

# Essential

LIVING SKILLS

## MONEY MANAGEMENT



**K-STATE**  
Research and Extension

# Acknowledgments

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# Section 1

LEADER'S GUIDE

# OVERVIEW

## PURPOSE OF THE LESSON

The Essential Living Skills: Money Management curriculum has three modules, including:

- Budgeting Basics
- Banking Basics
- Record Keeping: The Facts of Your Life

For each module, you will find: objectives; fact sheets, worksheets, activity sheets, and sample lesson plans. The *Essential Living Skills: Money Management* materials may be used for self-study or for presentation and discussion at educational sessions. Copy fact sheets, worksheets, and activity sheets for distribution, as needed.

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

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

# BUDGETING BASICS

## OBJECTIVES

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

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

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

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

Following is a suggestion for three Budgeting Basics educational sessions.

## SESSION I

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

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

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### TEACHING POINTS:

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

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

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

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

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

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

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

Discuss *Does Your Money Have Wings?* Go through some of the items listed. Ask participants what items costs and how many times they usually purchase them. Add up yearly costs. Ask what they could buy with the money they saved from cutting back or cutting out something listed. Discuss remainder of sheet.

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

## SESSION II

Use the following fact sheets and worksheets:

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

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## TEACHING POINTS

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

Show the Net Worth form. This summarizes what they own versus what they owe. Look at *Getting Started* and discuss.

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

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

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

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

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

## SESSION III

Use the following fact sheets and worksheets:

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

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## TEACHING POINTS

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

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

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

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

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

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

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

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

# BANKING BASICS

## OBJECTIVES

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

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

The following fact sheets and a worksheet are included:

- Deciding How To Pay
- When Are Deposits Available?
- Selecting a Checking Account
- Managing a Checking Account
- Electronic Transfer Accounts (ETAs)

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

## SESSION I

Use the following fact sheets:

- Deciding How To Pay
- Electronic Transfer Accounts (ETAs)

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## TEACHING POINTS

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

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

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

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

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

If some participants have never used Electronic Funds Transfer, such as using an ATM card, a debit card, or electronic bill

payment service, you might want to arrange a field trip to a local business or financial institution that has the systems in place. See if the manager or other employee could explain how the system works.

While not discussed in the *Deciding How To Pay* fact sheet, questions may arise about the Kansas Benefits card. This is another type of Electronic Fund Transfer card. The Kansas Benefits card is more correctly referred to as an Electronic Benefit Transfer (EBT) card.

Families who receive food stamp benefits, Temporary Assistance for Families (TANF), general assistance, or refugee assistance in Kansas access these benefits through the Benefits card. If you need information, you can get the booklet *How to Use Your Kansas EBT Card* from the nearest Kansas Department for Children and Families office. It is also available online: [http://www.dcf.ks.gov/services/eas/Documents/EBT/V-2\\_EBT\\_Handbook.pdf](http://www.dcf.ks.gov/services/eas/Documents/EBT/V-2_EBT_Handbook.pdf)

## SESSION II

Use the following fact sheets and worksheet:

- When Are Deposits Available?
- Selecting a Checking Account
- Managing a Checking Account

## TEACHING POINTS:

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

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

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

Continue this discussion with how to select a checking account, since there are many different types of accounts and services

available. If not discussed in the previous session, this may lead to a discussion of Electronic Transfer Accounts (ETAs) as an alternative to a regular checking account.

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

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

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

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

Note: The credit section that was included in earlier versions of this publication has been deleted. Refer to the fact sheet and leader's guide: *Know Your Credit* (MF3081 and MF3082).



# RECORD KEEPING: THE FACTS OF YOUR LIFE

## OBJECTIVES

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

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

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

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

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

## SESSION I

Use the following fact sheets:

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

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### TEACHING POINTS

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

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

As an alternative, you could divide participants into groups of four to six and ask each group to make a list of 20 records that they or their families might need to keep. Remind them that records may be family, work, or financial. They also may be for everyday situations as well as emergencies. Have each group share one item on their list. Continue getting additional items from each group until you notice that they are having difficulty identifying additional records. Write down their ideas on newsprint or a chalkboard, dry erase board, or overhead transparency. You may want to list them by type of record, such as by family, work, or financial. You also may want to add other records that need to be kept. Use the various lists in the fact sheet *Where Should You Keep Important Records* as a guide. Don't hand out the fact sheet to participants until at the next session, however.

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

Keep important records until they are no longer useful.

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

Comments/Notes

## SESSION II

Use the following fact sheets:

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

### TEACHING POINTS

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

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

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

- Mention various records individually and ask the group where they think that record should be kept. Using three columns (safe deposit box, home file, and carry with you), write down their answers on newsprint or a chalkboard, dry erase board, or overhead transparency.
- As an alternative, divide participants into groups of four to six. Place three signs around the room (safe deposit box, home file, and carry with you). Select 20 or so different records and write them down on pieces of paper (one record per piece of paper). This represents a set. Make one set for each group. Ask each group to discuss and sort the records into three stacks, depending upon where they think they should be stored (safe deposit box, home file, and wallet or purse). Have each group tape the pieces of paper around the room under the appropriate storage location sign.

In both activities, use the fact sheet *Where Should You Keep Important Records?* as a guide. Go over the lists or groupings.

When there is a disagreement about where certain records should be stored, or where records are incorrectly placed or listed, discuss the correct placement and why another location is more appropriate.

- For additional information, you can use the publications in the three-part *Getting Your Household in Order* series as a reference (*Organizing Household Records*, L801; *Our Valuable Records*, MF685; and *Taking Inventory: Protecting Your Household Possessions*, L776).
- Share the fact sheet Sample Filing System. In small groups, you might have participants put together some mini-files

using folded index cards. Have participants label them according to the categories in the *Sample Filing System* (or an adaptation the group develops). Put them in a small box.

Did you use the activity above where participants sort “records” and place them around the room according to the appropriate “storage location”? If so, you could have participants retrieve the records located at the home file “storage location,” fold them into smaller pieces, and file them under the appropriate categories in the mini-files.

Comments/Notes

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## Comments/Notes

# Section 2

ACTIVITIES AND FACT SHEETS

## BUDGETING BASICS

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

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

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

Do you have control over how you spend money? Can you live within your income — meeting expenses and putting some money aside for emergencies, unanticipated expenses, and to meet long-term goals?

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

## MONEY MANAGEMENT SKILLS

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

## BUDGETING

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

1. Track how your money is spent for one month.
2. List all income for the month.
3. Compare expenses to income.
4. Determine what changes you can make to achieve your goals.
5. Make a spending and savings plan.
6. Use your spending and savings plan.
7. Review your plan as well as your income and expenses periodically, adjusting as necessary.

## GETTING STARTED

### 1. Get organized.

- a. Get your bills and financial records together. Have a designated spot where bills are placed when they arrive. If it is a paper bill, use a drawer, box, basket, or file. If it is an electronic notice, consider creating an email account just for bills. Review your bills regularly and note the date the bill should be paid. If you are going to mail the payment, the date noted should be four or five days before the due date (to allow the payment to arrive before the due date and avoid a late fee). If you are going to pay electronically, allow enough time for the payment to be received before the due date.
- b. After paying a bill, mark it “paid” and put it in large envelope, box, or file marked “Paid bills.” Keep receipts for cash payment of bills in the same place.

### 2. Track spending.

- a. To get a realistic picture of how you spend your money, keep a folded sheet of paper or small notebook with you at all times to track all of the money you spend for at least a week. Tracking your spending for an entire month will help you learn even more.

### 3. Record spending.

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

### 4. Record all income on the income worksheet.

### 5. Compare expenses to income.

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

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

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

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

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

## ACTIVITY: BUDGETING BASICS

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### YOU AND YOUR MONEY QUIZ

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

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

	YOU	YOUR PARTNER	KIDS
Too thrifty			
Reasonable			
Easy going			
Spend every cent			

2. What do you enjoy spending money on?

3. What does our family enjoy spending money on?

4. What causes the most discussion about money in our household?

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

6. Within a few dollars, how much does our family spend each month on:

- \_\_\_\_\_ Eating out
- \_\_\_\_\_ Utilities — heat, water, cable TV, phone, etc.
- \_\_\_\_\_ Entertainment
- \_\_\_\_\_ Purchases at discount stores
- \_\_\_\_\_ Snacks, cigarettes, alcohol
- \_\_\_\_\_ Gas for car

7. How much do you put aside each month for emergencies or long-term goals?

8. Do you feel any of our monthly expenses are too high?

Which ones?

9. If our family had to cut spending, what would you cut?

What would my partner cut?

10. How would you pay an unexpected expense of \$150?

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

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

13. How much does our family put into savings each month?

How much does our family have saved for emergencies?

## BUDGETING BASICS: WANTS, NEEDS, GOALS

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

A car may be a need for the family, but a new car probably is a want. A phone in the house may be a need for your family, but a cellphone could be a need or a want.

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

### GOALS

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

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

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

- A. What do I want to do with my money?
- B. How much will it cost?
- C. How long will it take to get that much money?

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

You may have more goals in one category than another. Most people have all three types of goals.

As you list your goals, decide which goals you want to use your money for first. Set dates to reach your goals. Ask yourself which goals are the most important and which are the least important. Just because a goal is short or long term it may be just as important to save for it as the immediate goal. Ask yourself these questions:

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

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

IMMEDIATE GOALS	COSTS	SAVE EACH MONTH
(within next three months)		
SHORT-TERM GOALS	COSTS	SAVE EACH MONTH
(six months to a year)		
LONG-TERM GOALS	COSTS	SAVE EACH MONTH
(1 to 5 years or longer)		

# ACTIVITY: NET WORTH

---

Date: \_\_\_\_\_

## CURRENT VALUE OF ASSETS:

Home	\$ _____
Other real estate	_____
Business interests	_____
Automobiles	_____
Home furnishings and personal property	_____
Checking account	_____
Savings account	_____
Stocks and mutual funds	_____
Pension (cash value)	_____
Individual Retirement Account	_____
Life insurance (cash value)	_____
Amounts owed you	_____
Other	_____
Other	_____
<b>Total Assets:</b>	<b>\$ _____</b>

## LIABILITIES:

Mortgage (balance)	\$ _____
Current bills	_____
Auto loan	_____
Other loans	_____
Credit cards (balances)	_____
Life insurance loans	_____
Taxes due	_____
Other	_____
Other	_____
<b>Total Liabilities:</b>	<b>\$ _____</b>

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

## ACTIVITY: WHAT DO I/WE OWE?

---

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

Date: \_\_\_\_\_

### DEBTS

COMPANY NAME	ADDRESS AND/OR PHONE	TOTAL OWED	MONTHLY PAYMENT
	TOTAL \$		\$

## ACTIVITY: TRACKING YOUR DAILY SPENDING

---

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

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

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

Dates: \_\_\_\_\_ to \_\_\_\_\_

MONDAY	TUESDAY	WEDNESDAY	THURSDAY
FRIDAY	SATURDAY	SUNDAY	TOTALS

## ACTIVITY: BUDGET

---

Month: \_\_\_\_\_ Year: \_\_\_\_\_

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

<b>Expenses:</b>	<b>Planned</b>	<b>Spent</b>
Saving	\$ _____	\$ _____
Housing and utilities	_____	_____
Transportation	_____	_____
Food	_____	_____
Other debts	_____	_____
Insurance	_____	_____
Clothing	_____	_____
Entertainment	_____	_____
Other	_____	_____

**Total Expenses:** \$ \_\_\_\_\_

**Income Minus Expenses ( + or -):** \$ \_\_\_\_\_

**Available for Savings and to Reduce Debt:** \$ \_\_\_\_\_

## ACTIVITY: BUDGET (INCOME)

---

Month: \_\_\_\_\_ Year: \_\_\_\_\_

TAKE HOME PAY	WEEK 1	WEEK 2	WEEK 3	WEEK 4	WEEK 5	MONTHLY TOTAL
Job 1	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Job 2	_____	_____	_____	_____	_____	_____
Child Support	_____	_____	_____	_____	_____	_____
WIC	_____	_____	_____	_____	_____	_____
TANF	_____	_____	_____	_____	_____	_____
Food Assistance Program	_____	_____	_____	_____	_____	_____
Other Income	_____	_____	_____	_____	_____	_____
<b>Totals</b>	<b>\$ _____</b>					

## ACTIVITY: BUDGET (EXPENSES AND SAVINGS)

Month: \_\_\_\_\_ Year: \_\_\_\_\_

	PLANNED	SPENT					MONTH TOTAL
		WEEK 1	WEEK 2	WEEK 3	WEEK 4	WEEK 5	
SAVINGS	\$ _____						
HOUSING & UTILITIES							
Rent/mortgage	_____						
Gas, Electric	_____						
Water, Sewer, trash	_____						
Telephone	_____						
Cable	_____						
Home supplies	_____						
TRANSPORTATION							
Auto payments	_____						
Gas	_____						
Maintenance, repair	_____						
Other	_____						
FOOD							
Groceries	_____						
Eating out	_____						
School lunches	_____						
OTHER DEBTS							
Loans	_____						
Credit Card payments	_____						
Other	_____						
INSURANCE							
Auto	_____						
Life	_____						
Health	_____						
Homeowner/Renter	_____						
CLOTHING							
New/used	_____						
Laundry	_____						
ENTERTAINMENT							
Movies/videos	_____						
Other	_____						
OTHER							
Medical	_____						
Child Care	_____						
Personal Care, supplies	_____						
Personal Allowances	_____						
Gifts/contributions	_____						
Tobacco, alcohol	_____						
Other	_____						
Other	_____						
TOTAL EXPENSES							

## ACTIVITY: CALENDAR OF MONTHLY INCOME & EXPENSES

Month \_\_\_\_\_ Year \_\_\_\_\_

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	
							Income Bills to Pay
							Income Bills to Pay
							Income Bills to Pay
							Income Bills to Pay
							Income Bills to Pay

## ACTIVITY: YEARLY CALENDAR OF EXPENSES

Some expenses do not occur every month, but rather at specific times of the year. Examples include holidays, back to school expenses, car tags and taxes, insurance, and birthdays.

Knowing when these expenses are due can help you plan how to pay for them. One method is to save for them each month.

List these expenses that you expect for your family. Record the amount under the month or months when the expense occurs. Divide the yearly cost by 12 to see how much to “set aside” each month. Then, total the amount that needs to be “set aside” each month for all of these expenses. It is a good idea to put this money elsewhere, such as in a savings account, so that it will be available when needed to pay these expenses (and not used for other things).

Year: \_\_\_\_\_

ITEM	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	YEARLY COST	AVERAGE MONTHLY AMOUNT
TOTAL AMOUNTS														

Set Aside Each Month

## ACTIVITY: DOES YOUR MONEY HAVE WINGS?

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

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

	COST	HOW OFTEN	MONTHLY COST	YEAR COST
<input type="checkbox"/> Soda	\$		\$	\$
<input type="checkbox"/> Candy Bar				
<input type="checkbox"/> Movies				
<input type="checkbox"/> Snacks				
<input type="checkbox"/> Tobacco				
<input type="checkbox"/> Alcohol				
<input type="checkbox"/> Eating out				
<input type="checkbox"/> Music purchases				
<input type="checkbox"/> Lottery tickets				
<input type="checkbox"/> Bingo				
<input type="checkbox"/> Overdraft charges				
<input type="checkbox"/> Late payment charges				
<input type="checkbox"/> Caller ID & other phone charges				
<input type="checkbox"/> Cell phone charges				
<input type="checkbox"/> Long distance phone calls				
<input type="checkbox"/> Cable TV extras				
<input type="checkbox"/> Garage sales				
<input type="checkbox"/> Auctions				
<input type="checkbox"/> Book and video clubs				
<input type="checkbox"/> Health club				
<input type="checkbox"/> Magazine subscriptions				
<input type="checkbox"/> Rent-to-own				
<input type="checkbox"/> Other				
<input type="checkbox"/> Other				
<input type="checkbox"/> Other				

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

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

What could you cut down or cut out? \_\_\_\_\_

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

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

## BUDGETING BASICS: SAVING FOR TOMORROW

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### SAVING MONEY IS IMPORTANT FOR SEVERAL REASONS:

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

First, save and build an emergency fund so you have money available for unexpected expenses such as car repairs, medications, and appliance breakdowns. Most experts suggest having an emergency fund equal to three months of living expenses in case you lose your job or become ill and cannot work. This allows you a cushion to pay bills.

Often people feel they cannot save that much money, but you can start by saving small amounts out of each paycheck.

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

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

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

### HOW MONEY GROWS:

Your savings will grow as you add money to it, but it also grows through compounding interest. With compounding, saving even small amounts can add up over time.

Compounding means the interest that is earned also earns interest when it is left in the savings account. Let interest work for you on your savings instead of against you on credit card debt.

## BUDGETING BASICS: SAVING FOR TOMORROW

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

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

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

### RULE OF 72:

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

- Divide 72 by the “interest rate” your money will earn. This will tell you how many years it will take for your money to double.
- Example: If you earn 6% interest on your money, it will take 12 years for your money to double.

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

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

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

## YEARLY SAVINGS TO REACH A GOAL:

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

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

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

## TIPS TO START SAVING

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

What suggestions do you have for building your savings?

## START SAVING EARLY IN YOUR LIFE

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

## BUDGETING BASICS: SAVING FOR TOMORROW

### HOW MONEY GROWS

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

Save early in life (7% interest)				Save later in life (7% interest)		Save early in life (7% interest)				Save later in life (7% interest)				
Age	Save each year	Value	Save each year	Value	Age	Save each year	Value	Save each year	Value	Age	Save each year	Value	Save each year	Value
23-33	\$1,000		\$0		23-33	\$600		\$0		23-33	\$600		\$0	
34	\$1,000	\$14,784	\$0		34	\$600	\$8,870	\$0		34	\$600	\$8,870	\$0	
35-43	\$0		\$1,000		35-43	\$0		\$600		35-43	\$0		\$600	
44	\$0	\$29,082	\$1,000	\$14,784	44	\$0	\$17,449	\$600	\$8,870	44	\$0	\$17,449	\$600	\$8,870
45-53	\$0		\$1,000		45-53	\$0		\$600		45-53	\$0		\$600	
54	\$0	\$57,208	\$1,000	\$43,865	54	\$0	\$34,325	\$600	\$26,319	54	\$0	\$34,325	\$600	\$26,319
55-64	\$0		\$1,000		55-64	\$0		\$600		55-64	\$0		\$600	
	Invested	\$10,000	Invested	\$30,000		Invested	\$6,000	Invested	\$18,000		Invested	\$6,000	Invested	\$18,000
<b>Value at 65:</b>		<b>\$112,537</b>		<b>\$101,073</b>	<b>Value at 65:</b>		<b>\$67,522</b>		<b>\$60,644</b>	<b>Value at 65:</b>		<b>\$67,522</b>		<b>\$60,644</b>

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

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

## ACTIVITY: MONEY SAVING SUGGESTIONS

---

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

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

DO	WILL
NOW	TRY

### Food

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

### Clothing

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

### Energy costs

- Change the furnace filter every 4 to 6 weeks.
- Put plastic over windows in winter to reduce air leaks.
- Turn thermostat down to 62 degrees at night in winter.

DO WILL  
NOW TRY

- \_\_\_ \_\_\_ Don't waste energy on an empty house. Turn thermostat down during the day in winter or up during the summer when no one is home.
- \_\_\_ \_\_\_ Use weather stripping and caulking around doors and windows to reduce air leaks.
- \_\_\_ \_\_\_ Place "draft dodgers," such as rolled up towels, at bottom of doors.
- \_\_\_ \_\_\_ Turn water heater down to 120 degrees and keep hot water usage to a minimum.
- \_\_\_ \_\_\_ Wash clothing only when you have a full load. Use cold water when appropriate.
- \_\_\_ \_\_\_ Hang clothing to dry on hangers or outside when possible instead of using the clothes dryer for everything.
- \_\_\_ \_\_\_ Turn water off when washing hands and brushing teeth.
- \_\_\_ \_\_\_ Fix leaky faucets — have a friend show you how.
- \_\_\_ \_\_\_ Use fans instead of (or along with) air conditioner since circulating air feels cooler.
- \_\_\_ \_\_\_ Turn air conditioner up at night and run a fan in the bedroom.
- \_\_\_ \_\_\_ Close blinds and pull shades to keep out heat and cold.
- \_\_\_ \_\_\_ Open windows in early hours of summer days, then close before the temperature heats up.
- \_\_\_ \_\_\_ Turn off the TV, lights, and computer screens when not in use.

### **Fun**

- \_\_\_ \_\_\_ Plan "family fun nights" at home a couple times a month and play games, watch videos, and pop popcorn.
- \_\_\_ \_\_\_ Attend free events, such as fairs and festivals. Look at exhibits and limit money spent on rides.
- \_\_\_ \_\_\_ Plan visits to museums and other historic places in area.
- \_\_\_ \_\_\_ Pack a lunch and go to park to play.
- \_\_\_ \_\_\_ Use the library to borrow books, movies, music, and magazines. Check out other library activities.

### **Shopping and personal**

- \_\_\_ \_\_\_ Make a list and use less gas by planning shopping so you don't make trips for one or two items.
  - \_\_\_ \_\_\_ Walk where possible — it is good exercise.
  - \_\_\_ \_\_\_ Watch gas prices since costs can vary depending on the service station.
  - \_\_\_ \_\_\_ Change oil in auto on a regular schedule, or ask a friend to change it for you.
  - \_\_\_ \_\_\_ Ask several friends to recommend a good auto mechanic in case you need one.
- Always get a written estimate of repair costs.*

DO WILL  
NOW TRY

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

## BUDGETING BASICS: INCREASE YOUR INCOME; DON'T FALL FOR A SCAM

---

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

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

What are your suggestions for increasing your income?

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

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

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

## PYRAMID SCHEMES

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

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

PYRAMID MATRIX — THE PROOF IS IN THE PYRAMID\*

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

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

Fact Sheet

## BUDGETING BASICS: GETTING HELP

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

Consider these and other organizations in your local community:

- Kansas Department for Children and Families
  - Temporary Assistance for Needy Families (TANF)
  - Food Stamp benefits
  - Medical Assistance
  - Ask about assistance for your specific needs such as paying utility bills
- Community programs
  - Prairie Land Food
  - Commodity Foods
- Health Department
  - Women, Infant, and Children Program (WIC)
  - Food vouchers for pregnant women, and families with young children
  - Immunization clinics
  - Well child clinics
- Salvation Army
- Schools
  - Free and reduced cost meals
- Food banks
  - Food
  - Money assistance for utility bills
- Emergency aid hot lines
- Churches
- Red Cross
- Homeless shelters
- Local assistance organizations such as Christmas Funds

- Money management education
  - Local offices of K-State Research and Extension
  - Consumer Credit Counseling Services

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

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

## BUDGETING BASICS: INSURANCE

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Insurance is a way to protect yourself against risks and uncertainty that can result in large expenses.

### AUTOMOBILE INSURANCE

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

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

#### **The cost of auto insurance is affected by:**

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

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

## HOUSING INSURANCE

### Renters

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

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

### Owners

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

## HEALTH INSURANCE

Since January 2014 most people are required to have health insurance coverage at least nine months out of the year or pay a fee called an individual responsibility payment. Depending on your personal situation you may have more than one option for obtaining coverage. For example, you may have coverage through a job, a private policy (including COBRA), or a public program (Medicare, KanCare, VA, TRICARE, or Indian Health Service). Purchasing coverage through the health insurance marketplace is another option. Applications to KanCare can be made at any time. Purchasing coverage through the health insurance marketplace is limited to the marketplace open enrollment period unless you experience a qualifying life event. Learn more about purchasing coverage through the health insurance marketplace at [healthcare.gov](http://healthcare.gov)

## LIFE INSURANCE

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

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

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

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

## BUDGETING BASICS: RENT-TO-OWN

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

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

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

### MAKING THE "RENT-TO-OWN" DECISION

Ask yourself these questions:

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

**Before you sign a "rent-to-own" contract, ask these questions about the payments:**

Payments:

- What is the total for each payment? Are payments weekly or monthly?
- How must payments be made? By cash, debit or ATM card, or money order? Will they accept checks?
- When are payments due?
- How many rental payments are you required to make before you can return the item?
- How many payments must you make before you own the item?
- What is the total cost of the contract?
- Can you purchase the item for cash before the rent-to-own contract is up?
- Is there a grace period for late payments? Most stores will demand the return of an item if:
  - Weekly payment is two days late.
  - Monthly payment is five days late.

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

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

You will also want to ask if they do a credit check.

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

### EXAMPLE OF RENT-TO-OWN CONTRACT COST:

New model color TV

\$696.59 cash at rent to own store

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

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

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

### WEEKLY COST:

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

### Weekly total:

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

### Yearly total:

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

## BUDGETING BASICS: THE COST OF MOVING

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

### RENTAL DEPOSITS

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

#### **Lease**

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

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

### UTILITIES

#### **Gas and Electricity:**

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

- **Deposit** — A general rule is a deposit of two times the average monthly bill for the house or apartment where you will be moving. This deposit may be divided into payments with part due before the utility is hooked up, and the rest in equal monthly payment. The deposit will generally be returned after you have paid bills on time for one year.
- **No deposit** — If you have service in your name now, and all bills are current, there may not be a deposit required.
- **Letter of credit** — If you are moving to another town, get a letter of credit from your current utility company stating you have paid your bills on time for the past 12 months and you may not have to pay a deposit. This is a good reason to pay bills on time.
- **Letter of guarantee** — Some utility companies allow another person who has an account with the company to sign a "Letter of Guarantee." They are held responsible for up to the guaranteed deposit amount (generally two months average bill), if you move out and leave an unpaid bill.

- Level payment plans — Means you can pay a fixed amount each month that would equal the total year's bill and not have huge bills when it is unusually hot or cold. If bills are higher than average, the company can adjust your level payment plan.
- Utility payment assistance — Check with the Red Cross, Salvation Army, and the Kansas Department for Children and Families to see if you qualify for assistance with your utility bills.
- Most companies require that past due accounts from an old address be paid in full before service will be started at a new address.

### **Water and Sewage:**

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

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

### **Phone:**

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

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

### **Cable TV:**

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

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

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

### **Internet service**

While you may decide to “bundle” your Internet service with a cable TV or landline telephone package, knowing what you want and need and comparing what is offered can affect how much you pay for home Internet access. Some things to consider include: download and upload speeds, terms of service, costs and contracts, reliability, and customer support.

## MOVING EXPENSES

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

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

## ACTIVITY: THE COST OF MOVING

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### MOVING COSTS:

#### Rental housing:

Name of landlord \_\_\_\_\_

Phone number \_\_\_\_\_

Property address \_\_\_\_\_

Move in date \_\_\_\_\_

Monthly rent \$ \_\_\_\_\_ 1st month date paid \_\_\_\_\_ \$ \_\_\_\_\_

Deposit amount \$ \_\_\_\_\_ Date paid \_\_\_\_\_ \$ \_\_\_\_\_

Receipt received \_\_\_\_\_

Property condition checklist completed — Date done \_\_\_\_\_

#### Gas or electricity:

Name of company \_\_\_\_\_

Phone number \_\_\_\_\_

Date called \_\_\_\_\_

Hook up date \_\_\_\_\_

Deposit \$ \_\_\_\_\_ Date paid \_\_\_\_\_ \$ \_\_\_\_\_

Letter of credit from old utility co. Date requested \_\_\_\_\_

Letter of guarantee sent Date \_\_\_\_\_

Level payment plan agreement amount per month \$ \_\_\_\_\_

Disconnect at current residence — Date \_\_\_\_\_

#### Water and sewage:

Name of office to call \_\_\_\_\_

Phone number \_\_\_\_\_

Date called \_\_\_\_\_

Hook up date \_\_\_\_\_

Water hook up fee \$ \_\_\_\_\_ Date paid \_\_\_\_\_ \$ \_\_\_\_\_

Sewage monthly charge \$ \_\_\_\_\_

Disconnect at current residence — Date \_\_\_\_\_

**Cable TV:**

Name of company \_\_\_\_\_

Phone number \_\_\_\_\_

Date called \_\_\_\_\_

Hook up date \_\_\_\_\_

Hook up fee \$ \_\_\_\_\_ Date paid \_\_\_\_\_

Services monthly fee

Basic \$ \_\_\_\_\_

Other \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

\_\_\_\_\_ \$ \_\_\_\_\_

Total monthly fee \$ \_\_\_\_\_

Disconnect at current residence — Date \_\_\_\_\_

MOVING COSTS:

\$ \_\_\_\_\_

**Internet:**

\$ \_\_\_\_\_

**Phone:**

Name of company \_\_\_\_\_

Phone number \_\_\_\_\_

Date called \_\_\_\_\_

Hook up date \_\_\_\_\_

Hook up fee \$ \_\_\_\_\_

\$ \_\_\_\_\_

Monthly base charge plus taxes \$ \_\_\_\_\_

Other services

Call waiting \$ \_\_\_\_\_

Caller ID \$ \_\_\_\_\_

Other \_\_\_\_\_ \$ \_\_\_\_\_

Total monthly charges \$ \_\_\_\_\_

Long distance company name \_\_\_\_\_

Date called \_\_\_\_\_

Base monthly fees for long distance \$ \_\_\_\_\_

Rate per minute for long distance \$ \_\_\_\_\_

Disconnect at current residence — Date \_\_\_\_\_

**Rental of moving vehicle/trailer:**

Name of company \_\_\_\_\_  
 Name of person talked to \_\_\_\_\_  
 Location \_\_\_\_\_  
 Phone \_\_\_\_\_  
 Date called \_\_\_\_\_  
 Date scheduled to use \_\_\_\_\_  
 Deposit \$ \_\_\_\_\_ Date paid \_\_\_\_\_  
 Pick up date and time \_\_\_\_\_  
 Return date and time \_\_\_\_\_  
 Costs \$ \_\_\_\_\_

MOVING COSTS:

\$ \_\_\_\_\_

**Summary of moving costs:**

Rental housing	\$ _____
Gas or electricity	\$ _____
Water and sewer	\$ _____
Cable TV	\$ _____
Phone	\$ _____
Moving	\$ _____
<b>Total</b>	<b>\$ _____</b>

## BANKING BASICS: DECIDING HOW TO PAY

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

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

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

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

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

This fact sheet discusses ways of paying for purchases or paying bills from existing cash. In some cases, you may decide to pay with future income, such as using credit. When you promise to pay in the future for something that you buy now, costs usually are higher. So be cautious. Will you have the money to make the future payments and still have enough for other current living expenses? For more information on credit, refer to the fact sheet and leader's guide: Know Your Credit (MF3081 and MF3082).

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

## WHEN PAYING WITH CASH:

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

- Cash is accepted by businesses and individuals. They may not accept your personal check, credit card, or debit card.
- Cash usually is the cheapest way to make purchases, with no additional service charges, fees, or interest.
- Use caution when handling cash, since it can be easily lost or stolen. It is a good idea not to carry a lot of cash or keep a lot of cash in your home.
- Having cash around may encourage you to buy things on impulse, such as things you do not really need or cannot afford.
- Cash is not protected like some other ways of making payments (such as the limit on what you can lose when a credit card is lost or stolen; or the ability to stop payment on an uncashed check if it is lost or stolen).
- Unlike some checking accounts and most savings accounts, cash does not earn interest.
- You may have to stand in line and wait when you pay bills with cash, such as at a utility or other company.
- Be sure to ask for and keep receipts for cash purchases and payments.
  - » When making a purchase, remember to keep your sales receipt. It may be needed for an exchange or refund, to get warranty service, for income tax purposes, or to track spending.
  - » When making a payment with cash, be sure to get a receipt. Without a receipt, it is your word against the business if there is a dispute about whether (and how much) you paid.
  - » Have the person you are paying mark the bill “paid.” Unless a “paid” stamp is used (that has the date and the name of the company or person on it), have the person sign and date the receipt.
  - » If there is no bill or statement (such as when paying your rent), be sure to get a written receipt. The receipt should have your name, the date, the amount paid, and the signature of the person you are making the payment to.
- Never send cash in the mail! Not only could the money be stolen, but you also have no proof of payment. If you do not have a checking account, it is best to purchase a money order or cashier’s check, or make other arrangements.

## WHEN PAYING BY PERSONAL CHECK:

A personal check is a piece of paper that authorizes a bank, savings and loan association, or credit union to take a certain amount of money from your account and pay that amount

to another person or business, or to you as cash. The transfer of money into and out of your account usually takes a few days.

- Personal checks are reliable, convenient, and widely accepted by businesses (although proper identification may be required).
- Money is kept safe, with deposits at federally insured financial institutions protected up to \$250,000.
- Financial services laws help protect you in the event someone steals your checks and forges your name. If a check is lost or stolen, you also may be able to stop payment on the check if you act quickly (before the check “clears” and if you meet any other rules set by the financial institution). Contact your financial institution immediately if a check is lost or stolen.
- Checking accounts allow you to pay bills easily by mail. Don’t forget the cost of postage.
- Canceled checks can provide proof of payment for tax purposes, or if a question comes up about whether a bill was paid or not.
- There are many types of checking accounts and the services provided by financial institutions vary. Some checking accounts only provide basic check writing services. Most now offer a variety of services, such as Automated Teller Machines (ATMs), debit cards, credit cards, and bill payment services. Some checking accounts earn interest.
- The costs of a checking account can vary widely, depending on such things as the type of account you choose and the number of services that you actually use. Shop for the financial institution and the checking account that best fits your needs (and your spending patterns) at the lowest cost. Examples of fees include:
  - » a charge for printed checks
  - » a service charge, which may be a fixed monthly amount or based upon a set of factors (such as the number of checks you write, the number of checks you write above a specified number, the average amount in the account, or if the amount drops below a certain minimum amount)
  - » ATM and debit card fees
  - » a charge for deposited checks returned because of insufficient funds
  - » a charge for checks written on an overdrawn account
  - » stop payment requests
  - » bill payment services
- While safer than carrying cash, checks also can be lost or stolen. Keep track of your checkbook. Also keep an accurate listing of checks written in your checkbook register or on the check stubs. Extra checks should be kept in a safe place.
- A checking account can help you live within your income, avoid overspending, and build a good financial history. Managing your account means:
  - » knowing how to correctly make a deposit, write a check, and endorse a check;
  - » using the checkbook register or stubs to keep track of the money in your account; and

- » reconciling your checkbook with the statement you get from your financial institution every month or quarter.
- Checking accounts also can create havoc for your family if you fail to keep track of your spending or don't manage the account carefully. For example, checks returned due to insufficient funds ("bounced" checks) can be costly.

## WHEN PAYING BY MONEY ORDER:

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

- Money orders can be issued for almost any amount, usually up to \$1,000 (postal money orders) or more for personal money orders, but it varies according to who issues it.
- If only the amount is filled in at the time the money order is purchased, handle it with great care! Until the rest of the information is filled out, a money order is like cash — anyone who has it can use it. It is best to fill out the money order and receipt at the time of purchase.
- Postal money orders require that additional information be provided on both the money order and the receipt at the time of purchase (such as the name and address of the purchaser and the "payee" — the person who is receiving the payment). Some financial institutions and other retailers who sell personal money orders also may require additional information at the time of purchase.
- Keep the money order receipt (or in some cases, the stub or copy) until it has been cashed. The receipt can be helpful if there is a question about whether the money order was cashed or not (and by whom) or if the money order is lost, stolen, destroyed, or damaged. Money orders can be traced without the receipt, but in the case of personal money orders, the process may be costly and time consuming.
- You usually can stop payment on a money order that has not yet been cashed. In addition, money orders that have been damaged, lost, or stolen — but not cashed — usually can be reissued. The cost and the process that has to be followed vary, however, depending on where the money order was purchased.
- After the money order has been cashed, the rules are different. Postal money orders that have been lost or stolen — and cashed by someone other than the original payee — can be reissued with no charge. Whether personal money orders can be replaced (and the resulting fee) depends upon the issuer of the money order.
- Money orders cannot have multiple endorsements, which means they must be deposited or cashed by the person or company they are made out to. There may be some limited exceptions, such as when one or both parties — the payee and the second endorser — are established customers of the financial institution where the money order is being cashed or deposited.

- Payments made with a money order are usually treated as cash. This may be helpful, such as when ordering something by mail. The company may ship the purchased item more quickly, since they don't have to wait to be sure the check has sufficient funds to cover it.
- Fees charged for purchasing money orders vary. However, money orders usually are less expensive than cashier's checks.
- Be aware that when cashing personal money orders, some retailers may charge a fee.

## WHEN PAYING BY CASHIER'S CHECK:

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

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

## WHEN PAYING BY ELECTRONIC FUND TRANSFER:

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

- Many financial institutions offer the option of preauthorizing the transfer of funds from your checking or savings account to another account in order to make payments that occur on a regular basis. Fees may be charged for this service.
  - » Direct payment usually involves giving a "voided" check (a blank, unsigned check across

which you have written the word “void” in large letters) to the “payee” (who the payment is going to) and providing written authorization to have a set amount automatically deducted from your account on a specific date or series of dates. In most cases you can select the dates; in some cases you choose from a selection of dates set by the “payee.”

- » Electronic bill payment services allow you to pay bills or make payments that occur regularly (similar to direct payments), as well as those that occur irregularly (that occur on different dates or in different amounts each time). These payments are handled through your financial institution (rather than through the payee).
- » The advantages of direct payment and electronic bill payment are convenience and avoiding late charges, since bills are paid automatically on specified dates. However, it is critical to carefully select the dates when transfers are to be made (to coincide with when funds are available in your account). Always note in your account register when the transactions are made and the amount of the transactions.
- » It is also important to monitor your account carefully. Compare your account register with your financial statement, making sure that payments were made and funds were deposited as scheduled. Make adjustments to the payment schedule as needed.
- Automated Teller Machines allow you to withdraw cash from your account without a teller. In most cases, you also can do other banking transactions, such as make deposits or move money from one account to another.
  - » To use an ATM, insert an ATM card into a machine that accepts your particular card (one owned by your financial institution, or one where the logo on the face of the card matches one of those displayed near the ATM, indicating which cards can be used with that particular system).
  - » Next, you enter your Personal Identification Number (PIN), indicate what transaction you wish to complete, and enter the requested information.
  - » Some transactions may be limited, such as the amount of cash that can be withdrawn in a 24-hour period. Or, the cash withdrawn may have to be in multiples of a specific dollar amount (like \$10).
  - » The machine issues a paper receipt showing the amount and type of transaction. Many receipts also indicate your account balance.
  - » Deposits are subject to verification, and funds from deposited checks may not actually be available for up to five days. If you don't have enough in your account to cover the transaction, the ATM will reject it.
  - » Fees are usually charged for each transaction (although there may not be a fee if you are using your own financial institution's ATM).
  - » When using another financial institution's ATM, you may have multiple charges — one from your bank, savings and loan association, or credit union, as well as one from the financial institution that owns the ATM.

- A debit card uses Point of Sale (POS) terminals to make purchases (and in some cases, get cash back above the purchase amount). They can be used at grocery stores, department stores, gas stations, or other business locations that have the debit card system and that accept the type of card you have (one that has the same logo on the card as that posted near the POS terminal). Here's how debit cards work.
  - » If you are buying something at a department store, insert the debit card into the POS terminal at the checkout. Then you enter your PIN number or sign a transaction slip.
  - » Money from your account is transferred to the business's account. The machine then issues you a paper receipt showing the amount of the transaction and the location of the terminal.
- Some cards serve more than one purpose.
  - » Debit cards usually can be used to get cash at Automated Teller Machines (ATMs).
  - » Some (but not all) ATM cards can be used with POS terminals as debit cards.
  - » It is common for financial institutions to provide account holders with a single electronic fund transfer card, one that is designed to serve both as ATM cards and debit cards.
  - » ATM cards and debit cards often look similar to credit cards. However, they function very differently and it's important not to confuse them.
- Some credit cards also can be used in POS terminals (functioning as a credit card, however, rather than a debit card), transferring funds from your line of credit to the business's account.
- Some ATM cards and debit cards have logos of major credit cards on them (indicating that they also can be used with credit card systems displaying that logo). However, they are still functioning as ATM and debit cards —automatically withdrawing the funds from your account — not as credit cards.
- Here are some safety tips to protect your ATM or debit card:
  - » Sign the back of your card as soon as you get it. Read the information that comes with it.
  - » Memorize your Personal Identification Number (PIN). Don't write it down on your card or somewhere else in your wallet. Don't share it with anyone else. If you get to select your PIN, don't use something that would be known (or could be "guessed") by other people, such as your birth date, telephone number, address, or zip code. And be aware of your surroundings when entering your PIN; be sure no one else can see what you enter.
  - » Periodically, check to see if your ATM or debit card is where it is supposed to be.
  - » Do not bend or scratch your card. Keep it away from heat and magnetic surfaces.
  - » At night, only use ATMs or POS terminals that are in well-lit and safe areas.
  - » Be sure to enter requested data accurately and verify any purchase amounts entered by a salesperson.

- » Record ATM and debit card transactions in your account register immediately, just as if it were a check, and keep your receipts. Carefully compare your account register and receipts with your account statement. Notify your financial institution immediately if there are any errors.
- » Keep a list of your account number, card expiration date, and the telephone number of the financial institution that issued it in a safe location (to call in the event your ATM or debit card is lost or stolen).
- » If your ATM or debit card is lost or stolen, or someone makes unauthorized withdrawals from your account, contact the financial institution as soon as you become aware of the loss. Follow up with a letter. Under both federal and state law, the longer you wait to report the loss, the more money you may lose!
- Federal law limits your liability (the amount you will be responsible for) to \$50 of any unauthorized withdrawals that occur if you notify the card issuer within two business days after learning of the loss or theft.
- After two business days — but within 60 days after the financial institution sends you a statement where the unauthorized withdrawal appears — your liability can go up to \$500.

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

- If your account is located in Kansas at a state-chartered bank or savings and loan association, your liability is limited to \$50 if you notify the card issuer within four business days of discovering the loss or theft. After four days, however, your loss can go as high as \$300.
- There are several other ways to make payments or purchases using electronic fund transfers.
  - » Prepaid transaction cards are a popular way to pay for purchases or services ahead of time (such as prepaid gas cards and prepaid gift cards). You generally purchase the cards for a specific amount (its "cash value") and then use it whenever you want to use that service or make that type of purchase. As you use the card, the amount of the service or purchase is deducted from the card's current balance. Once the card balance is zero, or near zero, you can purchase a new card, or in some cases add more money to the existing card so it can be used further.
  - » Computer banking (also known as home banking or on-line banking) allows you to pay bills, transfer money, and bank 24-hours-a-day using your computer and an Internet connection.
  - » Telephone debits allow you to authorize a business to electronically withdraw funds from your checking account. You provide the routing number and checking account number off your check. This method can prevent late fees on bills or speed the delivery of goods. However, it is critical that you only give this information to reputable companies where you initiate the call. If you are interested in making a purchase from a company you have

not done business with before, carefully check out the company (such as by contacting the Better Business Bureau and the Kansas Consumer Protection Division of the Attorney General's Office). Giving your checking account information to someone you do not know, or to someone who you have not checked out, can be dangerous. They may be fraudulent.

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

## BANKING BASICS: WHEN ARE DEPOSITS AVAILABLE

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

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

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

WHEN THE MONEY IS AVAILABLE	TYPE OF DEPOSIT
Day of deposit	Direct deposit of federal government payments
Next business day after the day of deposit	Electronic transfers
	First \$100 of any deposited check that is not a "next business day" deposit
	Cash (deposited in person)
	U.S. Treasury checks (deposited in person or at ATMs owned by your financial institution)
Next business day after the deposit (continued)	Postal money orders (deposited in person)
	State or local government checks (deposited in person)
	Cashier's or certified checks (deposited in person)
	Checks from another account at the same financial institution
Second business day after the day of deposit	Money orders from (or drawn on) the same financial institution
	Checks and non-postal money orders from local financial institutions
Fifth business day after the day of deposit	Deposits of cash, postal money orders, state or local government checks, cashier's checks, or certified checks that are made at an ATM owned by your financial institution
	Checks and non-postal money orders from non-local financial institutions
	Deposits made at an ATM not owned by your financial institution

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

## ACTIVITY: SELECTING A CHECKING ACCOUNT

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

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

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

Name of financial institution \_\_\_\_\_

Type of checking account? \_\_\_\_\_

— Is checking free? \_\_\_\_\_

If checking is free:

— Is there a balance requirement for free checking? What is it? \$ \_\_\_\_\_

— Is it a minimum balance or an average balance? \$ \_\_\_\_\_

— What are the fees if your account drops below this balance? \$ \_\_\_\_\_

— Is there a maximum number of checks or electronic transactions before fees are charged? What is the maximum number of checks?

— What are the fees if you exceed this number? \$ \_\_\_\_\_

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

If checking is not free:

— Is there a set monthly fee? What is it? \$ \_\_\_\_\_

— Is there a fee based on some other criteria? \_\_\_\_\_  
How is it calculated?

— Is interest paid? \_\_\_\_\_

If yes:

— What is the interest rate? \_\_\_\_\_%

— Is there a balance requirement to earn interest?  
What is it? \$ \_\_\_\_\_

Is it a minimum balance or an average balance? \_\_\_\_\_

- Are there any other requirements that must be met?
- What are the fees or charges for:
  - Printed checks?
  - Checks written on overdrawn account?
    - Overdraft protection?
    - Deposited checks returned because of insufficient funds?
    - Stop payment requests?

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

- Equipment owned by the financial institution?
- Equipment not owned by the financial institution?
- How often are statements sent to account holders?
- Are canceled checks returned with the statements? If not, how much does it cost to get a copy of a check? Are canceled checks available electronically?

What other services are provided at this financial institution and what are the fees for using these services:

- Cashier's checks? \_\_\_\_\_
- Money orders? \_\_\_\_\_
- Traveler's checks? \_\_\_\_\_
- Bill payment service? \_\_\_\_\_
- Safe deposit box? \_\_\_\_\_
- Credit card (annual fee and interest rate) \_\_\_\_\_
- Others? \_\_\_\_\_

Other things to consider:

- Is the financial institution conveniently located? \_\_\_\_\_
- Is there a drive-up teller service? \_\_\_\_\_
- Where are ATMs located? \_\_\_\_\_
  - Are they "drive-up" or "walk-in" centers?
  - Are they in safe and well-lit locations?
- What savings plans are offered? \_\_\_\_\_
  
- Are the employees knowledgeable and helpful? \_\_\_\_\_
- What are normal business hours (inside and drive-up window)?

## BANKING BASICS: MANAGING A CHECKING ACCOUNT

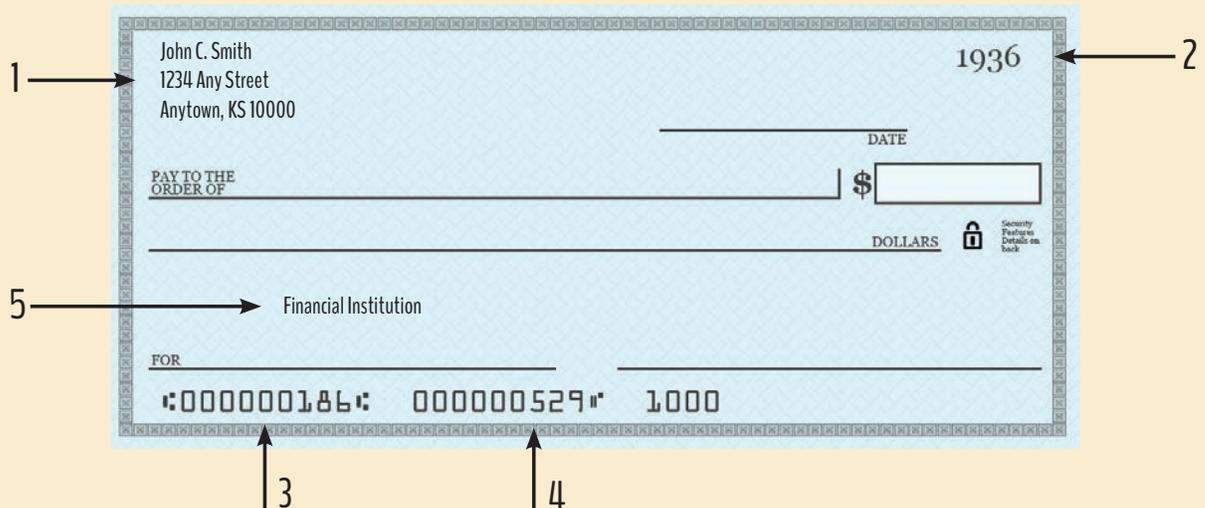
If you have a checking account from a bank, savings and loan association, or credit union, managing it can be very important in using your resources wisely. Financial institutions may offer other services, such as Automated Teller Machines (ATMs), debit cards, bill payment services, and more. If you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

### KNOW WHAT INFORMATION APPEARS ON A BLANK CHECK

The information that appears on a printed check include:

1. your name (and, if you choose, address and telephone number)
2. the check number
3. routing numbers (indicating the financial institution on which the check is drawn, the state where it is located, and who will process the check at the regional level)
4. your checking account number
5. the name or branch of the financial institution that handles your checking account

Sample Check

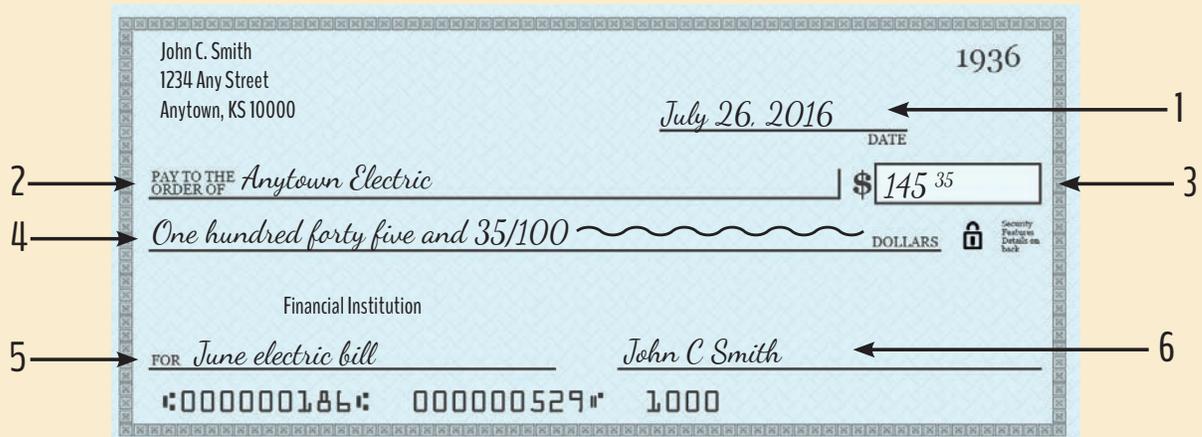


## KNOW HOW TO WRITE CHECKS CORRECTLY

The information you enter when writing a check include:

1. the date
2. the name of the “payee” (the person, business, or organization to whom the check is written)
3. the amount of the check in numbers
4. the amount of the check in words
5. the purpose of the check (if you choose to note it)
6. your signature

### Sample Check



- When writing a check, it is important that the information be accurate and written in such a way that it cannot be altered by someone else.
- If you make a mistake, it is best to write “VOID” on the check in large letters (making sure it covers at least part of your signature) and start over with a new check. Be sure to note in the checkbook register or on the check stub that the check was “voided.” Keep the voided check for your records. For minor errors (such as the wrong date), you may be able to mark out the error and rewrite the corrected information. Be sure to put your initials next to the correction.
- Always write clearly and in ink. Use a ballpoint pen, rather than a felt tip pen or pencil, which are more likely to be erased or smeared.
- Make sure the spelling and the date is correct. For the date and the “pay to the order” line, it is best to write the information out completely and not use abbreviations or numbers. Never post-date a check (put a future date on it), since the person you wrote it to may go ahead and try to cash or deposit it. This could result in a “bounced” check. If you don’t have enough money in your account to cover the check, don’t write the check.

- Start at the far left of lines where you are to enter information. It's also a good idea to draw a wavy line through any remaining space to the right of what you entered. This is especially important when indicating the dollar amount of the check — both in numbers and in words. And remember that if the two amounts don't match (the number and the words), the amount in words will be assumed to be correct.
- Never give someone a blank, signed check. If lost or stolen, the person who took the check (or found the check) can fill in an amount and try to cash or deposit it. You may be able to stop payment on the check if you act quickly (before the check clears and if you meet any other rules set by the financial institution). Contact your financial institution immediately if a check is lost or stolen.
- It is best not to sign the check until last — after everything else is complete. Then sign your name like that on the signature card (the card you signed when you opened the account).
- Use the memo line to note the purpose for the check for your spending records (such as groceries, rent, electricity, clothing). If you are paying a bill that has an account number, write the last 3 or 4 digits of the account number on the memo line.

## KNOW HOW TO MAKE A DEPOSIT.

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

### Sample Deposit Slip

DEPOSIT TICKET  
TO BE USED FOR DEPOSIT TRANSACTIONS ONLY

John C. Smith  
1234 Any Street  
Anytown, KS 10000

DATE \_\_\_\_\_

SIGN HERE ONLY IF CASH RECEIVED FROM DEPOSIT \_\_\_\_\_

Financial Institution

CASH INCLUDING COINS

List \_\_\_\_\_

Checks \_\_\_\_\_

Singly \_\_\_\_\_

TOTAL ITEMS \_\_\_\_\_

OPTIONAL FROM REVERSE

SUB TOTAL

LESS CASH RECEIVED

\$ \_\_\_\_\_

⑆ 123400056⑆ 1234567890⑆

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

## KNOW HOW TO ENDORSE A CHECK MADE OUT TO YOU.

- Endorsing a check made out to you simply means writing your name on the back of the check before you cash or deposit it. Be aware that, once you sign your name on the back of the check, anyone can cash it.
  - » If you plan to cash the check, don't sign it until you are at the financial institution and ready to make the transaction.
  - » If you plan to deposit the money into your account, you can write "For Deposit Only," the name of the financial institution where your account is, the account number, and then sign it. This way, no one else can cash or deposit into their account. This is the best method for endorsing a check that you plan to deposit by mail.
- To endorse a check, sign the check on the back, at the left end. Many checks have a line marking the area where you should sign. Sign the check exactly as it is written on the "Pay To The Order Of" line (on the front of the check). If your name is misspelled, first sign it the way it is written on the front; then sign it again with the correct spelling.
- If you want to give the check to someone else, you can write, "Pay To The Order Of" and the name of the person. Then sign your name underneath. Before the check is cashed or deposited, it must be signed by the person named.

### Sample Endorsements

ENDORSE HERE

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DO NOT WRITE, STAMP, OR SIGN BELOW THIS LINE

RESERVED FOR FINANCIAL INSTITUTION USE

ORIGINAL DOCUMENT

SECURITY FEATURES

- Microprinting around border on face
- Laid lines on back
- The words "ORIGINAL DOCUMENT" on back

ENDORSE HERE

*John C Smith*

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DO NOT WRITE, STAMP, OR SIGN BELOW THIS LINE

RESERVED FOR FINANCIAL INSTITUTION USE

ENDORSE HERE

*Pay to the Order of*

*Sally Oats*

*John C. Smith*

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DO NOT WRITE, STAMP, OR SIGN BELOW THIS LINE

RESERVED FOR FINANCIAL INSTITUTION USE

ENDORSE HERE

*For Deposit Only*

*Acct # 0001235*

*John C. Smith*

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DO NOT WRITE, STAMP, OR SIGN BELOW THIS LINE

RESERVED FOR FINANCIAL INSTITUTION USE



- » There are several ways to reconcile a checkbook. The goal is to make sure your records and the financial institution's records match. Your checkbook balance and the balance on your account statement should be the same, after all deposits, checks, debits, fees and charges, interest earned, and other transactions have been taken into account.
- » Check the back of your account statement. There is a form that you can use for this purpose.

## HERE IS ONE WAY TO RECONCILE A CHECKBOOK.

### **1. Identify “outstanding” withdrawal transactions.**

- Compare canceled checks (if returned with your account statement) or checks listed on your account statement against your checkbook register entries (or stubs).
- Make sure the amounts agree (and note any errors). Place a checkmark on the account statement and the checkbook register if the check appears in both places. This will help you see which checks have “cleared” (been paid by your financial institution).
- Do the same thing (as above) for other withdrawal transactions like automatic bill payments, ATM withdrawals, and debit card transactions.
- Add up checks, automatic bill payments, ATM withdrawals, and debit card transactions in your checkbook register that do not have a checkmark by them.
- These “outstanding” checks and withdrawal transactions are those that have not “cleared” the financial institution by the closing date on the account statement.

### **2. Identify “outstanding” deposits.**

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

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

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

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

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

**6. If the two numbers don’t match:**

- Is there a math error?
- Did you find some amount errors (on withdrawals or deposits) when you compared entries on the account statement and entries in the checkbook register? These amounts need to be subtracted or added to the “revised” ending balance, depending upon who made the error and whether it was a deposit error or a withdrawal error. If you made the error, be sure to also enter it in your checkbook register. If the financial institution made the error, be sure to report it as soon as possible.
- Did you correctly identify all “outstanding” withdrawal transactions and deposits (those that appear in your checkbook register, but that had not “cleared” the financial institution as of the date of the account statement)?
- Are there any withdrawal transactions or deposits on the account statement that don’t appear on your checkbook register? Any missing entries need to be entered into your checkbook register.
  - » Look at your transaction receipts.
  - » If this is a joint account, did both people record all of their withdrawals and deposits?
  - » Did you remember to include all automatic withdrawals and deposits?
- If you can’t find any errors, consider taking your checkbook, account statement, canceled checks, and transaction receipts to the financial institution where you have the account. They can help you. Ask what the fee for this service is. The longer you wait to figure out the error, the more complicated it becomes.
  - » Fees are charged by your financial institution at the time the check is returned. This can lead to additional checks bouncing because of the fees being debited from your account. If you do not deposit funds to cover the check (and the fees), and the check is submitted for payment again, additional fees may be charged.
  - » The financial institution of the “payee” sometimes charges a fee.
  - » The person or business that the check is written to may charge a fee. This is especially true if, after several attempts to have the check paid, the business has to turn the matter over to a check collection agency.
  - » Late fees may be a problem, if the bounced check results in a bill being past due.

- » Prearranged overdraft protection may be available, such as through using a savings or other account you have at the same financial institution, or through a credit card cash advance. While there is usually a fee for this service, it probably will be much less than those that result from bounced checks.

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

## BANKING BASICS: DIRECT DEPOSIT

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

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

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

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

## RECORD KEEPING: THE FACTS OF YOUR LIFE

### WHEN DO YOU NEED IMPORTANT RECORDS?

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

#### YOU MAY NEED TO HAVE IMPORTANT RECORDS WHEN:

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

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

## RECORD KEEPING: THE FACTS OF YOUR LIFE

### HOW LONG SHOULD YOU KEEP IMPORTANT RECORDS?

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

#### **KEEP IMPORTANT RECORDS UNTIL THEY ARE NO LONGER USEFUL.**

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

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

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

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

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

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

## THE GENERAL RULE IS:

Keep important records until they are no longer useful.

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

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- Also keep purchase, sale, improvements, additions, depreciation, and other records that will be needed for tax purposes when the asset is sold or disposed of (such as those needed to figure capital gains and losses).

## ACTIVITY: DO YOU KNOW WHERE THESE IMPORTANT RECORDS ARE?

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

IMPORTANT RECORD	WHERE STORED
<b>Home or apartment:</b>	
Lease or mortgage papers	_____
Proof of payments for last three years	_____
<b>Car or other vehicle:</b>	
Title	_____
Loan payment book	_____
Insurance policy	_____
Proof of current insurance	_____
Proof of property tax payment	_____
<b>Income tax returns:</b>	
Most recent income tax return	_____
Previous three years' returns	_____
<b>Financial statements:</b>	
Checking account statements from last three years	_____
Canceled checks for last three years	_____
Savings account statements from last three years	_____
<b>Other important records:</b>	
Birth certificates for all family members	_____
Marriage certificate	_____
Divorce or separation papers	_____
Military records	_____
Will or trust	_____
Social Security cards for all family members	_____
Passports	_____
Insurance policies:	
Homeowners or renters	_____
Health	_____
Other _____	_____
<b>Other records</b> _____	_____

## RECORD KEEPING: THE FACTS OF YOUR LIFE

### WHERE SHOULD YOU KEEP IMPORTANT RECORDS?

---

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

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

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

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

#### VERY IMPORTANT RECORDS:

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

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

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

## OTHER IMPORTANT RECORDS:

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

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

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

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

### **Some General Guidelines:**

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

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

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

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

- Because your Social Security number is very important, it is not recommended to carry your Social Security card in your wallet. If you don't have the number memorized, you may want to keep it in a safer location until it is needed (such as when applying for a job).
- While you generally can get several years of past income tax returns from the Internal Revenue Service or the Kansas Department of Revenue, it can take time, effort, and money. You may want to keep copies of past income tax returns in a safe deposit box, rather than at home.
- Family histories sometimes can be quite complicated and would be very difficult to replace. For that reason, you may want to keep a copy of your family history in a safe deposit box or at another family member's home.
- You may have some very important records that you need to refer to frequently. In this case, you may want to keep the original in a very safe location (such as a safe deposit box) and a copy at home for easy reference.

## VERY IMPORTANT RECORDS (SAFE DEPOSIT BOX)

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

## OTHER IMPORTANT RECORDS (HOME FILE)

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

## OTHER IMPORTANT RECORDS (CARRY WITH YOU)

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

# RECORD KEEPING: THE FACTS OF YOUR LIFE

## SAMPLE FILING SYSTEM

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

### **Accounts and Records**

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

### **Banking, Savings, and Investment Records**

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

### **Bills — Paid**

- Canceled contracts
- Credit card payments
- Receipts and records of payments

- » Automobile
- » Business-related
- » Clothing
- » Education
- » Food
- » Furnishings and equipment
- » Gifts and contributions
- » Housing
- » Insurance
- » Medical and dental
- » Recreation and entertainment
- » Taxes (income, property, personal property, etc.)
- » Utilities

### **Bills — Unpaid**

- Installment agreements and loan contracts
- Unpaid bills

### **Insurance Policies**

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

### **Organizations**

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

**Personal**

- Addresses
- Birthdays
- Christmas card list
- Gift suggestions

**Reference Material**

- Budgeting
- Child care
- Cleaning
- Clothing

- Equipment
- Foods and nutrition
- Gardening
- Health and safety
- Home furnishings
- Housing
- Internet resources
- Landscaping
- Laundry
- Remodeling — building and repair

# Section 3

EVALUATION

# EVALUATION

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**Evaluation instruments are included to measure progress toward the following objectives:**

- A. Participants will become aware of their family's need for money management.
  - B. Participants will determine which money management skills they want to acquire or improve and develop and implement a plan to achieve these skills.
- Participants may write NA in any blank if it is not applicable to their situation.

# MONEY MANAGEMENT

— Instrument to be administered before classes —

Please answer the following questions. Your name will not be attached to this piece of paper or to your answers in any way. Confidentiality will be respected at all times. The information you share with us will help us evaluate, develop and deliver Extension Family and Consumer Sciences programs more effectively.

## Measurable Objective A: “Identifying My Need to Know More About Basic Money Management Principles and Skills”

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

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

# MONEY MANAGEMENT

— Instrument to be administered before classes —

Please answer the following questions. Your name will not be attached to this piece of paper or to your answers in any way. Confidentiality will be respected at all times. The information you share with us will help us evaluate, develop and deliver Extension Family and Consumer Sciences programs more effectively.

## Measurable Objective A: “Identifying My Need to Know More About Basic Money Management Principles and Skills”

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

	1	2	3	4	5
How important is it for me to know how to ...	Not Important At All	Not Important	Maybe	Important	Very Important
<b>Record Keeping: The Facts of Life</b>					
Understanding when important records may be needed and keeping appropriate records the appropriate amount of time?					
Knowing where to keep important records?					
Developing (or updating) a record-keeping system that is complete and well-organized?					

# EVALUATION: BUDGETING BASICS — SETTING FINANCIAL GOALS

---

— *Instrument to be administered before classes* —

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

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

- Yes       No

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

*(please check all that apply)*

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

3. Date I plan to achieve these goals: \_\_\_\_\_

4. My plan for achieving these goals includes:

- Attending educational sessions.  
 Reading fact sheets and completing activities.  
 Other *(please write in)* \_\_\_\_\_

5. My plan for setting financial goals include:

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

# EVALUATION: BUDGETING BASICS — TRACKING MY SPENDING

---

— Instrument to be administered before classes —

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

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

# EVALUATION: BUDGETING BASICS — FOLLOWING A BUDGET

---

— Instrument to be administered before classes —

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

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

- Yes       No

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

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

3. Date I plan to achieve these goals: \_\_\_\_\_

4. My plan for achieving these goals includes:

- Attending educational sessions.  
 Reading fact sheets and completing the activities.  
 Tracking my spending for a month.  
 Completing a net worth statement.  
 Other *(please write in)* \_\_\_\_\_

5. My plan for implementing my goals for making and following a budget include:

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

# EVALUATION: BUDGETING BASICS — STARTING A SAVINGS PLAN

---

— Instrument to be administered before classes —

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

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

- Yes       No

2. My goals for improvement in the areas of starting and following a savings plan:

*(please check all that apply)*

- Start or add to an emergency fund.  
 Begin or add to savings to reach goals.  
 Other *(please write in)* \_\_\_\_\_

3. Date I plan to achieve these goals: \_\_\_\_\_

4. My plan for achieving these goals includes:

- Attending educational sessions.  
 Reading fact sheets and completing the activities.  
 Other *(please write in)* \_\_\_\_\_

5. My plan for implementing my goals includes:

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

# EVALUATION: BUDGETING BASICS — MAKING PURCHASES

---

— Instrument to be administered before classes —

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

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

- Yes       No

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

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

3. Date I plan to achieve these goals: \_\_\_\_\_

4. My plan for achieving these goals includes:

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

5. My plan for implementing my goals include:

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

# EVALUATION: BUDGETING BASICS — MANAGING A CHECKING ACCOUNT

---

— *Instrument to be administered before classes* —

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

1. During the next six months, I would like to improve my skills in *managing a checking account*.

- Yes       No

2. My goals for improvement in the areas of managing a checking account are:

*(please check all that apply)*

- To correctly write checks, make deposits, and endorse checks.
- To use the checkbook register to keep track of the money in my account.
- To reconcile my checkbook register with my account statement.
- Other *(please write in)* \_\_\_\_\_

3. Date I plan to achieve these goals: \_\_\_\_\_

4. My plan for achieving these goals includes:

- Attending educational sessions.
- Reading fact sheets.
- Examining how I have managed my checking account in the past.
- Practicing the various skills needed to manage a checking account wisely.
- Asking for help with these skills if I need it.
- Other *(please write in)* \_\_\_\_\_

5. My plan for implementing my goals include:

- Follow the suggested guidelines when writing a check, making a deposit, or endorsing a check.
- Fill out the checkbook register (or stub) whenever I write checks, make deposits, use my ATM or debit card, have electronic payments made from my account, or receive direct deposits into my account.
- Reconcile my checkbook register with my account statement each time I receive an account statement.
- Other *(please write in)* \_\_\_\_\_

# EVALUATION: HOW LONG TO KEEP IMPORTANT RECORDS

---

— Instrument to be administered before classes —

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

1. During the next six months, I would like to improve my skills in *understanding when records may be needed and keeping records the appropriate amount of time.*

- Yes       No

2. My goals for improvement in the areas of understanding when records may be needed and keeping records the appropriate amount of time are: *(please check all that apply)*

- To understand the situations where important records may be needed.
- To understand the basic guidelines on how long records should be kept.
- To follow a set of guidelines for keeping existing records, as well as for keeping newly acquired records, the appropriate amount of time.
- Other *(please write in)* \_\_\_\_\_

3. Date I plan to achieve these goals: \_\_\_\_\_

4. My plan for achieving these goals includes:

- Attending educational sessions.
- Reading fact sheets.
- Identifying times when I needed records that I no longer had.
- Identifying records that I have that are no longer useful.
- Other *(please write in)* \_\_\_\_\_

5. My plan for implementing my goals include:

- Developing guidelines to follow when determining how long to keep existing records, as well as newly acquired records.
- Examine the records that I currently have stored and see if they fit the guidelines.
- Keep records that need to be stored longer.
- Discard those records that are no longer useful.
- Keep or discard newly acquired records according to the guidelines.
- Other *(please write in)* \_\_\_\_\_

# EVALUATION: WHERE TO KEEP IMPORTANT RECORDS

---

— *Instrument to be administered before classes* —

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

1. During the next six months, I would like to improve my skills in *storing important records in the appropriate location*.

- Yes       No

2. My goals for improvement in the areas of storing important records in the appropriate location are: *(please check all that apply)*

- To understand the basic guidelines for determining where to store important records.
- To follow a set of guidelines for storing existing records, as well as for keeping newly acquired records in the appropriate location.
- Other *(please write in)* \_\_\_\_\_

3. Date I plan to achieve these goals: \_\_\_\_\_

4. My plan for achieving these goals includes:

- Attending educational sessions.
- Reading fact sheets.
- Developing guidelines to follow when deciding where to keep existing records and newly acquired records (based on how important they are and how costly, difficult, and time consuming they are to replace).
- Evaluating where I currently store important records.
- Other *(please write in)* \_\_\_\_\_

5. My plan for implementing my goals include:

- Examine where I currently have important records stored.
- Follow the guidelines when deciding where to keep existing records, as well as newly acquired records.
- Move current records to other locations, as needed.
- Other *(please write in)* \_\_\_\_\_

# EVALUATION: DEVELOPING A RECORD-KEEPING SYSTEM

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— Instrument to be administered before classes —

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

1. During the next six months, I would like to *develop (or update) my record-keeping system.*

- Yes       No

2. My goals for improvement in the areas of developing (or updating) my record-keeping system are: *(please check all that apply)*

- To develop (or update) a record-keeping system that is complete and well-organized.
- To understand the basic guidelines on how long and where important records should be kept.
- To follow a set of guidelines for keeping and storing important records in the appropriate place and for the appropriate amount of time.
- Other *(please write in)* \_\_\_\_\_

3. Date I plan to achieve these goals: \_\_\_\_\_

4. My plan for achieving these goals includes:

- Attending educational sessions.
- Reading fact sheets.
- Developing a set of guidelines for keeping and storing important records in the appropriate place and for the appropriate amount of time.
- Examine where and how long I keep existing records.
- Develop a filing system for records that are kept at home.
- Other *(please write in)* \_\_\_\_\_

5. My plan for implementing my goals include:

- Inventory where and how long I have kept existing records.
- Evaluate whether these records follow the guidelines for keeping and storing important records in the appropriate place and for the appropriate amount of time.
- Discard or move existing records, as needed.
- Follow the guidelines when deciding where to keep new acquired records.
- Create a filing system for storing records kept at home.
- Other *(please write in)* \_\_\_\_\_

# MONEY MANAGEMENT

— Instrument to be administered following classes —

Please answer the following questions. Your name will not be attached to this piece of paper or to your answers. Confidentiality will be respected at all times.

## Measurable Objectives C: “Evaluating My Progress Toward Meeting My Goals”

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

	1	2	3	4	5
Progress I have made toward accomplishing my goals in these areas ...	None	A Little Progress	Some Progress	Much Progress	Met My Goals
<b>Budgeting Basics</b>					
Setting immediate, short-term, and long-term goals.					
Tracking my spending for a month?					
Developing a written budget and trying to follow it?					
Starting and following a savings plan on a regular basis?					
<b>Banking Basics</b>					
Identifying and evaluating the various ways to make purchases and pay bills?					
Selecting a checking account that fits my family's needs?					
Managing a checking account wisely?					
<b>Record Keeping: The Facts of Your Life</b>					
Identifying when important records may be needed?					
Keeping important records until they are no longer useful?					
Storing records according to how important they are and how costly, difficult, and time consuming they are to replace?					
Developing (or updating) my record-keeping system so that it is complete and well-organized?					

# MONEY MANAGEMENT

— Instrument to be administered following classes and at 6- and 12-month follow-ups —

**Please answer the following questions. Your name will not be attached to this piece of paper or to your answers. Confidentiality will be respected at all times.**

## Measurable Objective D: “An Assessment of How My Money Management Activities Affect My Family’s Health and Well-Being”

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

	1	2	3	4	5
How often does the following occur per month/ week/year ...	Never	Sometimes	About Half of the Time	Often	Always
<b>Budgeting Basics</b>					
I set financial goals to follow					
I keep track of my spending					
I make and follow a budget					
I add to my savings					
<b>Banking Basics</b>					
When making purchases or paying bills, I use the method that best fits my family’s needs and spending patterns					
I manage my checking account wisely					
I correctly make deposits, write checks, and endorse checks					
I reconcile my checkbook register with my account statement each time I receive one					
<b>Record Keeping: The Facts of Your Life</b>					
I know where important family, work, and financial records are stored					
I am able to retrieve important records when needed					
I keep important records until they are no longer useful					
I store records according to how important they are and how costly, difficult, and time consuming they are to replace					
I have a record-keeping system that is complete and well-organized					

# NOTES

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