
Slide 1



Participant Handbook

Slide 2

Learning Objectives

- Defining your family financial profile
- Creating financial balance
- Developing short-, medium-, and long-term goals
- Tips to manage your credit

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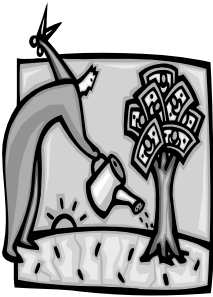
Notes:

Slide 3

How You Handle Money.....

...is how you handle life!

- Good personal financial hygiene
- Takes commitment and practice
- Develop an overall Financial Plan



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Notes:

Slide 4

Setting Financial Goals

- Short-Term (0-1 Years)
 - Emergency Funds
 - Trips/Vacations
 - House Repairs
 - New TV/Computer
 - New Car
 - Start Investment Program



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Notes:

Slide 5

Setting Financial Goals

- Medium-Term (1 - 5 Years)
 - College Tuition For Children
 - More Education For You
 - Starting A Business
 - Buying A House
 - Buying A Second Home
 - Reduce Credit Card Debt!
- Longer –Term (5 -10 Years And Longer)
 - Retirement
 - No Mortgages



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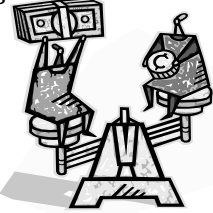
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Notes:

Slide 6

Assess Your Current Financial Situation

- Your Family Financial Profile
- Personal Financial Check-Up
- The Basic Financial Statements
 - Balance Sheet
 - Income Statement
 - Budget



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See **Handout A** “Family Financial Profile”, **Handout B** “Talking About Money” and **Handout C**, the “Financial Check-up”.

Notes:

Slide 7

Advantages Of A Budget

What A Simple Budget Looks Like:

	<u>Budgeted</u>	<u>Actual</u>	<u>Difference</u>
<i>Income For Period</i>			
Category 1			+/-
Category 2			+/-
Etc.			+/-
<i>Expenses For Period</i>			
Category 1			+/-
Category 2			+/-
Category 3			+/-
Etc.			+/-
<i>Totals:</i>			<u>+/-</u>


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Notes:

Slide 8

How to Start a Budget

- How To Start
 - Track And Record Your Income And Expenses
 - Group Into Categories
 - Compare Income Against Expenses
- Estimate Amounts For Each Category Going Forward
- Record The Actual Amounts You Spend
- Compare Budget To Actual
- Analyze And Adjust



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See **Handout D, "Monthly Income and Expenses."**

Notes:

Slide 9

The Budgeting Process

- Stay In Control
 - Record keeping
 - Make it routine
 - Monitor your progress
- Plan For Success
 - Be positive!
 - Reward your efforts
 - Communicate with family members



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Notes:

Slide 10

Credit Basics

Good credit can help you:

- Get a job
- Rent houses and apartments
- Finance car and other big-ticket purchases
- Get a better rate mortgage
- Buy insurance, make travel arrangements, establish accounts with utilities, etc.
- Feel in more control of your life




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Notes:

Slide 11

Bad Credit & Excessive Personal Debt

- Lack of money for emergencies
- Affects marriages and relationships
- Interferes with successful employment
- Can contribute to health problems
- May keep you from living the lifestyle you want now
- Restricts your ability to reach long-term goals




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Notes:

Slide 12

Managing Your Debt

- Be determined and patient
- Lower your spending
- Try using a bank debit card
- Pay cash as much as possible
- Be aware of “keeping up with the Jones”
- Be careful about borrowing against your house to pay off consumer (revolving or credit card) debt.
- “Debt consolidation” services cost you more over time
- Pay off your credit card debt



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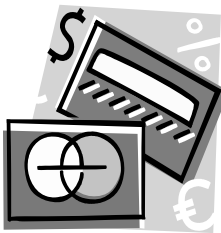
See the “Debt Danger Quiz” (**Handout E**).

Notes:

Slide 13

Advantages to Credit Cards

- Rewards or rebate programs
- Borrow money for a month
– for free!
- Boost your credit score
- Carry less cash and no bulky checkbooks
- Credit card expenditures tell you a lot about what’s important to you



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Notes:

Slide 14

Tips for Successful Credit Card Usage

- Use only two or three credit cards
- Have a pay off strategy
- Renegotiate your debt.
- Transfer balances to a low-rate card
- Check for cards with the best deals
- Beware of “zero-percent” new account or transfer offers
- Read the fine print of the agreement (the “Schumer Box”)
- Set up an online bill-payment system
- Check the interest rate you’ll be paying



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Notes:

Slide 15

Tips for Paying Credit Card Debt

- Try to pay off charges in full
- At least, pay the “minimum” due or a little more
- NEVER miss a payment
- Consider ways to raise funds to pay down your credit debt



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Notes:

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Resources

- *Online/Internet*
 - MHN Online --- www.MHN.com
 - The Motley Fool – www.fool.com
 - www.Morningstar.com
- *Readings/Articles*
 - Bilker, S. (2002). *How to Be More Credit Card and Debt Smart: Powerful Financial Management Strategies for Saving Money on Your Credit Cards and Debt!* Press One Publishers.
 - Stanley, D. (2004). *Organize Your Personal Finances In No Time*. Que.
 - Tyson, E. (2003) *Personal Finance for Dummies*, 4th Ed. For Dummies Press.

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Notes:

Handout A. Family Financial Profile

- 1. What are the spending habits of each family member?**
- 2. Is money an emotional issue in your family?**
 - Can your family talk easily about money?
- 3. Is all the income combined in the family budget?**
 - Are you using a “yours, mine, and ours” system?
 - Are you using the “mine is mine” & “yours is yours” system?
 - Are your bank accounts joint or separate?
- 4. Who takes responsibility for bill paying?**
 - I pay these and you pay those.
 - It is all paid from the central account.
 - Some bills get overlooked.
- 5. Who takes responsibility for grocery and household purchasing?**
- 6. Are there mutual agreements about making large purchases? If so, what are those agreements?**
- 7. Who has access to credit accounts?**
 - How are they controlled?
 - Who reviews the expenses?
- 8. What’s the maximum a family member can spend without pre-approval by others in the family?**
- 9. Who spends money on entertainment and how much do they spend each week?**
- 10. Do children get allowances for chores?**
- 11. Do you feel that your money management system works? Why?**
- 12. Do you have a specified amount of “pocket money” each pay period?**
 - Do the other members of the family?
 - What happens when you or a family member needs more?
- 13. Are you an “ATM JUNKIE”?**
 - How often do you use the ATM?

Handout B. Talking About Money

If the financial discussions in your household escalate into shouting matches or keep getting postponed until “later,” you have already discovered that money conversations involve so much more than a simple dialogue about dollars and cents. You may be able to make them more productive and successful if you are willing to:

- Explore your relationship with money
- Sharpen your communication skills
- Schedule regular meetings
- Adopt “best practices”

EXPLORE YOUR RELATIONSHIP WITH MONEY

Personal experience, family background, and even gender, color our financial thoughts and feelings. Here are two exercises that can help you become more aware of what may be going on beneath the surface of your money conversations.

1. Study Your History

Search your childhood and youth for any “money memories” or “money messages”. List as many as you can. Recall any “advice” or “rules” you were given. Were there arguments you overheard? Was money even discussed? Did favorite commercials influence you? Did a job loss or financial emergency impact you?

Take a close look at your list of “memories” and “messages” and write down next to each of them any feelings/emotions you associate with them. Your responses might be positive or negative or a combination of both:

- | | |
|-------------|--------------|
| • Loved | • Frightened |
| • Secure | • Angry |
| • Confident | • Sad |
| • Happy | • Helpless |
| • Hopeful | • Neglected |
| • Powerful | • _____ |
| • _____ | • _____ |
| • _____ | • _____ |

Now, go over your list one more time and ask yourself whether these past impressions are still influencing your attitudes today. If they are, you will need to decide whether they are still serving you well.

2. Know Your Type

In recent years, psychologists have tried to identify dimensions of what they call “money personality.” Just for fun, mark an “X” where you see yourself between the following opposites. If you are really brave, ask your partner to mark an “O” where he or she sees you.

Frugal Saver ----- -----	Free Spender
Risk Taker ----- -----	Risk Avoider
Worrier ----- -----	Happy-go-Lucky
Big-Picture Dreamer ----- -----	Detailed Micro-Manager
Money Lover ----- -----	Money Hater
Spontaneous Spender ----- -----	Deliberate Spender

SHARPEN YOUR COMMUNICATION SKILLS

Apply the basic “do’s” and “don’ts” of good communication to your financial conversations:

a. Be open and honest.

b. Listen actively.

- Be alert for key points. Ask questions if you don’t understand.
- Don’t jump to conclusions.
- Say back in your own words what you think the other person is trying to say.

c. Be clear about what you want to say.

- Use “I - Messages” which focus on your feelings and have three specific parts:
- “I feel...” (*Make a clear statement of how you feel*).
- “when you...” (*Name the specific behavior that caused you to feel that way*)
- “because...” (*State why the behavior is upsetting*)

EXAMPLE. “ I feel frustrated when you don’t record your ATM withdrawals because I’m afraid of overdrawing our account”.

- Avoid “You - Messages” which shut down open communication by attacking, blaming, ordering, commanding, threatening, preaching, ridiculing or criticizing.

EXAMPLE: “You ---- ! You never record your ATM withdrawals!”

d. Be ready to adopt a problem-solving approach if necessary.

- State the problem
- Brainstorm alternative solutions
- Weigh each alternative
- Agree on a possible solution
- Try out the solution and evaluate it

SCHEDULE MONEY MEETINGS

Whether you are single, a couple or a family with children, think of your household as a mini-business. Make regular appointments with yourself or your household to take care of business. Think of these sessions as opportunities to plan and decide as well as to track and monitor. Consider these guidelines for successful financial meetings:

1. Schedule regularly and set a time limit. (if you are just beginning to budget, consider 15 minute weekly meetings)
2. Stick to a money-business agenda.
3. Include all who spend money and who are old enough to understand.
4. Establish ground rules: “stick to subject,” “no put-downs,” “one at a time,” “each person gets a chance to speak.”
5. Conclude with an action plan which spells out individual responsibilities and mutual accountability.

ADOPT “BEST PRACTICES”

Years of experience with thousands of households have prompted us to compile a list of hints and practices which have worked for many:

1. Be sure that money is really the issue.
2. Make a conscious decision about joint and separate bank accounts. Whether you choose the “one pot,” “two pot” or “three pot” approach, any system will work for you if you are truly comfortable with it.
3. Designate clear responsibility for financial housekeeping: paying bills, balancing accounts, choosing and tracking investments. Try to divide tasks as evenly as possible.
4. Realize that whoever earns the money does not automatically earn the right to dictate how it is spent.
5. Consult on purchases above a mutually agreed dollar amount.
6. Agree on reasonable, “no-questions asked” spending allowances.
7. Discuss and compare goals/priorities on a regular basis. Negotiate. Compromise.
8. Coordinate approaches/strategies when children ask for spending money.
9. Agree on the use of any “extra” money (e.g. tax refund).
10. Commit jointly to develop your money management skills and to continue your financial education.
11. Discuss “what if?” scenarios so that you are prepared for illness, death, emergency.
12. Budget for fun and family time!

Handout C. Financial Check-Up

Please use the checkboxes for each question.

	YES	NO
1. Do I have clear financial goals?	<input type="checkbox"/>	<input type="checkbox"/>
2. Have I created a realistic budget to reach my goals?	<input type="checkbox"/>	<input type="checkbox"/>
3. Do I have a regular savings/investment plan?	<input type="checkbox"/>	<input type="checkbox"/>
4. Am I comfortable with my spending habits?	<input type="checkbox"/>	<input type="checkbox"/>
5. Do I have an adequate system of financial record-keeping?	<input type="checkbox"/>	<input type="checkbox"/>
6. Am I comfortable with my debt load?	<input type="checkbox"/>	<input type="checkbox"/>
7. Do I save 10% of my gross income?	<input type="checkbox"/>	<input type="checkbox"/>
8. Do I have a good credit report score?	<input type="checkbox"/>	<input type="checkbox"/>
9. Do I have a good “FICO” score?	<input type="checkbox"/>	<input type="checkbox"/>
10. Do I have a sufficient emergency fund (6 months’ income)?	<input type="checkbox"/>	<input type="checkbox"/>
11. Is my health, life, disability, property and auto insurance adequate and appropriate?	<input type="checkbox"/>	<input type="checkbox"/>
12. Am I saving money for my children’s education?	<input type="checkbox"/>	<input type="checkbox"/>
13. Do I put the maximum amount possible into my 401(k)?	<input type="checkbox"/>	<input type="checkbox"/>
14. Do I have an “estate plan” (will, trust, durable power of attorney for healthcare, etc.)?	<input type="checkbox"/>	<input type="checkbox"/>
15. Do I have a retirement plan?	<input type="checkbox"/>	<input type="checkbox"/>
16. Do I have a safe-deposit box for important records or documents?	<input type="checkbox"/>	<input type="checkbox"/>
17. Do I use competent sources for tax and investment advice?	<input type="checkbox"/>	<input type="checkbox"/>
18. Do I keep up-to-date on changes in the marketplace that affect my finances?	<input type="checkbox"/>	<input type="checkbox"/>
19. Do I communicate with those who need to know about my finances, documents, etc.?	<input type="checkbox"/>	<input type="checkbox"/>
20. Do I have an “adjustable rate” mortgage?	<input type="checkbox"/>	<input type="checkbox"/>
21. Am I stressed out about money?	<input type="checkbox"/>	<input type="checkbox"/>
22. Do I read at least one financial publication?	<input type="checkbox"/>	<input type="checkbox"/>
23. Do I know how to obtain financial information from the Internet?	<input type="checkbox"/>	<input type="checkbox"/>

Handout D. Monthly Income and Expenses

Calculate Your Income

Record the amount of net pay you bring home *each month* from every source of income:

\$	Wages/Salary from	
\$	Wages/Salary from	
\$	Wages/Salary from	
\$	Wages/Salary from	
\$	Child Support	
\$	Rental Income	
\$	Bonus/Commission	
\$	Pensions/Annuities	
\$	Interest/Dividends	
\$	Self-Employment	
\$	Other	
\$	Total Monthly Income	

Review the voluntary deductions taken from your paycheck:

Retirement Contribution (401k, 403b, 457, TSA, TSP Deferred Comp., Etc.)	\$
Dependent Care Account	\$
Health Spending Account	\$
Child Support	\$
United Way	\$
Other	\$
Other	\$
Other	\$

Estimate Your Monthly Expenses

Housing

Rent or Mortgage	\$
Second Mortgage/Home Equity	\$
Insurance	\$
Other	\$

Utilities

Telephone	\$
Gas	\$
Electric	\$
Trash/Garbage	\$
Water	\$
Sewer	\$
Internet	\$
Cable	\$
Cellular	\$
Other	\$

Home Maintenance

Clean/Garden/Pool	\$
Repair*	\$
Projects/Tools*	\$
Appliances/Furniture*	\$
Linen/Furnishings*	\$
Other	\$

Transportation

Auto Payment	\$
Insurance	\$
License/Inspection*	\$
Repair/Service*	\$
Gas/Oil	\$
Parking/Tolls	\$
Public Transit	\$

Child Support/Alimony	\$
-----------------------	----

Insurance

Life*	\$
Disability*	\$
Other*	\$

Loan and Credit Card Payments

Car 1	\$
Car 2	\$
	\$
	\$
	\$
	\$
	\$
	\$

Savings and Investments

IRA	\$
	\$
	\$
	\$

Household Management

Computer/Supplies*	\$
Postage	\$
Bank Charges	\$
Tax/Legal Fees*	\$
Other	\$
Other	\$

Taxes *

State Income Tax	\$
Federal Income Tax	\$
Property	\$
Payroll Deductions	\$
Other	\$

Child Care

Day Care	\$
Babysitter	\$
Baby Expenses	\$
Allowance	\$
Lessons/Camp	\$

* May need to find this by dividing annual amount by 12

Food

Groceries	\$
Bulk/Warehouse Shopping	\$
Lunches	\$
School Lunches	\$
Restaurant Meals	\$
Snacks/Coffee	\$
Take Out	\$
Other	\$

Medical/Dental

Doctors *	\$
Dentist *	\$
Prescriptions	\$
Over the Counter	\$
Vision *	\$
Other	\$

Personal Care

Hair Care/Hair Cuts *	\$
Nails *	\$
Toiletries/Cosmetics	\$
Health Club	\$
Massages/Facials/Other	\$

Clothing

Purchase *	\$
Laundry/Cleaning	\$
Other	\$

Pets

Food	\$
Supplies	\$
Vet/Boarding *	\$
Grooming/Other *	\$

Vacation/Travel

Major *	\$
---------	----

Getaway *	\$
Other Travel	\$

Recreation/Entertainment

Lotto	\$
Alcohol/Tobacco	\$
Hobbies/Sports	\$
Videos/Movies	\$
Reading/Subscriptions	\$
Pocket Change	\$
Other	\$

Gifts/Contributions

Religious Giving	\$
Christmas/Hanukkah*	\$
Birthdays	\$
Holidays	\$
Other	\$

Education/Career

Tuition *	\$
Supplies/Books *	\$
Dues/Memberships *	\$
Other	\$

Other

	\$
	\$
	\$
	\$

Total Monthly Expenses	\$
-------------------------------	-----------

* May need to find this by dividing annual amount by 12

Handout E. Debt Danger Quiz

YES NO

- 1. Are you borrowing for what you previously paid in cash?
- 2. Is your credit card debt more than 10% of your NET annual income?
- 3. What percent of your Net income are you saving? (Japanese save 15%; Americans less than 3%)
- 4. Is an increasing percent of your income going to pay debts?
- 5. Are you paying bills with money earmarked for something else?
- 6. Do you use one credit card to pay off another?
- 7. Are you tapping savings to pay current bills?
- 8. Do you have a six-month savings cushion?
- 9. Are you making only the minimum payments on your credit cards?
- 10. Is your debt load affecting your health, family life, sleep, eating or drinking habits?
- 11. Do you know the interest rate that you are paying on your credit cards?
- 12. Do you have more than three credit cards?
- 13. Are you at or near the limit on your credit cards?
- 14. Are you constantly “card-hopping” to get a “better deal”?
- 15. Are you taking out a new loan to pay the old one (e.g., refinancing the house to pay off credit card debt)?
- 16. Are unsure about how much you owe?
- 17. Are you and your mate honest with each other about your debts?
- 18. Are you habitually late in paying your bills?
- 19. Are you considering “debt consolidation”?
- 20. Have you considered bankruptcy?

YES NO

21. Have you been threatened with:
- | | | |
|--------------------------|--------------------------|------------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | Repossession of your car? |
| <input type="checkbox"/> | <input type="checkbox"/> | Cancellation of your credit cards? |
| <input type="checkbox"/> | <input type="checkbox"/> | Bill collection? |
| <input type="checkbox"/> | <input type="checkbox"/> | Other financial action? |

Scoring: The higher your score, the greater your debt danger. A very high score indicates that you may be in real financial trouble. Consult with a professional certified financial planner to get your financial life back on track.

Handout F. Obtaining Free Credit Reports

AnnualCreditReport.com

AnnualCreditReport.com is a centralized service for consumers to request annual credit reports. It was created by the three nationwide consumer credit reporting companies, Equifax, Experian and TransUnion.

AnnualCreditReport.com processes requests for free credit file disclosures (commonly called credit reports). Under the Fair and Accurate Credit Transactions Act (FACT Act) consumers can request and obtain a free credit report once every 12 months from each of the three nationwide consumer credit reporting companies. AnnualCreditReport.com provides consumers with the secure means to do so.

The three nationwide consumer credit reporting companies have always encouraged consumers to regularly review their credit reports. AnnualCreditReport.com offers consumers a fast and convenient way to request, view and print their credit reports in a secure Internet environment. We also provide options to request reports by telephone and by mail.

AnnualCreditReport.com is the only service authorized by Equifax, Experian and TransUnion for this purpose. Please note that, as a security precaution, consumers should never provide their personal information to any other company or person in connection with requesting free annual credit reports under the FACT Act. AnnualCreditReport.com will not approach consumers via email, telemarketing or direct mail solicitations.

Equifax

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For more information, please visit.

Experian

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government. Experian is a subsidiary of GUS plc and has headquarters in Nottingham, UK, and Costa Mesa, California. Its 12,000 people in 26 countries support clients in more than 60 countries. Annual sales exceed \$2.5 billion.

For more information, please visit www.experian.com.

TransUnion

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For more information, please visit www.transunion.com.