Amscot MoneySmart Financial Education Program

Consumer Education

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Consumer Disclosure

Introducing MoneySmart

A new approach to learning about your financial options!

Amscot Financial and the Community Financial Services Association of America (CFSA) are pleased to introduce an innovative new way of learning about the options you can utilize for managing your money. This interactive approach includes innovative learning tools, rewards for completing different lessons and helpful guidance to deliver to you the education that you need to make informed decisions.

It's FREE and easy to review….Get started today!

The importance of creating a personal financial budget

Keeping track of your spending habits is the first step toward gaining control of your finances. A financial budget allows you to compare your expenses against your income. If your expenses exceed your income, a financial budget can help you pinpoint which expenses are higher than you would like, and where you can find possible ways to save. That type of analysis provides you with powerful information because it gives you a greater understanding of your habits and empowers you with the ability to make informed decisions. Creating a personal financial budget may be easier to accomplish than you might think. Complete the budget included or access our online form at www.amscotfinancial.com/resources/financial_budget_worksheet.pdf.

Visit our website at www.Amscotfinancial.com/financial-budgeting.aspx for more tools and resources.

Paying Down Debt

Most people have heard that as a general rule, you should pay down debt with the highest interest rates first. For most people, credit cards carry the highest interest rates of all of their outstanding debt. Focus on paying down your highest interest credit cards first. If possible, make more than the minimum payments required, as this may improve your credit score.

Setting Goals for Saving

Once you have identified how you are spending your money, you can start to establish a goal for how much you would like to spend every month, and how much you would like to save. A savings account gives you tremendous financial flexibility and freedom. It gives you an emergency fund for any unexpected expenses or loss of income. It is the first step toward owning your own home, paying for college or perhaps, retirement. First decide how much you would like to save each month, whether it is $50.00 or 10% of your income. It may not seem like a lot at first but if you get into the habit of saving every month, it will start to add up!

Basic Terms You Should Know

- **Budget** – is an itemized summary of estimated or intended expenditures for a given period along with proposals for financing them.
- **Principal** – is the total amount that you borrow when securing a loan. Principal is also the amount that you have available to invest or save or the stated amount on a bond or deposit instrument when you are saving or investing your money.
- **Interest** – Interest is what you have to pay your lender to borrow money, or what a financial institution pays you when you save or invest money.
- **Asset** – an item of ownership convertible into cash.
- **Financial Liability** – legal debts or obligations that arise during the course of business operations.
- **Credit Score** – a numerical value used to forecast how likely you are to pay back your debt.
- **Investment** – an asset or item that is purchased with the hope that it will generate income or appreciate in the future.
- **Mutual Fund** – an investment vehicle that is made up of a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets.
- **401K Plan** – a qualified plan established by employers to which eligible employees may make salary deferral (salary reduction) contributions on a post-tax and/or pretax basis.
- **IRA** (Individual Retirement Accounts) **–** a way to save money for retirement that gives you potential tax advantages. There are two different types of IRA accounts, the Traditional IRA and the Roth IRA.
    - **Traditional IRAs**: Allow individuals to deduct the principal invested from their income, up to specific limits, to earmark funds for retirement. Early withdrawals are penalized by the IRS. The interest paid on your investment grows tax free until you withdraw it.
    - **Roth IRA**: An individual retirement plan that is NOT tax deductible when you invest your money, but **qualified** withdrawals are tax free. In a Roth IRA, you pay taxes on the money you invest, but not the money you earn on your investment. The interest paid on your investment also grows tax free until you withdraw it. Early withdrawals have less restrictions, but may still be penalized.

Create a Budget

Creating and managing a budget is the first step to gain control of your money. It's one of the simplest things to do (really it is) but one of the hardest things to live by. Right?

Not necessarily, assuming that it is a realistic projection of your income and spending habits. The key to making a budget work for you is making it real. You have to give every dollar you earn a place on your budget. At the bottom of the budget on the next page is a line - Balance. This should always be 0. Even if you have money left over, give it a name; even if that's just spending money.

You have to be realistic and honest when you're creating your budget, otherwise it's just an ideal picture of what you think you should be doing. The budget below is a basic plan. As you grow financially, you will find more tools. But this a good start to MoneySmart managing.

Your budget is personal. And as you begin to use it, you will likely adjust these numbers frequently until you find what really works for you and your family. You may have to change the numbers every month to start with until you develop a realistic picture of the money you have coming in and what your spending habits are each month. As you start managing your money, you start making small changes that help keep you within your budget and moving towards your MoneySmart goal(s.)

Above all, don't get discouraged. And don't give up. Keep working on it, until it's working for you.

MoneySmart Budget

MoneySmart Budget				
	Budget	Goal	Actual	Sample
Income				
Wage				1600
Other 1				200
Other 2				150
Other 3				
Total	0	0	0	1950
Expenses				
Basics				
Housing				725
Food				425
Electric				125
Water				40
Household Supplies				25
Clothing				50
Basics Sub-Total	0	0	0	1390
Transportation				
Payment				0
Gas				120
Insurance				85
Repairs				
Parking				
Bus/Public				
Transportation Sub-Total	0	0	0	205
Technology				
Phone				50
Cable				50
Internet				
Tech Sub-Total	0	0	0	100
Debt				
Loan 1				
Loan 2				
Card 1				50
Card 2				
Card 3				
Debt Sub-Total	0	0	0	50
Spending				
Spending Money				205
Services				
Subscriptions				
Savings				
Spending Sub-Total	0	0	0	205
Expense Total	0	0	0	1950
Balance	0	0	0	0
Income Calculator	Hourly	Hours	Weeks	Monthly
	10	40	4	1600

Budget Basics

Before you start, if you are married or living with a partner, make sure you and your partner agree to work together. Decide who will handle the budget process and pay bills. There's usually one partner who is more interested than the other. Try to reach an agreement about how and when you will discuss the budget up front. Agree to a MoneySmart plan. After you reach an agreement, a lot of the financial stress shifts from fighting about money to working towards mutual goals.

Here are some tips for managing your finances within your relationship. Even if you're not in a relationship, sometimes the relationship we have with our money can improve.

- The partner who manages the budget should never nag the other partner. Have constructive conversations and try to approach problems as an area of opportunity. If you're single, don't beat yourself up when you make a mistake. Simply make a decision to make wiser choices going forward and stick with it.
- Money is not emotional. People can be emotional about money. Unlike any partner you'll ever have... money always does what you tell it to.
- If you ignore your money, it will leave you. Just the act of paying attention to your money and your spending habits will start the process of improving your financial situation.
- If you disrespect your money, it will leave you. A lot of people are frustrated with money in general, and this causes stress which can lead to poor money choices. MoneySmart choices start with a basic respect towards your money. Your money is really just a resource for you. It's a resource that takes time and talent and effort to bring in. Once you have it, respect the effort it took to bring in and decide to make your money work for you.
- The partner who doesn't manage the budget, should agree to listen and work together towards your mutual money goals. If you're the "I hate budgets partner consider the level of peace you can achieve just by taking the time to know where you are and where you're going to be the next month. And be thankful you have someone who is willing to do all the dirty work for you. If you're single and you hate managing money, you're in the same boat with this partner. Make a promise to yourself to review your budget at the end

of each month, before the next months bills start coming in. This act alone, will help you make better MoneySmart decisions.

- If only one partner is willing and able to manage the money, you will still benefit from having a working budget. Just be realistic about the other partner's spending habits. If your partner is out of control in spending, it may help when creating the budget to ask the other partner, what they want to cut out of the budget to continue to spend as they do? Some times when they realize the hard choices, they will begin to make small gradual changes.

Income is any money or assistance you receive on a regular basis. This could be income from wages earned, alimony, government assistance, such as food stamps, or extra part time money earned from jobs like babysitting or lawn mowing. It's important to see everything you have coming in as part of the budget picture. Everything counts, everything finds a place on the budget. This is key to gaining control over your money. When you start putting your money in its place, instead of wondering where it went, you've taken the first big step towards MoneySmart management.

Expenses are everything you spend money on. Some expenses don't change often, such as your rent or mortgage payments. Others change from month to month, which can make it harder to manage the budget. The following tips will help you get started.

- When you start your first budget, use the most recent bill for items like your electric or water. These items change from month to month, so for the first three months, review the budget when your electric bill comes in. It's best to budget off the highest bill.
- Remember to include items that are regular expenses but not always paid monthly such as auto maintenance, insurance payments, vet bills, back to school expenses and household maintenance and supplies.
- Budget your spending money realistically.

Checking Accounts

The Basics of Checking Accounts

A checking account is a specific type of account you maintain through a bank or credit union. You place funds into the account and can then access those funds in a number of ways. Originally the primary method of accessing funds was by writing a check and that's how the account is classified. Today, more users are reaching their funds via debit and ATM cards. There are numerous types of checking accounts available but most work in a very similar manner.

Writing the Check

Although fewer people are using checks today, they are still a common method for paying bills and other regular expenses.

To write a check, you'll need to complete all of the sections. Make sure to use the correct date. The "Pay to the Order of" section should include the name of the company or individual who is receiving the funds. In the box on the right, you'll write the numeric version of the amount and on the line below you'll write out the amount using words. The line marked "For" is the memo spot and you can make a note about the purpose of the check, such as "loan" or "rent." On the final line, you'll need to sign. Always fill out the check completely before handing it over.

Overdrawing Your Checking Account

If you write checks or make debit purchases which cannot be covered by your checking account funds, you have overdrawn your account. Those checks will be returned as unpaid and you will be charged a fee by your bank and by the receiver of the check. If you are a habitual writer of bad checks, you may be reported to the ChexSystems and may not be able to open a new checking account in the future. Some banks offer overdraft protection which means the money will be removed from one of your accounts at the same institution to cover the check. There may be additional fees associated with this service so ask before signing up. Other banks offer a separate service that will cover your overdrawn check but you must pay the bank back, as well as the overdraft fee and a daily charge for each day your account is in the negative.

Keeping Track of Your Money

As you make more money, you and/or your employer will deposit that money into the account. You will continue to use your checking account and bankcard to spend the money from that account. You must carefully keep track of how much money you deposit into the account and how much you take out, as you will be charged penalty fees if you spend more than you have in the account. Reconciling and balancing your account helps you keep track of your money.

Reconciling Your Account

Just as you need to keep records of what you deposit in your checking account and what you take out, the bank will also provide you with several ways to monitor your account and reconcile your records with their records. You will receive monthly statements, and can also check your balance and recent transactions over the phone, online, through debit/ATM machines, and by visiting the teller at your bank. Use this information to find out if all of the checks you wrote were presented to the bank to determine how much money you have left in your checking account.

How to Balance a Checkbook

Balancing your checkbook is one of those crucial life skills. It will give you a clear sense of how much money is in your bank account and where the money goes. It can help prevent you from bouncing checks, avoid fees, detect errors from your bank or even fraudulent billing, and help you stick to your budget. We'll show you how to manage your checkbook.

1. Use the **check register**. You know that extra little notebook that comes with your checks, and slips right into your checkbook. It's designed to help you keep track of all of your income and expenditures. Write down all transactions; deposits, ATM withdraws, debit card usage, fees, etc., not just checks.
    a. If you do not have one, buy or make one. A preprinted booklet is handy, but a ledger, graph paper, even a blank sheet of lined paper will do.
2. Find out your **current balance**. Either log on to your account online, call or visit your bank, or visit an ATM and get the current balance on the account you wish to track.

    a. Write this **balance** in the box at the top of the page or on the empty first line with

a note such as "balance forward".
   b. Remember that there may be checks or electronic debits that haven't cleared yet, so today's figure is a temporary snapshot and could be missing some transaction history. If you're not sure, keep an eye on your account and check the balance again a few more times in the following days. Also, read your next statement carefully when it arrives and incorporate any transactions you may have missed.
3. **Record all the transactions**.
   a. Record all **checks** that you write. Write down the check number, the date, the payee (who you write the check to), and the amount of the check.
   b. Record any **withdrawals, purchases** or **payments** you make from that account. If you withdraw money from the bank or ATM, or if you purchase something at the store or online using an ATM or debit card, write down the amount of the purchase.
   c. If there is a **fee** for using the ATM, write down that amount also.
   d. Record any online bill payments. If your online bill payment service gives you a confirmation code, you may wish to jot this code in your check register alongside the payee information.
   e. Record any deposits or transfers of money into or out of the account.
   f. All withdrawals are noted in the Payment/Debit column, whereas all deposits are notated in the Deposit/Credit column.
4. **Regularly recalculate the balance in the account**. You can do this at each transaction, or you can do this less frequently, for example when you sit down to do bills. If you have a history of bounced checks or an overdrawn account, you should do this at every transaction or every other transaction.

   a. Subtract the amount of any expense, payment, check, or withdrawal or transfers out of the account from the balance total at the top of the page.
   b. Add the amount of any deposit, credit, or transfer into the account to the total.
   c. Write the new balance after each transaction in the rightmost column.
5. **Reconcile your checkbook**. When the statement arrives, compare your check register to your statement and check off which transactions have cleared.

YB Your Bank

Your Branch Address:

1234 - Main Street
Toronto ON M6C 1B7

Your Name/Your Address
1234 - Your Street
Toronto ON M8T 1K6

Account: Chequing
Account No: 123-456-789

Money OUT

Money IN

Statement Period: May 31 to Jun 30, 20xx

Date	Description	Cheque/Debit Withdrawals	Credit Deposits	Balance	
May 31	**Balance Forward / Opening Balance**			**847.90**	1
Jun 01	Payroll Deposit - Your Employer		1,217.25	2,065.15	2
Jun 02	ATM Cash Withdrawl Interac	250.00		1,815.15	3
Jun 03	Fees - Interac	1.50		1,813.65	3
Jun 04	Retail Purchase The Bay	87.50		1,726.15	4
Jun 05	Instant Teller Deposit		50.00	1,776.15	5
Jun 05	Instant Teller Withdrawal	100.00		1,676.15	6
Jun 07	Chq#00045-2300399	147.65		1,528.50	7
Jun 08	Toronto Hydro - PreAuthorized Payment	117.43		1,411.07	8
Jun 09	Koodo - PreAuthorized Payment	115.05		1,296.02	8
Jun 11	Instant Teller Withdrawal	250.00		1,046.02	
Jun 14	Retail Purchase Wal-mart	189.50		856.52	
Jun 15	Payroll Deposit - Your Employer		1,217.25	2,073.77	
Jun 18	Retail Purchase Lunch R Us	43.98		2,029.79	
Jun 25	Instand Teller Withdrawl	200.00		1,829.79	
Jun 27	Retail Purchase Hair R Us	59.70		1,770.09	
Jun 30	Chq#00045-2300401	1,150.00		620.09	
Jun 30	Bank Service Plan Fees	8.50		611.59	9
Jun 30	**Closing Balance**			**611.59**	10

a. Add any interest that the bank has paid you.
b. Subtract any fees that the bank has charged you.
c. Check that the transactions in your account register match what the bank says you did. Make sure that your recorded balance matches what the bank thinks you have, not including any transactions that haven't cleared yet and aren't listed on the statement.

6. **Correct mistakes**. If you find any discrepancies between your numbers and your bank's numbers, figure out where they came from.

a. Double-check your math. Make sure you added and subtracted everything correctly since the checkbook last balanced correctly.
b. Look for missing transactions. Did you forget to write something down? Has something not cleared or have you recorded something that happened after the statement date?
c. Subtract the balance in your check register from the balance on the statement. Does the amount match the amount of one of the transactions? If so, that transaction has probably not been accounted for correctly yet.
d. Find out if all your checks have cleared. The money taken out for checks and certain other payments may not be taken out immediately. If you think a check or other payment has not yet cleared, subtract the amount of that check from the bank's balance and see if it matches yours. One way to stay on top of this is to check your account regularly and put check marks next to every check that's already cleared.
e. Bring errors to the attention of your bank, if you find them. Often, a phone call or visit can clear up confusion about errors or inappropriate fees.

7. **Finish balancing**. Once everything is balanced you may want to draw double lines under the balanced amount in your check register. That way the next time you go to balance you have an idea of the last known correct amount in your check book.

Savings Accounts

The most common type of bank account, and probably the first account you'll ever have (after a checking account), is a savings account. **Savings accounts** enable you to keep your money in a safe place while it earns a small amount of interest each month. These accounts usually require either a low minimum balance, or no minimum balance at all. This depends on the bank and the type of account.

Besides the fact that you will be less likely to spend it, putting your money in a savings account is safer because it is insured. If your home is robbed or burns down, your money may be lost forever. Banks and credit unions, on the other hand, keep your money in a locked and fireproof safe. Banks insure your money through the **Federal Deposit Insurance Corporation** (FDIC). The FDIC is an independent agency of the federal government that was created in 1933 because thousands of banks had failed in the 1920s and early 1930s. This means that even if the bank goes out of business (which is very rare!) your money will still be there.

When you put your money into a savings account, it earns interest. Interest is money the bank pays you so that they can use your money to fund loans for other people. That doesn't mean you can't have your money whenever you want it, though. That's just how banks make money -- by selling money! Basically, it works like this:

- You open a savings account at the bank.
- The bank pays you interest on the money that you deposit and leave in that account.
- The bank then loans that money out to other people, only they charge a slightly higher interest rate on the loan than what they pay you for your account.

The difference in interest they pay you verses the interest they charge others is part of how they stay in business.

Interest on savings accounts is usually compounded daily and paid monthly. The cool thing about **compounded interest** is that the bank is paying you interest on the money they've paid you in interest! That means that if your account earns one percent interest, then each day 1/365th of that one percent of the amount of money you have in your savings account is then added to your total.

Emergency Fund

An emergency fund is for those unexpected events in life that you can’t plan for: the loss of a job, medical expenses, a faulty car transmission, and other similar circumstances. You will want to strive to be ready for these type of unexpected expenses so that when they occur it won’t put you in a financial hardship.

MoneySmart Goal: Aim for a $1,000 Emergency Fund

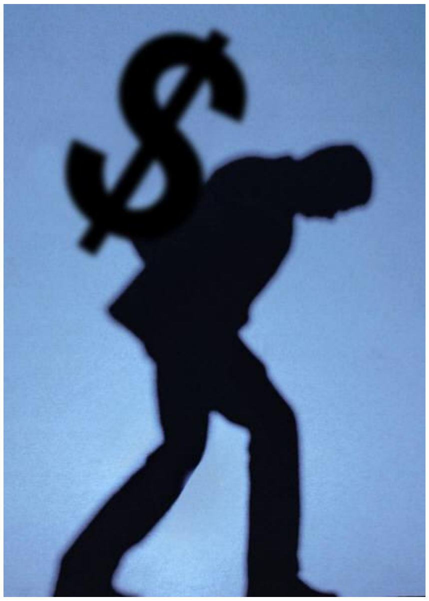
This beginning emergency fund will keep life’s little Murphy's from turning into new debt while you work off the old debt. If a real emergency happens, you can handle it with your emergency fund.

Once you reach your $1,000 emergency fund, keep saving. A three to six month emergency fund is recommended to help financially prepare you to handle some of life's most difficult challenges such as a lost job or prolonged illness.

Debt Management

Let’s Talk About Debt

Why are so many Americans broke?



Bookstores are full of books about getting out of debt. Why, then, are so many struggling? Here are some common money mistakes:

- **Big Spenders on Credit**: What this means is that how we act when we spend our money tends to depend on where the money is coming from. So let’s say your T.V. was broken and you wanted to buy a new T.V. You are in the store looking at all the beautiful T.V.’s and are ready to make your choice. It has been said that you are more likely to pay more, buy bigger with all the bells and whistles if you are paying by credit than if you are pulling the cash out of your wallet or purse. Credit can seem almost unlimited when you’re in the heat of the moment buying something you really want. The loss of cash is an immediate and very concrete event, but placing an additional debt on a credit is more delayed and diminished form of loss.
- **Keeping Up with the Jones’**: Have you ever been out with a friend and noticed that they had a nicer or better version of something that you also own? Yeah….me too! Let it go. Spend within your limits and never fall into the trap of trying to keep up with anyone. Always spend within your means and save for the things you really want.
- **Not Setting up Automatic Contributions to Savings**: It’s hard to save because it requires willpower. That’s why it makes sense to make savings automatic. This way, even if you do nothing, money is set aside for the emergencies and unexpected bills.
- **Use Windfalls Wisely**: When unexpected money lands in your lap, don’t let it blow back out of your life just as randomly. Pay off debt rather than buying something new. If you’re one of the lucky ones that doesn’t have any debt….save it anyway!
- **Pay by Cash or Check**: If your credit card bills have you over a barrel, carry cash and

your checkbook when shopping. Credit cards tend to facilitate open ended spending and parting with your hard earned cash is much harder.

Let’s Talk About Credit

Why should you review your credit score? We have three major credit bureaus in the United States: Experian, Equifax and TransUnion. Each is required to let you see your credit report once every 12 months. You can look at each one just once a year, and they might have different data on them, making this question a bit difficult to give a straight answer to.

Generally speaking, you should monitor your credit score closely. Fraud takes many forms, some are easier to catch than others. If someone steals your credit card data, you'll know it pretty soon when strange charges start cropping up on your statements. But if someone steals your Social Security Number and your mother's maiden name, they might start opening up lines of credit in your name in a totally different state with a totally different bank. You'd have no idea unless you check your credit report as frequently as possible. Without incurring any fees, you can do this every four months, rotating through each reporting bureau every year. If you know that your spending is under control, and you have few fears about ruining your own credit, it only makes sense to check your credit this way: three times a year, every four months.

How do I establish good credit?

Establishing good credit is easier and simpler than you've heard; you just have to be careful with the credit products you're given access to. Lenders want to give out money -- it’s how they make money. They just want to see that you’ve demonstrated responsibility with the money you’ve been lent in the past.

One of the things you could do to establish good credit is get a credit card. The sooner you do it the better, but be careful. Avoiding the industry for as long as you can is understandable, but you need to take part in order to establish credit history. Though credit ratings don't take your age into account, they do take the number of years you've had a credit score into account, and you better believe that a longer credit history makes lenders more willing to play ball.

Another way to establish credit is to establish a savings account that you can pledge as collateral for a new loan. This way, you are not really going into debt to begin establishing a good payment history.

Next, you must pay your bills on time, and avoid maxing out your cards. In fact, most sources recommend not going over 30 percent of your credit limit. If you have a credit card with a $2,000 credit limit, that means keeping your balance below $660 -- meaning that you ought not finance big purchases with your card just yet. The best thing you can do to demonstrate your ability to pay back money lent to you is to always pay it back in full, every month. That will require that you don’t spend more money than you can afford, which demonstrates to lenders that you know how to behave responsibly with credit products. It’s all common sense.

Short of that, just make sure to never miss a payment, and keep your balances low. Lenders don't need superstars, they need people they can trust.

Managing Debt

If used well and responsibly, debt can be a useful tool to help you achieve some of your MoneySmart goals such as buying a home or a new car or putting a child through college. Debt can also be an obstacle to achieving those same goals. Credit Cards can help you manage certain expenses. And we talked about the positive reasons for getting credit cards. But they are also a potential debt trap that can get you in trouble financially. Most Americans are still paying on credit cards for items they no longer use or enjoy. As a general rule, it is best to save and purchase items when you have the cash and not use a credit card.

But if you're like most American's, you probably already have some credit card debt you are trying to pay off. There are a couple methods that are proven to help you pay down debt.

One school of thought is that you should always pay off your highest interest rate first. This reduces the cost of the money you still have outstanding.

Another method of reducing your debt is to pay off your lowest dollar amount of debt first. This gives you a win early. Getting one debt paid off feels good and working towards paying it all off feels great! Plus, once you've paid off the first card, you can add that payment towards the next smallest card. Say you have one card that is $200 and another that is $2000. If you pay off the $200 first, you can apply the payment you were making on the $200 debt toward the $2000 debt. Even if the $2000 has a higher rate, the net effect is, you will have one debt completely paid off quickly, and more money to pay down the second debt.

Example: Susan has three cards:

1. $500 at Best Buy which is at 21% interest. Payment is $50 a month.
2. $250 gas card at 18%. Payment is $25 a month.
3. $1500 MasterCard at 18%. Payment is $75 a month.

- Susan decides to pay off the $250 card first. She pays the minimum payments on the other two cards and puts all extra money available to reduce debts on the gas card first. Susan decides to pay $80 a month instead of $25 on the gas card. Within three months she has paid off the gas card.
- On the fourth month Susan now pays Best Buy $75 a month, adding the gas card minimum to the Best Buy minimum. Susan will pay off the Best Buy card just making the $75 payment in 7 months instead of 11. If she added the extra $55 she was making on

the Gas card, she would pay off best buy in just 4 months.
- After the Best Buy card is paid off, which should be approximately 10 months, she adds the $75 to the other $75 and is now paying $150 a month towards the MasterCard. By making the minimum payments on the MasterCard, the balance should be around $1080. If Susan makes $150 payments she should be completely out of debt after 7 more months.
- By paying just an extra $55 for the first three months, Susan pays off all her debt 6-10 months earlier which saves her $900 to $1000 in payments.

There are a lot of ways to get out of debt. The important first step is to make a decision that you will get out of debt. Then decide how much you can afford to pay monthly to reduce your debt. Be realistic and stick to it. If you are currently paying $150 a month in payments, review your budget and spending habits, if you can add even just another $20 or $50 a month to your payments, it can really pay off in the long run. Then, whether you decide to pay the highest interest rate or the lowest balance off first, roll the payments into the next one, and you will be debt free and closer to your MoneySmart goals.

Money Saving Tips – Best Practices

- **Limit eating out –** This is perhaps the hardest for fast paced families. However, this is the first area where we can make a significant dent in our savings. Just changing up our routine and making eating out special rather than a regular routine will strengthen the stability of your checkbook and long term savings.
- **Rethink the car –** Instead of going into debt on a car, buy a cheap car with cash. Then pay the car payment into a savings account. If you would normally have a $250 payment, after one year you would save $3000. Trade in your original car and buy another one for $3000 after a year. Then keep saving, every year you can upgrade your vehicle.
- The media has trained us that we deserve that latte at the coffee shop. Yet, how is the latte any different than an ice cream cone? Let's keep that latte in the same category as the ice cream cone and reserve it for special times with friends. This means no daily or weekly routine stops. A special treat reserved for monthly or quarterly or for events with friends and family.
- **Pay off your Credit Cards –** If you cannot afford to pay off your credit cards you are on a dangerous road. If your credit card includes purchases such as food and restaurants and you carry a balance, you are not only on a dangerous road, you are headed directly toward the cliff. Turn, stop, slow down. This is a danger signal you must listen to. Your financial life depends upon it.
- **Invest in your home in moderation –** Keep your housing costs within 20-25% of your income. If you are a two income family, try to make your home purchase affordable if one of you looses your job. Your home should be a place of comfort and security, not a financial burden. One common idea is to never put so much into your home that you cannot afford to sell it today. Over improving a home by upgrading it beyond the neighborhood will make your home harder to sell and more likely to lose you money if you have to sell quickly. Likewise, maintenance items that must be done prior to selling take a priority with the family budget. Don't live your life in a state of panic, plan ahead. Do the simple handyman jobs and paint jobs on a routine basis. Always have your home in a state that IF disaster struck, you would be able to comfortably place your home on the market within 30 days.
- **Roofs and Windows** do count. **–** New carpet is a cosmetic item you can buy anytime, roofs and windows you live with and can cost you money in heating and possible structural damage. Roofs and windows must be maintained.
- **Review your budget** monthly, weekly, daily **–** Mobile applications have made checking your bank balances very convenient. Literally your balances are delivered right to the palm of your hand. Yes, it takes some set up and security measures but the time for the set up is rewarded with a great convenience.
- Many online applications such as **Mint** give you more information than you could ever need or want. **Mint** delivers to your phone a convenient screen of not just your balances but also an overview of what you spent and deposited into that account.
- Mobile applications for your bank balances is a modern tool you cannot afford to live without.