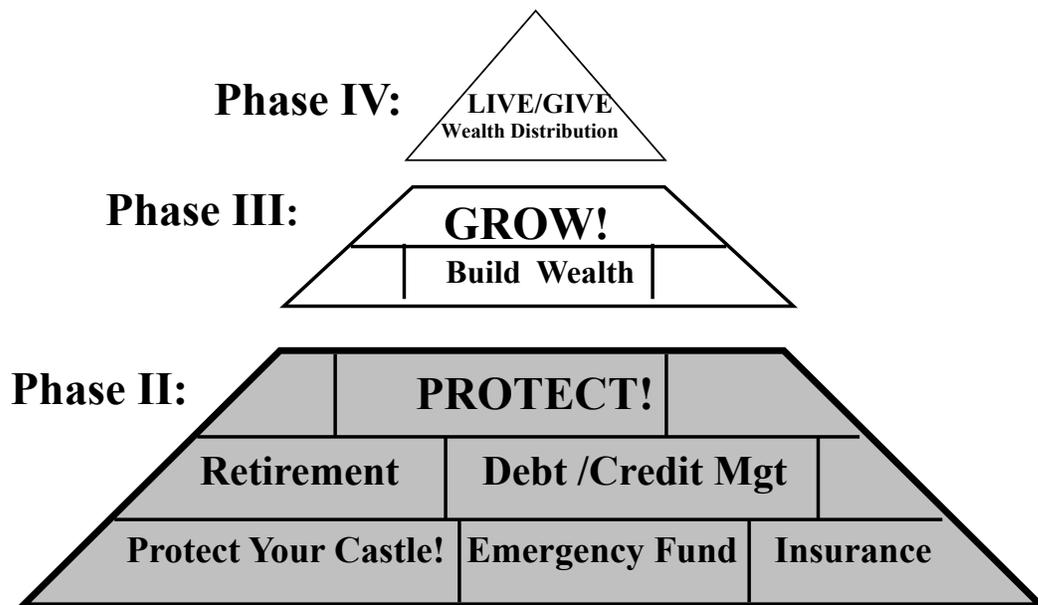


# Personal Financial Basic Training



## Phase I: Prepping the Site for Financial Success

1. Examine your financial strengths and weaknesses and acquire the tools of knowledge and discipline. *This is a continuous process!*
2. Develop a money management system to track and control spending that is focused on needs and goal achievement.

## 1. Personal Financial Basic Training

- a. Taking Advantage of your window of opportunity

## 2. Instructor Notes

- a. Only your attorney can give you legal advice about your bankruptcy
- b. Before executing any financial decisions, confer with your attorney
- c. To receive credit for this course, you must be the original Chapter 13 bankruptcy debtor(s).
- d. The class is divided into two sessions.
  - i. Each session is approximately an hour long.
  - ii. There will be a break between sessions
- e. Basic Truths and Smart Bombs

## 3. Instructor Notes (Cont.)

- a. Use “chat” to ask questions but wait until the instructor asks for questions.
- b. **During this course, there will be codes on random slides that you will be required to write down.**
  - i. The codes will be a series of words and will be used to authenticate your course completion. Example: **Hello.**
  - ii. You will be guided through the process and receive additional information at the end of the course

## 4. Learning Objectives

- a. Develop confidence to take advantage of Chapter13 Bankruptcy as a window of opportunity. (to be explained)
- b. Improve overall money knowledge and discipline
- c. Learn how to create a **balanced**, goal-oriented Money Plan focused on the right priorities
- d. Learn some basic methods of protecting people, property, and your money.
- e. Strengthen your overall consumer skills

## 5. Chapter 13: A Window of Opportunity

- a. Window opened when you filed and closes when you receive your discharge
- b. The window is opened 3-5 years
- c. When the window closes, most will be virtually **debt free!**
- d. **Now is the time to put a plan together focused on your priorities and your dreams...if not now, when?**

## 6. Take charge and Commit to Success

- a. **Basic Truth #1: No one will care more about you and your family’s future than you!**
- b. You are in charge! Take Charge!
- c. You must hone your leadership skills
- d. U.S. Army Principles of Leadership: a good measuring stick.

- e. Commitment requires total family effort.
7. **“We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness.”**
- Thomas Jefferson
  - The Declaration of Independence
  - Second Continental Congress
  - Philadelphia, Pennsylvania
8. **Give a man a fish; you have fed him for today. Teach a man to fish; and you have fed him for a lifetime”—Author unknown**  
*Are you willing to fish?*
9. **Are You Willing?**
- a. People classified based on willingness and ability
    - i. Willing and able
    - ii. Willing but unable
    - iii. Unwilling but able
    - iv. Unwilling and unable
  - b. **You can lead a horse to water.....**
  - c. Financial ability can be learned within our capacity to learn
  - d. Willingness is a **personal choice**
10. **Food for Thought**
- a. **Basic Truth #2: The only thing we truly can control in life when we chose to is us!**
  - b. Why are you here?
    - i. First step in problem solving is identify problem
    - ii. You, Them, or Both?
    - iii. 1982 bought a car; bad check in college
  - c. Where did you learn your financial expertise?
    - i. Mom and Dad?
    - ii. School?
    - iii. Trial and error?
11. **Role of Money**
- a. **Basic Truth #3: Money will not buy you the kind of happiness that lasts!**
  - b. Think about all of the famous wealthy people who lived tragic lives and died tragic deaths
    - i. Michael Jackson, Whitney Houston, and Robin Williams are gone
  - c. Money is a **tool** used to assist our pursuit of happiness
  - d. The amount we have to work with is finite
  - e. Our knowledge, attitude, and the Market place if we let it, influence how we treat money.

## **12. Phase 1: Prepare!**

### **Prepping the Site for Financial Success**

## **13. Conduct a Financial Self-Assessment**

- a. **Look in the mirror past the fog that our egos can create to see the good, bad, and the ugly of how we deal with money!**
- b. Examine your financial strengths and weaknesses focusing on money knowledge and discipline
- c. Our attitudes about money have been formed over a lifetime
- d. For most of us, our parents and the market place were the main influences
- e. Self-assessment tools:
  - i. AARP Financial literacy Test
  - ii. Spending Personality Assessment
  - iii. Financial Discipline Skill Assessment

## **14. Learn What You do not Know**

- a. **Basic Truth#4: Knowledge is power!**
- b. Very few have received formal financial training
- c. All have weaknesses in what we know or don't know about finances
- d. Numerous sources available
  - i. Course materials
  - ii. Subject matter experts
  - iii. Internet
  - iv. Libraries and book stores
  - v. Experts of any kind that enhance your POH!

## **15. Develop and Practice Financial Discipline**

- a. Mastering our desires, emotions and impulses may be a life long struggle
- b. The marketplace is full of temptation
- c. Do you have the financial patience to delay gratification?
- d. Stanford Marshmallow experiment

## **16. Develop Financial Discipline Skills**

- a. Organizational skills
- b. Communication
- c. Time management/planning skills
- d. Self-development skills

## **17. 1. Organizational Skills**

- a. Save your receipts
- b. Keep files in one location and categorize
- c. Use financial software
- d. Designate specific days to pay bills

- e. Make your bill paying automatic
- f. Protect your identification by shredding; get rid of the clutter

### **18. 2. Communicating Money Issues**

- a. Make it a family affair
- b. Choose the best time
- c. Be clear on what you want to say
- d. State the issue and make sure it is understood
- e. Don't play the "blame game."
- f. Avoid jumping to conclusions

### **19. 3. Time Management Skills**

- a. Set Goals and prioritize
- b. Create a workable Plan that lists the steps to goal achievement
- c. Schedule and set end dates
- d. Be proactive
- e. Patience

### **20. 4. Self-Development**

- a. Strive for financial proficiency
- b. **Know yourself and seek self-improvement**
- c. **Seek responsibility and take responsibility for your actions**
  - i. Take ownership of every aspect of financial life
  - ii. Challenge yourself

### **21. Dare to Dream!**

#### **i. Developing A Money Management Plan**

### **22. Develop a Money Management Plan**

- a. 1. Assess Your Priorities: Need v. Want
- b. 2. Calculate Net Worth: a starting point
- c. 3. Establish and prioritize Your financial goals
- d. 4. Follow the money trail: track your expenses
- e. 5. Create a cash flow worksheet
- f. 6. Analyze and modify
- g. 7. Make it zero-based or use the 50/30/20 rule

### **23. 1. Assess Your Priorities: Need v. Want**

- a. **Basic Truth #5: We must never prioritize a want above a need.**
- b. Are your priorities in order ?
  - i. **Basic human needs:** shelter, food, clothing, utilities, transportation,& communication
  - ii. **Wants:** exotic vacations, built-in pools, designer cloths, cool tattoos (I think you get the idea)

iii. **Embedded wants often overlooked**

**24. 2. Calculate Your Net Worth**

- a. Starting point: "YOU ARE HERE"
- b. Net worth is a great way to measure financial progress
- c. By calculating it every six months, you can gauge the success of your financial plan
- d. **Value of your assets – the debt that you owe = Equity**

**25. Steps in Calculating Net Worth**

- a. Determine value of your Assets
  - i. Identify and list property of value that you own
  - ii. Determine the market value for each item
  - iii. Professional appraisers for collections, hobbies and antiques
- b. Determine what you owe (liabilities)
  - i. Housing typically largest liability
  - ii. Look at Payment schedules and billing statements

**26. Equity Sheet**

**27. 3. Establish and Prioritize Your Financial Goals**

- a. List your goals and prioritize them
  - i. Short-term (0-4+yrs)
  - ii. Long-term (5 yrs. or longer)
- b. Post your goals where you can see them
- c. Create an action plan with specific steps to achievement
- d. Take action!
- e. Review, monitor and adjust

**28. Our Financial Goals**

**Should be..**

- i. **Specific**
  - 1. **Measurable**
    - a. **Achievable**
      - i. **Relevant**
        - 1. **Time-specific**

**29. Savings vs. Investing**

- a. Saving is setting aside money for specific short-term goals in a "safe" environment (sometimes insured)
  - i. Banks
  - ii. Money markets
- b. Investing is buying things of value that have **potential** to provide income or increase in value over the long run.
  - i. Mutual funds
  - ii. Stocks and bonds

iii. Real estate

#### 30. 4. Follow the Money Trail: Track Your Expenses

- a. Track your expenses for a month to pin down the truth of where your money goes
- b. Unrecorded habitual spending is a silent killer of dreams (\$400 cash per month = \$24,000 in 5 yrs.)
- c. Look to **modify** behavior first to free up money for goal achievement or to pay down debt
- d. Do what we do smarter is the preferred objective!
- e. 5 dollars a day invested at 8% = over \$27,000 in just 10 years!

#### 31. 5. Create a Cashflow Worksheet

- a. **What's coming in, what's going out, and where is it going?**
- b. Determine your take-home pay or after-tax income depending on budgeting method
- c. Gather recorded financial information from the past year
  - i. Billing statements, receipts, checkbooks, registers and tax information
- d. Use a budget worksheet of your choice to record the information

#### 32. Gross vs. Net Income vs. After-Tax Income

- a. Gross income is the total you have actually earned
- b. Net income or take-home pay is what is left after deductions for taxes, social security, retirement, and health care
- c. After-tax income is simply adding things like retirement and health care back into your take home-pay

#### 33. Types of Recorded Expenses

- a. **Fixed expenses** change very little each month
  - i. Rent, mortgage, and car payments
- b. **Variable expense** change from month to month; consumed at different rates
  - i. Groceries, utilities, recreation and entertainment expenses
- c. **Periodic/Seasonal expenses** do not occur every month
  - i. Add total and divide by 12 to set aside

#### 34. 6. Analyze and Modify

- a. Ensure your needs are met before wants
- b. Remember to prioritize you wants too!
- c. Trim expenses to reflect income; **Live below your means**
- d. Pay yourself first!
- e. Compare your expense to income ratio against recommended ratio:
  - i. **CATEGORY SUBTOTAL / TAKE HOME PAY x 100 = \_\_\_\_\_%**
- f. Analyze and modify:

#### 35. Recommended % of Household Income

### 36. Freeing up Money

- a. Raise deductibles on insurance
- b. Cut the Cord! Look into streaming TV
- c. Practice energy savings
- d. Use free recreational facilities
- e. Bring snacks and lunches to work
- f. Shop generic and wholesale
- g. Use coupons
- h. Keep more of your money! Turn; \$200 into \$118,000
- i. Refer to “**50 ways to cut expenses**”

### 37. Budgeting Strategies

- a. Creating a budget is essential in achieving your financial goals.
- b. Helps in maintaining a proper balance between your needs, wants and saving for the future
- c. There are many different strategies for creating a budget.
- d. We will concentrate on two methods:
  - i. **Zero-Based**
  - ii. **50/30/20 Budget**

### 38. 7a. Zero-Based Budget

- a. Every dollar of income is assigned to a specific expense, savings or investment
- b. Never leave anything to fate; must be on paper
- c. Subtracting your monthly expenses from your total take-home pay should equal **zero**
- d. **Use the following steps:**

### 39. 1. Write down your income from all sources

### 40. 2. Write Down Your Planned Monthly Expenses

- a. Focus first on your needs
- b. Include a miscellaneous category for things that pop up during the month
- c. Don't forget savings!
- d. Compare recommended percentages for each category:
  - i. **CATEGORY SUBTOTAL / TAKE HOME PAY x 100 = \_\_\_\_\_%**

### 41. Snapshot of Zero-Based Budget Form

### 42. 4. Write Down Your Periodic/Seasonal Expenses

- a. Periodic expenses are those expenses that don't happen every month
- b. Seasonal expenses are events that happen throughout the year
- c. Add up what you plan to spend in each area and divide by 12
- d. Include this amount as a monthly bill
- e. Make allowance for shorter term events

- i. Quarterly
- ii. Semi-annually

**43. 5. Total each category. Then add those totals together**

- a. Enter the total from each category into the box “Category Totals”
- b. Subtract the Category Total from Your take-home pay
- c. The answer in a Zero-Based budget should be **Zero!**

**44. 6. Take Your Planned Budget For a “Test Drive”**

- a. At the end of the month enter what you actually spent in the “Spent” column
- b. This will help to make changes the following month
- c. The process is continuous because no two months are the same.

**45. 7. Track, Adjust and Organize**

- a. Make time every month to:
  - i. review your progress and to make adjustments
  - ii. to create the following month’s budget
- b. Keep your recorded financial information in a central location
- c. Save your receipts

**46. 7b. The 50/30/20 Rule of Budgeting**

- a. Elizabeth Warren and Amelia Warren Tygai wrote the book “**All Your worth: The Ultimate Lifetime Money Plan**”
- b. The 50/30/20 rule boils the budgeting process down to three areas
- c. dedicates a percentage of after-tax income to each of those areas in order to create a balance.
- d. The 3 areas and percentages for **proper money Balance:**
  - i. **Must-haves (Needs):**           **50%**
  - ii. **Wants (Fun)**                   **30%**
  - iii. **Savings/Debt repayment**   **20%**

**47. 1. Determine Your After-Tax Income**

**48. 2. Determine your Must-Haves**

The goal is **50% of After-Tax income**

**49. Must-Haves Continued**

**Medical**

**50. Must-Haves Continued**

**Transportation, Insurance and Food**

**51. Must-Haves Continued**

**Legal Obligations/ Loan Minimums & Totals**

**52. 3. Determine Savings/Debt Repayment (Part 1)**

The goal is 20% of your after-tax money.

**53. Savings/ Debt Repayment cont.**

**Calculate How much Credit Card Balance is Shrinking/Growing (Part 2)**

**54. 4. Determine your “want” money that’s available**

- a. The goal is 30% of after-tax money
- b. If you achieve 20-30%, then your wants are in balance

**55. Rebalancing your Money**

- a. When reallocating your money to a higher priority, look at all three areas
- b. Ask yourselves these questions:
  - i. Is there a cheaper alternative that is as effective or better than your current must-haves and wants?
  - ii. Can you re-shop for better deals on your bigger ticket items like mortgages, car loans or insurance?
  - iii. Are there free activities that can replace some of the fun things you’re currently spending money on?
  - iv. When’s the last time you used it? (Subscriptions, automatic renewals, that old pasta maker)

**56. The Base of Our Financial Pyramid**

**57. The Bottom Line: Is there any way to avoid or minimize the impact of future negative financial events?**

**58. Protect for Peace of Mind**

- a. 78% of us will have a financial emergency in any 10 year period (Money Magazine)
- b. If you got a flat tire on the way home, would it be unexpected?
- c. It’s not the event but the timing. WHEN?
- d. What can we do financially that will give us the peace of mind and confidence to take on smart risk?

**59. Protect Your Castle**

- a. Your castle is your “Must-Haves ”and must be priority #1
- b. Five Pillars
  - i. Food
  - ii. Shelter
  - iii. Utilities
  - iv. Transportation
  - v. Communication
- c. Protect your castle from your financial decisions

- d. We must never prioritize a want above a need no matter where the want is

#### **60. Emergency Fund**

- a. 3- 6 Months' worth of your monthly expenses as a general rule
- b. First, establish a temporary fund by examining personal financial factors
- c. Next, make 3 months worth a short-term goal
- d. Reevaluate to determine how large your emergency fund should be.

#### **61. Insure Your Future**

- a. Life Insurance
- b. Health Insurance
- c. Disability Insurance
- d. Home Owner's Policy
- e. Auto Insurance

#### **62. Life Insurance**

- a. Primary purpose: protects the living by replacing your income (general rule **8-10** times your income)
- b. Term life insurance is low cost temporary protection that has no cash value and is usually renewable
- c. Always shop for a level premium policy
- d. Guaranteed renewable w/o medical exam
- e. Resist permanent insurance for its cash value
- f. Sit down with professionals and shop around

#### **63. Health Savings Account**

- a. An account created for individuals covered under high-deductible health plans (HDHPs)
- b. Contributions by either individual or employer
- c. Money contributed is tax deductible
- d. Grows tax free
- e. Certain withdrawals are tax free (qualified med expenses)
- f. Used to pay for qualified medical expenses not covered by HDHPs

#### **64. Disability Insurance**

- a. Better chance of becoming disabled on the job than dying
- b. Social Security Disability seldom meets your financial obligations
- c. Review what you have through work; consider supplement
- d. If you pay for policy yourself, disability check is tax free
  - i. 60-80% of income out to age 65
  - ii. More liberal definition of "disability" than the SSA

#### **65. Auto Insurance**

- a. Collision/ Comprehensive

- i. Consider raising your deductibles to keep cost down
  - ii. theft, fire, vandalism, natural disasters and collisions with animals covered by **comprehensive**
- b. Liability (bodily injury/property damage if your responsible)
- c. NC requires 30/60/25
- d. Most recommend minimum 100/300/50?
- e. Uninsured/under insured motorist
- f. Medical payments covers medical payments for you and your passengers
- g. Extras: roadside assistance

#### **66. Homeowner's policy**

- a. Coverage A: Dwelling = **replacement cost**
- b. Cover B: Other structures = % of Coverage A
- c. Coverage C: Personal Property = % of Coverage A
- d. Coverage D. Loss of Use = % of Coverage A
- e. Coverage E. Liability =personal liability for injuries and property damage at home and anywhere else in the world
- f. Coverage F. medical payments to guests injured on your premises, regardless of any fault.

#### **67. Save for your Retirement**

- a. Defined contribution plans have potential of employer contributions A.K.A. FREE MONEY
  - i. 401(k) allows tax-deferred contributions and earnings and thus a lower taxable income. 2020 max contribution is \$19,500 (over 50 yrs. old an additional \$6500 allowed)
  - ii. 403(b): Another variation of the profit sharing and thrift plan for non-profit organizations.
  - iii. **457 plans** are aimed at state and local government employees of tax-exempt organizations

#### **68. Individual Retirement Accounts (IRA)**

##### **a. Traditional IRA**

- i. Tax-deferred; penalty if withdrawn before 59 ½
- ii. Contributions may be fully or partially tax deductible
- iii. Distributions are required to come out of the account by the time the owner reaches age 70 1/2

##### **b. Roth IRA**

- i. After tax money
- ii. Earnings are tax free
- iii. No penalty for withdrawing contributions
- iv. No mandatory distribution age

#### **69. Restoring Your Credit**

## **70. Fair and Accurate Credit Transactions Act (FACTA) 2003**

- a. Enacted to promote the accuracy, fairness, and privacy of consumer information contained in the files of Consumer Reporting Agencies (CRA)
  - i. It gives consumers the right to **one free credit** report a year from the credit reporting agencies.
  - ii. CRAs will give a free report weekly until April 2021
- b. consumers may also purchase, for a reasonable fee, a credit score along with information about how the credit score is calculated.
- c. Financial institutions must notify you w/i 30 days after forwarding negative information
- d. (FCRA) Right to add a statement explaining negative information (100 words or less)
- e. You have a right to add a Fraud alert to your credit report

## **71. Take Control of Your Credit History**

- a. Order your free report at **annualcreditreport.com** or call **(877) 322-8228**
- b. Fair Credit Reporting Act (FCRA)
- c. Order your reports every 4 months
  - i. One agency at a time (Experian, Transunion, and Equifax)
  - ii. This spreads them out over the year

## **72. Three Major National Credit Reporting Agencies**

### **73. Disputable Information**

- a. Information that can't be verified must be deleted
- b. Erroneous information must be corrected
- c. Incomplete items must be completed or deleted
- d. Most negative information must be removed after 7 years
- e. The **Federal Trade Commission (FTC)** and the **Consumer Financial Protection Bureau (CFPB)** are the two federal agencies charged with overseeing and enforcing the provisions of the FCRA

### **74. Accurate Information is Reportable**

- a. If you did it; time will heal most items
- b. Bankruptcies can be reported for 10 years
- c. Tax liens 7 years from date paid
- d. Information about criminal convictions have no time limit

### **75. Correcting Errors**

- a. Check your personal information, account information, inquiry section and public record information for errors
- b. Easily read instructions are included
- c. Tell the CRA in writing what's inaccurate

- d. Provide copies of proof supporting dispute
- e. Send it back certified mail
- f. FCRA and courts give them 30-45 days to correct

**76. Correcting Errors (cont.)**

- a. The CRA must complete the investigation unless complaint is considered frivolous
- b. CRA forwards disputed information to information provider
- c. If inaccuracies are found, information provider must inform all three CRAs
- d. CRA must give you results in writing and a free credit report reflecting changes
- e. If you ask, CRA must send corrections to anyone who received flawed report in last 6 months (12 months for employment)

**77. Sample Dispute Letter**

**Date**

**Your Name**

**Your Address, City, State, Zip Code**

**Complaint Department**

**Name of Company**

**Address**

**City, State, Zip Code**

**Dear Sir or Madam:**

**I am writing to dispute the following information in my file. I have circled the items I dispute on the attached copy of the report I received.**

**This item (identify item(s) disputed by name of source, such as creditors or tax court, and identify type of item, such as credit account, judgment, etc.) is (inaccurate or incomplete) because (describe what is inaccurate or incomplete and why). I am requesting that the item be removed (or request another specific change) to correct the information.**

**Enclosed are copies of (use this sentence if applicable and describe any enclosed documentation, such as payment records and court documents) supporting my position. Please reinvestigate this (these) matter(s) and (delete or correct) the disputed item(s) as soon as possible.**

**Sincerely,**

**Your name**

**Enclosures: (List what you are enclosing.)**

**78. How your FICO is Determined**

- a. Payment history (35%)
- b. Amount owed (30%)
- c. Credit history length (15%)
- d. Pursuit of new credit (10%)
- e. Types of credit in use (10%)

**79. Credit Scoring factors**

- a. Payment History. Whether you've made payments on time.
  - i. Late payments
  - ii. Accounts in collection
  - iii. Default on debt
  - iv. Bankruptcy
- b. Credit usage. The amount of credit your currently using with revolving accounts.
  - i. Credit cards
  - ii. Installment loans to a lesser extent
- c. Length of credit history. How much experience you have managing credit accounts.
- d. Types of accounts. Experience using and paying off different types of accounts.
- e. Recent activity. Whether you've recently applied for new accounts.

### 80. Creditor Point of View

- a. Character
  - i. Will you repay (credit history)
  - ii. How long have you owned a home, been on the job?
- b. Capacity
  - i. Can you repay?
  - ii. Income, debt to income ratio
- c. Collateral

### 81. Additional Credit Rebuilding Steps

- a. Prepare for the unexpected (Emergency Fund, Insurance)
- b. Pay off debt
- c. Create a spending plan
- d. Pay your bills on time
- e. Apply for credit only when you need it
- f. Save money and make a deposit for a secured credit card
- g. Get pre-approved on loans for major purchases
- h. Stay well below credit limits

### 82. The Wise Use of Credit

#### 83. Basic Types of Credit

- a. **Service credit:** is monthly payments for utilities.
- b. **Short Term Loans:** A pay-day loan is a short-term cash advance secured by your next paycheck.
  - i. Very risky; come with sky high interest rates
- c. **Installment credit/Non-revolving:** You agree to pay the balance with a specified number of equal payments called installments
  - i. Cars, major appliances, and furniture
  - ii. Loans can be secured or unsecured (higher interest rates)

- d. **Revolving Credit:** Revolving credit refers to a situation where credit replenishes up to the agreed upon [credit limit](#),
  - i. Credit cards
  - ii. Lines of credit

#### **84. The Cost of Credit**

- a. Interest rate/ compounded interest
- b. Length of time given to repay
- c. Down payments required
- d. Additional fees
  - i. Closing costs
  - ii. Membership fees
  - iii. Fixed, variable/adjustable rates

#### **85. Shopping for Interest rates**

- a. Have the patience to shop around for the best rates
- b. Know your credit score and what you qualify for
- c. Be wary of Adjustable Rate Mortgages (ARMs)
- d. Avoid Finance companies, pay-day loans, cash advance loans and Rent to own

#### **86. Take the Shortest Term Possible**

#### **87. Make More Than the Minimum Payment**

#### **88. Good Debt vs Bad Debt**

#### **89. Minimizing the Cost of Credit**

- a. “Plan” not to use credit
- b. Manage your credit history
- c. Shop for the best deals (interest rates)
- d. Take the shortest term possible
- e. Make more than the minimum payment
- f. Do your homework!

#### **90. Consumer Power!**

#### **91. Modern Empowered Consumer**

- a. Mobile
  - i. Smart phone is their digital assistant
  - ii. Can buy from anywhere
- b. Hands-on
  - i. Not driven by adds
  - ii. Can try, return and look for new options
- c. Smart

- i. Access to multiple locations for information including social media
  - ii. Access to opinions of others who have tried product
- d. Committed
  - i. Loyalty to brands that provide service and quality
- e. Global

**92. Advertisement: The Bait**

- a. **Association**  
Using images (like a cartoon character or the American flag), in the hope you'll transfer your good feelings about the image to the product.
- b. **Call to action**  
Telling you what to do — "Buy today!" or "Vote now" — removes all doubt about next steps.
- c. **Claim**  
Informing you about how the product works or helps you.
- d. **Games and activities**  
Putting a commercial into the form of a game can be a fun way for you to get to know more about a product and spend more time with it.
- e. **Humor**  
Using ads that make you laugh can catch your attention and be memorable.
- f. **Hype**  
Using words like amazing and incredible make products seem really exciting.
- g. **Must-have**  
Suggesting that you must have the product to be happy, popular, or satisfied.

**93. The Bait (continued)**

- a. **Fear**  
Using a product to solve something you worry about, like bad breath.
- b. **Prizes, sweepstakes, and gifts**  
Using a chance to win a prize to attract attention.
- c. **Repetition**  
Repeating a message or idea so you remember it.
- d. **Sales and price**  
Showing or announcing a discounted price can make a product look better.
- e. **Sense appeal**  
Using images and sounds to appeal to your senses: sight, touch, taste, etc.
- f. **Special ingredients**  
Promoting a special ingredient may make you think the product works better than others.
- g. **Testimonials and endorsements**  
Featuring someone, like a celebrity, saying how the product worked for them can be convincing.

**94. Sales Techniques We Fall for**

- a. The "Butter Up." Flattery creates a positive image of the salesperson

- b. Perceived Scarcity. There is a limited supply of what you want
- c. Discounted Mark up. Raising the price on a negotiable item to sell at desired price point
- d. Obligation Through Reciprocity. The feeling of feeling obligated to return a perceived favor

#### **95. More Sales Techniques**

- a. Product enhancement
  - i. Guarantees
  - ii. Having fun
- b. Emotional appeal
  - i. Fear - safety
  - ii. Pride - Ego
  - iii. Guilt – doing what's right
  - iv. Anger – tired of being ripped-off
- c. Get to the Kids

#### **96. Deceptive Packaging**

- a. Selling air
- b. Sunny side up
- c. Downsizing
- d. The fine print
- e. Hidden costs
  - i. Shipping and handling
  - ii. Buy one get one free
  - iii. Teaser rates

#### **97. Avoid Impulse Buying**

- a. Remind yourself you don't have to buy today
- b. Commit to shop and compare
- c. Research the product
- d. Negotiate for the best deal
- e. The sales person does not work for you!
- f. Take your time and sleep on it

#### **98. Become a Smart Shopper**

- a. Do your homework!
- b. Plan at home
- c. Make a shopping list and stick to it
- d. Decide on Quality
- e. Determine how you will pay for it; stay out of unneeded debt
- f. Comparison shop
- g. Consider time and travel costs
- h. Go online
- i. Learn how to negotiate for the goods or services you purchase

**99. Learn to Negotiate the Best Deal**

- a. Do your homework. Know the product and what a fair price is
- b. Always use truth; never bluff!
- c. Use the power of cash when feasible
- d. Be willing to give and take
- e. Be firm on what you know to be true
- f. Leave your emotions at home
- g. Use your walk away power

**100. Consumer Protection Laws**

- a. Fair Credit Reporting Act
- b. Fair and Accurate Transitions Act
- c. Fair Debt Collection Practices Act
- d. Equal Credit Opportunities Act
- e. Fair Credit Billing Act
- f. Truth in Lending Act

**101. Fair Debt Collection Practices Act**

- a. The right of consumers to sue debt collectors individually or in class actions for violations of the law.
- b. • Protection against harassment, including excessive phone calls, abusive language and threats of violence, harm or arrest.
- c. • Prohibiting disclosure of the existence of debts to others who are not authorized to know about the debts.
- d. • Banning contact with consumers at inconvenient times, such as before 8 a.m. and after 9 p.m.
- e. • Allowing consumers to seek proof that they, in fact, actually owe the money the debt collector wants.

**102. Equal Credit Opportunity Act**

- a. enacted in 1974, that makes it unlawful for any creditor to discriminate against any applicant, with respect to any aspect of a credit transaction, on the basis of race, color, religion, national origin, sex, marital status, or age

**103. Fair Credit Billing Act(Revolving Credit)**

- a. unauthorized charges. Federal law limits your responsibility for unauthorized charges to \$50;

**104. c** harges that list the wrong date or amount;

- a. charges for goods and services you didn't accept or that weren't delivered as agreed;
- b. math errors;
- c. failure to post payments and other credits, like returns;
- d. failure to send bills to your current address — assuming the creditor has your change of address, in writing, at least 20 days before the billing period ends; and

- e. charges for which you ask for an explanation or written proof of purchase, along with a claimed error or request for clarification.

**105. Truth in Lending Act**

**Truth in Lending Act (TILA)** of 1968 is United States federal law designed to promote the informed use of consumer credit, by requiring disclosures about its terms and cost to standardize the manner in which costs associated with borrowing are calculated and disclosed.

**106. Are You a Victim of Identity Theft?**

- a. Place a fraud alert on your credit reports, and review your credit reports.
- b. Close the accounts that have been tampered with or opened fraudulently.
- c. File a complaint with the Federal Trade Commission (FTC.gov)
- d. File a report with your local police or the police in the community where the identity theft took place.

**107. Fraud Alert!**

- a. Scams that prey upon our weaknesses
- b. Travel packages and timeshares
- c. Work at home
- d. Investment scams
- e. Medical/health
- f. Charities

**108. Manage Your Debt**

**109. Debt Management**

- a. **debt** is an obligation owed by one party (the debtor) to a second party, the creditor.
- b. Debt management is a continuous process that is focused on the knowledge, reduction, and prevention of future debt.

**110. Good Debt vs Bad Debt**

**111. Debt Management**

- 1. Know and prioritize your current debt
- 2. Reduce your current debt load
- 3. Prevent or minimize the need for future debt

**112. 1. Know and Prioritize your Debt**

- a. Create a Spending plan and prioritize your debt
- b. Know your Debt to Income ratio (DTI) compares the amount of money that you earn to the amount of money that you owe to your creditors.
  - i. 36% or below is considered good
  - ii. **DTI = Total Monthly debt payment/ monthly Gross income x 100**

- c. Use the recommended percentages used earlier as a general guide to see how your current debt measures up
- 113. 2. Reduce Your Current Debt Load**
- a. Negotiate with your creditors
    - i. Call Your creditors and get a lower interest rate
    - ii. Switch to lower rate credit cards
    - iii. Beware of the small print and introductory offers!
  - b. Call creditors BEFORE you are late on a payment
  - c. Snowball Method of Debt reduction
  - d. High Interest First (HIF) method
- 114. Debt Snowball Method**
- a. List all your non-mortgage debts from the smallest balance to the largest
  - b. Pay as much as you can on the smallest balance while paying the minimum for all the other debts.
  - c. Once the debt with the smallest balance is paid off, move on to the next debt with the lowest balance.
  - d. Continue “snowballing” what you paid on the previous debt into the next lowest.
- 115. High Interest First (HIF) Method**
- a. 1) List all your non mortgage debt in order of the highest interest rate to the lowest.
  - b. 2) Figure out the largest amount you can set aside to pay toward your debt.
  - c. 3) Pay as much as you can on the debt with the highest interest rate while paying the minimum for the other debt.
  - d. 4) Repeat Steps 1 through 3 until all cards are paid off.
- 116. 3. Prevent or Minimize the Need for Future Debt**
- a. Protect! (Phase II) Prepare for the unexpected
  - b. Manage your credit
- 117. The inventor of the pencil looked at the final product and said” I want you to remember four things”**
- a. First your goodness and true worth is within you
  - b. Second, you’ll need to be sharpened as you go through life
  - c. Third, You’ll be in someone else's hand otherwise you’d make an awful mess
  - d. Finally, you’ll be expected to leave a mark!

# U.S. Army Principles of Leadership

## 1. **Know Yourself and Seek Self-Improvement**

Know your strengths and weaknesses and develop a plan of Self-improvement.

## 2. **Be Technically Proficient**

Know your duties and responsibilities and know all those of your family members.

## 3. **Seek Responsibility and Take Responsibility for Your Actions**

Seek new challenges, and be willing to accept the consequences of decisions, absorb the negative and pass on the praises.

## 4. **Make Sound and Timely Decisions**

Leaders must have the flexibility and confidence under the most critical conditions to decide what actions to take.

## 5. **Set the Example**

We are role models. We must act the part!

## 6. **Know Your Personnel and Look Out for Their Well Being**

Leaders must know and understand those being led. When family members trust you, they will willingly work to help accomplish any task.

## 7. **Keep Your Followers Informed**

Communication is key to command! Information encourages initiative, improves teamwork, and enhances morale.

## 8. **Develop A Sense of Responsibility in Your Followers**

When we delegate responsibility to our children, we are indicating that we trust them. As they successfully complete tasks, confidence builds.

## 9. **Ensure Each Task is Understood, Supervised and Accomplished**

Family members must know clearly what is expected from them. Supervising lets us know the task is understood and lets our family members know we care about mission accomplishment and about them.

## 10. **Build A Team**

Because mission accomplishment is based on teamwork, it is evident the better the team, the better the team will perform the task.

### 11. **Employ Your Team in Accordance with Its Capabilities**

A leader must use sound judgment when employing the team. Failure is not an option. By employing the team properly, we insure mission accomplishment.

## **The Problem-Solving Process**

1. **What is the Problem/Issue?** Recognizing and defining the problem is the first step to fixing any problem.
2. **Gather Facts and Make Assumptions.** What do you know about the problem that is true and that you have positive proof of? In the absence of proof, what can you safely assume to be true? Develop criteria that any solution must satisfy.
3. **What are Your Goals and Objectives?** Define what it is you want to accomplish. Clear goals and objectives will help in gathering and comparing possible solutions.
4. **Develop Possible Solutions.** Start by brainstorming; Have a family discussion to produce ideas and ways of solving the problem. List all possible solutions.
5. **Analyze and Compare Possible Solutions.** Use your gathered facts and assumptions and your predetermined criteria to assist in comparing possible solutions.
6. **Select and Implement the Best Solution.** Make a decision! Ensure your choice is acceptable and feasible.
7. **Analyze Solution for Effectiveness.** This may take some time and some adjustments.

## Looking in the Mirror: Self-Assessment Tools

The following self-assessment tools are provided for you to learn more about yourselves and your money. Gather as many facts in both strengths and weaknesses that you can. Once you've developed your lists, use the problem-solving method to maximize your strengths and opportunities to reduce or eliminate your weaknesses.

First, if you have internet access, go to the AARP website at [www.aarp.org/money/budgeting-saving/info-01-2014/test-your-money-smarts.html#quest1](http://www.aarp.org/money/budgeting-saving/info-01-2014/test-your-money-smarts.html#quest1) and take their financial literacy test. See how you compare to other people in your age group. Then take the Spending Personality Assessment and Financial Discipline Skills Assessment to determine your strengths and weaknesses in those areas.

## Spending Personality Assessment

Is your spending personality costing you hundreds or even thousands of dollars a year? Take the assessment below and find out. Read each of the following statements and checkmark each one that applies to you. Which category has the most checkmarks?

### The Fanatical Shopper

1. You shop for weeks for the best price.
2. Others consider your bargain hunting to be excessive.
3. You neglect quality in an effort to save money.

### The Impulsive Buyer

1. You make unplanned, impulsive purchases often.
2. You have little willpower when considering a purchase.
3. You buy items you don't need because they're on sale.

### The Passive Buyer

1. You put off making necessary purchases.

2. You are easily persuaded by salespeople.
3. You blame the product or salesperson when the purchase is unsatisfactory.
4. You rarely ask questions or feel insecure when talking to salespeople.

### **The Ulterior Motive Spender**

1. You shop to escape the pressures of life.
2. You spend money to get back at your spouse or significant other.
3. Buying certain items makes you feel superior.
4. You buy gifts out of guilt or to gain approval from others.

### **The Esteem Spender**

1. You prefer to shop in prestigious stores.
2. You avoid discount chains like Wal-Mart or K-Mart.
3. You buy items because others have them.
4. You buy items to impress others.

### **The Special Interest Spender**

1. You have a collection, hobby, or activity others might consider excessive.  
(If you did not check this item, skip this part.)
2. Others consider your \spending on it to be excessive.
3. The collection, hobby, or activity is potentially harmful to your health or finances.
4. The collection, hobby, or activity is the cause of family conflicts.

### **The Hot Potato Spender**

1. You worry about important purchases.
2. You put off important purchases for weeks and then make a sudden decision to "get it over with".
3. When faced with complex financial decisions, you tend to get overwhelmed and make quick choices rather than thinking through all the variables.

## **Improving Our Financial Discipline Skills**

Financial discipline refers to how well you are able to adjust your spending and saving habits to your financial plan in order to achieve your money goals. Financial discipline requires your willingness to master your impulses, desires, and

emotions when dealing with money. So, when it comes to your strengths and weaknesses in financial discipline, where do you stand?

Use the following check list to evaluate the four areas of Financial Discipline skills. Mark all areas you consider strengths with an “S” and weaknesses with a “W.” Again, what are your strengths and what areas need improvement?

## **Financial Discipline Skills Assessment**

### **Organizational Skills**

Do you have a realistic spending plan focused on your priorities?

Do you pay your bills on time?

Do you save your receipts?

Do you have financial files all in one location and categorized?

Do you use financial software?

Do you have money in savings?

Are you saving for retirement?

Do you have an emergency fund?

Do you have a fund(s) separate from your emergency fund to help save for larger items or events?

### **Communicating Money Issues**

Do you talk about money issues with your spouse or significant other?

Do you involve other family members when appropriate?

Do you state the issue and make sure it's understood?

Are you open to input from your spouse and/or other family members?

Do you avoid the “blame game” or jumping to conclusions?

### **Time Management skills**

Have you set your priorities with a “needs first” mentality?

Does your plan include detailed written steps to goal achievement?

Have you designated specific days and times to pay bills and review plans?

Are you proactive?

**Financial Self-development**

Can you look objectively at your strengths and weaknesses pertaining to what you know about money?

Do you continually seek to improve your knowledge in financial matters?

Do you take ownership of every aspect of your financial life?

**Equity Sheet**  
**Value - Debt = Equity**

Item	Value	-	Debt	=	Equity
Available Cash					
Checking Account					
Savings Account					
Stocks, Bonds and/or Mutual Funds					
Retirement Plan					
Real Estate					
Vehicle					
Credit Cards					
Unsecured debt					
Other					
<b>Total</b>					

## Sample Financial Goal Worksheet

Goals	\$ Amount Needed	Month &Year Needed	# of Months to Save	Monthly Amount to Save	Notes:
<b>Short-Term (0-5 yrs.)</b>					
<b>Long-Term (5 or more yrs.)</b>					

## Recommended % of Household Income

<b>Giving</b>	<b>10-15%</b>
<b>Savings/Investing</b>	<b>10-15%</b>
<b>Housing</b>	<b>25-35%</b>
<b>Utilities</b>	<b>5-10%</b>
<b>Food</b>	<b>5-15%</b>
<b>Transportation</b>	<b>10-15%</b>
<b>Clothing</b>	<b>2-7%</b>
<b>Med/Health/Dental</b>	<b>5-10%</b>
<b>Personal</b>	<b>5-10%</b>
<b>Recreation</b>	<b>5-10%</b>
<b>Non-mortgage debt</b>	<b>5-15%</b>
<b>Misc.</b>	<b>2-5%</b>

## Zero-Based Budget Worksheet

### Sources of Income

<b>Job #1</b>		
<b>Job #2</b>		
<b>Job #3</b>		
<b>Retirement</b>		
<b>Retirement</b>		
<b>Unemployment</b>		
<b>Social Security</b>		
<b>Disability Income</b>		
<b>Child Support</b>		
<b>Alimony</b>		
<b>Interest Income</b>		

<b>Dividend Income</b>		
<b>Cash Gifts</b>		
<b>Bonus</b>		
<b>Other</b>		
<b>Other</b>		
<b>Other</b>		

<b>MONTHLY TAKE HOME PAY</b>	\$
------------------------------	----

<b>GIVING (10-15%)</b>	<b>Planned</b>	<b>Spent</b>
Place of Worship	\$	\$
Charity	\$	\$
Other:	\$	\$
<b>Subtotal</b>	\$	\$

<b>SAVINGS (10-15%)</b>	<b>Planned</b>	<b>Spent</b>
Emergency Fund	\$	\$
Retirement	\$	\$
Sinking Fund	\$	\$
Other:	\$	\$
<b>Subtotal</b>	\$	\$

<b>HOUSING (25-35%)</b>	<b>Planned</b>	<b>Spent</b>
Mortgage/Rent	\$	\$
Electricity	\$	\$
Cable/Internet	\$	\$
Water	\$	\$
Oil/ Propane/ Natural Gas	\$	\$
Other:	\$	\$
Other:	\$	\$
<b>Subtotal</b>	\$	\$

<b>FOOD (5-15%)</b>	<b>Planned</b>	<b>Spent</b>
Groceries	\$	\$
Restaurants	\$	\$
Other:	\$	\$
<b>Total</b>	\$	\$

<b>TRANSPORTATION (10-15%)</b>	<b>Planned</b>	<b>Spent</b>
Gas	\$	\$
Maintenance	\$	\$
Other:	\$	\$
<b>Subtotal</b>	\$	\$

<b>PERSONAL (5-10%)</b>	<b>Planned</b>	<b>Spent</b>
Clothing	\$	\$
Cell Phone	\$	\$
Spouse #1 Money	\$	\$

Spouse #2 Money	\$	\$
Hair/Cosmetics	\$	\$
Other:	\$	\$
Other:	\$	\$
<b>Subtotal</b>	\$	\$

<b>LIFESTYLE (5-10%)</b>	<b>Planned</b>	<b>Spent</b>
Child Care	\$	\$
Pet Care	\$	\$
Entertainment	\$	\$
Vacation	\$	\$
Education/Tuition	\$	\$
Miscellaneous	\$	\$
Other:	\$	\$
<b>Subtotal</b>	\$	\$

<b>HEALTH (5-10%)</b>	<b>Planned</b>	<b>Spent</b>
Doctor Visits	\$	\$
Dentist	\$	\$
Medicines	\$	\$
Gym	\$	\$
Other:	\$	\$
<b>Subtotal</b>	\$	\$

<b>INSURANCE (10-25%)</b>	<b>Planned</b>	<b>Spent</b>
Health Insurance	\$	\$
Life Insurance	\$	\$
Auto Insurance	\$	\$
Homeowners Insurance	\$	\$
Other:	\$	\$
Other:	\$	\$
<b>Subtotal</b>	\$	\$

<b>DEBT (5-10%)</b>	<b>Planned</b>	<b>Spent</b>
Car Payment	\$	\$
Car Payment	\$	\$
Car Payment	\$	\$
Credit Card 1	\$	\$
Credit Card 2	\$	\$
Credit Card 3	\$	\$
Credit Card 4	\$	\$
Student Loan	\$	\$
Personal Loan	\$	\$
Other:	\$	\$
Other:	\$	\$
Other:	\$	\$
<b>Subtotal</b>	\$	\$

<b>TAKE HOME PAY</b>	\$
<b>CATEGORY TOTALS</b>	\$
Take Home Pay - Category Totals =	\$

## The 50/30/20 Rule of Budgeting

Elizabeth Warren and her daughter, Amelia Warren Tyagi co-authored a book in 2005 called “**All Your worth: The Ultimate Lifetime Money Plan**” in which they formulated the 50/30/20 budgeting strategy. The 50/30/20 rule boils the budgeting process down to three areas and dedicates a percentage of after-tax income to each of those areas. The authors insist that in order to maintain the correct balance, no more than 50% of your after-tax money should be allocated to your “must-haves (needs), 30% to your wants (fun), and 20% to your savings/debt repayment.

Rather than focusing on a dozen categories and practicing deprivation budgeting, the 50/30/20 rule emphasizes the importance of making your must-haves(needs) first priority and acknowledges the importance of both your wants and savings as long as a proper balance is maintained.

For some people who live in high cost areas, the 50/30/20 rule may have to be modified to compensate for a higher “must-have” requirement. Being able to change your percentages to match your situations is part of the flexibility of the rule.

## Creating Your 50/30/20 Budget

1. Determine your after-tax income.

### Work sheet for after tax income (p.34)

<p><b>Monthly income after taxes (include child support, tips and all other sources of income.</b></p> <ul style="list-style-type: none"><li>• If income varies, take several months avg.</li><li>• Add back in health care that’s deducted</li><li>• Add back in retirement funds that are deducted</li><li>• Make best estimate if exact number can’t be determined</li></ul>	<p>\$ _____</p>
---	-----------------

2. **Determine your must-haves (needs).** The goal is **50% of your after-tax money**. Being as accurate as possible with your must-haves is essential. Once the must-haves are locked in, most will not have to mess with them for quite a long time. Determining your must-haves is the key to the rest of your budget because they provide our basic needs and are the most expensive. Use the following criteria to help you determine them.
- Could you live safely without the purchase?
  - If you lost your job, would you keep spending money on this?
  - Could you live without the purchase for six months?

**Housing (p.37)**

Rent or Mortgage	\$
<b>Utilities</b> (average last three months for gas, water, sewer, electricity)	\$
<b>Basic phone service</b> (No extras like call waiting phone)	\$
<b>Homeowner's or renter's Insurance</b> (enter zero if included with mortgage. If paid annually, divide by 12)	\$
<b>Property taxes.</b> (enter zero if included with mortgage. If paid annually, divide by 12)	\$

**Medical Care (p.38)**

<b>Health Insurance.</b> (If your employer provides your insurance, enter the amount deducted from your paycheck. If your employer pays the full premium enter zero.	\$
<b>Monthly total of what you pay out of pocket for reoccurring medical</b> expenses (prescription drugs, medical supplies, co-pays	\$

### Transportation

<b>Monthly Car payment(s)</b>	\$
<b>Car Insurance.</b> If paid annually, divide by 12	\$
<b>Gas average monthly expense</b>	\$
<b>Other transportation costs</b> (parking, bus, or taxi)	\$

### Insurance

<b>Monthly payments for other insurance</b> (e.g., life, disability, long-term care insurance)	\$
--	----

### Food (p.39)

<b>Basic food needs.</b> (USDA rule of thumb: \$180 per month for single adult; \$650 for a family of four)	\$
---	----

### Legal Obligations/Loan Minimums

<b>Student loan monthly payments</b>	\$
<b>Long term obligations: under contract</b> (Child care, gym membership, appliance payments, cell phone)	\$
<b>Child support and/or alimony</b>	\$
<b>Minimum credit card payment(s)</b> (add up and enter total minimum payment amount.)	\$

### Total (p39)

<b>Total Monthly Must Haves</b>	\$
<b>Must-Have Score = Total for Must-Haves divided by After Tax Income x 100</b>	\$ %

3. **Saving for your future.** Why should you figure your savings category before your wants? Because savings should be a higher priority. Besides, whatever after-tax money is left over after determining savings is “want” money! **The goal is 20% of your after-tax money for Savings.**

**Saving for Your Future Worksheet (p. 43)**

**Traditional Savings (Part 1)**

<p><b>Monthly Contributions to a Retirement Account.</b> (If you contribute once a year, divide that number by 12. If employer contributes, include that amount here too.</p>	<p>\$</p>
<p><b>Other Savings</b> (enter total of any other monthly savings. If your savings varies from month to month, add the amounts over last year and divide the total by 12</p>	<p>\$</p>

**Debt Payment (p. 43)**

<p><b>If you make extra payments to pay off the principal of your mortgage, car loan, or student loan, add up the extra payments.</b> Again, if the extra payments vary, add up total over last year and divide by 12</p>	<p>\$</p>
---	-----------

**Extra Credit Card Payment(s)**

<p>If you pay extra towards credit card debt, (above minimum payment) Enter the total amount. If the amount varies over the year, add the total over the year and divide by 12</p>	<p>\$</p>
--	-----------

**Total Savings (Part 1)**

<b>Add up your total traditional savings and debt payments from Part 1 above.</b>	\$
---	----

**Calculating How much Credit Card Balance is Shrinking/Growing  
(Part 2)**

<b>Subtract today's total credit card balance from what it was one year ago.</b> If the answer is a positive number your total balance is a shrinking. If the answer is a negative number, your total balance is increasing. Enter the amount.	\$ (+/-)
--	----------

**Total Monthly Savings (p. 44)**

<b>Total monthly savings = Part 1+Part 2.</b> If you entered a negative number in Part 2, subtract that number from <b>Total Savings (Part 1)</b> . If your debt is growing faster than your savings, your total monthly savings will be a negative number.	\$
---	----

**Monthly Savings Score**

Monthly Savings Score = Total Monthly Savings divided by After-Tax Income x 100. If your Total Monthly Savings subtotal was a negative number, then this number is negative too!	%
--	---

- 4. Determine your “want” money that’s available. The goal is 30% of your after-tax money.** However, if you achieve 20-30% then your Wants are in balance.

**Your Wants Work Sheet**

<b>All your Money</b>	<b>100%</b>
- <b>Must-Have Score</b>	- %
- <b>Monthly Savings score. If the number was a negative, you add it here</b>	- %
<b>= Wants Score</b>	

# 50 Ways to Cut Expenses

- 1) If you see something online that you want to buy, wait a week before ordering to see if you still really want it.
- 2) Research companies that offer free shipping and services including movies and music.
- 3) Use the public library to check out movies or books for free.
- 4) Consider dropping your land line phone at home. Your cell phone may be all you need.
- 5) Compare rates for cable and satellite. Go with the less expensive option. Many Americans are turning to the cheaper alternative of streaming their TV.
- 6) Don't watch so much TV. You won't see all the ads and be as tempted to buy. Take a walk instead or play with your kids.
- 7) Give up expensive health club memberships. Learn to exercise outdoors, at home, or through the park district.
- 8) Try a vacation at home (staycation). See and do the things you've always meant to do and save on hotel costs.
- 9) Send free e-cards and save on postage.
- 10) Consider buying a certified pre-owned car instead of a new one.
- 11) Cut back trips to Starbucks or other premium coffee shops.
- 12) Only use ATMs where you won't be charged service fees
- 13) Pay off your credit cards monthly and avoid paying interest.
- 14) Pay your mortgage payment biweekly instead of monthly--you'll save on interest costs and pay off your mortgage sooner.
- 15) Pay cash when possible--psychologically it's harder to spend cash than using credit cards, and you'll save on interest charges.
- 16) Participate in company retirement plans to save on taxes. Your taxable income will go down and you'll defer taxes to the future.
- 17) Participate in company retirement plans to save on taxes. Your taxable income will go down and you'll defer taxes to the future.
- 18) Avoid paying penalties on retirement distributions by waiting until you're over age 59 1/2 to make withdrawals.
- 19)
- 20) Take advantage of free health screenings at work (if offered).

- 21) Consider switching health insurance plans to high-deductible plans to take advantage of Health Savings Accounts (HSAs)
- 22) Fill prescriptions with the generic form of the drug
- 23) Take advantage of medical prescription discount cards.
- 24) Quit smoking.
- 25) Get multiple quotes on insurance. It pays to shop around for almost everything.
- 26) Bundle your home and auto insurance for lower rates.
- 27) Reshop your homeowner's policy annually.
- 28) Raise the deductible on your homeowner's and car insurance policies
- 29) Consider term instead of whole or universal life insurance.
- 30) Cook in bulk and freeze.
- 31) Bring your lunch to work or scout out the inexpensive places to buy lunch.
- 32) Cut back on eating out.
- 33) Be a smart grocery shopper--cut coupons, shop at discount stores, and stock up on sale items. Check out Costco or Sam's Club.
- 34) Plan parties where everyone brings something.
- 35) Turn down your home thermostat a couple degrees in the winter.
- 36) Only do full loads of laundry and fill the dishwasher before running.
- 37) Sell stuff you don't need or use anymore.
- 38) Get a roommate and share expenses.
- 39) Buy energy-efficient appliances. They're cheaper in the long run.
- 40) Get rid of "add on" services with phone, TV, etc.
- 41) Shop resale shops or estate sales.
- 42) Shop the clearance racks.
- 43) Use regular gas instead of premium.
- 44) No long-term contracts on things that aren't essential.
- 45) Plan your purchases--avoid impulse buying.
- 46) Use public transportation
- 47) Keep up maintenance on cars. It may prevent costly future problems.
- 48) Get annual physicals to prevent costly future problems.
- 49) Track your spending. If you write it all down, you'll probably spend less.
- 50) Pay bills online. Save postage.

# Additional Consumer Protection Laws

## Credit, Debt, and Identity Theft Issues

- Billing errors. The **Fair Credit Billing Act** requires a credit card company to promptly and appropriately handle billing mistakes.
- Credit card interest. **The Credit Card Accountability, Responsibility, and Disclosure Act** precludes credit card companies from issuing rate increases without prior notice.
- Credit reporting issues. The **Fair Credit Reporting Act and Fair and Accurate Credit Transactions Act** ensure that reporting agencies give accurate information to lenders. Consumers have the right to know the contents of their report and to receive a free yearly credit report. Identity theft victims also have the right to an investigation and the placement of a fraud alert on the account.
- Debt collectors. **The Fair Debt Collection Practices Act** prohibits the use of deceptive and unfair techniques when collecting bills.
- Lending disclosure requirements. **The Truth in Lending Act** requires a lender to provide details about your loan, such as the loan length and the costs you'll pay.

## Discrimination Issues

- Credit discrimination. **The Equal Credit Opportunity Act** forbids a lender from refusing credit due to characteristics such as race, religion, national origin, sex, age, or the receipt of public aid.
- Housing discrimination. **The Fair Housing Act and Fair Housing Amendments** prohibit landlords from discriminating against potential renters on the basis of race, religion, ethnic background, sex, familial status, or a mental or physical disability. (The U.S. Department of Housing and Urban Development (HUD) enforces this law.)

## Harmful Product Concerns

- Unsafe products. The **Consumer Product Safety Act** protects consumers by regulating potentially dangerous products, such as toys painted with lead paint.
- Unsafe drugs, cosmetics, or medical devices. The Food, Drug, and Cosmetic Act prohibits legitimate and fraudulent drug and device manufacturers from selling mislabeled or adulterated products.

## Vehicle Issues

- Warranty issues. Under the **Magnuson-Moss Warranty Act**, manufacturers and sellers must explain warranty coverage, terms, and exclusions. (For more information, read *Disputes over Vehicle Warranties*.)
- Used car disclosures. Compliance with the Used Car Rule requires a dealer to display a "Buyer's Guide" in the vehicle window.

## Consumer Website Index

<b>Automotive</b>	
www.carsdirect.com	Online car buying
www.carmax.com	Online car buying
www.cargurus.com	Online car buying
www.cars.com	Online car buying
www.edmunds.com	Search and compare vehicles
www.kbb.com	Search and compare vehicles
www.carfax.com	Check vehicle history
<b>Credit reports &amp; agencies</b>	
www.annualcreditreport.com	Free credit reports
www.creditkarma.com	Free credit scores
www.creditsesame.com	Free credit scores
www.transunion.com	Transunion
www.experian.com	Experian
www.equifax.com	Equifax
www.credit.com	Compare credit cards
www.consumer.ftc.gov	Fair Credit Reporting Act
<b>Consumer Protection</b>	
www.consumerfinance.gov	Consumer Financial Protection Bureau
www.ftc.gov	Federal Trade Commission
www.clark.com	Clark Howard consumer advocate
www.dialahuman.com	Talk to a human not a machine!
www.ncdoj.com/	North Carolina Attorney General
<b>Student loans/Info:</b>	
www.cfnc.org	NC college assistance portal
www.finaid.org	financial aid for college
studentaid.gov	Federal Student Aid
<b>Insurance:</b>	
www.ncdoi.gov/consumers	Learn about many types of Insurance
www.insure.com/	Get insurance quotes
www.nc.gov/medicaid	NC medicaid
<b>Savings and Investing</b>	
www.nasdaq.com	NASDAQ
www.sec.gov	Security Exchange Commission
www.bankrate.com	Rates for a variety of money products
www.fidelity.com	IRA/Mutual Funds
www.fool.com	Stocks, Bonds and more
www.investopedia.com	General Money Info
www.morningstar.net	Mutual fund information/ratings
www.savingsbonds.gov/	Buy savings bonds online
investor.vanguard.com	IRA/Mutual Funds

# Jeff's Top 10 Books (In no order)

Burkett, Larry. *Debt-free Living: How to Get Out of Debt and Stay Out*. Chicago: Moody Press, 1999.

Kiyosaki, Robert, and Sharon Lechter. *Rich Dad, Poor Dad*. New York: Warner, 2000.

Lowry, Erin. *Broke Millennial: Stop scraping by and get your financial life together*. New York: TarcherPerigee, 2017

Orman, Suze. *Women and Money: Owning the Power to Control Your Destiny*. New York: Spiegel & Grau, 2007

Ramsey, Dave. *The Total Money Makeover*. 3<sup>rd</sup> ed. New York: Thomas Nelson, 2009.

Ramsey, Dave. *The Financial Peace Planner: A Step-by-Step Guide to Restoring Your Family's Financial Health*. New York: Penguin USA, 1998.

Siegel, Cary. *Why Didn't They Teach Me This in School?* North Charleston, SC: Creative Space, 2018.

Thomas, Stanley, and William Danko. *The Millionaire Next Door*. New York: Taylor, 2010.

Tyson, Eric. *Personal Finance for Dummies*. 6th ed. Hoboken, N.J.: Wiley, 2010.

Warren, Elizabeth, and Amelia Warren Tyagi. *All Your Worth: The Ultimate Lifetime Money Plan*. New York: Free Press, 2005.

# Smart Bombs

**While honesty is the best policy, honesty without tact or compassion is cruelty -- Me**

**Too many people spend money they earned. To buy things they don't want. To impress people that they don't like. --Will Rogers**

**“Discipline and commitment are a pathway to reach goals and dreams.” – Dr. Anil K. Sinha.**

**You can only become truly accomplished at something you love. Don't make money your goal. Instead pursue the things you love doing, and then do them so well that people can't take their eyes off you--- Maya Angelou**

**Intoxication: Euphoria at getting a refund from the IRS, which lasts until you realize it was your money to start with. ---From a Washington Post word contest**

**“Balancing your money is the key to having enough.”**

**--- Elizabeth Warren, Amelia Warren Tyagi**

**Twenty years from now you will be more disappointed by the things you didn't do than the ones you did do.-- Mark Twain**

**Happiness is not in the mere possession of money; it lies in the joy of achievement, in the thrill of creative effort.---FDR**

**If you lend someone \$20, and never see that person again, it was probably worth it. ~Author Unknown**

**You must gain control over your money or the lack of it will forever control you--Dave Ramsey**

**Don't tell me where your priorities are. Show me where you spend your money and I'll tell you what they are ---James W, Frick**

**The inventor of the pencil looked at the final product and said” I want you to remember four things”**

- ▶ **First your goodness and true worth is within you**
- ▶ **Second, you'll need to be sharpened as you go through life**
- ▶ **Third, you'll be in someone else's hand otherwise you'd make an awful mess**
- ▶ **Finally, you'll be expected to leave a mark!**

