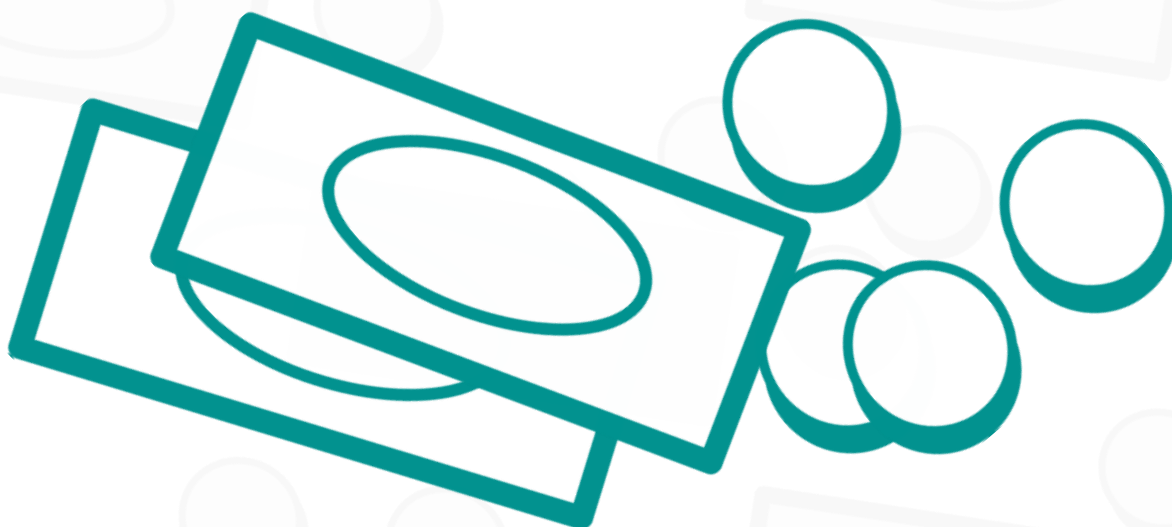




MONEY \$MART *in Head Start*



How to Save a Dollar ...when you don't have a dime to spare?



Extension
UNIVERSITY OF WISCONSIN-MADISON

Update this form for the most recent tax year. Or substitute with a generic overview of tax credits.

Get the Credit You Deserve!

2016 Tax Year	Qualifying Rules	Maximum Credit	Qualifying Children*	2016 Earnings	Tax Forms Needed
Federal Earned Income Tax Credit	Worked in 2016 and had a qualifying child living with you at least 6 months in 2016.	\$6,269 \$5,572 \$3,373 \$506	3+ 2 1 No children and worker between 25-64	up to \$47,955 (\$53,505 married filing jointly) up to \$44,648 (\$50,198 married filing jointly) up to \$39,296 (\$44,846 married filing jointly) up to \$14,880 (\$20,430 married filing jointly)	Federal tax return (Form 1040 or 1040A), including Schedule EIC
Wisconsin Earned Income Credit	Worked in 2016 and had a qualifying child living with you at least 6 months in 2016.	% of Federal EIC: 34% 11% 4% 0%	3+ 2 1 0	Families with qualifying children who claim the Federal EIC are automatically eligible for the Wisconsin EITC.	Wisconsin tax return (Form 1 or 1A)
Federal Child Tax Credit	Worked in 2016 and had a qualifying child living with you at least 6 months in 2016.**	\$1,000 per child	per child	Earned at least \$3,000 in taxable income.	Federal tax return (Form 1040 or 1040A) and Form 8812
Wisconsin Homestead Credit	Live in Wisconsin for all of 2016 and be over age 18.	\$1,168	N/A	Less than \$24,680 (plus \$500 for each dependent living with you more than half of 2016)	Wisconsin Schedule H or H-EZ (and Rent Certificate if you're a renter)

*A qualifying child is a biological or adopted or step child, grandchild, niece, nephew, sibling, or authorized foster child. For the EITC, children must be under 19, or under 24 if fulltime student, or any age if disabled; for the Child Credit they must be under 17 AND claimed as a dependent on your tax form.

** For the Federal Child Tax Credit noncustodial parents with a divorce agreement allowing them to claim the child as a dependent do not have to live with the child for 6 months.



For more detailed information, VITA sites and to download tax forms, see <http://fyi.uwex.edu/eitc/resources/>

Financial Priorities

There are a lot of different ways to spend a dollar. These questions will help you recognize your financial priorities and values. You can have family members or your partner complete the activities as well and then discuss the similarities and differences.

1. I was left \$5,000 by a distant relative. This is what I'd like to do with the money:
2. I have just been laid off from my job. I must make a major cut in spending. The first thing to go is: _____
3. I would like to see me/us spend more money on _____ and less money on _____.

Check out this online calculator to help prioritize financial goals: www.bit.ly/prioritizegoals

Financial Goals

The reason to plan is to make sure that you're spending your money on things that are the most important to you – your priorities. For each financial goal, figure out the total amount needed, the date you want to reach your goal, and how much you need to save monthly. For example, if you want \$500 in your emergency fund in one year, you need to save around \$42 every month.



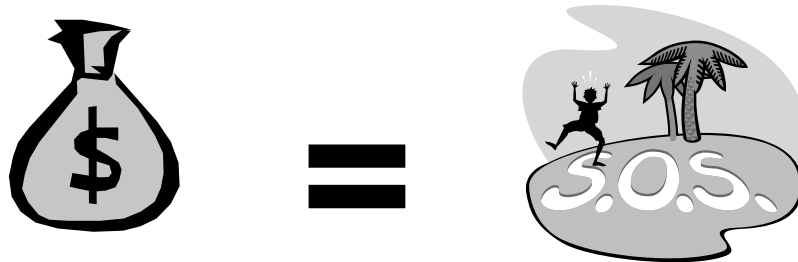
Financial Goals	Total Amount Needed	Date Needed (in months) (6 months, 24 months, etc)	Amount to Save Monthly (Divide the total needed by the number of months)
<i>Example: Emergency Fund</i>	\$500	12 months	\$42 (\$500 ÷ 12)
Total amount needed to save monthly:			

Are you able to save enough money each month for all your goals? Most people have more goals than they do money. The next step is to **prioritize** which goals come first.

Emergency Funds

When you have money to fall back on:

- You have **less stress** and **more security** when there's an emergency, like an illness, accident, or loss of work.
 - If you fall short of money one month, you can still **make your payments** on time. This will also help to build up your credit history.
 - You can get car or home repairs or medical care **when needed** rather than waiting until you can find the money. Waiting may make the problem bigger and more expensive.
 - You can **select the best** service provider, mechanic, or other help needed, rather than relying on high interest credit.
- To set up an emergency fund, work on saving an amount equal to one month's spending for housing, utilities, food, transportation, and other regular expenses.



- Then try to add at least **1%** to this fund every month.
For example, if your basic living expenses equal \$1400 per month, this would mean contributing \$14 per month to your fund. Add more if you can.
- Financial experts recommend keeping 3-6 months worth of your basic monthly living expenses in an emergency fund. It takes most people several years to build up an emergency fund.
- Even when you're building up your emergency fund, you can use any of the funds you have saved for any situations, repairs, or replacements that you can't pay for out of your monthly income. After you get through the emergency, start adding to your fund again.

Everyday Ideas for Saving



Here are easy tips that can total big bucks at the store and around the house.

Save on energy costs. Unplug your electrical gadgets when you're not using them and save an average of 10% - or \$120/year—on your electric bill. For each degree you turn down your thermostat while you're sleeping or away, you save 2% on heating costs. Lowering 5 degrees in winter saves the average household \$200/year. Save more by raising the setting for air conditioning in summer.

Keep a grocery list. Keep a grocery list on the fridge and remember to take it with you to the grocery store. Plan your menus around sale items, especially more expensive purchases, such as meat. Gas for an extra trip to the store easily can add a dollar or more to your grocery bill. And the less you shop, the less likely you will make an impulse purchase. Stick to your list and menu — unless you come across a good sale.



Shop the specials. Invest in staple foods, such as reduced-price canned tuna or tomato sauce, when they're on sale. Buying several packages of meat when it is on sale and freezing it may save quite a bit. It is safe to freeze meat or poultry directly in its supermarket wrapping if you'll use the food in a month or two. Otherwise, over wrap these packages using airtight heavy-duty foil, freezer paper, or place the package inside a freezer plastic bag. You can also repackage family packs into smaller amounts.

Foods frozen at 0 degrees stay safe indefinitely, but for best quality raw ground meat keeps in the freezer for 3 to 4 months and steaks or chops for 4 to 12 months.

Buy bigger sizes only when the price is right and you can use it. First, do the math and check if you actually do save by buying a larger package. The cost of two products of the smaller size may be a better price than the larger one, as you might find with peanut butter or toothpaste. Plus, will you use the food before it goes bad?

Example: Buying a 5-pound bag of rice instead of a 1-pound bag: Save \$1.50.

Garbage check. We lose money whenever we toss food because it spoiled before we got around to eating it. If extra mashed potatoes get tossed because they've lingered too long in the fridge, make less next time or recycle them as potato patties, shepherd's pie, or potato soup within a day or two of making them. Put some leftovers in the freezer right away for a homemade TV dinner. Avoid buying a food that is past its prime. If it's on sale and near its expiration date, use it soon.



The average household throws out \$600 in groceries each year.

Plan a "Nothing Week": Once in a while, have an entire week when you and your family do not go to the movies, out to eat, bowling, etc. Plan to do special activities that don't cost money, such as a board game, picnic, or long walk.

Or consider a "**Cut-Back Week.**" During this week, do what the family would normally do, but think of ways to make it less expensive. For example, rent or borrow a movie instead of going to the theater, make your own pizza from scratch, create your own greeting cards, drink mix-your-own lemonade instead of soft drinks, etc.



The Rule of 3

If you receive a tax refund or rebate check, divide it by 3. Use 1/3 to pay down a bill, put 1/3 into savings, and spend the remaining 1/3 on whatever you want.

Get Hooked on Savings

Learning to save, even as you pay off bills, is an important part of managing money. Once you have experienced the satisfaction of getting something you have saved for, it is easier to continue. Putting money into savings each month for emergencies or for something you want gives you more control.

What do you need?

A sheet of paper and pencil.

A container for savings—a jar with a screw on lid, coffee can or purchased “piggy bank” will work.

What do we do?

1. Make a list of 4-6 items you/families members would like to have. Each item should cost less than \$100.00.
2. Look over the list, each family member vote for item they would most like to save for now. Item with the most votes is selected.
3. Use store ads, magazine pictures or draw a picture of the item. Tape or glue the pictures to the container.
4. Check store prices and determine exactly how much money is needed to buy the item. Label the container with this amount.
5. Make a plan to start saving the money needed for the item.
 - Save certain coins like dimes or quarters.
 - Save change at the end of each day.
 - Spend less on an expense—take a lunch to work and put money you would have spent in the jar, get a video from the library, put money for video rental in jar, make a pizza at home and subtract the cost of the ingredients from the price of having a pizza delivered, put the difference in the jar.
 - Collect aluminum cans, sell them and put money in the jar.
6. Once a week, meet together, and count the money in the jar.
7. When there is enough money to buy the item, plan a trip to make the purchase and celebrate.
8. Keep the jar and decide on the next item you want to save for.

It can be fun to save for what you want.



Are you happy with where your money is going?

If not, look at your habits:

Sometimes we just buy things or go places out of habit without giving it a lot of thought. Tracking your spending will help you to be more aware of your spending habits – and changing a few habits can result in big savings. Can you do something **less often**, buy it **cheaper**, or even **cut something out** altogether? (And not miss it too much?!)

Who wants pizza!

- ~ Meal out at a pizzeria (includes breadsticks and drinks) = \$30
- ~ Order a large take-out from a pizzeria = \$15
- ~ Pick up a “take & bake” from the grocery store = \$9
- ~ Buy ingredients and make pizza at home (using frozen dough) = \$6
- ~ Buy a frozen pizza (on sale, of course) to cook at home = \$3



Do you buy snacks or soda pop when you're away from home?

From home: 30¢	From a machine: 75¢
2 sodas/day: 60¢	2 sodas/day: \$1.50
Weekly total: \$4.20	Weekly total: \$10.50
Monthly total: \$18	Monthly total: \$45
Yearly total: \$219	Yearly total: \$547.50



Looking For Money

Cable/Satellite TV =	\$50/month = \$600/year
DVD Rentals 3 @ \$12/week =	\$36/month = \$432/year
Movie Tickets 2 @\$8/each =	\$16/month = \$192/year
Treats at Movie 2 @ \$5/visit =	\$10/month = \$120/year

What are your habits?

So Where's the Money?

Product or Service	How Often	Monthly Cost x 12 = Yearly Cost
<i>Example: Eating Out = \$20</i>	<i>4 times/month = \$80</i>	<i>\$80.00 x 12 = \$960.00</i>
Eating Out		
Vending Machines/Snacks		
Cigarettes		
Alcohol		
Extra Cell Phone Minutes		
CD's/DVD's/Games/iTunes		
Cable/Satellite TV Channels		
Books/Magazines		
Lottery Tickets		

“We buy things we don't need, with money we don't have, to impress people we don't like.” - M.E.Edmunds

Do It Yourself Ideas for Tight Budgets

Decrease Spending:

- First things first = Prioritize
- Get kind of organized
- Limit bulk purchases
- Find fun things to do that don't cost money
- Look out for credit – and debit
- Other Ideas:

Increase Income:

- Claim tax credits
- Reduce or drop voluntary paycheck deductions
- Part-time job or self-employment
- Sell stuff
- Other Ideas:



*"WE CAN STAY WITHIN THIS MONTH'S BUDGET,
IF WE JUST TAKE NEXT MONTH'S SALARY!"*

Three Ways to Save Money on (Almost) Anything

Pick an item or expense: _____

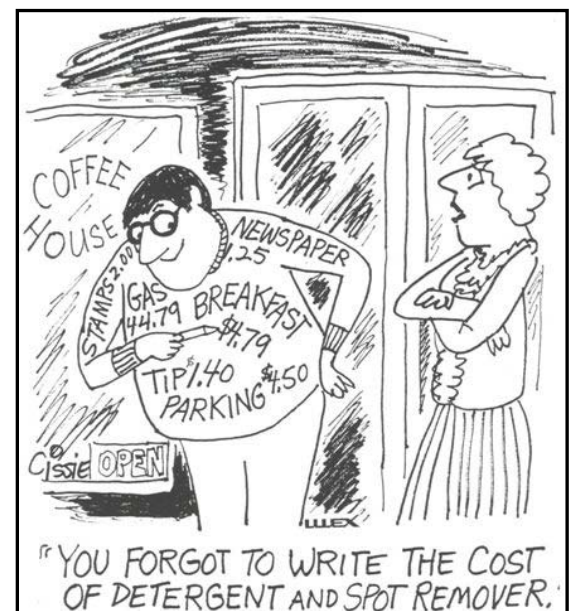
How can you:

- Buy it cheaper?
- Make it last longer?
- Use it less?

Ways to Track Spending:



- **Notebook:** When you spend money, write it down right away. Keep a pen and paper in your pocket, car, or purse.
- **Receipts:** Put your receipts in a folder or envelope and add them up at the end of the month. Didn't get a receipt? Write the amount on the folder.
- **Calendar:** If you're used to looking at a calendar every day, write down what you spend, what bills were paid, and income received in your calendar.
- **Checkbook:** Look through your checkbook register for check and debit purchases. Or look through your monthly bank statement.
- **Envelope Method:** If you usually spend cash, put your spending money for the day or week in an envelope. When you take cash out, put your receipt in or write your purchase on the envelope. You can also divide your expenses into categories like "groceries" or "entertainment" if you're trying to limit your spending. When one envelope's empty, the money has to come out of another envelope – you decide.
- **Computer:** Enter your spending and income into a computer program that totals up your cash flow for you at the end of the month.
 - **Quicken, Money**
 - **Free programs:** mint.com, quizzle.com, thebeehive.org
- **Bank:** Many banks offer online bill paying, tracking, online piggy banks for saving money, and other features.



MONTHLY BUDGET WORKSHEET

Basic Living Expenses

Monthly Expense	\$Amount
Rent/Mortgage	
Electricity	
Heating Oil or Gas	
Water/Sewer	
Cable/Satellite	
Home Phone/Internet	
Cell Phone	
Gas for Car	
Car insurance payment	
Groceries	
Eating Out	
"Stuff" for household & personal care	
Clothing and Laundry	
Doctor co-pays	
Prescriptions	
Entertainment	
Hobbies/Habits	
Pets	
Gifts/Donations	
Other insurance	
Money put into savings	
MONTHLY EXPENSES \$ (total from above)	
+ MONTHLY DEBT PAYMENTS \$ (total from debt chart)	
= ADD UP TOTAL MONTHLY SPENDING \$	

Debts

(bills that charge interest)

Name of Creditor	Monthly Payment Requested	Total Amount Owed
Car Payment	\$	\$
Medical Bill		
Past Due Utility		
Credit Card		
TOTAL DEBTS	\$	\$

TAKE HOME INCOME/PAYCHECKS

(after any taxes are taken out)

Income (1) \$ _____

Income (2) \$ _____

Income (3) \$ _____

Income (4) \$ _____

TOTAL MONTHLY NET (TAKE HOME) INCOME \$ _____

Minus Total Monthly Spending - _____

Difference + / - \$ _____

Ask yourself:



- Does your income cover all of your living expenses and savings goals?
- Or are you running out of money by the end of the month?

Where is my money going?!

Spending plans don't work if there's *not enough room* for flexibility in your monthly expenses and your savings goals. They also don't work if there's *too much room* - "spare change" spending – like that \$20 bill that just disappears before you know it.

- **Be realistic:** Keep track of what you actually spend, not what you think you spend. Also, be realistic about the amount you can save for your financial goals without feeling deprived during the month.
- **Be specific:** If you go through the effort of putting your monthly expenses in categories, you'll have a much better idea of where you're spending your money. This will also help you to decide where *you want* to spend your money and where to make changes, like cutting back on "vending machine snacks" instead of trying to cut back on "food."
- **Allow for the unexpected:** Life never fails to throw a few curve balls. Having an emergency fund or a savings fund for those expenses that are likely to happen in the future – like car repairs – will keep you from blowing your budget or having to take on debt.
- **Get (sort of) organized:** Sometimes staying within your spending plan is a matter of paying bills on time to avoid late fees or balancing your checkbook regularly to avoid overdrafts. If you set up a regular time for paying bills and a specific place for sorting and filing paperwork, life will get a whole lot easier.

If your monthly expenses are greater than your monthly income, there are **3 options**:

- Cut back on monthly spending
- Make more money
- Do both

Sometimes more money can come from turning a hobby into second job, getting a tax refund, reducing the amount of taxes withheld, or selling stuff you don't use anymore. And sometimes cutting spending can include signing up for services like free or reduced lunches at school.

What ideas can you look into?

Financial Services

University of Wisconsin-Extension

- Provides information on establishing a spending plan, tracking spending, household record-keeping, and consumer credit.

National Foundation for Credit Counseling

- Find a credit counselor near you: www.debtadvice.org or 1-800-388-2227
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