Be sure you understand the total costs of this service.



Credit: How to Get It, Use It, and Keep It — Keeping It Under Control **Fact Sheet**

As part of the repayment plan, you may have to agree not to apply for — or use — any additional credit while participating in the program. You generally can return to the counseling service at any time for further advice. The fact that you are participating in a debt repayment program also may be noted in your credit report.

Other sources of credit counseling might include people hired by military bases and industries to help their employees. Housing authorities, credit unions, and universities sometimes provide financial or credit counseling.

Again, before you do business with a credit or debt counseling service, make sure it is reputable by checking with the Better Business Bureau or with the Kansas Consumer Protection Division of the Attorney General's Office.

Understanding Your Responsibilities

While a debt repayment plan can eliminate some of the stress that comes from dealing with creditors and overdue bills, it does not mean you can forget about your debts.

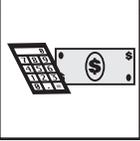
- You still are responsible for paying any creditors whose debts are not included in the plan, as well as those debts that are included in the plan.
- You are responsible for reviewing monthly statements from your creditors to make sure your payments have been received.
- If your repayment plan depends on your creditors agreeing to lower or eliminate interest and finance charges, waive late fees, or make other changes, you are responsible for making sure these agreements are reflected on your statements.

A debt repayment plan does not erase a negative credit history. Accurate information about your accounts can stay on your credit report for up to seven years (longer in some circumstances). In addition, your creditors will continue to report information about accounts that are handled through a debt repayment plan.

Involving the Courts

Personal bankruptcy generally is considered the debt management tool of last resort because the results are long-lasting and far-reaching. A bankruptcy stays on your credit report for ten years, which may make it difficult to acquire credit, buy a home, get life insurance, or sometimes get a job.

However, it is a legal procedure that offers a fresh start for people who can't pay their debts. Individuals who follow the bankruptcy rules may receive a discharge — a court order that says they do not have to repay certain debts or parts of certain debts. Some debts cannot be discharged, however, depending upon the type of bankruptcy filed. Examples are certain taxes, child support or alimony, and government funded or guaranteed student loans.



Credit: How to Get It, Use It, and Keep It — Keeping It Under Control Fact Sheet

(**Note:** U.S. bankruptcy law was changed in October 2005. For more information about the changes visit the U.S. Trustee Web site at <http://www.usdoj.gov/ust/> or the U.S. Courts information site, <http://www.uscourts.gov/bankruptcycourts/bankruptcybasics.html>. Other articles about bankruptcy can be found at <http://www.nolo.com/resource.cfm/catID/462A9501-9B21-4E09-A08C5A7B8AF51A79/213/161/>.)

The Federal Bankruptcy Code provides consumers with two major forms of debt “relief” — Chapter 7 and Chapter 13. While not as common, individuals also can file under Chapter 11, which is a type of “reorganization” plan.

- Chapter 7 of the Code (also referred to as “straight” bankruptcy) provides for liquidation (conversion into cash) of assets. It allows a person overburdened with debts to make a fresh start by discharging most of their debts.
 - For secured debts, you generally give up the property provided as security (unless you “reaffirm” the debt — keep the property and agree to pay all or some of the debt — with court permission).
 - Federal and state laws exempt certain property (that is, they allow you to keep specific property or types of property, although again, you may have to pay all or some of the debt owed on that property).
- Chapter 13 is called the wage-earner’s plan. It is a voluntary repayment plan, where you promise to pay existing debts with part of the income you will earn in the next few years. While paying the debts, you will be able to keep the things you bought on credit (if the courts approve your plan).
 - The debtor cannot borrow more money without approval of the court trustee.
 - The actual amount of money paid back to creditors depends on the amount owed, the debtor’s income, and the payback time frame.

In both Chapter 7 and 13, the court protects you from wage garnishment and harassment. You will be responsible for paying certain costs, however, such as court costs, filing fees, the attorney’s fee, and the trustee’s fee.

Keeping Debt Under Control

The road to financial recovery takes a total commitment. You have to decide that you want to be debt free. Then you have to discipline yourself to take the necessary action to pay back your debts or take other action.

*By: Joyce E. Jones, Extension Specialist, Family Financial Management, K-State Research and Extension
Additional review of this chapter’s revision by Barbara O’Neill, Ph.D., CFP, CRPC, AFC, CHC, CFCS; Financial Resource Management Extension Specialist, Professor II; Rutgers Cooperative Research and Extension; April 2006*



Record Keeping: The Facts of Your Life — When Do You Need Important Records?

There are many times when you and your family will need important records. Records help us remember important things about the family, as well as what the family owes and owns. They can help us manage our everyday finances, as well as handle emergencies. They also can help us prove that certain things happened (or how they happened). Important records may help protect us in legal and financial matters.

You may need to have important records when:

- you are paying bills
- there is a question about whether (or when) you paid a bill
- you lose a credit card
- official documents are lost or destroyed
- you file for retirement or other benefits
- you apply for public assistance
- you file your income tax return
- your child enters school
- a family member or relative dies
- you (or a family member) are involved in an accident
- you (or a family member) are in the hospital or visit the doctor
- you buy or sell a car, house, or other asset
- a purchase that is covered by a warranty needs repair or replacement
- something is stolen
- your home or possessions are damaged in a fire or storm
- you file an insurance claim
- you look at how money is currently being spent
- you plan future spending, such as when an appliance may need replacing

If you have an organized record-keeping system, you will know where important records are located and how to get to them. An organized system of storing important records may save you time, frustration, and money, especially in an emergency.

By: Joyce E. Jones, Extension Specialist, Family Financial Management, K-State Research and Extension



Record Keeping: The Facts of Your Life — How Long Should You Keep Important Records?

If you have an organized record-keeping system, you will know where important records are located and how to get to them. But how long do you need to keep important records? The general rule is:

Keep important records until they are no longer useful.

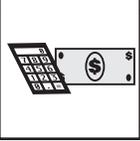
What does that mean? Think about the times when you might need important information and what kind of records provide this information. For some records, this is pretty easy to figure out. For everyday financial decisions, how long to keep records can be less clear. Here are some general guidelines:

- Some important records need to be kept indefinitely. These would include birth, death, and marriage certificates; adoption and custody papers; separation and divorce papers; citizenship and naturalization papers; diplomas and education records; employment and military records; and medical history records.
- It is also a good idea to keep indefinitely income tax returns and proof of tax payments. This can provide a “paper trail” or history of your income and tax payments.

At a minimum, keep income tax returns (as well as the receipts or other records that prove income and expense items on those tax returns) for at least three years after the tax returns were due. This is the amount of time the Internal Revenue Service and the Kansas Department of Revenue generally have to complete an audit and determine if additional taxes are due. It also gives you time to file for any unclaimed tax credits or refunds.

You may want to keep these tax records longer. The time limit to determine if additional taxes will be assessed is longer (six years) if you didn’t report all of your income (and the amount you didn’t report is 25% or more of the amount you did report). If you filed a fraudulent return or didn’t file a return, there is no time limit.

- Keep titles, deeds, leases, and other asset ownership information for as long as you own the asset. This could include a home or other real estate, automobile, retirement accounts, mutual funds, and other savings and investments.
- Also keep purchase, sale, improvements, additions, depreciation, and other records that will be needed for tax purposes when the asset is sold or disposed of (such as those needed to figure capital gains and losses).



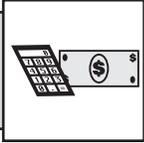
Record Keeping: The Facts of Your Life — Fact Sheet

How Long Should You Keep Important Records?

- Mortgages and other loan contracts need to be kept for as long as the debt is owed. Records of debt repayment should be kept at least six years after the debt is repaid, however.
- Some records need to be kept for as long as they are valid or in force, such as a will, trust, or insurance policy.
- Also keep warranties for as long as they are in effect. It is a good idea to keep receipts or other proofs of purchase for products with warranties, since they may be needed to get warranty service. One way to do this is to actually attach the receipts to the relevant product warranties. Use and care manuals need to be kept as long as you own the product.
- Keep receipts or proofs of purchase for unusual or expensive items listed on your inventory of household possessions (for as long as you own the item).
- Unless you need to keep them longer for other purposes, it is a good idea to keep most canceled checks, receipts, proof of bill payments, financial statements, and other similar records for at least three years.

There are some receipts and records that can be discarded more quickly, such as grocery receipts (once you have recorded the expense on your spending records) and credit card charge slips (once you have verified them on your monthly statement). If you get annual summaries, as well as monthly or quarterly statements, you can discard the monthly or quarterly statements once you have checked the annual summary to make sure it is correct. The summary records (spending records, credit card statements, or annual summaries) can then be kept for a longer period of time, rather than the individual records.

It is important to remember that when you discard important records, do so very carefully. Tear them up or shred them before discarding in the trash.



Record Keeping: The Facts of Your Life — Activity Do You Know Where These Important Records

Think about the important records listed below. Do you know where they are currently located? If yes, note where they are stored. If an item does not apply to you, just mark it out.

Important Record	Where Stored
Home or apartment:	
Lease or mortgage papers	_____
Proof of payments for last three years	_____
Car or other vehicle:	
Title	_____
Loan payment book	_____
Insurance policy	_____
Proof of current insurance	_____
Proof of property tax payment	_____
Income tax returns:	
Most recent income tax return	_____
Previous three years' returns	_____
Financial statements:	
Checking account statements from last three years	_____
Canceled checks for last three years	_____
Savings account statements from last three years	_____
Other important records:	
Birth certificates for all family members	_____
Marriage certificate	_____
Divorce or separation papers	_____
Military records	_____
Will or trust	_____

By: Joyce E. Jones, Extension Specialist, Family Financial Management, K-State Research and Extension



Record Keeping: The Facts of Your Life — Where Should You Keep Important Records?

Every home needs some type of organized system for storing important records. Important records need to be protected from such things as moisture, rodents and insects, fire, and theft. Storage can be almost anything, such as a:

- cardboard or plastic storage box
- accordion folder
- drawer in a desk
- filing cabinet
- fire resistant metal box
- fireproof, burglarproof home safe
- safe deposit box

Storing important records generally involves more than one storage location, since some records need more safety than others. The general rule for storing important records is:

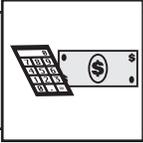
The more important the record and the more costly, difficult, and time consuming it is to replace, the safer the storage location should be.

Very Important Records:

Some records are very difficult and expensive to replace. These records need to be stored in a very safe place, preferably in a safe deposit box. Some people instead use a fireproof, burglarproof home safe, although this can be quite expensive. A fire resistant metal box also may provide some protection, but important records still can be lost in a burglary, major fire, flood, or severe storm.

Most banks (as well as some savings and loan associations and a few credit unions) offer safe deposit boxes. Small safe deposit boxes usually can be rented for as little as \$10-\$20 a year. Larger safe deposit boxes are more expensive. Select one that is large enough for your very important records, but small enough to keep out those records that can be stored elsewhere.

Note that the contents of safe deposit boxes are not insured by the financial institution (unless the financial institution is found to be “legally liable” because of the way they handled or protected the safe deposit boxes). Homeowner’s and renter’s insurance policies usually provide limited “off-premises” coverage, however, which would apply to the contents of safe deposit boxes. If you have purchased additional insurance for special items (such as jewelry), it also may provide some coverage.



Record Keeping: The Facts of Your Life — Fact Sheet

Where Should You Keep Important Records?

Other Important Records:

Records that are used frequently and that can be replaced fairly easily can be kept at home. One of the easiest ways to do this is with a home file.

Be sure to organize your home file in a way that is convenient and easy for you. File folders or large envelopes can be labeled and filed in a box, drawer, or accordion folder. Dividers or tabs can help you group similar types of records.

If convenient storage space is limited, you may want to consider a two part system — a current file and a permanent file. The current (or frequently used) records can then be stored in convenient place in the home. The past years' records (permanent file) can be stored in a less convenient place.

Some important records are generally kept with you in a purse or wallet. These include identification cards and information needed in an emergency, such as insurance and medical information.

Some General Guidelines:

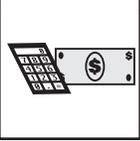
It is a good idea to develop a regular schedule for filing and storing records. Setting aside a certain time each month can encourage you to keep your record-keeping system current.

Decide who will take the major responsibility for record keeping. While other family members need to cooperate, the person with the skills and interest in record keeping needs to take the lead. Be sure other family members know how the filing system works, however, including children who are old enough to understand.

Try to limit the number of places where important records are stored, such as one place a home (home file) and a safe deposit box at a bank or savings and loan association. The K-State Research and Extension publication *Our Valuable Records*, MF-685 can help you keep track of what is stored where.

On the following pages are some basic guidelines for where important records should be stored. However, you may want to store some records differently, remembering the general rule on the previous page. Here are some examples:

- Many people carry their Social Security cards in their wallets. However, because your Social Security number is very important, you may want to keep it in a safer location until it is needed (such as when applying for a job).
- While you generally can get several years of past income tax returns from the Internal Revenue Service or the Kansas Department of Revenue, it can take time, effort, and money. You may want to keep copies of past income tax returns in a safe deposit box, rather than at home.

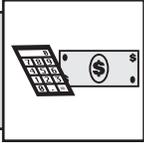


Record Keeping: The Facts of Your Life — Fact Sheet Where Should You Keep Important Records?

- Family histories sometimes can be quite complicated and would be very difficult to replace. For that reason, you may want to keep a copy of your family history in a safe deposit box or at another family member's home.
- You may have some very important records that you need to refer to frequently. In this case, you may want to keep the original in a very safe location (such as a safe deposit box) and a copy at home for easy reference.

Very Important Records (safe deposit box)

- adoption and custody papers
- appraisals
- bills of sale
- birth certificates
- citizenship and naturalization papers
- death certificates
- diplomas
- divorce and separation papers
- inventory of household possessions
- savings and investment certificates, bonds, and other proofs of ownership
- irreplaceable receipts and proofs of recent income tax deductions
- list of credit cards, account numbers, and who to contact in an emergency
- list of family advisers
- list of insurance policies, numbers, and agents
- major contracts and mortgage papers
- marriage certificates
- military records
- passport (copy of page with passport number and date of issue)
- patents and copyrights
- powers of attorney (copy)
- property agreements
- purchase, sale, and improvement records for property and other assets
- titles, deeds, leases, and other asset ownership information
- trusts
- wills



Record Keeping: The Facts of Your Life — Fact Sheet **Where Should You Keep Important Records?**

Other Important Records (home file)

- canceled checks
- education records
- employment records
- family history
- family spending records
- funeral or burial records
- insurance policies
- inventory of household possessions (copy)
- list of family advisers
- medical records
- monthly, quarterly, and annual financial statements
- net worth statements
- passport
- past income tax returns
- powers of attorney
- reference information
- replaceable receipts and proofs of recent income tax deductions
- safe deposit box inventory
- trusts (copy)
- warranties and care manuals
- wills (copy)

Other Important Records (carry with you)

- driver's license
- employee ID cards
- health, accident, and auto insurance information
- identification cards
- allergies and other medical problem information
- whom to notify in an emergency

By: Joyce E. Jones, Extension Specialist, Family Financial Management, K-State Research and Extension



Record Keeping: The Facts of Your Life — Sample Filing System

Below is one way to organize your home file. You may want to change the headings to fit your needs and those of your family.

Accounts and Records

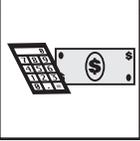
- Automobile records
- Education records
- Employment papers and records of earnings
- Family account book/record of expenditures
- Funeral or burial records
- Household inventory (copy)
- Income tax records
- Letter of last instructions
- List of valuable records (copy)
- Medical records
- Net worth statements
- Passport
- Powers of attorney
- Retirement papers
- Warranties, care manuals, and instruction booklets
- Will or trust (copy)

Banking, Savings, and Investment Records

- Canceled checks
- Deposit slips
- Monthly, quarterly, and annual financial statements
- Safe deposit box — list of contents
- Savings and investment records

Bills — Paid

- Canceled contracts
- Credit card payments
- Receipts and records of payments
 - Automobile
 - Business-related
 - Clothing
 - Education
 - Food
 - Furnishings and equipment
 - Gifts and contributions
 - Housing



Record Keeping: The Facts of Your Life — Fact Sheet Sample Filing System

- Insurance
- Medical and dental
- Recreation and entertainment
- Taxes (income, property, personal property, etc.)
- Utilities

Bills — Unpaid

- Installment agreements and loan contracts
- Unpaid bills

Insurance Policies

- Automobile
- Disability
- Health and accident
- Homeowner's or renter's
- Liability
- Life

Organizations

- Church
- K-State Research and Extension
- School
- Other

Personal

- Addresses
- Birthdays
- Christmas card list
- Gift suggestions

Reference Material

- Budgeting
- Child care
- Cleaning
- Clothing
- Equipment
- Foods and nutrition
- Gardening
- Health and safety
- Home furnishings
- Housing
- Internet resources
- Landscaping
- Laundry
- Remodeling — building and repair

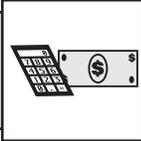
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Measurable Objective A: Pre-Assessment

Please use a ✓ or ✗ or fill in the best answer for each line.

“Identifying My Need to Know More About Basic Money Management Principles and Skills”

	1	2	3	4	5
How important is it for me to know more about ...	Not important at all	Not important	Maybe	Important	Very important
Budgeting Basics					
Setting financial goals?					
How to track my spending?					
Making and following a budget?					
Starting and following a savings plan?					
Banking Basics					
Identifying and evaluating the various ways to make purchases and pay bills?					
Selecting a checking account?					
Managing a checking account?					



Basic Money Management

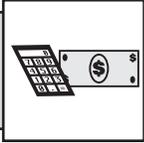
Evaluation

Measurable Objective A: Pre-Assessment

Please use a ✓ or ✗ or fill in the best answer for each line.

“Identifying My Need to Know More About Basic Money Management Principles and Skills,” continued

	1	2	3	4	5
How important is it for me to know more about ...	Not important at all	Not important	Maybe	Important	Very important
Credit: How to Get It, Use It, and Keep It					
Knowing how to get credit and use it wisely?					
Understanding consumer credit protection laws?					
Keeping credit use under control?					
Record Keeping: The Facts of Your Life					
Understanding when important records may be needed and keeping appropriate records the appropriate amount of time?					
Knowing where to keep important records?					
Developing (or updating) a record-keeping system that is complete and well-organized?					



— Instrument to be administered before classes —

Measurable Objective B:

“My Plan for Improving My Skills”

Setting Financial Goals

1. During the next six months, I would like to improve my skills in setting financial goals:

- Yes No

2. My goals for improvement in the area of setting financial goals are:

(please check all that apply)

- Have family meeting to list goals
- Determine differences between wants and needs
- Write immediate, short-term, and long-term goals
- Rank goals in order of importance
- Other (please write in) _____

3. Date I plan to achieve these goals: _____
(date)

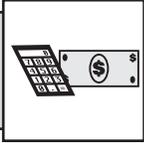
4. My plan for achieving these goals includes: (please check all that apply)

- Attending educational sessions
- Reading fact sheets and completing worksheets
- Other (please write in) _____

5. My plan for putting these goals into action includes:

(please check all that apply)

- Make a savings plan to reach goals
- Once a month, review progress toward goals
- Resist temptation to take money from savings for financial goals to use for other things
- Other (please write in) _____

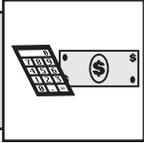


— Instrument to be administered before classes —

Measurable Objective B: “My Plan for Improving My Skills”

Tracking My Spending

1. During the next six months, I would like to improve my skills in tracking my spending:
 Yes No
2. My goals for improvement in the area of tracking my spending are:
(please check all that apply)
 Keep a record for a month of all spending by the family
 Other (please write in) _____
3. Date I plan to achieve these goals: _____
(date)
4. My plan for achieving these goals includes: (please check all that apply)
 Provide each family member with sheets to record daily spending for each week
 Add up all money spent each week, grouping and totaling similar items
 Other (please write in) _____
5. My plan for putting these goals into action includes:
(please check all that apply)
 Record tracked expenses on monthly expense sheet
 Compare total tracked expenses with total income
 Look for expenses that can be cut
 Look for regular expenses that could be considered “leaks” in the budget
 Other (please write in) _____



— Instrument to be administered before classes —

Measurable Objective B:

“My Plan for Improving My Skills”

Making and Following a Budget

1. During the next six months, I would like to improve my skills in making and following a budget:

- Yes No

2. My goals for improvement in the area of making and following a budget are:
(please check all that apply)

- Develop a written budget
- Reduce my debt and limit credit use
- Pay my bills on time
- Set aside money for occasional expenses
- Other (please write in) _____

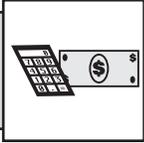
3. Date I plan to achieve these goals: _____
(date)

4. My plan for achieving these goals includes: (please check all that apply)

- Attending educational sessions
- Reading fact sheets and completing worksheets
- Tracking my spending for a month
- Completing a net worth statement
- Other (please write in) _____

5. My plan for putting these goals into action includes:
(please check all that apply)

- Having a family meeting to discuss budgeting
- Setting aside time each week to record expenses and income
- Follow a regular schedule to pay bills on time
- Teach children about money management
- Other (please write in) _____



— Instrument to be administered before classes —

Measurable Objective B:

“My Plan for Improving My Skills”

Starting and Following a Savings Plan

1. During the next six months, I would like to improve my skills in starting and following a savings plan:

- Yes No

2. My goals for improvement in the area of starting and following a savings plan are: (please check all that apply)

- Start or add to an emergency fund
- Begin or add to savings to reach goals
- Other (please write in) _____

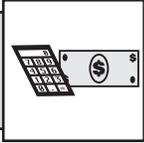
3. Date I plan to achieve these goals: _____
(date)

4. My plan for achieving these goals includes: (please check all that apply)

- Attending educational sessions
- Reading fact sheets and completing worksheets
- Other (please write in) _____

5. My plan for putting these goals into action includes: (please check all that apply)

- Review budget and determine where to cut expenses to add to savings
- Pay myself first (for savings) each payday, even if only a small amount
- Determine what I can do for myself (instead of paying for service) and put that money into savings
- Get a second job
- Have a family savings week, when only essentials are purchased
- Ask family members for ideas to increase savings
- Other (please write in) _____



— Instrument to be administered before classes —

Measurable Objective B:

“My Plan for Improving My Skills”

Making Purchases and Paying Bills

1. During the next six months, I would like to improve my skills in identifying and evaluating ways to make purchases and pay bills:

- Yes No

2. My goals for improvement in the area of identifying and evaluating ways to make purchases and pay bills are: (please check all that apply)

- To understand the factors that influence which methods to use when paying bills or making purchases
- To understand the advantages and disadvantages of paying in cash versus using personal checks, money orders, cashier’s checks, or Electronic Fund Transfers
- Other (please write in) _____

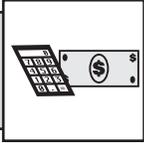
3. Date I plan to achieve these goals: _____
(date)

4. My plan for achieving these goals includes: (please check all that apply)

- Attending educational sessions
- Reading fact sheets
- Examining which payment methods I have used in the past
- Identifying other possible payment methods that might fit my needs and spending patterns
- Other (please write in) _____

5. My plan for putting these goals into action includes: (please check all that apply)

- Summarize the advantages and disadvantages of the various ways of paying bills and making purchases
- Think about how well the payment methods I have used in the past worked (considering cost, convenience, safety, and other factors)
- Decide if it would be better to use some other payment methods in the future (considering cost, convenience, safety, and other factors)
- Other (please write in) _____



– Instrument to be administered before classes –

Measurable Objective B:

“My Plan for Improving My Skills”

Selecting a Checking Account

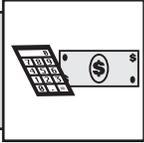
1. During the next six months, I would like to improve my skills in selecting a checking account:
 Yes No

2. My goals for improvement in the area of selecting a checking account are:
(please check all that apply)
 - To know the different types of checking accounts available
 - To understand the questions to ask when evaluating the features and costs of various checking accounts
 - To understand what other factors to consider (aside from the features and costs) when selecting a checking account
 - Other (please write in) _____

3. Date I plan to achieve these goals: _____
(date)

4. My plan for achieving these goals includes: (please check all that apply)
 - Attending educational sessions
 - Reading fact sheets and completing worksheets
 - Gathering information about checking accounts available locally
 - Evaluating the different features and costs of checking accounts available locally
 - Other (please write in) _____

5. My plan for putting these goals into action includes: (please check all that apply)
 - Visit several financial institutions and get information about checking accounts they offer
 - Fill out the *Selecting a Checking Account* worksheet for several checking accounts that might fit my needs and spending patterns
 - Decide whether I want to open a checking account
 - Decide which checking account best fits my needs and spending patterns
 - Other (please write in) _____



– Instrument to be administered before classes –

Measurable Objective B: “My Plan for Improving My Skills”

Managing a Checking Account

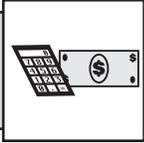
1. During the next six months, I would like to improve my skills in managing a checking account:
 Yes No

2. My goals for improvement in the area of managing a checking account are:
(please check all that apply)
 - To correctly write checks, make deposits, and endorse checks
 - To use the checkbook register to keep track of the money in my account
 - To reconcile my checkbook register with my account statement
 - Other (please write in) _____

3. Date I plan to achieve these goals: _____
(date)

4. My plan for achieving these goals includes: (please check all that apply)
 - Attending educational sessions
 - Reading fact sheets
 - Examining how I have managed my checking account in the past
 - Practicing the various skills needed to manage a checking account wisely
 - Asking for help with these skills if I need it
 - Other (please write in) _____

5. My plan for putting these goals into action includes:
(please check all that apply)
 - Follow the suggested guidelines when writing a check, making a deposit, or endorsing a check
 - Fill out the checkbook register (or stub) whenever I write checks, make deposits, use my ATM or debit card, have electronic payments made from my account, or receive direct deposits into my account
 - Reconcile my checkbook register with my account statement each time I receive an account statement
 - Other (please write in) _____



Credit: How to Get It, Use It, and Keep It

Evaluation

— Instrument to be administered before classes —

Measurable Objective B:

“My Plan for Improving My Skills”

Getting and Using Credit

1. During the next six months, I would like to improve my skills in knowing how to get credit and use it wisely:

- Yes No

2. My goals for improvement in the area of knowing how to get credit and use it wisely are: (please check all that apply)

- Know some of the warning signs of overuse of credit
- Understand the advantages and disadvantages of using credit
- Identify types and sources of credit
- Know how to compare credit costs
- Know how to choose and wisely use credit cards
- Other (please write in) _____

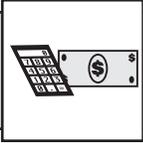
3. Date I plan to achieve these goals: _____
(date)

4. My plan for achieving these goals includes: (please check all that apply)

- Attending educational sessions
- Reading fact sheets
- Completing the activity Give Yourself a Check-Up
- Evaluating my current credit use
- Evaluating whether or not I should take on additional credit
- Other (please write in) _____

5. My plan for putting these goals into action includes: (please check all that apply)

- Make a list of my credit cards, account numbers, and the addresses and telephone numbers of the companies that issued my credit cards
- Keep track of my credit card purchases
- Carefully evaluate the costs, risks, obligations, and consequences before committing myself to additional debt
- Other (please write in) _____



— Instrument to be administered before classes —

Measurable Objective B:

“My Plan for Improving My Skills”

Understanding Consumer Credit Protection Laws

1. During the next six months, I would like to improve my skills in understanding consumer credit protection laws:

- Yes No

2. My goals for improvement in the area of understanding consumer credit protection laws are: (please check all that apply)

- To understand my credit rights
- To examine my current credit report
- To understand how to improve a poor credit history
- Other (please write in) _____

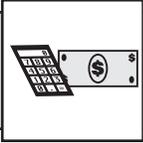
3. Date I plan to achieve these goals: _____
(date)

4. My plan for achieving these goals includes: (please check all that apply)

- Attending educational sessions
- Reading fact sheets
- Exploring provisions of consumer credit protection laws
- Checking my credit report
- Other (please write in) _____

5. My plan for putting these goals into action includes:
(please check all that apply)

- Determine if I need to exercise any of my credit rights under the various consumer credit protection laws
- Order a copy of my credit report
- Evaluate information in my credit report
- Correct any errors in my credit report
- Other (please write in) _____



Credit: How to Get It, Use It, and Keep It

Evaluation

— Instrument to be administered before classes —

Measurable Objective B: “My Plan for Improving My Skills”

Keeping Credit Use Under Control

1. During the next six months, I would like to improve my skills in keeping credit use under control:

- Yes No

2. My goals for improvement in the area of keeping credit use under control are:
(please check all that apply)

- To evaluate my current credit use
- To determine if I am using too much credit
- To reduce my current debts
- Other (please write in) _____

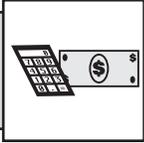
3. Date I plan to achieve these goals: _____
(date)

4. My plan for achieving these goals includes: (please check all that apply)

- Attending educational sessions
- Reading fact sheets
- Completing the worksheet Analyzing Your Debts
- Exploring options for reducing my current debts
- Other (please write in) _____

5. My plan for putting these goals into action includes:
(please check all that apply)

- List all of my current debts
- Calculate the percent of my take-home pay that is committed to debt payments
- Develop a plan (with professional help, if needed) to reduce my current debts
- Follow my debt reduction plan
- Other (please write in) _____



Record Keeping: The Facts of Your Life

Evaluation

— Instrument to be administered before classes —

Measurable Objective B:

“My Plan for Improving My Skills”

How Long To Keep Important Records

1. During the next six months, I would like to improve my skills in understanding when records may be needed and keeping records the appropriate amount of time:

- Yes No

2. My goals for improvement in the area of understanding when records may be needed and keeping records the appropriate amount of time are: (please check all that apply)

- To understand the situations where important records may be needed
- To understand the basic guidelines on how long records should be kept
- To follow a set of guidelines for keeping existing records, as well as for keeping newly acquired records, the appropriate amount of time
- Other (please write in) _____

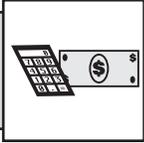
3. Date I plan to achieve these goals: _____
(date)

4. My plan for achieving these goals includes: (please check all that apply)

- Attending educational sessions
- Reading fact sheets
- Identifying times when I needed records that I no longer had
- Identifying records that I have that are no longer useful
- Other (please write in) _____

5. My plan for putting these goals into action includes: (please check all that apply)

- Develop guidelines to follow when determining how long to keep existing records, as well as newly acquired records
- Examine the records that I currently have stored and see if they fit the guidelines
- Keep records that need to be stored longer
- Discard those records that are no longer useful
- Keep or discard newly acquired records according to the guidelines
- Other (please write in) _____



Record Keeping: The Facts of Your Life

Evaluation

– Instrument to be administered before classes –

Measurable Objective B:

“My Plan for Improving My Skills”

Where To Keep Important Records

1. During the next six months, I would like to improve my skills in storing important records in the appropriate location:

- Yes No

2. My goals for improvement in the area of storing important records in the appropriate location are: (please check all that apply)

- To understand the basic guidelines for determining where to store important records
- To follow a set of guidelines for storing existing records, as well as storing newly acquired records, in the appropriate location
- Other (please write in) _____

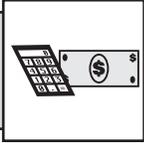
3. Date I plan to achieve these goals: _____
(date)

4. My plan for achieving these goals includes: (please check all that apply)

- Attending educational sessions
- Reading fact sheets
- Developing guidelines to follow when deciding where to keep existing records and newly acquired records (based on how important they are and how costly, difficult, and time consuming they are to replace)
- Evaluating where I currently store important records
- Other (please write in) _____

5. My plan for putting these goals into action includes:
(please check all that apply)

- Examine where I currently have important records stored
- Follow the guidelines when deciding where to keep existing records, as well as newly acquired records
- Move current records to other locations, as needed
- Other (please write in) _____



Record Keeping: The Facts of Your Life

Evaluation

— Instrument to be administered before classes —

Measurable Objective B:

“My Plan for Improving My Skills”

Developing a Record-Keeping System

1. During the next six months, I would like to develop (or update) my record-keeping system:

- Yes No

2. My goals for improvement in the area of developing (or updating) my record-keeping system are: (please check all that apply)

- To develop (or update) a record-keeping system that is complete and well-organized
- To understand the basic guidelines on how long and where important records should be kept
- To follow a set of guidelines for keeping and storing important records in the appropriate place and for the appropriate amount of time
- Other (please write in) _____

3. Date I plan to achieve these goals: _____
(date)

4. My plan for achieving these goals includes: (please check all that apply)

- Attending educational sessions
- Reading fact sheets
- Developing a set of guidelines for keeping and storing important records in the appropriate place and for the appropriate amount of time
- Examine where and how long I keep existing records
- Develop a filing system for records that are kept at home
- Other (please write in) _____

5. My plan for putting these goals into action includes:
(please check all that apply)

- Inventory where and how long I have kept existing records
- Evaluate whether these records follow the guidelines for keeping and storing important records in the appropriate place and for the appropriate amount of time
- Discard or move existing records, as needed
- Follow the guidelines when deciding where to keep newly acquired records
- Create a filing system for storing records kept in the home
- Other (please write in) _____

— Instrument to be administered following classes —

Measurable Objective C

Please answer the following questions. Please use a ✓ or ✗ or fill in the best answer for each line.

“Evaluating My Progress Toward Meeting My Goals”

1 2 3 4 5

<i>Progress I have made toward accomplishing my goals in these areas ...</i>	I Do Not Plan to Improve	I Plan to Improve	I am Improving Somewhat	I am Improving Well	I am Meeting My Goals
Budgeting Basics					
Setting immediate, short-term, and long-term goals?					
Tracking my spending for a month?					
Developing a written budget and trying to follow it?					
Starting and following a savings plan on a regular basis?					
Banking Basics					
Identifying and evaluating the various ways to make purchases and pay bills?					
Selecting a checking account that fits my family's needs?					
Managing a checking account wisely?					



Basic Money Management

Evaluation

— Instrument to be administered following classes —

Measurable Objective C

Please answer the following questions. Please use a ✓ or ✗ or fill in the best answer for each line.

“Evaluating My Progress Toward Meeting My Goals,” cont ...

1 2 3 4 5

<i>Progress I have made toward accomplishing my goals in these areas ...</i>	I Do Not Plan to Improve	I Plan to Improve	I am Improving Somewhat	I am Improving Well	I am Meeting My Goals
Credit: How to Get It, Use It, and Keep It					
Knowing how to get credit and use it wisely?					
Understanding my credit rights under various consumer credit protection laws?					
Keeping my current and future credit use under control?					
Record Keeping: The Facts of Your Life					
Identifying when important records may be needed?					
Keeping important records until they are no longer useful?					
Storing records according to how important they are and how costly, difficult, and time consuming they are to replace?					
Developing (or updating) my record-keeping system so that it is complete and well-organized?					

BASIC

Money Management



Evaluation

— Instrument to be administered before classes and at 6- and 12-month follow-ups —

Measurable Objective D: Follow-up

Please answer the following questions. Please use a ✓ or ✗ or fill in the best answer for each line.

“An Assessment of How My Money Management Activities Affect My Family’s Health and Well-Being”

1 2 3 4 5

<i>How often does the following occur ...</i>	Never	Sometimes	About Half of the Time	Often	Always
Budgeting Basics					
I set financial goals to follow					
I keep track of my spending					
I make and follow a budget					
I add to my savings					
Banking Basics					
When making purchases or paying bills, I use the method that best fits my family’s needs and spending patterns					
I manage my checking account wisely					
I correctly make deposits, write checks, and endorse checks					
I reconcile my checkbook register with my account statement each time I receive one					



Basic Money Management

Evaluation

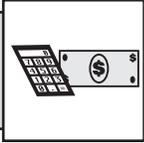
— Instrument to be administered before classes and at 6- and 12-month follow-ups —

Measurable Objective D: Follow-up

Please answer the following questions. Please use a ✓ or ✗ or fill in the best answer for each line.

“An Assessment of How My Money Management Activities Affect My Family’s Health and Well-Being,” cont...

	1	2	3	4	5
<i>How often does the following occur ...</i>	Never	Sometimes	About Half of the Time	Often	Always
Credit: How To Get It, Use It, and Keep It					
I know what my total outstanding debt is					
I manage wisely my current credit use					
I follow a plan for managing current debts					
I check my credit report					
I carefully evaluate the costs, risks, obligations, and potential consequences before committing myself to additional debt					



Basic Money Management

Evaluation

— Instrument to be administered before classes and at 6- and 12-month follow-ups —

Measurable Objective D: Follow-up, cont ...

Please answer the following questions. Please use a ✓ or ✗ or fill in the best answer for each line.

“An Assessment of How My Money Management Activities Affect My Family’s Health and Well-Being,” cont...

1 2 3 4 5

<i>How often does the following occur ...</i>	Never	Sometimes	About Half of the Time	Often	Always
Record Keeping: The Facts of Your Life					
I know where important family, work, and financial records are stored					
I am able to retrieve important records when needed					
I keep important records until they are no longer useful					
I store records according to how important they are and how costly, difficult, and time consuming they are to replace					
I have a record-keeping system that is complete and well-organized					

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Additional review of the credit chapter revision by Barbara O'Neill, Ph.D., CFP, CRPC, AFC, CHC, CFCS; Financial Resource Management Extension Specialist, Professor II; Rutgers Cooperative Research and Extension; April 2006

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