

Getting started

- **Building wealth is like building a brick wall.**

MoneyWi\$e: Saving to Build Wealth

Needs and wants

- **Needs are things you use or require every day.**
- **Wants are things you would love to have but can live without.**

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Barriers to saving

- **Credit cards**
- **Debt payments**
- **Ads for new products such as cars, electronics and clothing.**

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Money management

- **What is money management?**
 - **Knowing how to save, spend and invest your money so that you and your family can successfully work toward your financial goals**

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Tracking your spending

- **What are some ways to track how much money you are spending each day, each week, or each month?**

Ways to track spending

- **Keep a notebook handy and write down everything you buy and every bill you pay.**
- **Keep all your receipts in an envelope or shoe box.**
- **Create a computer file for entering your income and expenses.**

Budgeting

- **What is a budget?**
 - **A spending plan to help you forecast and control your expenses.**

Making a budget

- **How do you make a budget?**
 - You need to figure out how much you spend each month and compare that amount to your take-home pay.
 - Track your spending for a set period of time, like a month, in order to figure out how much money you spend.

Your budget may include:

- Housing**
- Food (groceries, restaurants, snacks)**
- Automobile (payments, gas, repairs, insurance, commuting expenses)**
- Clothing & personal grooming**
- Utilities (electric, gas, water, cable)**
- Credit card payments**

Your budget may include:

- Student loan payments**
- Child care**
- Insurance payments**
- Entertainment (movies, concerts, books)**
- Medical bills**
- Vacations**
- Income taxes**

Emergency savings

- **You can't build wealth overnight.**
- **A good first goal is a savings account for emergencies.**

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Bank accounts

- **What are some of the advantages to having a bank account?**

Advantages of a bank account include:

- **Your money is safe.**
- **Each account is insured.**
- **Canceled checks are proof that you paid a bill.**
- **Using check-cashing stores and money orders is more expensive than paying bank fees.**
- **A bank account can help you keep track of how you spend your money**

Banks and credit unions

- **What is the difference between a bank and a credit union?**

Banks vs. credit unions

- **A credit union is a non-profit cooperative financial institution owned and controlled by its members.**
- **A bank is a for-profit company that makes money from charging fees and lending money.**

Account verification services

- **How do banks find out about your past account history?**

ChexSystems...

- **Is the major national account verification company.**
 - **When you apply for a new checking account, the bank finds out if you are in the ChexSystems database.**
 - **If you ever abandoned a checking account with a negative balance, you are probably listed in the ChexSystems database.**

ChexSystems records

- **Reports about overdrafts or closed accounts remain in your file for five years**
- **You can get a copy of your report (\$9 in most states) by contacting ChexSystems**
- **You have the right to dispute inaccurate information in your account verification report.**

Your rights

- **You can get a free copy of your ChexSystems report if:**
 - **You have been denied a bank account in the past 60 days because of information provided by ChexSystems.**
 - **Your checks were stolen and used by an impostor or you are the victim of any bank fraud.**

Safe deposit boxes

- **What is a safe deposit box?**
- **What are some things that you might keep in a safe deposit box?**

Safe deposit boxes

- **Copies of insurance policies.**
- **Birth, marriage and death certificates.**
- **Mortgages, leases and other important contracts.**
- **Stock and bond certificates and certificates of deposit (CDs).**
- **Valuable jewelry.**

Solving a bank problem

- **Complain as soon as you can.**
- **Always write down the name of the person who helped you.**
- **Offer a solution and ask the bank to correct the problem.**
- **Don't lose your temper.**
- **Send a summary letter (registered mail receipt requested) to prove you took timely action.**

Taking it higher

- **If you are not able to resolve your complaint with your bank or credit union, you can complain to the government regulator.**
- **Read the ‘You can bank on it’ brochure in your folders for more information.**

Insurance

- **What are the benefits of having insurance?**
- **Insurance protects you against financial ruin as a result of an unforeseen catastrophe like fire, theft or medical emergency.**

Kinds of insurance

- **What are the most important types of insurance for you and your family?**
 - **Automobile insurance**
 - **Health insurance**
 - **Homeowner's or renter's insurance**
 - **Life insurance**

Saving money on insurance

- Always ask if you are eligible for any insurance discounts.
- Internet sites can help you compare premiums:
 - QuoteSmith (www.quotesmith.com)
 - Quicken Insurance (www.insuremarket.com)
 - Health insurance
 - Homeowner's or renter's insurance
 - Life insurance

What is credit?

- **Ability to borrow money or obtain goods by paying little or no money at the time of purchase.**
- **Your promise to pay the original cost later or over time plus interest.**

MoneyWi\$e: Good Credit

Why do you need credit?

- Buying a home
- Getting a job
- Getting phone service
- Renting an apartment
- Finance an automobile
- Spreading out payments for expensive items
- Qualify for insurance
- Get a loan
- Obtain a credit card

MoneyWi\$e: Good Credit

Borrowers' responsibilities

- **Borrow only what you can repay**
- **Read and understand the credit contract**
- **Pay debts promptly**
- **Notify creditor if you cannot meet payments**
- **Report lost or stolen credit cards promptly**

MoneyWi\$e: Good Credit

How can I get credit?

- **Establish an account**
 - Ask a local company
 - Find a co-signer
 - Get a secured credit card
- **Use it responsibly for a year or two**
 - Pay all bills promptly
 - Don't bounce checks

MoneyWi\$e: Good Credit

Why is credit denied?

- No credit history
- Too much outstanding credit
- Credit not handled responsibly in the past
- Victim of fraud

MoneyWi\$e: Good Credit

Read the fine print

- **Go over the contract carefully.**
- **Fine print contains important details.**
- **Don't rush into signing anything.**
- **Once a contract is signed, get a copy of it.**
- **Know the penalties for missing payments.**

MoneyWi\$e: Good Credit

Know the cost of credit

- **Figure out total price when paying with credit.**
- **Make the largest payments possible.**
- **Ask about the penalties for missed payments.**
- **Don't be misled into thinking small payments are the best option.**

MoneyWi\$e: Good Credit

How can bad credit limit your life?

- **Access to credit is essential for buying a home or financing a car.**

Poor credit may hinder your ability to:

- **get a credit card.**
- **rent an apartment.**
- **start phone service.**
- **buy life insurance.**
- **get a job.**

It's your right to see a copy of your credit report

- **You can get a free copy of your credit reports from the 3 major reporting bureaus each year.**
- **www.annualcreditreport.com**
- **It is also free if you've been turned down for credit.**
- **If not, there is a charge of about \$9 per copy.**

Do credit repair companies help fix bad credit?

- **Everything a credit repair company can do legally, you can do yourself**
 - 📁 **Credit repair companies charge money—sometimes lots of money**
 - 📁 **No one can legally remove accurate negative information from a credit report.**
 - 📁 **If you decide to work with a company, research its offer carefully.**

Can you get a new, clean personal identity number?

- **No. Companies that promise you a new Social Security or tax ID number are breaking the law.**
 - 📄 They tell you that you can apply for a special business tax identification number called an Employer Identification Number.
 - 📄 Employer Identification Numbers are similar to Social Security Numbers, except they're for businesses.

Remember

- **It's a federal crime to make any false statements on a loan or credit application.**

Collection agencies

- **If you don't pay a debt, the company you owe money to might hire a collection agency.**
 - **Collection agencies get a cut of the debts they collect.**

What should you do if a collection agency calls?

- **Respond immediately if you don't agree that you owe money.**
- **Ask the collection agency to prove that you owe the money.**
 - **A collection agency can't try to collect the debt while its validity is being checked out.**

Collection agencies must provide you with:

- **The amount of the debt.**
- **The name of the original creditor.**
- **Notification that you have 30 days to dispute the debt.**

Can collection agencies call your neighbors?

- Collectors may contact any third party (such as your neighbor, relative or co-worker) only one time.**
- They can only call to confirm or correct information about where you are.**
- They can't tell the third party that you owe a debt.**

How long will it take to rebuild good credit?

- **It takes time and patience to establish good credit.**
- **Each person's situation is different and lenders have wide-ranging requirements.**

Why should I even try?

- **Access to credit is essential for:**
 - ☐ **Buying a home.**
 - ☐ **Financing a car.**
- **Poor credit may hinder your ability to:**
 - ☐ **Get a credit card.**
 - ☐ **Rent an apartment.**
 - ☐ **Start phone service.**
 - ☐ **Buy life insurance.**
 - ☐ **Get a new job.**

Keeping your good credit

- **Review your credit report at least once a year.**
- **Potentially negative information on your credit report includes:**
 - **Late payments on credit cards and loans.**
 - **Unpaid debts.**
 - **Bankruptcy.**

Credit fraud is on the rise

- **Check your credit report carefully to ensure that:**
 - **All the debts listed belong to you.**
 - **A criminal hasn't set up credit accounts under your name.**
- **If you find unauthorized or fraudulent activity, notify the credit bureaus right away.**

Good credit is about:

- **Meeting your responsibilities.**
- **Not taking on more than you can handle.**

Close unneeded accounts

- **You may be able to improve your credit standing by closing accounts that you no longer use.**
- **If you divorce or separate, make sure that joint accounts are closed.**

Be a wise money manager

- **Wise money management can help you:**
 - **Pay your bills on time.**
 - **Make it through times when you are not working.**
 - **Save money.**
 - **Plan for short- and long-term goals.**

Cutting back on expenses

- **What are some ways to cut back on expenses?**

Ideas to help you cut back

- **Shop around and compare prices.**
- **Make a shopping list and stick to it.**
- **Prepare meals and bag lunches at home.**
- **Don't shop recreationally—you could be tempted to buy things you don't need**

Increase your income

- **Ways to earn extra money:**
 - **Part-time or weekend job.**
 - **Take advantage of income tax programs, such as the Earned Income Tax Credit.**
 - **Start a home-based business.**
 - **Rent out a room.**

Congratulations!

- **Congratulations on completing the Money Wi\$e “Manage Your Money Wisely” seminar!**
- **You’ve taken a big step toward wise money management.**
- **Put what you’ve learned into practice—you can do it!**