Extension
UNIVERSITY OF WISCONSIN–MADISON

GROW YOUR GREEN

Table Of Contents

Table Of Contents

Extension
UNIVERSITY OF WISCONSIN-MADISON

UW-Madison Division of Extension has developed this booklet to help households learn how to live the life they want by better understanding their finances and the expenses that drive it.

This booklet is made possible by a grant from the FINRA Investor Education Foundation through a partnership with United Way Worldwide.

FINRA Investor Education FOUNDATION

This booklet will help you:

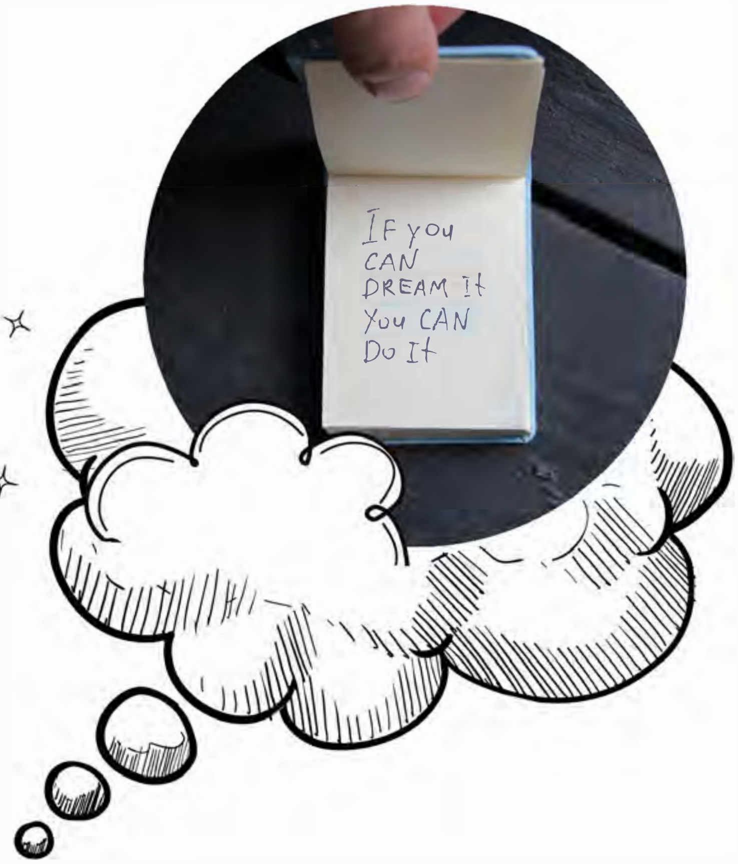
- Think about your financial goals and assess your attitudes and values about money
- Create and manage a spending plan
- Plan for the unexpected
- Save for the future (investing through employer deferred savings plans)
- Learn how to manage your household budget (food and utility costs)
- Strategize and find help if you can't pay all of your bills
- Understand financial institutions and manage your bank accounts
- Understand credit and use it effectively
- Defer, detect and defend against identity theft
- Know what tax credits and resources are available to you

What Are Your Dreams?

It is true that this book is full of suggestions, tips, budgeting tools and worksheets on how to improve your financial situation that, hopefully, will be useful to you. But, before you dive into budgets, credit reports and spreadsheets, it is important that you do one thing first……take the time to consider the dreams that you have for you and your family. Whether your dream is to retire early, send your kids to college, take a nice vacation, be debt-free, or simply to make ends meet each month, having these dreams in mind will help you stay positive and motivate you to keep going. It is OK to dream….in fact, it's required!

Take some time to make a list of those things that you dream about for your family's future. Have members of your household do the same and then talk about it. Nothing is too big or too small….include them all! You will use these dreams later on in this book when you begin to set your financial goals.

What Are Your Dreams?



Congratulations on taking the first step to making your financial dreams a reality!

What Is Important To You?

When it comes right down to it, the decisions you make with your money are directly related to your past experiences, your emotions, and the things that you value in life. Considering those things as you develop a budget will make your plan more personal and make it more likely that you'll stick to it.

If something is important to you, you will find a way. If not, you'll find an excuse….

Taking some time to ask yourself these questions can help as you try to figure out the best way to manage your finances.

When I think about my money situation, I usually feel:

- ☐ Anxious
- ☐ Worried
- ☐ Guilty
- ☐ Depressed
- ☐ Helpless
- ☐ Angry
- ☐ Happy
- ☐ Proud
- ☐ Capable

After I cover the basics (rent, utilities, food, transportation, phone), things that I feel must be included in my spending plan to keep me happy are:

____

____

What do I do best with my money?

Which money issue worries me the most?

When I think about the setting I grew up in:

Was money talked about openly?

☐ Yes ☐ No

Did discussions about money end in arguments?

☐ Yes ☐ No

How has this affected the way I handle money?

NOTE

Your spending plan is unique to you and should include the things that are important to you. It may require cutting other less important things to make this happen. Everything has to do with choices and those choices are yours to make. The goal is to spend money on the things that matter most to you and avoid spending on things that do not.

How Are You at Communicating?

Discussing finances with your partner can be difficult, but it is critical to your financial success.

1. The number one thing to remember is to “leave blame at the door”.

2. Recognize and respect each other’s different attitudes toward money and approach discussions in an organized way.

3. Make sure it is a good time for both of you to talk; delay the discussion if one of you has had a bad day or just received difficult news.

4. Set ground rules for discussion, making sure you both have an opportunity to be heard and listen to what your partner is saying.

5. Set and prioritize your goals together and stick to your plan unless significant changes occur requiring you to alter them.

Talking with your family is a good first step in identifying and working on any money problems. Try these steps:

- Define the problem. Be specific. Only list one problem at a time.
- List ways the problem could be solved. Write down all possible solutions that come to mind. Don’t judge their worth at this point.
- Evaluate your solutions. Are they workable, practical, and agreeable to everyone involved? Can you combine some of them?
- Select one solution. List the steps necessary to reach this solution.
- What might keep you from reaching your goal? How can you avoid these obstacles? What are you willing to give up to solve this problem? Whose support do you need?

Schedule a money meeting each month. Holding these meetings on a regular basis will help you focus on the important work of money management.

- Keep them to one hour or less.
- Schedule them at a time when you can be quiet, undisturbed, and alert. Put this time and date in your calendar.
- Meet in pleasant surroundings.
  Use this time to:
  - ✓ Pay bills
  - ✓ Make needed phone calls
  - ✓ Plan and review your budget
  - ✓ Balance your checkbook
  - ✓ List or review your goals

Ready To Start The Conversation?

Many families face money problems due to a number of factors. Generally, these fall into one of four categories:

- **Value conflicts**
- **Emotional spending**
- **Unrealistic goals**
- **Lack of planning**

Use the form below as a guide when having difficult money discussions. Don't forget to leave blame at the door.

WHAT AREAS OF SPENDING DO WE AGREE ON? WHERE DO WE DISAGREE?

WHAT IS THE MAIN MONEY ISSUE OR CONCERN THAT WE HAVE?

HOW CAN WE SOLVE THIS?

WHAT ARE OUR NEXT STEPS?

Where Do You Want To Go?

Think about some of the dreams you have for yourself and your family. Are you having a hard time making those dreams reality? What is holding you back?

Your goals are all about you and what you want for your family. This is the time to look at the dreams you wrote earlier and pick the ones that are most important to you. They can be things that can be achieved in a short time such as setting up an emergency savings account, paying down debt, saving for a vacation, or eating out once a month. You may also have dreams that will take years to reach such as saving for retirement, buying a home, or starting a business. What are your short-, medium-, and long-term dreams?

Short-term (3 months from now)	Medium-term (1 year from now)	Long-term (5 years or longer)
1.______________________	1.______________________	1.______________________
2.______________________	2.______________________	2.______________________
3.______________________	3.______________________	3.______________________

Although it is important to take that first step and identify your financial dreams, this alone is not enough. Goals are dreams with due dates. Next let's take a look at how to turn dreams into achievable goals.

How “SMART” Are Your Goals?

When you take your dreams and apply the SMART goal principle, you suddenly have a goal that not only means something, but actually gets you started on a plan to achieve it! It’s natural to have more goals than money. Start by picking the goal that you’re most excited about reaching first. Or, perhaps, you want to spread your money out across all of your goals, keeping in mind that each goal will take a bit longer to reach.

S

SPECIFIC
- What exactly do you want? Be as detailed as possible.
- For example, if you want to buy a car, list the make, model, year, and even color.

M

MEASURABLE
- How much will your goal cost?
- How will know when you are successful?

A

ACHIEVABLE
- Is achieving this goal realistic right now?
- If not, what will you change?

R

RELEVANT
- Why is this goal important now?

T

TIMELY
- When do you want to reach this goal? Include a specific date.

Take the dreams that you listed on the last page and turn them into SMART goals. Remember to ask yourself what you want to accomplish, when you want to accomplish it and how much money you will need to accomplish it. Next, put your goals in the order that you are going to work on them in the column on the left.

Priority Rank	Goal You Want to Work On	How Much $ You Will Need	When You Want To Reach It	Monthly Amount You Need To Save

Congratulations!
You have just completed the very important first step of growing your green and making it work for you and your family!

Goal Setting Example

Carlos works in a warehouse and earns $17/hour. He and his girlfriend Sandra have two-year old twin boys. Sandra stays at home with them right now because they feel like what she would earn working would cancel out what they would pay for child care. The family is living in a one-bedroom apartment and want to move to someplace bigger but they have some past due rent and utility bills that will make it tough to qualify for a new rental.

Priority Rank	Goal You Want to Work On	How Much $ You Will Need	When You Want To Reach It	Monthly Amount You Need To Save
1	Pay off past due rent and electricity bills	$900	In 12 months	$75
2	Move to bigger apartment/house	$2,100 ($1,050 each for security deposit and first month's rent)	In 15 months	$140

Carlos and Sandra realize that saving a total of $215 each month will be hard because Carlos only earns $2,720 before taxes and they have a lot of other expenses. Some steps they will take to reach their goals include:

1. Ask Sandra's mom (who lives in the area) to watch the boys for five hours/day so Sandra can work part-time.

2. Sandra will search for and secure part-time work earning at least $15/hour.

3. Look at their monthly expenses to see if there are things they can cut back on to find the extra money to save.

4. Put their tax refund in a savings account so they can use that money toward their goals.

Notes

Where Are You Now Financially?

Before you can develop a plan that will help you reach your goals, you must know where you currently stand financially. Otherwise, you are just guessing and making budgeting decisions on inaccurate information.

Look at the money coming in (your income), the money going out (your expenses), and how much you owe to creditors (your debt).

It is also important to know what your credit history looks like and how creditors are evaluating you.

Once you have these things in place, you will be able to create a plan that will help you reach your goals.

Manage Your Money, Don’t Let It Manage You!

List Your Monthly Income

Gather income information and make a list of all sources of income you can think of, not just your paycheck. Your sources of income might include:

- Wages (your net pay after taxes)
- Wages for others in your household
- Public Assistance
- Food Share
- Social Security/SSDI
- Bonuses/Tips
- Unemployment benefits
- Pension
- Child Support
- Interest from savings accounts
- Other

Enter your sources of income and the amounts in the income section of the spending plan worksheet.

If your income varies from month to month, use an average of the last six months.

Total Up How Much You Owe

One of the most important things you will need to do can also be one of the hardest to face: making a list of your debts. If you are like most people, you probably have an idea of what your outstanding balances are, but few of us know exactly what we owe, who we owe it to, and what the terms and conditions of our debts really are. Having too much debt can keep you from reaching the goals that are most important to you.

Your creditors are the individuals or businesses that you owe money to. This can include student loans, credit cards, bank loans, car loans, collection agencies, medical offices, and home loans.

Knowing the interest rate and the other terms of your agreement will help you make smart decisions about which debts you are going to try and pay off faster.

Generally, the debts that have the highest interest rates are costing you the most money and should be paid as fast as you can manage.

You will learn more about credit later on in this booklet. For now, just concentrate on getting your debts down on paper. Use the form on the following page to make a detailed list of everyone you owe money to. You may find it helpful to have your billing statements on hand to locate things such as the interest rate you are paying, your current balance and your monthly payment amount. Looking at your credit report may also help jog your memory about your outstanding debts.

How Much Debt Is OK?

One way to see if the amount of debt you have is in line with your income is to calculate your debt-to-income ratio. This ratio is often used by creditors to help them decide if you can handle additional debt. This ratio compares how much you owe to how much you make. Add all of the current minimum monthly payments for your credit accounts and loans. Divide that total by your total monthly income. Multiply that by 100 to get your ratio.

Figure Your Debt to Income Ratio

Total Monthly Debt = $_____(1)
Total Monthly Income= $_____(2)

(1) 0 ÷ *(2)* 0 = *(3)* NaN
(3) 0 x 100 = 0 %

Your Debt to Income Ratio is 0 %

The lower your debt-to-income ratio, the better your financial condition. Mortgage and auto lenders typically look for a debt-to-income ratio of 36% or less before offering a loan.

Debt to Income Ratio Example

Erica is trying to get a handle on her debts so she can manage all the bills coming in everyone moth. She has a bunch of medical bills from a car accident she was in last year. She has been able to negotiate payment plans with them so the total amount of her monthly medical bills is $153.

She also has a student loan that she took out to cover technical school courses that she took to help her get into the medical field. Those monthly payments total $97.63.

She is also trying to pay off a $582 balance on her credit card and wants to pay more than the minimum payment each month. She has been paying $50/month.

Erica works as a medical lab technician and earns $3,290/month before taxes.

Erica's debt to income ratio:

Total monthly debt=$300.63
Total monthly income=$3,290
$300.63 ÷ $3,290=0.091
0.091 x 100=9.14%

Erica's debt to income ratio is 9.14%.

According to these calculations Erica does not have an overwhelming amount of debt and could afford to increase her payments toward some of her debts to pay them off more quickly if she can make room for that in her spending plan.

Current Debt: In Good Standing and Still Open (not in collections)

Creditor Name	Interest Rate	Monthly payment	Current Balance

Old Debt: In collections or Judgements

Collections Company	Original Creditor	Amount Still Owed	Date of Last Payment

Student Loan Debt

Lender Name	Loan Status (current, in deferment, in default)	Outstanding balance	Monthly Payment Amount

Congratulations! You have just completed one of the most difficult tasks so far. Now that you know your debt situation, you can develop a strategy to pay it off. Include that in your monthly spending plan. If you have a lot of debt, you may want to make "reducing your debt" one of the goals you work on first. This will free up dollars that you can put toward your other goals such as buying a car or starting an emergency savings account.

Consider How Your Cash Flows

Have you ever forgotten about an occasional bill until it came in the mail?

What if it is a costly one, such as a quarterly water bill or car registration renewal that you don't have the money readily available to pay?

What do you do? Are you forced to juggle your other expenses to pay this one? How will you catch up with your other bills?

Nobody's cash flows the same each month. This is important to remember when mapping out your spending plan. One thing that can really ruin a plan is to forget to include those expenses that don't happen every month.

Some expenses like car insurance premiums, car registrations, taxes, and birthdays come up only once or twice a year. Others are seasonal, such as school clothes in the fall and holiday gifts in December. These expenses differ from surprise or emergency expenses because you know what they are, when they will happen and how much they will be. They just don't happen every month.

To ensure that you have the money to meet these occasional expenses when they happen, consider opening an "Occasional/Seasonal Expense" fund to cover these costs. To figure out how much to set aside each month, use the form on the next page to list all of your projected occasional and seasonal expenses for the year.

For each month, list all expenses that will occur exclusively in that particular month. Do not include things like rent, phone bills, and car payments because they occur every month and are already part of your monthly spending plan.

Calculate a total for each month. Add together all the monthly totals to arrive at a total for the entire year. Divide that total by 12. This is the amount to deposit into your "occasional /seasonal expense fund". When it comes time to pay the bill, simply withdraw that amount from the fund and pay it in full. Your spending plan stays intact, and you don't have to juggle your other bills. Your first thought may be that there is no way you will be able to save that much each month. Just remember these are all bills that you somehow find a way to cover when they happen. This is simply a way to do it in a less stressful, proactive manner.

Occasional/Seasonal Expense Fund Worksheet

For each month, list all expenses that will occur exclusively in that particular month.

Month	Expense Name(s)	$ Amount(s)	Total for Month
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
Total			$ 0

Occasional/Seasonal Expense Example

Samantha and Rachel add up their occasional expenses so they have enough money to cover them.

Month	Expense Name(s)	$ Amount(s)	Total for Month
January	Birthday party and presents for their son Julian	$300	$300
February	New glasses for Rachel Present for Samantha's mom's birthday	$200 $50	$250
March	Food for annual March Madness basketball viewing party	$125	$125
April	Community garden plot rental	$65	$65
May	Semi-annual vet checkup and vaccines for dog Riley	$195	$95
June	Car insurance on shared car	$600	$600
July	Summer vacation	$2,000	$2,000
August	Back to school clothes and supplies for Julian	$450	$450
September	Fees for Julian's school marching band: uniform and travel	$200	$200
October	Present for Rachel's parents' 40th anniversary	$150	$150
November	Riley's checkup Thanksgiving travel	$72 $100	$172
December	Car insurance on shared car Holiday expenses	$600 $1,500	$2,100
Amount to put in monthly savings:		**$542.25**	**Total: $6,507**

Track Where Your Money Goes

How many times have you asked yourself, "Where did all my money go"? Do you sometimes think that you should have money left at the end of the month, but don't? If so, tracking your spending could help you solve this dilemma.

Knowing where your money goes is an important part of your money equation. Without this information, your spending plan is based on estimates and guesses.

Start out with what you already know. Write down those fixed expenses that happen every month and stay relatively the same. Things like rent, cell phone bills, utility bills and car payments don't change that much from month to month. List these expenses in the space below.

Fixed Expenses:

______________________ $________
______________________ $________
______________________ $________
______________________ $________
______________________ $________
______________________ $________
______________________ $________
______________________ $________
______________________ $________
______________________ $________
______________________ $________

Flexible expenses are expenses that you have control over. You decide what to buy and how much to spend. They can fluctuate in amount and many times don't happen on a consistent basis. These expenses may not be as easy to recall so it is best to write them down as you spend them. This is where "tracking" comes into play. You can track in a variety of ways....just find a system that works for you.

-Notebook	- Smart Phone Mobile Apps
-Receipts	- Online Banking

Whatever system you choose, make sure to transfer the amounts to the Spending Plan worksheet on the next page. Use that information to plan your spending strategy for the next month.

If keeping track of your spending is new to you, this may require some extra effort. However, it is time well spent because it will give you information you need to see where your money is going and enable you to make the desired changes that will help you reach your goals.

List your monthly expenses, making sure to include both your “fixed” and “flexible” items. Aim for including everything you spend money on and try not to leave anything out. Forgetting to list an expense will throw your budget off because it will not reflect a true picture of how you are spending your funds.

List your monthly expenses on the next page

Compare Income to Expenses

Does your income cover your expenses? If not, what changes can you make next month? At the end of the month, go through each expense and ask yourself if you are happy with it or are possibly surprised at how high it is. This is the time to evaluate what happened last month and plan any changes you want to incorporate next month. Use the Budget column to record your planned changes for next month. If your income equals or is more than your expenses, congratulations! But, if you find that your expenses are more than your income, don’t panic! Look at your options and choose a solution you can live with.

If your income equals or is more than your expenses, congratulations! But, if you find that your expenses are more than your income, don’t panic! Look at your options and choose a solution you can live with.

SPENDING PLAN

Fixed	Estimated	Actual
Mortgage/Rent		
Water/Sewer		
Cell Phone		
Cable/TV/Internet		
Trash		
Occasional expense		
TOTAL	0	0

Variable	Estimated	Actual
Food (Groceries)		
Eating Out		
Electricity		
Personal Items		
Prescriptions		
Health Care		
Car (Gas)		
Car (Maintenance)		
Car (Insurance)		
Public Transit		
Clothing		
Gifts		
Entertainment		
Streaming Services		
Pets		
Savings		
Child/Dependent Care		
TOTAL	$ 0	$ 0

Debts	Total Amount	Monthly Estimated Amount	Actual Amount
Vehicle Payment			
Medical Bills			
Past Due Bills			
Credit Card 1			
Credit Card 2			
Credit Card 3			
Student loan			
TOTAL	$ 0	$ 0	$ 0

Income	Estimated	Actual
Paycheck 1		
Paycheck 2		
Social Security		
Other		
Public Benefits		
TOTAL	$ 0	$ 0

	Estimated	Actual
Total Income	$ 0	$ 0
Total Expenses (fixed, variable, debts)	$ 0	$ 0
REMAINING (+ or -)	$ 0	$ 0

How Are You Going To Get Where You Want To Go?

A dream written down with a date becomes a GOAL

A goal broken down into steps becomes a PLAN

A plan backed by ACTION makes your dreams come true!

You have laid the groundwork for your spending plan by listing your income, debts and other expenses. The next step is to create a strategy that will help you reach your savings goals.

Consider Your Options

If you find it hard to make ends meet, it's time to explore your options: increase income, decrease expenses or do a bit of both.

An increase in income can come from many sources. Perhaps you have a hobby that can generate income. Improving your job skills may enable you to get a raise or a better paying job. Maybe you can sell items you no longer need.

While it is important to look at many options to bring in more income, it is just as important to understand how these decisions can affect your future financial security.

Dropping or Decreasing Benefit Contributions:

Look at your paycheck and see if there are any deductions that could be temporarily cut or reduced. Find out from your company's human resources professional what payments are under your control.

Keep in Mind:

- **Health Coverage:** There are typically restrictions and enrollment periods surrounding health care plans and supplemental policies that may prevent or postpone your ability to cancel certain coverage. If you drop a policy and later want to re-enroll, you may be faced with issues around waiting periods.
- **Retirement Savings:** Some pension programs are mandatory, but you might also have voluntary retirement contributions taken out of your paycheck. Cutting back on retirement savings can add more to your monthly budget now, but you'll have less money when you're older which could mean working longer or living on less later.
- **Life and Disability Insurance:** Some policies are mandatory, while others could be cancelled. Dropping certain types of protections could leave you and your family vulnerable to economic disaster. Instead of dropping the coverage entirely, are there options to increase your deductible or waiting period? Just make sure you have the money to cover a larger deductible if something happens.

NOTE

Dial 2-1-1

If you are having immediate trouble meeting your basic needs, call 211 for a local directory of all the government and non-profit programs, agencies, and organizations that provide services to low-income individuals.

Changing Tax Allowances and Using Tax Credits:

If you typically receive a large tax refund each year, try adjusting the amount taken from your paycheck for federal income tax. By changing the number of allowances on a W-4 form with your employer, you can reduce the amount of federal tax that is withheld from your paycheck. You will have more money to use each month instead of getting a large lump sum at tax time.

Keep in Mind:

- **Do the math:** Be very careful not to increase your allowances too much so that not enough tax is taken out. The last thing you want is to owe money at tax time. The IRS has a withholding calculator tool on its website to help you determine the best way to fill out your W4 form.
- **File taxes even if you don't owe money:** Depending on your income and number of family members, you may qualify for tax credits like the Earned Income Tax Credit, Child Tax Credit and the Wisconsin Homestead Credit that will put money in your pocket.
- **To find out more:** Visit the internal Revenue Website at www.irs.gov and the Wisconsin Department of Revenue at www.revenue.wi.gov.

Selling Assets:

Selling items online or at a garage sale can help you come up with cash to put toward your monthly bills. While this can be a good one-time source of cash to pay down debt, it doesn't add to your monthly income to cover future debt payments.

Keep in Mind:

- **You could lose money:** When selling, you typically won't get as much money as you paid for an item. If you plan to replace the item when you get back on solid financial ground, this option could cost you more money in the long run.
- **Are you really willing to sell? Y**ou might own some family heirlooms or items with sentimental value that would be too hard to part with.
- **Do you own it?** You might not be able to sell an item that is being used as collateral for a loan. Sometimes the creditor will give you permission to sell the item, such as a car, in order to use the money to pay off the balance on the loan.

Withdrawing Retirement Savings:

The Internal Revenue Service allows "hardship withdrawals" from certain retirement plans when you have an immediate and heavy financial need, including foreclosure or eviction prevention. Your withdrawal is limited to the amount of money you paid in and does not include any employer match or interest income.

A hardship withdrawal generally does not need to be paid back but check with your retirement fund manager to verify that your situation qualifies before making the withdrawal. A withdrawal is not considered necessary if you still have other options available to you, such as getting a bank loan or selling assets.

A hardship withdrawal is different from taking a loan out of your retirement account. Unless you're purchasing a home, a loan must be repaid within 5 years with payments beginning immediately. If you take out a loan and then leave the company before the loan is paid back, you must repay the loan right away or else pay taxes and penalties.

Keep in Mind:

- **You could owe more taxes:** Withdrawals are taxed as income, plus there's a 10% penalty added on, so you need to figure this amount into how much savings you plan to withdraw. It is extremely important to check with a tax professional about penalties and taxes due if you are considering cashing in a retirement policy. Find out more on the IRS website at www.irs.gov.
- **There are exceptions for withdrawals:** A retirement plan is not required to offer hardship withdrawals. Your options for withdrawing savings also depend on the type of plan you have, such as a 401 (k), 403(b) or IRA.
- **The long-term impact:** A hardship withdrawal permanently lowers your retirement savings since the money can't be paid back once it's taken out. Also, you won't be able to contribute to any retirement account for at least 6 months following a withdrawal.
- **If it comes down to bankruptcy:** Retirement savings are exempt from seizure by your creditors during a bankruptcy. Once you've spent the hardship withdrawal from your retirement savings, what other options do you have for keeping up with your bills? Borrowing from retirement savings may not be the best option if you end up filing for bankruptcy a few months later.

Increasing Household Resources:

When there's not enough money available to cover monthly bills, there are other ways to balance the family budget. If your income has dropped, you may be eligible for a number of programs that target individuals and families with lower incomes. Government and non-profit assistance programs can help bring in needed resources, such as housing, heating, or groceries.

Most programs don't use the federal poverty line as a cutoff point for eligibility, but instead many programs have eligibility criteria that are based on multiples of the poverty line. For instance, school meals are generally provided at no cost to children with family incomes below 130% of the poverty line, and school meals are at reduced cost to children with family income up to 185% of the poverty line.

NOTE The state of Wisconsin and the federal government offer many programs to help you find financial security. Check out https://access.wisconsin.gov/access/ or contact your county human or social services office to see if you qualify.

Look For Your Spending Leaks

Do you have spending leaks...those unconscious purchases made on a frequent basis? Do you justify those purchases because they are usually inexpensive when purchased one at a time? After all, in the whole scheme of things, what difference does a dollar here or there really make, right?

It could make a substantial difference to your budget, especially if you are making these purchases on a regular basis.

Say, for example, your daily ritual is to buy a snack from the vending machine at work. You don't think much about it because it only amounts to a couple of dollars. It makes you feel good and it has become a habit. But, add up the number of times you buy the item and the drain on your budget can be huge.

Think back over the past week or so and try to remember those small things you spent money on. Did you buy coffee, a candy bar, soda, or a pack of gum from a convenience store? Write them in the space below, along with the cost and number of times you purchase them each month.

Item	Cost	# Of Times You Buy in a Month	Cost/Month (cost x times/month)	Cost/Year (cost/month x 12)
Bag of chips	*$1.50*	*15*	*$22.50*	*$270*

Once you see how these small "leaks" add up, is there anything you can cut back on? You can put the money you save towards the goals you made earlier.

How Can You Stretch Your Food Budget?

Many Americans find that their grocery bill is just slightly below their housing costs. Do you ever wonder what you should be spending on food? USDA research lists a moderate monthly food cost plan for a family of 4 to be approximately $1,304*. How does your family compare?

Your food costs may vary depending on the number of people in your household, your lifestyle choices and the number of times a week you eat out. When you start estimating your spending plan, it is easy to underestimate the amount you spend on food and other household items.

Tracking your food costs will help you identify where you spend most of your money and offers a good opportunity to make healthy choices and possibly change your shopping habits.

Begin by coming up with a food plan. Initially, you may think that this will take too much time. If you stick with the process, however, you will find that your planning efforts will actually save you time and money and you will make healthier food choices. In addition to saving money, taking the time to make a plan allows families to work together at mealtime instead of stressing out about what to eat.

Follow the tips on the following pages to reduce your food costs and uncover dollars to make your dreams come true!

Is This You?

Do you find yourself cleaning out your refrigerator—throwing away spoiled produce and deli items past their expiration date—then going to the grocery store to stock up for the week and start the process all over again? If you do, you are not alone!

On average, Americans throw away 25% of the food they purchase!

25%

https://www.fns.usda.gov/cnpp/usda-food-plans-cost-food-monthly-reports

Decipher The Dates!

Sell By:

This date tells the store how long to display the product for sale. It is NOT a safety date.

Use By:

This is the last date recommended for the use of the product while at peak quality. It is NOT a safety date except when used on infant formula.

Best By:

This date indicates when a product will have the best flavor or quality. It is NOT a purchase or safety date.

Source:
https://www.fsis.usda.gov

Take Inventory

- Go through your cupboards, refrigerator and freezer and make a list of foods that need to be used during the week.
- Look at expiration dates and put those items in the front of your shelves and make sure that you use them first.
- Develop a meal plan using these foods, buying only the items needed to add to what you already have.
- Determine how often you will eat out and consider any extra needs for the week.
- Don't forget about breakfast, lunch and snacks.

Make A List

- After you have settled on a meal plan for the week, make a list of all the items you will need to buy at the grocery store.
- Keep that list posted in a visible place so that you can add staples as you run out. It is helpful to know the layout of the store and make your list accordingly.
- You can also search for online shopping apps to help you make your list or find coupons.

Shop Strategically

If you have a plan, your shopping experience can be painless and quick. Never shop when you are hungry. The temptation to pick up items that are not on your list increases when you're fighting hunger pangs. Shop without children if you can. Shop with your list and stick to it. Be wary of impulse items located on the ends of the grocery store aisles which can quickly bust your budget. Did you know that merchants place the highest priced items in the middle shelves at eye level and the less expensive items are positioned above and below? Comparison shop and check labels. Many generic items are of good quality and very tasty. When it comes to produce and deli items, buy only what you need for a few days. Be flexible and keep possible substitutions in mind for those items you find out of stock.

Weekly Meal Planner

	Breakfast	Lunch	Dinner	Snacks	Grocery List
Day 1					☐ ____ ☐ ____
Day 2					☐ ____ ☐ ____
Day 3					☐ ____ ☐ ____
Day 4					☐ ____ ☐ ____
Day 5					☐ ____ ☐ ____
Day 6					☐ ____ ☐ ____
Day 7					☐ ____ ☐ ____

NOTES: ____________________

____

____

Notes

How Can You Manage Your Utility Costs?

Home utilities are basic household needs whether you rent or own your home. While it is true that there are generally more utility costs for homeowners (energy, water, and sewer), renters are usually responsible for things such as heat and electricity.

Paying utility costs is just as important as paying any of your other basic necessities such as food, clothing, and transportation. Failing to do so may result in disruption of service and may have a negative effect on your credit history

What To Know If You Are A Renter

As a renter, you will probably be limited in the amount of control you have over some of the utility costs in your apartment. The appliances, the type of heating/air-conditioning system, and the efficiency of the building are provided by the landlord. There are things that you can still do to improve the energy costs you are responsible for.

Being smart about managing your energy costs begins with things you can do before you sign your lease. Asking your future landlord the right questions when you are shopping for a new apartment can save you money.

Use the questions on the right side of this page to help you when you are looking for a new apartment. Knowing this information can help you make a more informed decision about your move and eliminate any surprises when the utility bills come.

Once you are in your new place, follow some simple energy-saving tips to help lower your utility bills throughout the year. In the winter months, keep your thermostat at 68 degrees F or below and wear warm clothes to stay comfortable. Open drapes to allow the sun in during the day and close them at night to keep the heat in. In the summer months, set the air conditioner at 78 degrees F or higher and turn it off completely when no one is home. Turn off televisions, computers, and lights when you are not using them.

Ask Before You Sign The Lease!

Who pays the electricity?	☐ Landlord ☐ Renter
Who pays the gas?	☐ Landlord ☐ Renter
What kind of heating system does the unit have?	☐ Electric ☐ Forced air ☐ Hot Water
Where is the thermostat?	☐ In the unit ☐ Not in the unit
What appliances are included?	☐ Refrigerator ☐ Stove ☐ Microwave ☐ Dishwasher ☐ Washer/Dryer
Who pays the water bill?	☐ Landlord ☐ Renter
Who pays to heat the water?	☐ Landlord ☐ Renter
Has the building been weatherized?	☐ Yes ☐ No

What To Know If You Are A Homeowner

As a homeowner, it is important to know what can affect your utility costs and to do everything you can to reduce your energy bills. With utility prices rising each year, some families find their utility bills take up 25% of their total household budget.

If you are a first-time homeowner, there are most likely some costs that are new to you. As a renter, you might have been responsible for your heat and electricity. As a homeowner, those costs now include water and sewer, upkeep on appliances such as refrigerators and water heaters, and the overall energy efficiency of the home itself. How much you pay for energy each month depends on your habits, the size and age of your home, the geographic location, the age and energy efficiency of your appliances, and the type of energy you use. The more you know about the energy you use, the better you can control the cost.

Typical Home Energy Costs

- Heating……………………………….40%
- Appliances………………………….24%
- Water Heating………………………15%
- Cooling……………………………….8%
- Refrigerators and Freezers…………7%
- Lighting……………………………….6%

Total……………………………………100%

Energy use in a home is usually divided into six categories that make up most of the bills you see each month.

Heating your home will be one of the highest energy costs you will have, and the amount of your bill will depend on many factors. Heating water can make up about 15% of your energy costs.

Appliances can use up almost as much energy as it takes to heat your home. When it is time to replace them, consider choosing models with the ENERGY STAR® label.

Energy-Saving Tips for Winter

Heating	Benefit	Renter	Homeowner
Keep the thermostat at 68°F or below.	Save on heating costs.	X	X
Lower thermostat at night and when you're gone (55° F lowest setting).	Save 1% for every 1˚F decrease in temperature for 8	X	X
Wear warm clothes.	Improve comfort.	X	X
Check furnace filter monthly; replace as needed.	Improve furnace efficiency by increasing airflow.		X
Tune up heating system at least every other year.	Save money and improve safety.		X
Keep registers and cold air returns clear of furniture and drapes.	Improve comfort and system efficiency.	X	X
Open drapes to allow sun in; close at night.	Save money and improve	X	X
Seal around sewer vent pipe in basement and attic. Use fireproof sealant around the chimney in attic	Save on heating costs.		X
Replace missing storm windows or cover windows	Improve comfort and reduce condensation.	X	X
Keep windows tightly latched.	Improve comfort and security.	X	X
Use fireplaces only in the early fall or late spring when not using your furnace. Close the fireplace damper after the fire is out.	Save money and improve comfort. Prevent heat loss.	X	X
Cover wall-mounted air conditioners with plastic film or air-tight cover.	Stop air from leaking in.	X	X

Energy-Saving Tips for Summer

Cooling	Benefit	Renter	Homeowner
Set the thermostat to 78°F or higher.	Save 1%for every 1 F increase in thermostat setting when unit is running.	X	X
Turn off the air conditioner when no one is home. Use a programmable thermostat for central air or a timer for room air conditioners to start cooling before you get home.	Save 17 to 44 cents per hour for central units. Save 8 to 17 cents per hour for room units.	X	X
Use a whole house fan, room fans, or ceiling fans instead of air-conditioning.	Reduce cooling costs.	X	X
If buying a dehumidifier, look for an ENERGY STAR® model.	Save money.		X
Have air conditioner serviced.	Operates more efficiently.		X
Close drapes, shades, and blinds during the day.	Save money. Reduce heat from direct sunlight.	X	X
Use reflective or white-backed shades on south and west sides. Exterior shading from awnings or trellises is even better.	Keep heat out of house.		X
Plant deciduous shade trees to the east, south, and west of the home.	Reduce cooling costs.		X
Change furnace filter when dirty or every one to two months if you have central air.	Reduce cooling and dehumidification costs. Improve air flow.		X
Use exhaust fans to remove heat and moisture produced from cooking and showering.	Reduce cooling and dehumidification costs. Improve indoor air quality.	X	X

Water Heater Energy-Saving Tips

Water Heater	Benefit	Renter	Home owner
Set water heater at 120˚ to 125° F.	Save money and prevent scalding.	X	X
Fix leaky faucets. Use faucet aerators.	Save water and energy.	X	X
Use low-flow showerheads	Save water and energy	X	X
Turn water heater control down to vacation or pilot setting when gone for two or more days.	Save about $4 per week.		X

Appliance Energy-Saving Tips

Appliances	Benefit	Renter	Home owner
Use cold water to wash clothes.	Save 12 to 25 cents per load.	X	X
If dryer is vented with plastic vent hose, replace with metallic vent pipe.	Reduce drying costs. Prevent fires.		X
Run the dishwasher at night.	Reduce cooling costs and daytime humidity.	X	X
Wash full loads of dishes in the dishwasher.	Save hot water, electricity and detergent.	X	X
Use the dishwasher's air-dry or energy saver cycle.	Save up to 8 cents per drying cycle.	X	X
Clean the clothes dryer lint trap after each load.	Dry faster and safer and save money.	X	X

Manage Your Utility Bills

Your utility costs are billed to you on a monthly basis. Utility providers measure the energy you use with a meter. Meter readings on your bill show exactly how much electricity and/or gas you used. When you look at your bill, you will see the following types of information:

-Your billing name and address	- Account number
-Your account activity	- Meter Readings
-Amount and type of energy used	- Cost/amount used
-Fixed monthly customer charges	- Fees and late charges
-Adjustments	- Payments made

Try to always pay your bills on time. Failure to do so may result in late charges and eventual disconnection of service. If you are on a limited income, check with your local utility company to see if there are any payment plans you may be eligible for.

One option that may help you manage your utility bills is to use a "budget payment" plan that is offered by many utility companies. These plans take the guess work out of your energy bills by spreading your costs more evenly over an entire year, thus making it easier to manage a household budget because the payments are the same each month. Check with your local provider to see what options are available to you.*

Energy Assistance:

There are energy assistance programs available for limited-income families in Wisconsin. In order to qualify for the annual one-time energy assistance grants, applicants must meet certain income requirements and must pay their heating and/or electric costs directly to a utility company or to a landlord. Households may apply for assistance every heating season between October 1st and May 15th.

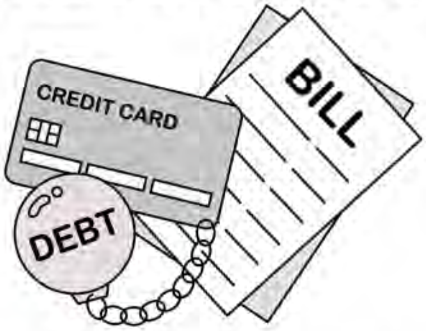
Trouble Paying Your Bill?

If you are falling behind in your payments, don't wait too long before you take action. Call your local utility company and try to work out a payment plan that you can afford. Remember though, that if you work out a plan, you need to keep your agreement and pay the amount you agreed.

NOTE

*Being on a budget payment plan usually does not save you money; it just allows your monthly bills to be consistent from month to month. It is still necessary to be strategic about cutting down on energy usage.

What Do You Do If You Can't Pay Your Bills?



Sometimes, no matter how hard we have tried to prepare ourselves, bad things happen to good people. When there is an illness, divorce, loss of a job, or other unexpected set-backs, the paychecks may stop coming, but the bills don't.

When you don't have enough money to pay your monthly expenses, you are faced with some tough financial decisions. Your first thought may be to use credit cards, loans and other debt if it is available to you. Unless your situation is likely to change in a very short time, this is probably not the best choice. You may find yourself with overwhelming debt and no way of digging out. Concentrate on cutting back on your expenses and working with your creditors to reduce your payments until your circumstances get better.

Take A Deep Breath and Assess Your Situation

The first step in coping with a shortage of income is to look at your current situation. How much income can you count on? What are your current expenses? How long do you think this situation is going to last?

When your bills add up to more than you can pay, you need to make some tough decisions about which bills get paid and which don't. Use the worksheet on the next page to work through your situation.

First, list all of your current expenses, both fixed and discretionary. You may look back at the worksheet you completed on page 17 to get you started. Go through each expense and write down the consequences that would happen if that bill was not paid. Which bills most directly affect the health and safety of your family? What will you lose if the bills are not paid? These become your "essential" expenses. For example, not paying your rent or mortgage could result in not having a place to live. Missing utility payments will surely mean the eventual disconnection of your heat and electricity. Failure to pay child support can have serious consequences. You may have your paycheck garnished, have your tax refund taken, or be jailed. If you own your home and fall behind in your property tax payments, you could face foreclosure.

Name of Expense	Amount	What Happens If Not Paid	Priority (high, mid, low)

Look For Options

Try to find things you can do that will get you closer to meeting your expenses.

- Identify any items in your house you might be able to sell.
- Look at your housing situation and decide if it makes sense to move to another location temporarily until you are back on your feet.
- Contact your local human services office to see if you possibly qualify for Food Stamps or childcare benefits.
- If you do not have health insurance, your reduced income may qualify you for Medicaid (medical assistance for people who cannot afford to pay their bills).
- Contact your local utility company and ask about a deferred payment agreement.

NOTE

No matter how bad your situation may be, you cannot afford to ignore your bills and creditors. Take charge. Let your creditors know you are having trouble before you miss payments and the situation gets worse.

Deciding Which Bills to Pay First

You are legally obligated to pay all your creditors, but if there is not enough money to pay all of them, try to come up with a plan of who you are going to pay and how much. Once you have decided what you can afford, call your creditors and try to work out a plan for reduced payments until you are back on your feet. Whatever you do, make sure that you stick to the plan you agreed on. If you don't, your creditors will not be as willing to work with you in the future. Here are some general rules about priorities.

1.First, pay housing-related bills. Keep up rent or mortgage payments if at all possible. Failure to pay these bills can lead to loss of your housing.

2. Pay basic living expenses next. This includes groceries and medical insurance if you can afford the premiums. Your reduced income may qualify you for FoodShare assistance or Badger Care medical assistance. Check out www.access.wisconsin.gov to see if you qualify.

3. Pay the minimum required to keep essential utility service. Full and immediate payment of the entire amount of the bill may not be required, so check with your utility provider to see about payment arrangements. You may also qualify for energy assistance.Contact Energy Services at (608) 267-8601 or https://energyandhousing.wi.gov/

4.Pay car loans or leases next if you need to keep your car. If a car is needed to get to work, you will usually make this bill the next priority after housing, food, and utilities. Your creditor can repossess your car without going through the courts first. If you keep the car, stay current on insurance payments as well to avoid additional fees, legal problems, or a big expense if an accident happens.

Government Debt

Income Taxes: If you cannot pay the total amount due, contact the WI Department of Revenue and the IRS right away. Ask for information on repayment plans and find out whether your reduced income makes you eligible for tax credits. Contact the WI DOR at www.revenue.wi.gov. Contact the IRS at www.irs.gov and ask to be transferred to "advanced account?".

Property Taxes: Contact your county treasurer and explain your situation right away if you're not able to pay property taxes.

Child Support Orders: If your income has dropped sharply, contact your family court to find out about lowering your support order as soon as possible. This cannot be done retroactively, so don't wait.

Student Loans: If you are having trouble making your federal student loan payments, contact your loan servicer immediately. You may be able to have payments deferred or postponed during periods of unemployment or financial hardship.

5. **Make tax debts a high priority**. You must pay any income taxes owed that are not automatically deducted from your wages and any property taxes if they are not included in your monthly mortgage payment. You must file your federal income tax return, even if you cannot afford to pay any balance due. The government has many collection rights that other creditors do not have. Also pay child care; these debts are court-required and will not go away. Nonpayment can result in very serious problems, including prison for nonpayment

6. **Make student loans a medium priority**. In general, pay them ahead of low priority debts but after top priority debts. Since most student loans are backed by the government, they are subject to special collection remedies, such as wage garnishments, seizure of tax refunds, and denial of new student loans and grants

7. **Make loans without collateral a low priority**. These include credit card debts, doctor or hospital bills, other debts to professionals and similar obligations. Since you have not pledged collateral for these loans, there is rarely anything these creditors can do to hurt you in the short term. Be aware, however, that non-payment will negatively affect your credit score and may cause your service providers to stop seeing you.

8. **Make loans with only household goods as collateral a low priority**. Creditors rarely seize the goods due to their low market value and the difficulty in retrieval without involving the courts. If the creditors do start actions to repossess household items, you will be notified by letter.

9. **Don't pay when you have a good legal reason not to pay**. Examples include defective merchandise or the creditor is asking for money that it is not entitled to. If you believe you have a legal defense, contact a lawyer. Visit Legal Action of Wisconsin at http://www.legalaction.org/ to find out more about free legal representation for low-income families.

Bankruptcy

If you owe a large amount of money and your creditors will not accept reduced payments, you may have to consider your option of last resort: personal bankruptcy. A bankruptcy stays on your credit report for 7- 10 years, making it hard to get credit, buy a home, get life insurance, or sometimes get a job. However, it is a legal procedure that can offer a fresh start for people who can't pay all their debts. Filing for bankruptcy could cost between $1,000-$2,000. While it is possible to file a bankruptcy case "pro se", meaning without the assistance of an attorney, hiring an attorney is recommended. Visit the "I Need a Lawyer" page of the Wisconsin Bar Association website for further information and contacts for law services

10. Don’t move up a debt’s priority based on threats to ruin your credit report. In most cases, the creditor has already reported the delinquency to a credit bureau.

11. Don’t move up a debt’s priority because of debt collection efforts or the threat of a lawsuit. Be polite to a collector, but make your own choices about which debts to pay based on what’s best for you. Many threats are not carried out, and the procedure itself is long and complicated for the creditors. On the other hand, nonpayment of rent, mortgage, and car debts may result in immediate loss of your home or car.

10. Be cautious about consolidating debts or refinancing your home. Depending on your situation, this may or may not be the right option for you. It can be expensive and give creditors more opportunities to seize your important assets.A short-term fix can lead to long-term problems

Tips To Negotiate With Creditors

Not all creditors will accept payment plans, but they will be more likely to work with you if you have been a good customer and if you contact them before they contact you.

Before you contact each creditor, make sure you will be able to pay the monthly amount in your agreement. If you fail to follow the new plan, your creditor will be less likely to work with you again. Do NOT send a creditor money before you have new payment arrangements in writing.

Use the sample on the next page as a guide when writing to or talking with creditors. Replace the blanks with your own information.

Options You Could Request From Your Creditors:

- Reduce your monthly payment amount
- ·Reduce or drop charges for late payments
- ·Refinance the loan at a lower interest rate
- ·Pay interest only on the loan until you can resume making monthly payments
- ·Request permission to sell the item and use the cash to repay-or partially repay-the debt

Sample Letter To Creditors

____
(Creditor/Company name)

____
(Company Address)

____
(City, State, Zip)

Attention: Account Representative

Date: ________________________

Name(s) on account: ____________________________

Account number: ______________________________

Date loan/account opened: _______________________

Total amount due: _____________________________

Monthly payment amount: ________________________

This letter is to let you know that I'm currently having some financial difficulties. I'm not able to pay the complete monthly payment on my account because

____
(List your personal reason here – job loss, illness, etc.)

Looking at my financial situation, I have set up a budget for my basic living expenses and have come up with a debt repayment plan based on my reduced income. I'm contacting all of my creditors to explain my situation and to ask for a reduced payment until my situation improves.

I would like to offer a reduced payment of $______________ per month. This is the most that I can pay regularly at this time. You can expect this amount as soon as possible until the debt is totally repaid.

I hope you find this repayment amount acceptable. I look forward to your letter of acknowledgement. Thank you.

Sincerely,

____
(Print your name)

____
(Your address)

____

Are You Comfortable With Credit?

Credit can be a useful tool that helps you to make major purchases, like a car or a house, by letting you pay for them over time. It is convenient. It can help in emergencies, and it is safer than carrying cash. Credit can also be dangerous if not used in the right way. It's tempting to buy something using a credit card, even though you don't have the cash to pay it back. If used too much, credit payments can add up quickly, leaving less money for your basic necessities.

An important part of your financial future is understanding credit. When you use credit, you borrow money with the promise that you will pay it back over time. You will also have to pay the creditors a fee for using their money. This fee is called interest. There can be other fees you can be charged when you borrow money. Late fees are charged if your payment is late. Annual fees are fees paid once per year to the credit card company just so you can have the card.

Types of Credit

Installment credit is credit given for a certain period of time for a specific amount of money. Once the loan is paid off, the account is closed. Examples of installment credit include car loans and mortgages.

Revolving credit accounts are accounts that allow you to make repeated purchases. You can either pay the balance in full or in installments. You can use the same credit at a later date to buy something different and not have to sign a new contract with the creditor. Examples of revolving credit include credit cards like Master Card and Visa, gas cards, and department store cards.

Credit is available in different forms and it is important for you to know one type from the other.

NOTE It pays to be careful when using credit. Abusing your credit privileges can cause a lot of damage to your personal credit history and your budget.

When Is It OK to Use Credit?

Although it is usually best to plan and save for your wants and needs, there are times when using credit has its advantages. It makes sense to use credit to purchase things that are going up in value or last a long time. Examples of this type of purchase would be a house, a car, or a college education.

Don't let yourself fall victim to creditors promising "Easy Money". If an offer sounds too good to be true, it probably is. Payday lenders charge huge fees for advancing you money on your paycheck. Those fees become even higher if you can't cover the check and have to roll it over for a longer period of time. Rent to Own stores are another temptation, especially for new homeowners or renters. You can expect to pay many times more than the actual price of an item when you rent it than if you bought it outright.

Make sure to fully consider if "buy now, pay later" options are worth it for your situation. Before long, you may find yourself only making minimum payments, unable to make the monthly payments, and using credit for day to day expenses.

Always keep in mind the cost of the credit decision you make, the risk of using credit when making purchases and the obligation you are making when choosing to use credit.

Ask yourself these questions before using credit to buy something.

- Will this still have value when you finish paying for it?
- What will the total cost of this be? (price plusinterest)
- Can you afford the payments?
- What will you have to give up to make the payments?
- Is this part of your planned expenses for this month?
- ·Can you wait?

Know These Credit Terms

APR: The percent you will be paying per year for the use of your credit account. Shop around for the lowest rate, especially if you carry a balance from month to month.

Cash Advance Rate: This is the rate you are charged when you use your card to receive cash. Cash advances usually have higher rates than the APR and often there is no grace period so you are paying interest from the day you receive the cash.

Grace Period: The amount of time that you will be given on new charges without paying interest. Generally the grace period is 20-25 days. If the balance is paid in full each month, you are basically given an interest-free loan.

Annual Fee: The fee charged annually for the use of the credit account.

Additional Fees: These include over-the-limit charges and late payment charges.

Credit Limit: The amount of credit the creditor will offer you at one time. On credit cards, this is the maximum limit you may spend up to on your account.

Choosing Credit Cards & Account

Many financial experts recommend having at least one credit card that can be available for emergencies and making reservations at airlines, hotels and car rental agencies. If you choose not to have a credit card, there are other methods to use to overcome the obstacles of making reservations.

Many companies will accept debit cards when taking reservations. Just be aware that if you use your debit card for this purpose, the company will most likely place a hold on your account for a certain period of time for an amount equal to the total cost of your reservation. Even if you end up actually paying cash for your purchase, the hold will still be there and may tie up the available cash reserve in your checking account.

Another option is to use a pre-paid credit card for these types of transactions. Pre-paid credit cards operate very similarly to pre-paid phone cards in that you "load" the card with a certain dollar amount that you purchase with cash. The card can be used anywhere that accepts major credit cards. The down side to pre-paid cards is that you are assessed a fee every time you make a purchase. So, in essence, you are paying to use your own money. This may make sense in certain situations, but is not a great idea for a shopping spree where you make multiple small purchases.

When choosing a credit account, there are many things that must be considered. It is required that all creditors disclose the terms of their credit account prior to a consumer opening the account. The box on the left defines these terms.

When you are ready to apply for a credit card, use the spaces below to compare cards. Think about how you will use your credit card. Do you expect to pay your monthly bill in full or will you most likely carry over a balance from month to month? Will you use your card for cash advances?

Credit Card Comparison Chart

	Card A	Card B	Card C
Card type (secured or unsecured)			
Credit limit			
Annual fee amount			
Late fee amount			
Over-the limit fee amount			
Annual Percentage Rate (APR)			
Grace Period Length			
Cash Advance Rate			
Rewards for use			

What Does Your Credit History Say About You?

Your credit history can affect many areas of your life, which is why it is so important that you do everything you can to keep your history in good standing.

You might be surprised who is checking your credit history!

Lenders use your credit report as a tool to decide whether to loan you money and what interest rate to charge.

Insurance companies, landlords, **and employers** check credit history for information that will help them determine how responsible you are. **Landlords** may refuse to rent to you, employers may choose not to hire you, and **insurance companies** may increase your premiums, all due to poor credit history.

It would be a shame to miss out on the job or apartment of your dreams, or pay higher insurance premiums, because of poor credit history. Do everything you can to keep your history in good standing.

Where Does The Information Come From?

Information that appears on your report is reported from your creditors to the three major credit bureaus: Experian, Equifax and Trans Union. These three bureaus use a scoring system to create and assign you a credit score.

Since 2023, the law states that we all have the right to order a free copy of our report from each of the three credit bureaus every week. You can access your report from each individual credit bureau online or by phone, or by visiting the Annual Credit Report website to get all three at once. Whatever method you choose, you will be asked to provide your social security number and other personal information to get your report

- **Equifax:** 1-800-525-6285
- **Experian:** 1-800-397-3742
- **Trans Union:** 1-800-680-7289

OR

www.annualcreditreport.com
1-877-322-8228

What Information Is On Your Credit Report?

Your credit report contains the following information about you. Review each section thoroughly to ensure that all of the reported information is accurate. Report any information you don't recognize to the corresponding credit bureau and file a dispute.

Your Personal Information

- Names, AKAs
- Social Security Number
- Addresses (current/past)
- Phone Numbers
- Employer Information

Credit Account History

Current credit account information
- Original Limit
- Current Balance
- Monthly Payment History
- Minimum Payment

Public Records

- Bankruptcy Information

Collection Items

Unpaid credit accounts
- Reported by the original creditor
- Reported by a collection agency

Inquiries

Hard Pulls: - Credit applications initiated by you

Soft Pulls:- Promotional
- Account review
- Pulling your own

How Is Your Credit Score Calculated?

Your credit score is a 3-digit number that is calculated by applying a formula (usually the formula from FICO, which stands for Fair Issac Corporation) to the credit information provided by your creditors to the credit bureaus. Some information is considered more important and therefore weighs heavier in the calculation than others. As you can see in the illustration below, the majority of your score comes from two sources: your bill payment history and your credit utilization rate or CUR (the amount of credit used against the available limit). For example, if you credit card that has a $100 limit and your credit card bill is $10 then your credit utilization ratio is 10%.

Other factors include how long you have had credit, relationships, how much new credit you recently opened, and the types of credit (installment, credit cards, etc) that make up your report. FICO credit scores usually range from 300 to 850.

Generally, a higher credit score results in a better credit rating. There are other credit scoring systems out there (Vantage Score and educational scores used by organizations such as Credit Karma), but the most lenders and creditors use the FICO credit score formula in their credit decisions.

How Long Does Information Stay On Your Report?

The information that makes up your credit report remains part of your history for quite some time, but not forever. The length of time depends on the type of information:

Inquiries	2 years
Late payment history	7 years
Bankruptcies (from filing date)	Up to 10 years
Student loans	Forever
Good credit!!	Forever

How Can You Improve or Fix Your Credit?

If your credit history is not where you would like it to be, there are some things you can do to improve your score:

- Pay your bills on time, all the time
- Pay off outstanding collections
- Pay down credit card balances
- Pay off credit cards and loans with high interest rates
- Establish or re-establish credit by opening a secured credit card*

*****A secured credit card is a bank credit card backed by money you deposit in a bank account. If you don't pay your bill, the money in your account will be used to cover the debt. Shop around to find a good deal on a secured card because the terms vary from institution to institution. Make sure the provider reports information to the credit bureaus. Look for a card with a low annual fee, no up-front processing fees and an interest-bearing account for your deposit.

Check Your Reports For Accuracy and Dispute If Necessary

It is your responsibility to review your credit reports to insure they are accurate. Use the checklist below as a guide.

Today's Date: ___________Name of Credit Bureau:_________________________
Read through entire credit report:

☐ Make sure name, address, and social security number are written correctly

☐ Account History: Check that balances make sense, payment history is accurate, and the account listed is in fact yours

☐ Look for accounts listed as open that are yours but you don't use. Keep the one that you have had for the longest time.....close the rest.

☐ Public Records: Verify any information appearing here from local courthouses regarding bankruptcies.

- [ ] Mark or highlight items you feel are not accurately reported and want to dispute:
    - [ ] Dispute online or write a letter to the credit bureau where the error occurred.
    - [ ] Provide the account number for the item you are disputing
    - [ ] For each item, explain concisely why you believe it is not accurate. Once the Credit Reporting Agency begins an investigation, you may be asked to provide documentation to support your claim. If you can, include copies of bills or loans that show you have paid them on time. Send copies only and keep the originals of everything you send.
    - [ ] Provide your address and telephone number at the end of the letter so the credit bureau can contact you for more information if necessary
    - [ ] Make a copy of your letter before you send it to the credit bureau
    - [ ] Once you mail your letter to the credit bureau, follow up in 60 days

By law, the Credit Reporting Agency (Experian, Equifax, or TransUnion) has 30 days to investigate the dispute and it is their responsibility to show that their information is accurate. If they can't do so within 30 days, they are required to remove it and should send a copy of the newreport to reflect the changes. If they do not, contact the Consumer Financial Protection Bureau at https://www.consumerfinance.gov/.

What About Credit Repair Agencies?

You see the advertisements on using smartphone apps, watching TV, and browsing the internet. You hear them on the radio. You get fliers in the mail. You may even get calls from telemarketers offering credit repair services. They all make the same claims:

- "Credit problems? No problem!"
- "We can erase your bad credit!"
- "Create a new credit identity!"
- "We can remove bankruptcies, judgments, liens, and bad loans from your credit file forever!"

For a fee, they promise to clean up your credit report so you can get a car loan, a home mortgage, insurance, or even a job. The truth is, they can't deliver. Only time, a conscious effort, and a personal debt repayment plan will improve your credit report. The truth is that after you pay them hundreds or thousands of dollars in up-front fees, these companies do nothing to improve your credit report. Many simply vanish with your money. Others use illegal methods that will make things worse for you. Be cautious, especially of agencies that tell you that they will create a new credit identity for you. This is fraud and is a criminal offense. It is often better that you handle your credit problems yourself because only you can do a good job of repairing your credit.

Your contract must include:

- payment terms for services, including their total cost
- a detailed description of the services to be performed
- how long it will take to achieve the results
- any guarantees they offer
- the company's name and business address.

Credit Repair Organizations Act

By law, credit repair organizations must give you a copy of the "Consumer Credit File Rights Under State and Federal Law" before you sign a contract. They also must give you a written contract that spells out your rights and obligations. Read these documents before signing the contract. The law contains specific protections for you.

There are reputable non-profit credit counseling agencies that provide outstanding service to consumers and can negotiate better credit terms with many creditors on your behalf. If you are interested in working with a consumer credit counseling agency, make sure they are a member of the NFCC (National Foundation of Credit Counselors). Find more information at https://www.nfcc.org/

Notes

Choosing Financial Institutions

Another financial choice you have to make is the decision of how and where you are going to do your banking, or if you are going to use the banking system at all. Safety and security make keeping your money in a financial institution worthwhile. You can keep your money in an insured account at a bank or credit union where it will grow and where you can rest easy that it will be there when you need it. You only need to decide what kind of institution you want to choose to hold your account.

If you opt to put your money in a financial institution, there are two main choices: conventional banks and credit unions. While both are financial institutions that offer similar services and products, there are some key differences in terms of how they are structured.

Traditional Banks

Banks are for-profit companies, and like most companies, their goal is to maximize profits for their shareholders. There is no harm in that; in fact, all business owners, both large and small, aim to make a profit. Banks have paid a board of directors and their depositors are called customers. There is usually a wide variety of different banks within every community, ranging in size and focus. Bank deposit accounts are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC), a branch of the federal government. The FDIC is also backed by the “full faith and credit” of the U.S. government.

Community Banks are smaller institutions that are locally owned and operated. They offer a full line of products and services and are similar to credit unions but do not have limitations on membership. They are often very active in local community events and offer both funding and manpower in local programs and initiatives.

Regional and National Banks are larger banks operating across state lines and across the country. These banks offer many services but may also charge higher fees for access to those services. One area where these large banks have an edge is in their service delivery. Because of their size, these large banks often have a large network of ATMs and other electronic services, including online banking, offering more convenience and access to your money.

Credit Unions

Credit unions are nonprofit cooperative financial institutions. Credit union depositors are not called customers, but rather members who are owners of the institution. Since credit union members are owners, each member, regardless of how much money they have on deposit, has one vote in electing board members and can actually run for election themselves. Credit unions don't pay dividends to stockholders, but instead pass savings along to the members. This savings often allows credit unions to charge smaller fees and offer higher interest rates for savings accounts and lower rates for loans. This, however, is not a given. Banks are very competitive when it comes to interest rates and many times beat the rate that credit unions offer. Credit unions, depending on their size, can offer a variety of services, similar to those offered at conventional banks. One of the drawbacks of credit unions is the membership requirement. Some credit unions have very restrictive membership rules which may tie your opportunity to join to where you work or other things you have in common with a group.

Comparisons between banks and credit unions

Feature	Credit Unions	Banks
Depositors	Members	Customers
Structure	Not for profit cooperatives, organized to serve the interests of its membership. Earnings are paid back to members in the form of higher savings rates and lower loan rates and fees.	For profit, open to the general public. Earnings are paid to stockholders only.
Owners	Members	Stockholders
Board	Made up of volunteers who reflect the diversity of the membership	Made up of paid board members who do not necessarily reflect the diversity of their customer base
Business Focus	Credit unions focus on consumer loans and member savings, as well as services needed by the membership.	Banks focus on commercial loans and accounts and service that generate significant income.
Financial products and services	Consumer accounts, small business accounts, online banking	Consumer accounts, small business accounts, commercial accounts, online banking
Insurance Protection	Deposit accounts are federally insured up to $250,000 by the National Credit Union Administration	Deposit accounts are federally insured up to $250,000 by the Federal Deposit Insurance Corp.

While the ownership structure of credit unions may seem very appealing, there is no clear "winner" in the bank vs. credit union comparison. There are clear pros and cons to both structures. Community banks offer an environment where lending decisions are made locally. Large national banks offer the convenience of being able to access branches across the country.

There are truly advantages and disadvantages of both types of financial institutions and it isup to you to shop around, make a list of things that are important to you in a banking relationship and make your decision based on those preferences.

What Are You Looking For?

Use the space below to make a list of things you want from a banking relationship. What do you need from an institution?

____

____

____

____

____

____

____

____

____

____

____

____

____

____

____

Use the form on the next page to compare different financial institutions in your community. You can get most of the information over the phone or online. Once you have your choices narrowed down to one or two, you may want to visit the institutions in person to see if you feel comfortable and welcome before making your final decision.

Compare Financial Institutions

	Institution 1	Institution 2	Institution 3
Basic Information			
Name of institution			
Type of institution			
Address			
Telephone number			
Services (*Note the interest rates*)			
Checking			
Savings			
Loans			
Money Market Accounts			
CDs			
Other investments			
Convenience			
Location			
Hours			
Tellers			
Phone banking			
Internet banking			
Number of ATMs			
Deposits at ATMs			
Other Factors			
Minimum balance			
Maximum no. of transactions			

Understanding Banking Services

When you decide to start a relationship with a bank or credit union, you will be faced with many decisions about the accounts and services that the institution offers. Do your homework and find the accounts that are best for you.

Establishing your banking relationship. Banking regulation requires that you have a social security number and driver's license or state ID to prove who you are. It is also common for a bank or credit union to pull a **Chex Systems Report** and possibly a credit report depending on the type of account you are opening.

Chex Systems is a consumer reporting agency that collects information on account activity and reports to member financial institutions. The majority of banks and credit unions pull a report for customers and members who are applying for a checking account.

Not everyone has a report with Chex Systems, however. If you have had difficulty managing a checking account in the past, and the financial institution closed your account, it may have reported that to Chex Systems. The goal is to NOT have a report with this agency as it may prevent or at least postpone your ability to open an account.

If you do have something on Chex Systems, the financial institution you are applying to will most likely require you to pay off any outstanding overdraft balances and provide documentation that it is paid in full.

You have a right to see if you have a Chex Systems report and dispute anything that is not correct. Chex Systems keeps reported information for up to 5 years. You can receive more information and request a free copy of your report online at www.chexsystems.com or by calling 1-800-428-9623.

Types of Accounts

Financial institutions have many products and services available. The most common are checking accounts, savings accounts, certificates of deposit, debit cards, loans, and credit cards. Many also provide investment services and financial planning by financial professionals. We will focus on consumer checking and savings products in this section.

Checking Accounts are deposit accounts opened with a financial institution where the bank or credit union holds your money and you withdraw money by writing checks and using a debit or ATM card. Nearly all financial institutions offer checking accounts, many with benefits or drawbacks depending on how large or small the account is and what it will be primarily used for.

There are many benefits of using a checking account, the biggest being convenience and safety. Some accounts offer no fees or no minimum balance requirements which can save you a lot of money over time. Many institutions give you perks for setting up direct deposit of your paycheck. By doing so, your paycheck goes in as cash and is immediately available for you to use and you do not need to make a trip to the institution to deposit your check.

There are a few disadvantages to keep in mind. It can be easier to overspend when using a check or debit card in place of cash, especially if you do not keep track of your transactions. If you overdraw your account, the cost can be very expensive. There are overdraft protection products available, but very often come with fees.

Debit cards are a convenient way to access money from your checking account. You don't need to carry large sums of cash and your debit card is accepted wherever credit cards are accepted. Debit cards are not credit cards, however. Unlike credit cards, your bank deducts your purchases directly from your checking account. They work very much like ATM cards or personal checks. You can only spend what you have in your account. Don't overspend, or you may be subject to expensive overdraft fees.

Savings Accounts are a safe way to build your deposits. Your money is insured by the FDIC and you have access to your funds at any time. Savings accounts pay you a small amount of interest, are available for direct deposit, and offer 6 free withdrawals each month.

Although the interest paid on regular savings accounts is meager, this an excellent account for emergency savings as the funds are totally liquid (easily converted to cash).

Certificates of Deposit are insured savings accounts that pay more interest than regular savings accounts because they are "timed deposits". When you open a CD, you agree to leave your money on hold for a specific period of time (often 3 mos, 6 mos, 1 year, 18 mos or 5 years). The longer maturity date you choose, the higher interest you receive. Be aware that there is a penalty for early withdrawal.

Alternative Financial Service Providers

Sometimes, no matter how hard we have tried to prepare ourselves, bad things happen to good people. When there is an illness, divorce, loss of a job, or other unexpected setback, the paychecks may stop coming but the bills don't. When you don't have enough money to pay your monthly expenses, you are faced with some tough financial decisions.

Companies that provide alternative financial services often take advantage of low-income families, who can least afford the high cost of their services. If you feel your only option is to use one of these companies, make sure you read all the fine print and know what you are signing on to.

Check-Cashing Outlets

When you use a check-cashing outlet, you pay the business a fee that is a percentage of the total check you are cashing. This is like paying for something that is already yours to begin with.

Payday Loan Stores

Payday lenders are quite costly when compared with a bank or credit union. A payday lender might charge you $20 to borrow $200 for two weeks. Then, if you cannot pay this back, you must roll over the loan for another $20 fee plus the high interest on the amount borrowed, which also is rolled over to the new loan. Consumers typically roll over these loans about six times on average. This means you could end up paying $120 in fees alone to borrow $200. Roll this loan over for a full year and you could be looking at paying over 500% in interest on the amount you originally borrowed.

Rent-To-Own-Stores

These stores can be tempting because the weekly or monthly rate seems so affordable and, in time, you will actually own the item. Renting-to-own is actually very expensive, because the length of the loan is usually more than a year and the actual cost is generally two or three times more than the original cost of the item. Take, for example, a $400 television that you agree to pay $15/week for 65 weeks. The price you actually pay for that TV is $975, not including sales tax and delivery costs!!

Tax Refund Anticipation Loans (RALs)

Instead of waiting for your tax refund, tax refund anticipation loans offer immediate refunds in return for a high fee. The lender may charge you a loan fee, a service fee and a tax preparation fee. That can amount to hundreds of dollars of your tax refund that you will never see.

Make sure to factor in the consequences of using these alternative financial options before signing up for something that will cost you much more in the long run.

Non-Traditional Services/Products at A Glance

Service/ Product	Watch Out For This	Try This Instead
Check Cashing Stores	• Often charge high fees	• Direct deposit for immediately available funds at no fee
Payday Loan Stores	• High loan fees with short repayment period • Most borrowers can't pay the loan back in 2 weeks and end up rolling the loan over and over. • Often exceeds 500% APR	• Borrow from friends, family, or charitable organizations. • Borrow from local bank or credit union. • Low fee credit card advance • Build savings for next short-term. cash need • If there is no other alternative, re-pay the loan ASAP to avoid. future interest. DO NOT ROLL THE LOAN OVER MORE THAN ONCE!!
Auto Title Loan Stores	• High loan fees with short repayment period • Fees often equal 25% of loan principal • Risk losing vehicle if you don't pay AND will still owe on the loan	• Investigate programs such as Work N Wheels for 0% or low interest loans. • Loan from friends and family
Rent-To-Own Stores	• Items are generally overpriced. • Extra fees • Missed payment may mean losing item and money	• Save first, then purchase • Use layaway plans. • Check out garage sales, Craig's List, thrift stores
Subprime Car Financing	• High interest rates, upwards of 32% • Over-valuation of vehicles • Autos often repossessed after one missed payment	• Use public transportation. • Investigate programs such as Work N Wheels for 0% or low interest loans. • Consider credit counseling to improve credit history and score
Tax Refund Anticipation Loans	• Pay a high price for immediate tax refund. • Less hard-earned money that you could use toward paying off bills or meeting financial goals.	• Check out free volunteer income tax assistance sites such as: Richard Dilley Tax Center 2300 S. Park Street Madison, WI 53713 (608) 283-1261 • Have refund direct deposited into checking or savings account (refund usually comes in less than 2 weeks)

How Can You Protect Your Information?

Identity theft is a crime that happens when someone takes your personal information (name, social security #, address or date of birth) with the intention to commit fraud. The identity thief can use your information to fraudulently apply for credit, file taxes, or get medical services. Unfortunately, identity theft is becoming more and more prevalent which makes it absolutely critical that you do everything you can to protect your information. The Federal Trade Commission recommends following the 3 D's of protection to keep your identity safe.

Deter

Of course, it is desirable to prevent identity theft from happening in the first place. While there is always a chance that you may fall victim to this type of crime, there are some things you can do to decrease the opportunity for thieves to steal your information. Follow these steps to cut down the chances of becoming a victim:

- ·Take your social security card out of your wallet.
- ·Shred all papers with any identifying information.
- ·Choose not to receive pre-screened credit card offers. Call 1-888-567-8688 to opt out.
- ·Never give your social security number or bank account information over the phone or online.
- ·Pay close attention to your mail, bills, and monthly statements. Note when they normally arrive-if they are late, check on them. Go paperless if possible.
- ·Keep up-to-date records. Be familiar with transactions, amounts and activities on all accounts.If something looks unfamiliar, follow up with a phone call.
- ·Mail your bill payments from a locked mail box. Believe it or not, thieves can be watching what you put in your mailbox. Plus, we usually put up the flag on the box letting everyone know there is something in there!

Deter

It is wise to always be on the look-out for signs that someone has accessed your personal and financial information. The sooner you realize, the sooner you can take steps to stop the information breach from getting worse.

Check for these warning signs that your information may have been compromised:

- Monthly bills and statements stop arriving in the mail if you have not already gone paperless.
- You are denied for credit when you apply for loans or credit cards.
- Bills from companies you don't recognize start arriving in the mail.
- Collection agencies start contacting you.
- Your tax return is rejected by the IRS saying you have already filed.

Check your credit report at least once per year to check for signs of ID theft such as accounts from companies you don't recognize:

www.annualcreditreport.com

1-877-322-8228

Free Credit Report
P.O. Box 105281
Atlanta, GA 30348-5281

If, despite your best efforts, you suspect that you have become a victim of identity theft, it is important to take action right away. The Federal Trade Commission has created www.identitytheft.gov, the federal government's one-stop resource for identity theft victims. The site provides streamlined checklists and sample letters to guide you through the recovery process. The checklist on the next page gives a sneak peek at this FTC resource.

Defend

According to the Federal Trade Commission (www.identitytheft.gov), here is a quick guide on what to do right away:

- Step One: Call the companies where you know fraud occurred*
  - Call the fraud department. Explain that someone stole your identity.
  - Ask them to close or freeze the accounts. Then, no one can add new charges unless you agree.
  - Change logins, passwords and PINS for your accounts.

**You may have to contact these companies again after you have an Identity Theft Report.

- Step Two: Place a fraud alert and get your credit reports.
  - Place a free, 90-day fraud alert by contacting one of the three credit bureaus. That company must tell the other two. You'll get a letter from each credit bureau. It will confirm that they placed a fraud alert on your file.
  - Get free credit reports from Equifax, Experian and TransUnion at www.annualcreditreport.com or call 1-877-322-8228.

- Step Three: Report identity theft to the FTC
  - Complete the online form or call 1-877-438-4338. Based on the information you enter, Identytheft.gov will create your Identity Theft Report and recovery plan.

- Step Four: You may choose to file a report with your local police department
  - Go to your local police office with:
    - A copy of your FTC Identity Theft Report
    - A government-issued ID with a photo
    - Proof of your address
    - Any other proof you have of the theft
  - Tell the police someone stole your identity and you need to file a report.
  - Ask for a copy of the police report. You may need this to complete other steps.

Once you have completed the first steps, take a deep breath and begin to repair the damage. Close the new accounts that were opened in your name, explaining that someone stole your identity. Remove the bogus charges from your accounts by calling the fraud department of each business. Correct your credit report if necessary. Consider adding an extended fraud alert or credit freeze.

Depending on your situation, you might need to take some extra steps. You may have to replace government issued IDs such as your social security card, driver's license, and passport. Here's how:

Social Security Card

- Apply online at socialsecurity.gov
- Go to your local Social Security office and apply in person

Driver's License

- Contact the nearest DMV branch

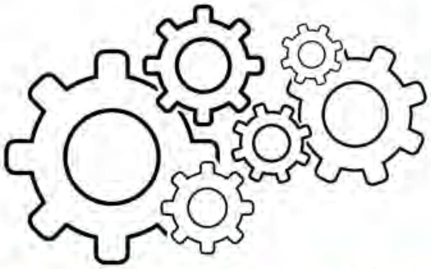
The state might flag your license number in case someone else tries to use it, or they will suggest applying for a replacement license

Passport

- Call the State Dept at 1-877-487-2778

If you want to replace the passport in the next two weeks, make an appointment to apply in person at a Passport Agency or Center.

If you are not traveling in the next two weeks, submit Form DS-11 and DS-64 in person at an authorized Passport Application Acceptance Facility.



Special Forms of Identity Theft

There are certain types of identity theft that require additional steps. If you are a victim of Tax Identity Theft or Child Identity Theft, refer to the information below for specific **tips**:

Tax Identity Theft: If you get an IRS notice in the mail that says someone used your Social Security number to get a tax refund, follow the instructions provided in the letter.

- Complete IRS form 14039. Mail or fax the form according to the instructions.
- File your tax return. You may have to mail paper tax returns.
- Write down who you contacted and when. Keep copies of all communications.

Note! Once you inform the IRS that you have been a victim of ID theft, the IRS will assign a PIN number for you to use the next tax season. They will mail the PIN to the last address you have provided to them, so remember to notify them if you move. You will not be allowed to file electronically without that PIN.

Child Identity Theft: If someone used your child's information to commit fraud:

- Call the company and explain that someone stole your child's identity, your child is a minor and cannot enter into legal contracts
- Request a manual search with the credit bureaus to see if your child has a credit report. If the credit bureau finds a report for your child, they will send you a copy of the report.

Where Do You Keep Your Records?

You may not realize it, but one very important part of staying on top of your finances is getting yourself organized. One of the main reasons people don't pay their bills on time isn't because they can't afford to…it's because they stashed the bills on a pile somewhere, only remembering it is due after the due date! This can add up to big late fees, additional finance charges and a poor credit history.

Having your records easily accessible can be helpful when you need to:

- Prove that a bill has been paid.
- Save time and stress by not having to search for certain papers.
- Show legal proof of events (e.g., birth, death, marriage, divorce).
- Prove ownership of property.
- Document tax deductions.
- Dispute errorsin bank, investment, credit card, or other financial statements.
- Document claims for benefits such as life insurance and Social Security.
- Expedite the timely payment of bills, thereby avoiding late charges.
- Simplify estate planning and the administration of your financial affairs.

What To Keep and Where To Keep It

If you are like most people, you have a collection of financial "stuff" that you don't know whether to keep or toss. Having an efficient and easy-to-use record keeping system is an important piece of your financial puzzle. It is critical that you are able to locate important papers when you need them, whether it is to prove that a bill was paid, show legal proof of events such as marriage, divorce or adoption, or to seize records quickly in an emergency situation. Where you store your important paperwork depends on the type of document it is, how often you need to refer to it, and how difficult it would be to replace.

Generally, records are usually stored in four ways:electronically, in safe deposit boxes at financial institutions, in home filing cabinet systems, and in fireproof lockboxes that can be grabbed at a moment's notice in case of an emergency. When you are choosing your method(s) of record keeping, keep these things in mind:

Keep sensitive documents out of the reach of strangers to avoid identity theft.

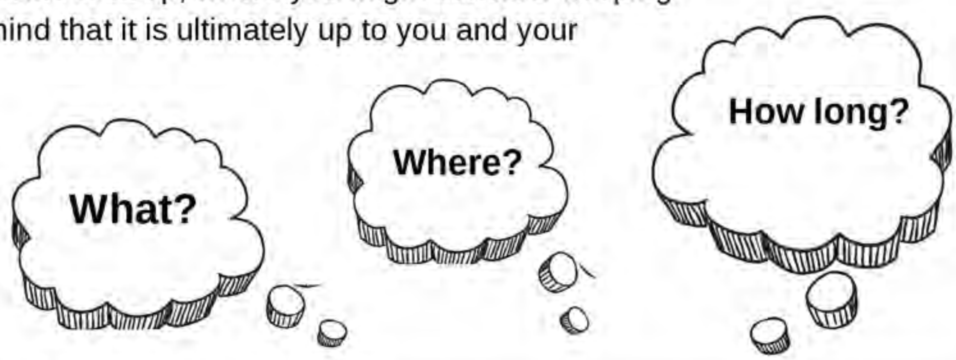
Keep important documents somewhere you can get to them in a moment's notice during an emergency evacuation situation.

Records should be kept somewhere that is water, wind and fire-proof.

You may choose to store the same documents in more than one place. It is common to scan all documents onto your computer while keeping the originals in another safe location. Whatever you choose, make sure you remember where everything is and notify someone that you trust of the location as well.

It is often confusing to know what we actually need to keep and what we can toss. When considering an item, ask yourself how easy it would be to retrieve it if you needed it. Does someone else have this information readily available such as your utility bills, credit card statements, etc.? If so, then perhaps it is not necessary for you to keep a copy in your files. Important documents that are difficult to replace are another story and should be kept close by.

Another "big" question is how long to keep certain items. It is important that you check with your accountant and/ or attorney before throwing out any financial or legal papers. That said, refer to the next page for a general guide of items to keep, where you might consider keeping them,and for how long. Keep in mind that it is ultimately up to you and your comfort level.



Electronic Storing

Scanning and storing documents electronically can provide convenient access, while cutting down on the amount of paper to rifle through. However, it is important to note that electronic copies of certain documents, such as a birth certificate or the title to our home or car, are not acceptable and the original certified copies should be stored in a safe place. If you choose to store your information electronically, you can do it in a variety of ways.

External Hard Drive

An external hard drive is a piece of equipment that sits outside of a computer and is connected through a high-speed cable, which enables the transfer and storage of data. Hard drives allow for easy backup of information on your computer, and provide storage for electronic documents, photos and other files.

Flash Drive (USB)

USB (Universal Serial Bus) flash drives are portable devices which can be the size of your thumb and are used to store documents, photos, music, and video clips digitally. They are inexpensive and easily used by sliding the device into the USB port of your desktop or laptop computer and copying your electronic files onto the device.Flash drives are convenient to use, but because of their size, they can be easily lost or stolen, giving easy access to information stored on them.

Web-Based Storage “The Cloud”

Web-based storage refers to saving data to an off-site storage system maintained by a third party. Instead of storing information on a hard drive, by creating images of key documents and uploading them to an online storage site, you can access them from any computer with an internet connection. Some online services are offered for free and some charge a fee. Make sure to use a reputable service that encrypts, secures and protects your data.

NOTE Once your documents are stored safely, be sure to inform your spouse, attorney or a trusted family member where they can access them in the event that something should happen to you. Having access to your financial documents can help those who will be taking care of your affairs.

Source: (adapted from Barbara Hemphill’s Taming The Paper Tiger).

Safe Deposit Box

Records that you don’t need to refer to very often, and are often difficult to replace, may be kept in a safe deposit box. The key to your safe deposit box should be kept in a fireproof lockbox that can be easily accessed.Items that fall in this category include:

Document	Retention Time
Automobile Records (titles, registration, repairs)	As long as you own
Appointment Books	1-10 years (you decide)
ATM Slips	Up to 6 years (if needed for taxes)
Bank Statements	Up to 6 years (for taxes)
Credit Card Statements	Up to 6 years if needed for taxes, otherwise 1 month
Dividend Payment Records	Until annual statement is issued by company
Household Inventory	As long as it stays current, toss after revising
Insurance Policies	As long as statute of limitations in case of claims
Investments Purchase Records	As long as you own
Investments Sales Records	Up to 6 years for taxes
Tax Records	Current year, plus 6 prior years
Receipts-Appliances	As long as you own
Receipts-Home Improvements	As long as you own the home, or 6 years after sale
Receipts-Medical	Up to 6 years
Utility Bills	Current bill only
Warranties	Life of the warranty

Notes

How Do You Save For Tomorrow?

Earlier in this booklet, you learned about setting goals for your future. Depending on whether those goals are short, intermediate, or long-term will impact what type of savings method is best to use.

A **savings account** is ideal for an emergency fund because your money is readily available when surprise expenses happen. It is also a good choice for an occasional expense fund because you need to access funds on a regular basis.

A **certificate of deposit** is an option when you are saving for a goal you want to reach 6 months to a couple of years from now because you can time your CD to the date you want to reach your goal. For long term goals such as saving for retirement, you may consider investing.

Investment products provide an opportunity to earn more money over time, however, they pose a greater chance of losing your money because the funds are not insured and the products are at greater risk. There are numerous investment products available based on your comfort level and whether you want to be an owner with your investments or a lender. If you prefer the owner option, investing in stocks would be appropriate. If you prefer to act as a lender, then investing in bonds, treasury bills and savings bonds might be the way to go. And, of course, you can do a combination of both:

Stocks

- You buy a share of ownership in a corporation, which gives you voting rights and a share of the company's success.
- If the company makes a profit or is perceived as having potential, its stock may go up in value and pay dividends.

Bonds

- You loan a company an initial investment and they promise to pay you back plus interest for the use of your money.
- If the company goes bankrupt, your money may be lost. If there is any money left, you will be paid before the stockholders.

Treasury Bills

Short term investment issued by the US government for a year or less.

Treasury Note

A government security with a maturity that can range from two to ten years. Interest is paid every six months.

Treasury Bond

A government security with a term of more than ten years. Interest is paid semi-annually.

Savings Bonds

- A non-transferrable, registered bond issued by the US government in denominations of $50 to $10,000.
- Interest earned on these bonds is not taxable if used for education purchases.

So How Do You Choose?

You may have heard the phrase "don't put all your eggs in one basket". This means it is recommended that you divide your money among various savings and investing products to spread the risk. Diversification can't guarantee that your investments won't suffer if the market drops. It can, however, improve the chances that you won't lose all of your money or at least not as much as if you had put all of your money in one thing.

Saving For Retirement

It is never too early to start planning for later. Unless you wish to work during your golden years, it is wise to start thinking about how you can support yourself when you retire. We hope that Social Security will be there when we need it, but changes are made each year affecting what our target retirement age is. It is common knowledge that Social Security will cover only a portion of the cost of living after you stop working. Plus, Americans are living longer and healthier lives so the need for more retirement income is increased. The ideal plan is to have money set aside to supplement your monthly Social Security payments.

How Much Social Security Will You Get?

www.ssa.gov

1-800-772-1213

Go online to see what your monthly social security benefit will be. You will be asked to set up an account to get a free personal earnings and benefit estimate statement.

How Much Will You Need?

There is much debate about how much is enough for retirement. You may want to use an online calculator to help you estimate how much you need. One option is the ballpark retirement estimator at aarp.org. One recommendation is to plan to replace 70% of your pre-retirement income. According to this theory, if your working income is $50,000 a year (before taxes) you will need $35,000 each year in retirement income to enjoy the same standard of living you had before retiring. So, if your social security income is $15,000 per year, you will need to come up with an extra $20,000 from savings each year.

Use the worksheet below to help with your planning process.

Retirement Planning Worksheet

What is your current age?	
At what age do you intend to retire?	
How many years will you live in retirement (guess)?	
How much are you currently earning?	$
What will be your main sources of income during retirement?	1. 2. 3. 4.
How much money do you need (or want) to spend each month in retirement to maintain your lifestyle?	$
How much have you already saved for retirement?	
What is your estimated annual social security payments	$
Are you taking full advantage of employer retirement plans?	
How many people must you support financially now and in the future?	

Start planning now so you can live comfortably in your later years! It is never too late to start. It is only too late if you don't start at all.

The sooner you start planning, the better!

What Accounts Can I Use to Save for Retirement?

Retirement planning can help you plan for your long-term future. To successfully plan for retirement, it is important to understand the accounts that can be used. You may have several options to save for retirement including accounts offered by your employer, often called employer-sponsored retirement plans, and individual retirement accounts. You may be able to save for retirement on a pre-tax basis ("Traditional") or post-tax basis ("Roth"). Also, retirement accounts have annual contribution limits. Talk with a financial advisor and/or human resources staff to learn more.

There are 2 main categories of employer-sponsored retirement plans: defined benefit & defined contribution.

- A defined benefit plan, commonly known as a pension, promises you a regular payment from the day you retire through the rest of your life (PGBC). However, statistics show that 15% or less of private-sector employees are offered a defined benefit plan (BLS).
- Most employees save for retirement through defined contribution plans, which do not promise you a specific monthly payment upon retirement—instead you will have the ability to withdraw funds from the total balance in your retirement account as you desire (investor.gov).

Common retirement accounts offered through employers include the following:

Account	Type
Traditional Pension	Defined Benefit
Cash Balance Pension	Defined Benefit
Traditional 401(k) and/or Roth 401(k)	Defined Contribution
Traditional and/or Roth Thrift Savings Plan	Defined Contribution
Traditional 403(b) and/or Roth 403b	Defined Contribution
Traditional 457b and/or Roth 457b	Defined Contribution
Traditional Thrift and/or Roth Thrift Savings Plan	Defined Contribution

Owners and employees at small businesses or people who are self-employed may have access to other retirement plans. If this applies to you, talk with your financial advisor about these retirement account options. For help finding a financial advisor, read UW-Extension's article, "How to Choose a Financial Advisor."

Account	Type
Solo 401k or Roth Solo 401k	Defined Contribution
Savings Incentive Match Plan for Employees (SIMPLE IRA)	Defined Contribution
Simplified-Employed Pension (SEP IRA)	Defined Contribution

There are also retirement savings accounts available that are not connected to your employer. These accounts require you to have earned income. You can open either at your preferred financial institution. Additionally, it is important to consider how government programs such as Social Security and Medicare may fit into your retirement planning.

How Can You Save For Retirement When There Is Little Time Left?

If retirement is right around the corner and you have not saved much for your later years, here are some tips to jumpstart your plan.

- **Sock it away.** Pump everything you can into your tax-sheltered retirement plans and personal savings. Try to put away 15 percent or more of your income.
- **Reduce expenses**. Funnel the savings into your nest egg.
- Take a **second job** or **work extra hours**.
- **Aim for higher returns**. Don't invest in anything you feel uncomfortable with but see if you can't squeeze out better returns.
- **Review the management fees** you are currently paying and look for fees under 1%.
- **Retire later**. You may not need to work full time beyond your planned retirement age. Part time may be enough.
- **Refine your goal**. You may have to live a less expensive lifestyle in retirement.
- **Delay taking Social Security**. Monthly benefits will be higher if you wait.
- **Make use of your home**. Rent out a room or move to a less expensive home and save the profits.
- **Sell assets**.

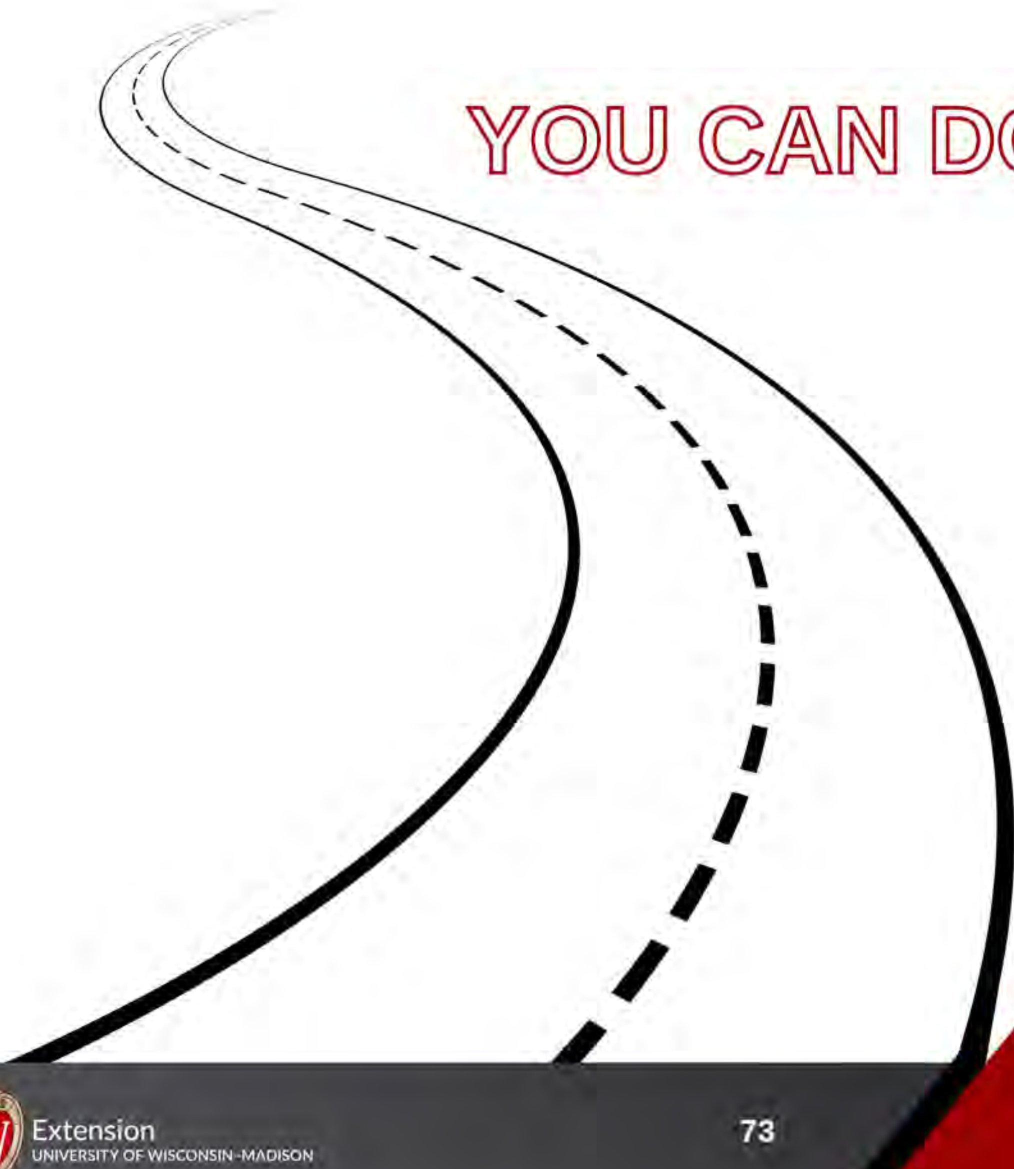
Let's Get Going!

Now it is time to actually start out on your journey to financial success. You have laid the basic ground work by deciding where you want to go (goals), figuring out where you currently are (current debts, expenses and income) and deciding what map (spending plan) you are going to follow to get there. It is important to stay focused on your goals and not make any detours (impulse and un-planned spending) that will stop you from reaching your goal.

Be committed and stick to your plan. Do not look at your spending plan as something you are giving up; think of it as a "means to an end". Don't be discouraged if you make a wrong turn here or there….just get back on track as soon as you can.

Realize that your plan is a work in progress. As you go through life, you may see the need to change your goals. A marriage, divorce, new job or new baby are a few examples of things that make it necessary to adjust your financial plan. Having a plan already in place will make it that much easier to make the necessary adjustments for your new lifestyle.

YOU CAN DO THIS!



Prepared By: Deb Neubauer, Human Development and Relationship Educator, UW-Madison, Division of Extension, and editing support for this project by Ella Acra, Jenny Abel, and Jonathon Ferguson.

Sources: Dealing With A Drop In Income, Peggy Olive, February 2009; Make Your Money Talk, Wisconsin Women's Business Initiative Corporation; America Saves.org; Madison Gas and Electric; Greenpath Debt Solutions; Your Personal Journey To Financial Success, 2008;