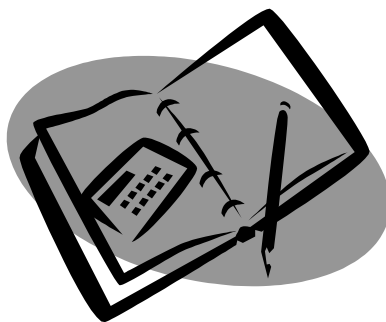


# FINANCIAL MANAGEMENT GUIDE



PRESENTED BY:

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## **INTRODUCTION**

Some of you may be taking your first steps on the road to financial literacy while others of you have been on this road for awhile. Today you validate your conscious choices and actions. Today you become proactive - rather than reactive - where your finances are concerned.

Boleman Law specializes in legal solutions for personal financial problems. From our work with over 25,000 Virginians with financial problems, we humbly and respectfully appreciate those people who serve our community through public or private human service agencies and institutions. Based upon our strong belief that we have an obligation to support our community, we established our Community Outreach Program.

The ***Financial Management Guide*** is based around proven keys that are the foundation for good financial planning. People experience financial distress for lots of reasons. Sometimes, things happen that simply defy planning. More often, however, things could have been improved by planning and better money management skills. Regardless of your current situation, you can always benefit from increased information, knowledge and understanding of your finances. The ***Financial Management Guide*** will help you to improve your money-life.

Again, we thank you for allowing us to be part of this special celebration and we wish you success in all aspects of your life.

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## UNIT 1: MONEY THOUGHTS

### Money

Money means different things to different people, and each of us have our own reactions to and thoughts about what it is and what it means. For some people, money means happiness; for others, money means power; for others, money means security; for others it means anxiety.

Some people do just fine on very little money, while others never seem to have enough. Many rich people are unhappy, and lots of people with limited wealth are very content. Money can be used to acquire and do many things – and yet, there are a lot of things money cannot buy or accomplish.

Money, in and of itself, is neither good nor bad. It is merely one of the many tools and resources we have. It is up to you to determine the role money plays in your life and how you use it. Take a few moments to see what you think amount money and what it means to you.



### What do you think about money?

Here are some questions to help you start thinking about the role of money in your life.

1. How did you learn to handle money? From whom did you learn?
2. What did you not learn about money that you wished you would have?
3. What is important to you that can be bought with money?
4. What is important to you that cannot be bought with money?
5. A common saying is “*The best things in life are free.*” Name some of them.
6. People often talk about wanting to “Keep up with the Jones.” Why do we try? What do we care about that the Jones’ do? Should we?

7. More than most places in the world; American society is focused on the importance of material wealth and on buying things (consumerism). What problem does this cause for people in managing their money? How has it influenced you?
8. Who or what influences you the most when it comes to spending money? Are these influences positive or negative? What would you like to change about these effects on you?
9. How much control do you feel you have over your financial situation? Why?
10. If you feel you do not have much control over the financial situation, how might you get more control?
11. Are there some things you know you want to do differently in the future as far as how you spend money? Name several of them

**AFTER ALL, IT IS YOUR MONEY AND YOUR LIFE!**

**KEY #1:**



*GET TO KNOW HOW YOU HANDLE MONEY AND WHY YOU DO IT THIS WAY. AWARENESS CAN LEAD TO CHANGE – IF YOU WANT IT TO.*



2. What else do you WANT?

- |          |          |
|----------|----------|
| a. _____ | f. _____ |
| b. _____ | g. _____ |
| c. _____ | h. _____ |
| d. _____ | i. _____ |
| e. _____ | j. _____ |

Do you need more space to write down more items? What does that tell you about your wants?

3. What is the difference between what you need and what you want in terms of:

- Clothes?
- Food?
- Housing?
- Vehicle?
- Entertainment
- Other categories??



**Remember: There's a difference between needs and wants? Financial problems are usually caused by the wants, not the needs. If you can't sleep at night because you're worried how to pay for "wants" – what good are they?**

### Values

Goals are also influenced by our values. Values are the source of the "non-material" things we need and want. Some common values relate to the following broad areas:

Spirituality	Career	Health	Peace
Recognition	Friendship	Family	Challenge
Pride	Love	Community	Respect

- Which are most important to you (indicate the most important values with a star)?  
What is important to you that is not on your list?
- Can you buy any or all of the above items with money?
- If this were the last year of your life, what 5 things would you do in the coming year?
  - \_\_\_\_\_

b. \_\_\_\_\_

c. \_\_\_\_\_

d. \_\_\_\_\_

e. \_\_\_\_\_

4. Did money play a role in those 5 things? Explain.
5. What 5 things do you want people to remember or know about you?
- a. \_\_\_\_\_
- b. \_\_\_\_\_
- c. \_\_\_\_\_
- d. \_\_\_\_\_
- e. \_\_\_\_\_
6. Does money play a role in those 5 things? Explain.



**Thought:** *What most people discover is that one can have a good, happy, fulfilling life with the things that really matter without needing a great deal of money or going into debt.*

### **Suggestions for Goal-Setting**

Now that you have thought a little bit about your needs, wants, and values, the next step is writing down some of your goals.

***Goals should be personal.***  
***Goals should be ambitious, but achievable.***  
***Goals should be specific.***  
***Goals should be measurable.***  
***Goals should be kept where you will see them.***



**Assignment:** Draw a picture or find a photo or a picture in a magazine or newspaper of some of your goals. Keep them where you can see them (like the frig door or bathroom mirror). For example, if you want to save money for you or your kids to go to school, keep a photo of a cap and gown at a graduation.

Traditional strategic planning processes can be adapted to goal setting:

1. Define long-term goals – where you want to be, what kind of life you want;
2. Assess your current situation – its strengths and weaknesses;
3. Set short term goals – to take you from where you are to where you want to be;
4. Prioritize actions and strategies;
5. Begin to take action(s);
6. Establish checkpoints to measure your progress;
7. Evaluate how things are going; and
8. Modify your plan if necessary.



**Thought:** *If you do not begin to focus on your long-term goals now, it will be next to impossible to achieve them.*

On the next page are some forms you can use to begin your goal setting. This is only a practice exercise to get you started – once you get in the habit and find it works, you will develop your own system. Of course, goal setting works for other areas of your life – not just finances.

Post your goals on the bathroom mirror or the refrigerator or in your daily calendar – somewhere you will constantly see them.

Share your goals with people you can trust to help you achieve them – keep them to yourself if you aren't sure how others will react.

Once you reach your initial goals, set new ones.



**Thought:** *If you don't need or want much, then you don't need much money – and that gives you a lot of freedom. "Less" may be "more" in the long run.*

### Your Financial Goals

Where I want to go financially:

Long term goals (2-5 years or more)                      \$ needed      By date

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

Short term goals (1-2 years)                                      \$ needed      By date

1. \_\_\_\_\_

2. \_\_\_\_\_
3. \_\_\_\_\_

**How to get there: Having a goal is a good start, but – action is needed to make it happen!**

Goal	Action to be taken	By date
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____

### **Obstacles**

Often the first thing people do after they write down their goals is think of all the problems with achieving them. So, let's do that. Write one of your goals in the blank space below. Then, list the reasons you have not achieved this goal and/or the obstacles you see in achieving it in the future.

1. Goal: \_\_\_\_\_  
**BUT . . .** \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
2. Now, list 3 possible solutions to ONE obstacle from the above exercise.
  - a.
  - b.
  - c.
3. Or, if you can't come up with solutions – pretend this is the list of a close friend – what would you tell that person to do so that person could achieve the goal?



***Thought: All people have experienced obstacles that exist between them and their goals. When faced with an obstacle, you have two choices: let it stop you, or overcome it. Those who are successful in life persevere and find a way around, over, under or through the obstacles that face them.***

**KEY #2:**



***DETERMINE YOUR GOALS, WRITE THEM DOWN,  
and DEVELOP A PLAN OF ACTION TO ACHIEVE THEM.***

## **UNIT 3: HOW TO CREATE YOUR OWN FINANCIAL PLANS**

Now that you have an idea of what your goals are, the next step is seeing how they fit with your finances to form a financial plan. **First** of all, you need to assess your current monetary situation. **Second**, you need to compare it with where you want to be. **Third**, you need to work with your action plan to move toward your ultimate financial goals. This will involve some trial and error and is an ongoing process. Patience and determination will get you there!

### **Benefits of a Financial Plan**

A financial plan is probably necessary, at least for a while. Such a plan provides formal goal setting and action steps for you to follow in your management of money. Furthermore,

1. IT HELPS YOU MAKE DECISIONS ABOUT HOW YOU USE YOUR MONEY.
2. IT MAKES YOU AWARE OF WHERE YOUR MONEY IS GOING.
3. IT PROVIDES A WAY TO SAVE FOR SPECIFIC ITEMS.
4. IT HELP YOU LIVE WITHIN YOUR INCOME – OR TO DECIDE IF YOU NEED TO CHANGE YOUR LIFESTYLE OR YOUR INCOME (If you're having money problems, there are several options: spend less, earn more or both!)
5. IT HELPS YOU DECIDE WHERE TO CUT SPENDING IF NECESSARY.
6. IT PROVIDES DOCUMENTATION AND RECORDKEEPING FUNCTIONS.
7. IT ALLOWS YOU TO SPEND MONEY WITHOUT FEELING GUILTY.
8. IT IS A LEARNING EXPERIENCE. IT ALLOWS YOU TO SEE HOW YOU COULD LIVE DIFFERENTLY.
9. IT IS A COMMUNICATION TOOL BETWEEN YOU AND OTHERS WITH WHOM YOU SHARE FINANCIAL BENEFITS AND BURDENS.
10. IT GIVES YOU A WAY TO ASSESS YOUR PROGRESS.

### **Spending Plans (often called Budgets)**

A Spending Plan (budget) is merely the documentation for your financial plan. It includes keeping track of how much you spend and how you spend it. It also gives you a set of limits to aim for in future money management. Keep in mind budgets are flexible and changeable, depending on your goals and circumstances.

Three broad types of income and expenses form a budget: fixed, variable, and periodic.

**Fixed:** Expenses and income that are regular in time and the amounts are *fixed*. Items like your rent or mortgage, your car payment and your paycheck are usually *fixed* items. These are easily planned for, and hence, there are few surprises here. These items are not easy to change, and as a result, they form the “core” of your budget.

**Variable:** Expenses and income that change and over which you have control are *variable*. What you spend on entertainment or food, and any income you pick up from odd jobs are *variable* items. This is where you have a lot of choice – and where you can plug a lot of the leaks in your financial plumbing.

**Periodic:** Expenses and income that come up from time-to-time but which may not be predictable or controllable in certain respects are *periodic*. Your car’s transmission going out or a cash birthday gift are *periodic* expense and income items.

In dealing with budgets, there are two very important principles:

1. **If you are serious about getting a handle on your finances, you MUST WRITE DOWN EVERY SINGLE PENNY YOU SPEND, EVERY SINGLE DAY FOR A MONTH.**

If you don’t do this, you are kidding yourself about where your money is going. Furthermore, when you are standing in front of the vending machine deciding which candy bar to buy, if you know you have to admit spending your money this way, you may decide not to buy it! A written record will also give you something to work with and evaluate in terms of deciding what changes need to be made.

HINT: If a month seems too long, start by keeping track of what you spend in a single day. When you have accomplished that, keep track of what you spend in a week. Then, move up to keeping track of your monthly spending.

2. **EXPECT THE UNEXPECTED.**

If you don’t have an unexpected expense this month, you’ll probably have two the next month. These expenses usually are not unpredictable. If you have a 10-year-old water heater with a 5-year guarantee, the fact that it went out this week is really not a surprise. The way you deal with these periodic expenses is covered under the topic of *Savings*.



**Thought:** *Don’t deny yourself so much that you rebel and sabotage your plan. Treat yourself now and then – just don’t go overboard. An ice cream cone, a picnic in a park, a walk by a harbor or a lake can be more fun than an expensive dinner.*

## Choices

The topic of “choices” involves many of the concepts covered in this course: values, goal setting, Spending Plans (budgeting), and needs v. wants, to name just a few. The fact is that most people are in the situation they’re in as a result of choices they made in the past. The good news is that if you don’t like the situation you’re in, you can change it through your future choices. The really good news about finances is that we all make lots of choices all of the time that affect our money. So, you have lots of opportunities to change your financial situation.

1. How do **CHOICES** made in the following areas affect your finances? Give at least one specific example of a choice you made under each category.
  - a. general lifestyle or standard of living
  - b. family
  - c. career
  - d. education
  - e. health
  - f. other

Give three examples of ways you can make new choices to improve your financial situation?

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**Thought: *Pay attention to all choices you make! It's not just the big ones – the little ones really add up too!***

## Savings

A lot of things have changed in this country in the past decade or so. One of the changes is that apparently people don’t save as much money as they once did. This is related, of course, to the trends of increased consumerism, easy credit and instant gratification. The result is that too many people are living on the edge all of the time, and they have nothing put aside to take care of those “unexpected” expenses or events.

Develop the habit of saving money on a regular basis. Even if you can’t save very much at first, get into the routine of savings. You can increase the amounts over time. The important thing here is to **LEARN TO SAVE**.

Saving is not:

- ◆ a punishment
- ◆ a hardship
- ◆ an impossibility

Saving is:

- ◆ a cushion that protects you from those unexpected events
- ◆ what allows you to sleep at night when the brakes need to be fixed
- ◆ what can give you the confidence to make that change in your life
- ◆ a means to greater financial security
- ◆ a way to experience greater freedom in your life.

The same compounding of interest that hurts you in credit transactions helps you in savings. If you save just \$3.00 a day (which really is that Starbucks coffee, bottle of pop or candy bar), you will save over \$1,000 in a year. If this money is put in an interest-bearing account at a bank, you will have even more money than that!



**Assignment:** Get a jar (decorate it if you like). At the end of each day, put some money in the jar, even if it is only the coins in your pocket. Do this for a week. How much money is in the jar? How do you feel about having this money there?

The following thoughts about savings may be helpful. While some are obvious, putting them into practice is more difficult, particularly when others are not practicing the habit of savings.

- ◆ **You have to spend less than you make.**
- ◆ **You have to live at a little lower standard of living than that at which you could live.**
- ◆ **You don't have to spend it just because you have it.**

A final idea: Too many people say – “Oh yeah, savings is a good idea. I'll put what's left at the end of the month into savings.” Of course – there's never anything left at the end of the month! Therefore, you must: **PUT ASIDE SAVINGS FOR YOURSELF FIRST, AND LEARN TO LIVE ON THE REST!**



**Thought: PROMISE YOURSELF YOU WILL START SAVING MONEY...RIGHT NOW!! Most people are in financial trouble because they did not have sufficient savings.**

**So How Much Should I Be Spending?**

You have a choice in how you spend your money, so having a budget in place is always proactive and empowering. A budget is the road map you need to get to your destination. When creating a budget, this is how you should be allocating your money:

- Housing = 35%
- Expenses = 25%
- Debt = 15%
- Transportation = 15%
- Savings = 10%

**HOUSING = 35%.** This should include:

- Mortgage/rent
- Utilities
- Insurance
- Taxes
- Home maintenance

**Expenses = 25%.** This should include:

- Food
- Clothing
- Childcare
- Medical Expense
- Tithing
- Entertainment
- Travel
- Charity
- Other

**Debt = 15%.** This should include:

- Student Loans
- Court fines and costs
- Credit Cards
- Installment Loans
- Personal Loans
- Medical Debt
- Tax Debt
- Other

**Transportation = 15%.** This should include:

- Car Payment
- Insurance
- Maintenance
- Gas
- Parking/Tolls
- Other

**Savings = 10%.** This should include:

- Savings
- Emergency Cushion
- 401k
- Other



**Remember:** *Your budget should be based on your take-home pay.*

### **Habit**

Habit determines how most of us spend and use money – not logic, not practicality, not good money management techniques. “But we always do that on the weekend.” “But my family always celebrates the holiday that way.” Realize that you don’t always have to do anything a certain way! You can choose to change that habit – with a little concentration and effort.

1. What are some habits that cause you to spend unnecessary money?
2. What will it take for you to change those habits?

### **Your Personal Spending Plan**

The forms on the following pages will give you a start in tracking your money and putting together a financial plan. If these precise forms don’t work for you, tinker with them to create other forms that work better for you. For awhile, you probably need to stick with a regular method of budgeting. Then it will become a new habit.

There are several key terms you need to know to complete these forms:

Gross Income: money you earn before taxes and other items are deducted

Installments: payments made on a monthly basis to purchase an item

Net Income: money you receive after taxes and other deductions



Thought: **IT'S NOT HOW MUCH YOU MAKE THAT MATTERS – ITS HOW YOU MANAGE WHAT YOU MAKE.**

### Daily Variable Expenses Tracking Sheet – By Week



**Assignment:** Make 4 copies of this page and you will have a month's worth of tracking!

ITEM	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.	Sun.	Total
Gasoline								
Car Maintenance								
Home Maintenance								
Groceries								
Cleaning Supplies								
Clothing								
Medical Expenses								
Child Care								
Meals Out								
Laundry/Dry Cleaning								
Gifts								
Entertainment (movie rentals; pay per view)								
Charitable Contributions								
Cigarettes/Tobacco								
Personal Grooming								
Travel/Vacation								
Education/Tuition/Books								
Bank Service Charges								
Hobbies/Club Dues								
Books/Newspapers/Magazines								
Miscellaneous								

**Fixed Income Tracking Sheet**  
**Monthly Income Sheet**

<b>MONTHLY GROSS INCOME</b>	<b>\$AMOUNT</b>	<b>COMMENTS</b>
Salary		
Commission		
Other Income		
<b>Total Income</b>		
<b>WITHHOLDING</b>		
Income Tax		
FICA (Soc. Sec.)		
Taxes		
Unemployment Insurance		
Health Insurance		
Life Insurance		
Contributions		
Other		
<b>Total Withholding</b>		
<b>MONTHLY TOTAL</b>		
<b>Total Income</b>		
<b>- (Withholding)</b>		
<b>= Spendable Money (Net Income)</b>		

### Bi-Monthly (Paid Twice a Month) Income Sheet

Bi-MONTHLY GROSS INCOME	\$AMOUNT	COMMENTS
Salary		
Commission		
Other Income		
<b>Total Income</b>		
WITHHOLDING		
Income Tax		
FICA (Soc. Sec.)		
Taxes		
Unemployment Insurance		
Health Insurance		
Life Insurance		
Contributions		
Other		
<b>Total Withholding</b>		
<b>Bi-MONTHLY TOTAL</b>		
<b>Total Income</b>		
<b>- (Withholding)</b>		
<b>= Spendable Money (Net Income)</b>		

### Weekly Income Sheet

WEEKLY GROSS INCOME	\$AMOUNT	COMMENTS
Salary		
Commission		
Other Income		
<b>Total Income</b>		
WITHHOLDING		
Income Tax		
FICA (Soc. Sec.)		
Taxes		
Unemployment Insurance		
Health Insurance		
Life Insurance		
Contributions		
Other		
<b>Total Withholding</b>		
<b>WEEKLY TOTAL</b>		
<b>Total Income</b>		
<b>- (Withholding)</b>		
<b>= Spendable Money (Net Income)</b>		

**MONTHLY EXPENSE SHEET**

<b><u>MONTHLY EXPENSES</u></b>	<b><u>\$ AMOUNT</u></b>	<b><u>COMMENTS</u></b>
Rent/Mortgage		
Gas		
Electricity		
Water		
Phone		
Garbage		
Cable TV		
Child Care		
Internet		
Other		
<b>INSURANCE</b>		
Car		
Health [if not included under Income Sheet]		
House		
Life [if not included under Income Sheet]		
Other Insurance [if not included under Income Sheet]		
<b>INSTALLMENT</b>		
Car		
Credit Cards		
Other Loans		
<b>SAVINGS</b>		
<b><u>TOTAL MONTHLY EXPENSES</u></b>		



### **Attitude Counts: Think Positive**

One of the factors that separate those who do well in life from those who do not is attitude. People with a positive attitude:

- accomplish more
- get the first shot at a good job.
- receive the benefit of the doubt.
- are more enjoyable to be around.
- have more fun
- bounce back more easily from a “bad break”.
- have better luck.
- are often in the right place at the right time
- see solutions instead of problems.

To a great extent, what we think and what we believe determines what happens to us. If you want to have more money, that means you have to believe you can do that job with a higher salary. If you think you are only “worth” what you make now, you will never even apply for the higher-level position, let alone do well in an interview!

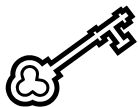
Few of us use even a small portion of our potential – stretch yourself a bit and see what happens. Maybe you should go back to school. Maybe you should try a different career. Maybe you are scared to take a risk and try something new.

### **IT’S HARD WORK TO BE HAPPY – BUT IT’S WORTH IT.**

#### **Goals – again!**

Goals also play a role in getting what you want, as they strongly influence you on a subconscious level. They are also closely related to attitude. Once you know what you want, you will talk to people you may not have spoken to before; you will have different conversations than you would have had before; you will see articles you never would have read before; and you will hear comments you otherwise would not have heard. This is why it is so important to have goals. Set aside time to review your goals every month or two and see if you’re on track of your goals, or if your money behavior needs revising.

#### **KEY #3:**



*FIGURE OUT WHERE YOUR MONEY GOES, MAKE A SPENDING PLAN (budget) and STICK TO IT.*

## **UNIT 4: SALES, ADS, SCAMS & OTHER MONEY TRAPS**

### **If It Sounds Too Good To Be True, . . .**

Marketing experts are paid tremendous amounts of money to figure out what makes people buy a certain product, spend more money in a store or sign up for a subscription. Most of us are amateurs going up against the pros – and guess who usually wins?

Start paying attention to the techniques and promotional activities that encourage people to spend more than what they had originally planned – and often more than they can really afford. They range from common “sales talk” to illegal home improvement fraud. Once you are aware of the ways you can be manipulated, it will be easier to resist such efforts. With television, radio, on-line shopping and telephone solicitations, marketers are reaching into our homes more than ever before. Unlike the past when consumers frequently went to stores, stores now come directly to you. You do not even need to leave the house.



**Assignment:** Find an advertisement in a magazine or newspaper that you think is trying more than usual to manipulate you and other readers. Cut it out and put it on your refrigerator or mirror with a big X through it!

### **Emotions and Money**

A strong tie exists between emotion and money, and marketers know that. Research shows that people spend unnecessary money in response to certain emotions. If you recognize any of these emotions as a factor in your spending, then money may not be the problem. Learn how to handle that emotion in a better way and help solve your financial problems, too.

**Depression** – When people are depressed, they often spend money on things to make themselves feel better. Unfortunately, this improvement is a temporary feeling. Soon after spending, you’ll usually feel even worse. Next time you feel you are shopping because you are depressed, call a friend (preferably not long distance!), get some exercise or do whatever energizes you (but NOT shopping or spending money).

**Anger** – When people get angry, it’s common to spend money to work off the negative emotion. Next time you get angry, clean out a closet, meditate, go for a run, swim, or walk, or do something to make yourself feel better (something that doesn’t cost a lot of money or compromise/sabotage your money plans).

There are other emotions that often relate to wasteful or unnecessary spending. Jot down a few notes about how these emotions affect your use of money – and come up with ways to deal effectively with whichever of these difficult emotional states may be affecting you, and sabotaging your financial plans.

Jealousy -  
Fear -  
Competitiveness -  
Anxiety -

Joy -  
Boredom -  
Grief -  
Success -



**Thought:** *Sometimes emotions can be so overwhelming, professional assistance may be helpful. There are people who can help if you need it.*

### **Ways That We May Be Tempted To Spend Money We Can't Afford**

- ▶ As you glance through these, put a circle around the ones that cause you the most trouble.

Sales: Sales are not bargains unless you need the item.

Coupons: If you buy something you would not normally buy, then it is an unnecessary expense. Even with the coupon, name brands may cost more than generic or store brands at regular price.

1-800 numbers, 24 hours a day, 7 days a week: These are not for your convenience – they are to give you more opportunities to spend your money.

Buy One Now, Get One at Reduced Price: Do you really need two? Or even one?

You Will Look Younger, Healthier and Happier: These products appeal to our vulnerabilities and rarely provide solutions. They are just expensive!

Gadgets: Do you need it? (fancy choppers, slicers, dicers do no more than a knife can do – at a lot higher cost!) How many do you have already? Do you use them? How much time will it take to use? To maintain?

Advertising Techniques: Free samples, appealing to your desire for popularity or security, or to help you children or improve health or calm fears are established ad techniques. Some advertisers prey off your fears and concerns. Be aware of what they are trying to do and remind yourself to stick to your list and budget. Catchy songs and slogans are effective also. Notice how many toy ads are shown during cartoons and to promote popular children's movies.

Television Shopping Channels: Like the 1-800 numbers, the convenience combined with the sales pitch makes these hard to resist. Many of us are lonely and the phone makes us feel connected. If you can't delete the station from your service, use your will power to watch something else. Better yet, do something besides watch TV!

High Pressure Salespeople: Salespeople receive a lot of training in how to overcome objections to buying. They push until you agree to the deal. They keep you on the phone. Know your limits and stick to them. Don't take your checkbook or credit card with you – that way you can't buy until you've had a chance to calm down and think.

The Fine Print: Be sure you understand the details of any contract. If you do not know what something means, ask someone who is on your side (not the salesperson) to explain it to you.

Product Placement: Ever noticed how the cheaper brands are way up there or way down there? And how the essential foods are at the back of the store? Ever notice how many little items are placed right near the cash register? Candy, gum, gadgets . . . They are placed there to tempt you to pick them up on the way out of the store. This is not a coincidence!

Smells, Sounds and Colors: Popcorn in a movie theater and soothing music in a restaurant can influence you to spend more money than you had planned.

Buy Now, Pay Later: The problem is that later you haven't saved up the money you promised yourself you would to pay the item off before the high interest kicks in. And, now you're bored with the item, it's outdated, or it's broken.

Payday Loans: Payday loans charge a very high rate of interest due to their structure – ***and should be avoided!*** They are a cash "advance" on your paycheck, and are used by people who need quick cash. The problem is that people usually don't have the money available on payday, and end up taking out additional loans. These can easily add up to 400% or more Annual Percentage Rate (APR) interest.

- You write a check dated two weeks from now for \$256. In return, you get \$200 cash today – and plan to have the money to pay the amount of the check next payday. Therefore, you are paying \$56 in fees and interest – which is 728%!

Rent-to-Own: Rent-to-Own schemes are bad deals as well. It is usually far better to save up the money to buy the item a few months from now rather than renting it now and having to pay for the item for many many months.

- You rent a \$300 TV, paying \$16 a week for a year. You pay a total of \$832. Therefore, the interest and charges total \$532, or over 250%!! Wait 4-5 months, put the \$16/week in a savings account and buy it for the \$300 purchase price instead.

Home Equity Loans: These loans are popular because money can be borrowed against the equity in a house, and the interest paid on the loan is normally tax-deductible. While this can be a valid method of "using" the equity you have in your home, the danger is that if the loan is not paid as agreed, the creditor can take the house. People commonly use the money to pay off credit card debt (which is unsecured). So, you end up converting unsecured debt to secured debt. Don't borrow more than you need, and be sure you can repay as scheduled.

**Pawnshops:** Pawnshops give loans in exchange for keeping an item of personal property such as a guitar, bicycle, computer or lawnmower. If the loan is not paid on time, the property can be sold. Rates and fees are usually high at pawnshops – and you lose your property.

**Lotteries:** You know what the odds are on winning, don't you? The odds mean that money spent on lottery tickets is like throwing money in the wastebasket.

**Hidden Charges:** Are batteries included? Is there an additional fee for options or services that you thought were included? Is there a late termination charge? Read the agreement carefully, ask around, and talk to someone who already has the product or service.

**Consolidation Loans:** These loans lump a number of payments together (usually with a new creditor) so that just one payment a month is made. Sometimes, this new amount has a lower overall interest rate. Consolidation only works if you make the payment as agreed, and more importantly, if you don't incur additional debt. Make sure the lower rate is not just for the introductory period. Also, look at the fees charged to consolidate. Moreover, always look at the length of the repayment loan. You may be paying for many years.

1. If you checked any of the above items as causing you problems, jot down a few things you are going to do in the future to avoid those problems.

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2. What's the worst thing you ever bought? How could you avoid this mistake in the future?

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**Thought:** *The list of “dangerous” techniques and swindles is endless. It is up to you to pay attention and learn about anything you are tempted to invest in or spend money on.*

### **Hints To Help Avoid Impulse Buying**

80% of items bought on impulse are unnecessary expenses and a waste of money. If you are prone to impulse buying, consider the following to avoid overspending:

1. Why did you buy the last item “on impulse”? Take some time and answer honestly. (Examples: Perhaps you were depressed, perhaps you didn’t want a friend to think you couldn’t afford it.)
2. Go away and think about it. If you truly want it two (ten?) days later and you can afford it, then you can buy it.
3. Don’t spend “spare’ time in shopping malls or stores. Avoid these “slippery” places. Instead, go to the library, take a walk, balance your checkbook (!), get some exercise or pursue a hobby.
4. Don’t buy it on sale unless you would have bought it at full price.
5. Don’t carry much cash – it “spends” easier than a check.
6. Don’t go shopping when tired (or hungry, if shopping for food).

### **Other Smart Ideas to Cut Shopping Costs**

1. Comparison shop – for everything from food to insurance.
2. Buy generic or store brands.
3. Buy on sale (but see #4 above).
4. Plan ahead.
5. Buy in quantity if possible.
6. Don’t pay for convenience; make it yourself.
7. Consider repairing an old one rather than buying a new one: for everything from remodeling your current house to fixing the washing machine.
8. Buy it used: items found at garage sales or used cars are often good bargains.
9. Consider alternatives to expensive gifts – services, homemade items, etc.
10. Simplify your life.
11. Use baking soda, vinegar, bleach mixtures instead of “specialty” cleaners.
12. For everything you do, think “can I do the same thing cheaper?”
13. Pay bills in person when possible to save postage – which can add up.
14. To save on utility bills:
  - Insulate your home
  - Wait as long as possible to turn on air conditioning or heating
  - Keep thermostat high in summer, low in winter
  - Use cold water to wash laundry when possible.
15. To save on phone bills, don’t make long distance calls unless absolutely necessary
  - Consider a cell phone instead of a traditional phone
  - Call during off-peak times
  - Call your phone company every 6 months to make sure you are getting the best rates.
16. Use free recreation facilities and cultural offerings – the beach, museums, public parks.

17. Instead of renting a VCR or DVD video from the store, see if your local library (or one of its branches) has it. It can be requested, sent to the library of your choice and you get to keep it for a week. The local library also has computers which you can use to obtain internet access. And don't forget about the books, magazines and newspapers!
- ▶ What can you add to either of the above lists? Work with another person in class or in small groups to brainstorm additional ways to save money and write them below. Be creative!

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### **How to Combat Sales Techniques and Other Influences**

- ◆ By having clear goals  
The clearer your goals are, the easier it is to say "no" to items you don't really need or want. Keep visual reminders of your goals in view.
- ◆ By being assertive  
Salespeople and individuals that are close to you know how to "push your buttons" to get what they want. Practice saying "NO" over and over until it is comfortable for you. Remember that you need to protect yourself. Others don't necessarily have your best interests at heart.
- ◆ By compromising  
If people with whom you have close relationships – spouse, children, etc. – disagree on expenditures, maybe a compromise is in order. To your partner: "Yes, we could buy a new VCR, but instead of buying one at the store where they cost the most and where we have to pay taxes, let's watch the want ads and go to some garage sales to find one." Or, to the kids: "I think shoes should cost a maximum of \$30.00 – I'll pay that much, and you have to pay the rest out of your allowance or salary if you want the designer brand."
- ◆ By analyzing  
Think through the purchase – particularly if it's on credit. Some good questions to ask:
 

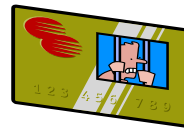
Do I need it?	What is the finance charge?
What is the interest rate?	What is the <u>total</u> purchase price?
Will I use it?	Do I have time for it?
Can I maintain it?	Where will I put it?
Will I become bored with it?	Can I wait longer before I buy it?

**KEY #4:**

*IT IS YOUR MONEY! THE ONLY POWER OTHER INFLUENCES  
HAVE ON YOU IS THE POWER THAT YOU GIVE THEM.*

## UNIT 5: CREDIT USAGE

Many people who find themselves in debt decide they are never going to use credit again – after all, that’s what got them into trouble in the first place! However, the practicality is that credit is increasingly important in this society – as a method of payment as well as a means to facilitate activities such as renting a car. Therefore, learning how to use credit wisely is important.



To begin, you need to appreciate the differences among credit cards, debit cards and stored value cards.

- Credit Card: You borrow money when you use a credit card and if you do not repay the borrowed amount in full when required, you are charged interest on the unpaid debt. You must at least make a minimum payment if you cannot pay in full. There are penalties added for late payments. Credit cards have a maximum amount that can be charged on the card and that differs from person-to-person.
- Debit Card: This is a convenient way for you to withdrawn your own money at locations across the world using a special PIN number. The debit card can also be used to pay for items purchased in a store or supermarket. Some places charge you a fee to withdraw your own funds. This is in addition to what your own bank may charge you.
- Stored Value Card: This is a convenient way to pay for items (transportation; phone). It works by requiring a customer to pay in advance for the desired service. The amount paid is coded into the card and each time the card is used, the balance is reduced. If you lose a stored value card, you are out of luck as someone else can use it.

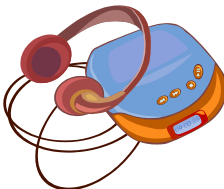
### Credit Rules

1. Taking out a loan (which is what a credit card is) should be a **last resort**. If you don't have the cash, then you can't afford it.
2. Loans should only be used for **needs, not wants**. The list of needs was pretty short!
3. Never use credit for a short-term item – use it only for something with a **useful life beyond the payoff** on the loan. A home and a car are examples of items for which credit borrowing is acceptable. Furniture is not essential, nor is jewelry, nor are gadgets.

4. Determine the **cost of the credit**. Look at the amount of interest you will be paying and compare that to the purchase price if bought only with cash. Interest shows up as a percentage: 5%, 14% and 21%. The higher the numbers, the greater the cost to you. Credit-related charges (late fees; penalty fees) may make the total purchase price extremely high. Is that how you really want to use your money? The money goes to the lender, not you!
  
5. **Pay off** loans as **quickly** as possible. The longer you borrow, the more you pay in interest.

**EXAMPLE**

You want to buy a CD player that costs \$169.00. The salesperson says,  
**“It’s just \$15/month for one year with a \$30.00 down payment”**  
 Sound good? (After all, that’s only \$.50 a day!!)



But how much will the CD player really cost you?? The answer is **\$210.00!!**

To figure this out, here’s what you do:

- a. Count the number of payments (12) and multiply that by the amount of each payment (\$15):

$$12 \times \$15 = \$180.00$$

- b. Add the down payment (\$30) to that:

$$\$180.00 + \$30.00 = \$210.00$$

(\$210 is what you will pay for the CD player!)

- c. The total finance charge is determined by subtracting what you will pay in total from the cash price of the item:

$$\$210 - \$169 = \$41.00 \text{ (over 24\% interest)}$$

- d. Total interest paid: \$41.00

Is this a good deal? Before answering, you may want to look at the following information.

## Interest Rates

Interest rates DO make a difference. Lenders who offer “easy credit” or who aim at borrowers with poor credit histories make up for taking that risk somehow! They normally do it by charging a higher purchase price for the item and/or by charging very high interest rates.

Compare the following examples:

Loan Amount	Loan Term	Interest Rate	Monthly Pmt.	Total Interest	TOTAL COST
\$15,000	5 years	5%	\$283	\$ 1,984	<b>\$16,984</b>
\$15,000	5 years	10%	\$319	\$ 4,122	<b>\$19,122</b>
\$15,000	5 years	15%	\$357	\$ 6,411	<b>\$21,411</b>
\$15,000	5 years	20%	\$397	\$ 8,845	<b>\$23,845</b>
\$15,000	5 years	25%	\$440	\$11,416	<b>\$26,416</b>



**Thought: If you borrow \$15,000 at 25% interest, your interest payments over 5 years (\$11,416) are almost as much as the loan itself.**

Loan Amount	Loan Term	Interest Rate	Monthly Pmt.	Total Interest	TOTAL COST
\$50,000	10 years	5%	\$ 530	\$13,639	<b>\$ 63,639</b>
\$50,000	10 years	10%	\$ 661	\$29,290	<b>\$ 79,290</b>
\$50,000	10 years	15%	\$ 807	\$46,801	<b>\$ 96,801</b>
\$50,000	10 years	20%	\$ 966	\$65,953	<b>\$110,953</b>
\$50,000	10 years	25%	\$1,137	\$86,490	<b>\$136,490</b>



**Thought: If you borrow at 25% rather than 5%, you end up paying \$86,490 in interest rather than \$13,639. That is a huge difference.**

## Length Of the Loan

The time period over which you pay off a loan makes a difference also. The quicker you pay off a loan, the less you pay in interest.

Loan Amount	Loan Term	Interest Rate	Interest Paid	TOTAL COST
\$80,000	30 years	7%	\$111,607	<b>\$191,607</b>
\$80,000	15 years	7%	\$ 49,431	<b>\$129,431</b>
\$15,000	3 years	10%	\$ 2,424	<b>\$ 17,424</b>
\$15,000	5 years	10%	\$ 4,122	<b>\$ 19,122</b>



Another way to pay off a loan more quickly is to make additional principal payments each month. Compare the numbers below with the loans in the box above.

Loan Amount	Term/Interest Rate	Additional Payment	Interest Paid	TOTAL COST
\$80,000	30 years, 7%	\$50/month	\$81,864	<b>\$161,864</b>
\$15,000	5 years, 10%	\$10/month	\$ 3,953	<b>\$ 18,953</b>



**Thought:** *Creditors must tell you what the Annual Percentage Rate (APR) of the loan will be, and give you the total interest and total cost of the item if bought on credit. Demand this information BEFORE you sign anything. If they do not, you may have rights against them. Compare what one creditor offers with what another creditor offers. That way, you can find the better deal.*

## Problem to Solve

Suppose you need to borrow \$6,000 to purchase a used car. Look at these deals. Consider which is best. Can you explain why you would choose one over the other? What factors might affect your decision?

Lender's Name	APR	Length of Loan	Monthly Payment
Abby's	14%	3 years	\$205.07
Bob's	14%	4 years	\$163.96
Carla's	15%	4 years	\$166.98

## Credit Cards and Minimum Payments

One of the common traps people fall into is making only the minimum payment on revolving charge cards. This may be easier to handle in the short run, but it will cost you a lot more money in the long run. Plus, it will take you longer to pay off the debt. The best thing to do is pay off the total balance every month. If that is truly impossible, make the largest payment you can afford to make. And if you are not paying the balance off every month, do not continue to charge purchases – you can't afford them.



**Thought:** *If you make only minimum payments and continue to borrow, you get deeper and deeper into debt.*

If you make only the minimum payment due each month, look at how much it costs you and how long it will take to pay off the account (figures are rounded):

Amount Borrowed	Interest Rate (APR)	Minimum Monthly Payment	Total Repayment Time	Total Dollars Paid
\$1,000	19%	\$20.00	14 years	\$ 2,700
\$3,000	19%	\$60.00	36 years	\$ 12,300

And that's if you make no further charges to the account! Imagine how bad it gets when the charges continue to multiply each month – or the amounts charged are larger.

### Types of Loans


Long Term Loans: Loans that are to be repaid over many months or years are *long term* in nature. Mortgages and car loans are common examples. Loans for very expensive household items such as appliances and furniture can also fall into this category.

Short Term Loans: Loans that are paid within a few weeks or months are considered *short-term* loans. A loan to cover dental work that you will pay off from your next two paychecks is a *short-term* loan.

Secured Loans: *Secured loans* have “collateral” backing them up – usually an item of personal property (or with a mortgage, real property like a house or a mobile home). With a *secured loan*, the creditor can take back (repossess) and sell the collateral if the loan is not paid as promised. Car loans are usually secured loans.

Unsecured Loans: *Unsecured loans* have no collateral behind them and are given in return for the promise of the debtor to pay back the money in the manner agreed. Credit cards are usually unsecured loans. The interest rates are usually higher on unsecured debt as the lender is taking more risk; they have no specific collateral to repossess.

Revolving Credit: These accounts allow you to make charges up to a pre-set limit. You only pay interest on the amount you have borrowed. Credit cards are an example of *revolving credit*.

 <p><b>KEY #5:</b></p> <p><i>CREDIT IS EXPENSIVE – USE IT RARELY, CAREFULLY AND KNOWLEDGEABLY.</i></p>
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## UNIT 6: CREDIT REPORTING ISSUES

### WHAT IS A CREDIT REPORT?

A credit report tells potential lenders how credit-worthy you are. It is your payment history. Based upon the information in your credit report, lenders determine if you qualify for a loan and what the terms of the loan will be. Others also look at your credit history – potential employers, landlords, insurance companies. In today's world, more and more companies are looking at your credit report, so it is vitally important for you to take a look at your credit report as well and see what others are looking at.

At first glance, your credit report will probably appear to be written in a foreign language. It will contain abbreviations, a bunch of dates, and endless strings of letters and numbers. Each agency's report is a little different, adding to your confusion. Don't panic. If there is anything contained in your credit report that you don't understand, the law requires the credit bureau that issued it to explain it to you. You should find an address and/or toll-free number on your report for this purpose.

A credit report is basically divided into four sections: identifying information, credit history, public records and inquiries.

**Identifying information** is just that -- information to identify you. Look at it closely to make sure it's accurate. It's not unusual for there to be two or three spellings of your name or more than one Social Security number. That's usually because someone reported the information that way. The variations will stay on your credit report.

Other information might include your current and previous addresses, your date of birth, telephone numbers, driver's license numbers, your employer and your spouse's name.

**Credit History** -sometimes, the individual accounts are called trade lines.

Each account will include the name of the creditor and the account number, which may be scrambled for security purposes. You may have more than one account from a creditor. Many creditors have more than one kind of account, or if you move, they

transfer your account to a new location and assign a new number. The entry will also include:

- When you opened the account
- The kind of credit (installment, such as a mortgage or car loan, or revolving, such as a department store credit card)
- Whether the account is in your name alone or with another person
- Total amount of the loan, high credit limit or highest balance on the card
- How much you still owe
- Fixed monthly payments or minimum monthly amount
- Status of the account (open, inactive, closed, paid, etc.)
- How well you've paid the account.

On Experian's report, your payment history is written in plain English -- never pays late, typically pays 30 days late, etc. Other comments might include internal collection and charged-off or default. Charged-off means the creditor has given up, thrown in the towel. The creditor has made efforts to collect and has written the loan off.

Other reports use payment codes ranging from 1 to 9; an R1 or I1 on a report is an indication of a good payment history on a revolving or installment account.

**Public Records** – This is the section you want to be absolutely blank. If a public record appears on your credit report, you have had a problem.

It doesn't list arrests and criminal activities; just financially related data, such as bankruptcies, judgments and tax liens. Those are the monsters that will trash your credit faster than anything else.

**Inquiries.** That's a list of everyone who asked to see your credit report.

Inquiries are divided into two sections. "Hard" inquiries are ones you initiate by filling out a credit application or taking your child to the orthodontist. "Soft" inquiries are from companies that want to send out promotional information to a pre-qualified group or current creditors who are monitoring your account. The soft inquiries are only shown on reports given to consumers.

You may have heard that a large number of inquiries can have a negative impact on your credit score, but you're probably OK. For instance, the FICO scores have at least a 30-day buffer period where auto and mortgage inquiries are initially bypassed and not counted. It also counts two or more "hard" inquiries in the same 14-day period as just one inquiry.



**Thought: A recent study indicated that as many as *1 in 4 credit reports contain a serious error* which could disqualify a consumer from buying a home, opening a bank account or getting a job Isn't it about time you know what your lenders are saying about you?**

### **HOW TO OBTAIN A COPY OF YOUR CREDIT REPORT**

Effective September 1, 2005, residents of the Commonwealth of Virginia can obtain a free copy of credit report, once every 12 months from each of the nationwide consumer credit reporting companies: Equifax, Experian and TransUnion. This can be done over the internet by visiting [www.annualcreditreport.com](http://www.annualcreditreport.com). You can also request your report by phone or mail.

#### **Request your Credit Report by Phone**

Call 1-877-322-8228 to request your credit reports by phone. You will go through a simple verification process over the phone. Your reports will be mailed to you.

#### **Request your Credit Report by Mail**

You can request your credit report by mail by filling out the request form which is located on the web site and mailing it to:

Annual Credit Report Request Service  
P.O. Box 105281  
Atlanta, GA 30348-5281

You must have an Adobe viewer to download the request form.

#### **Fair Credit Reporting Act (FCRA):**

The FCRA is federal law which provides you with the right to know what is in your credit file. If you have been denied credit because of your credit file, you can get a copy for free. You may want to contact each of the reporting agencies as the information may be slightly different for each agency. You may also receive a free copy of your credit report for other reasons, such as fraud or inaccurate reports being made to your file.

#### **Credit Scoring**

Credit Scoring is a method lenders use to decide whether or not you meet their criteria for a loan. It is a statistical calculation used by creditors to evaluate your credit-worthiness, based on your past credit history and other factors. In a sense, this score is like a financial report card. The actual formula is not publicly available.

Credit scoring takes into account approximately 25 different variables about your life and finances. Among other things, a credit score looks at whether you own or rent, how

long you have lived at your present address, whether you maintain bank accounts (checking and savings), your employment history, the number and nature of credit cards you have, your repayment history, the amount of unused credit available, balances maintained on open accounts and number of credit inquiries. Recently, people have been able to receive their actual credit scores based on the scoring system employed by a company called Fair Isaacs. Your credit score (known as FICO Scores) is a number ranging between 300 – 900. (This number range can vary from creditor to creditor). The higher the number, the better the score. This number, and the explanation accompanying it, tells you a great deal of how creditors view you. Once you know why your score is what it is, you may be able to take steps to remedy some aspects of your life. Then, you can get your credit score again to see if there is improvement. Credit scores are available for a small fee. Some organizations offer it for free but be careful because this often requires signing up for some expensive monitoring service. Your credit score is available on the Internet. For a good place to order it, see [www.ecosumer.equifax.com](http://www.ecosumer.equifax.com).



**Thought:** *There are steps you can take to make sure the information about you is correct. You can be pro-active and then improve how creditors view you.*

### **Basic Credit Repair Strategy**

Now that you have a better understanding of the types of information on credit reports, it would be a good thing to request a copy of your credit report from each of the three credit reporting agencies noted above. As stated before as many as **1 in 4 credit reports contain a serious error** which could disqualify a consumer from buying a home, opening a bank account or getting a job. It has also been stated that as many as 80% of all credit reports contain some type of error.

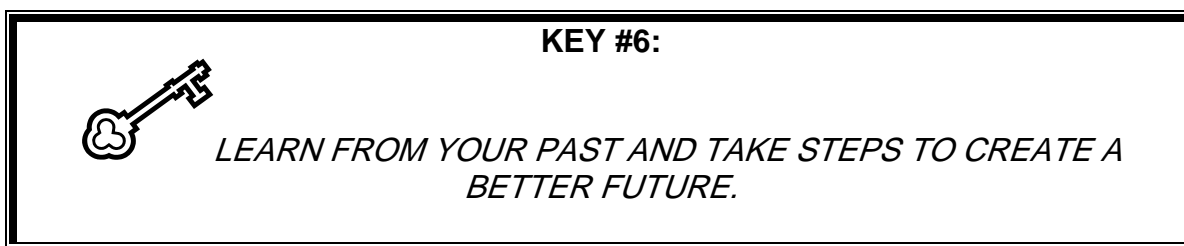
The following information is taken directly from [www.creditinfo.com](http://www.creditinfo.com). This web site has wonderful examples of the various form letters you will need to accomplish the tasks listed below. It explains, in great detail, how to accomplish each of the 9 steps noted below. In addition to information on repairing your credit report, it also provides a host of other free valuable information on credit cards, scams, bankruptcy, and debt.

The basic strategy to repairing your credit is as follows:

1. Get and review your credit report.
2. Analyze your report.
3. Make a list of all items you consider to be questionable or negative. Clearly identify each item in your report that you dispute, explain why you dispute the information,
4. Write a dispute letter to the credit bureaus.
5. Send the letter to the credit bureaus. Make sure you send it registered or certified mail.

6. Document your efforts. Record when you sent your letters, and the results.
7. Wait for the bureaus to investigate your claims.
8. Analyze the results.
9. Was the item deleted or changed to your satisfaction? You may continue steps 1, 2 and 3 above until you feel the dispute is settled satisfactorily. Remember, there is no charge for a reinvestigation. If you don't get the results you want, dispute the listing again.

That's all there is to it! Seems easy enough but you must have patience, because the credit bureaus are not always very cooperative. They make their money by providing credit reports to lenders not by fixing bad information in their databases.



## UNIT 7: RESOURCES

There are so many additional resources available on all of the topics covered in this class, that a complete list is impossible – although we’ve given you a start. New items are being produced daily. A few sources for more information are the following:

Public Libraries are free sources of information in all areas of the country. Increasing, public libraries offer not only books, but videotapes and Internet access to their customers.

Agencies of many types can offer financial services to specific groups, such as the elderly or single-parents, in addition to those that serve the general public. Ask around for those who offer advice, free seminars, and other information on money management. Some are run by the federal or state government. Others are private organizations.

Professional Organizations that specialize in bankruptcy and consumer finance may have websites with specific information for the general public. Since these groups cater to professionals, the information they provide is usually quite reliable.

The Internet has many websites devoted to money management information. Many of these offer free “financial calculators” that will enable you to determine monthly payments on loans or figure out whether it’s best to rent or own. New sites are appearing daily. For those who cannot afford an in-home computer, computers maybe available at public schools, libraries or colleges. Be careful though. Not all information on the Internet is accurate. **Some sites are trying to sell you products rather than provide information.**

Bookstores are an obvious source of information. Used bookstores often sell materials for half-price or less.

For-Profit businesses such as insurance companies, bank, stockbrokers and financial planners often offer free information via seminars, printed materials and over the Internet. Check them out – but again, be careful not to get trapped by initially free “come-ons” into buying something you can’t afford. After all, these businesses are selling a product or service.

**WEBSITES** [Be careful. Some websites are maintained by entities with a particular focus or agenda.]

[www.creditinfocenter.com](http://www.creditinfocenter.com) – easy to use, easy to understand web site which provides a host of information on credit issues and more. One of the best web-sites out there today.

[www.ftc.gov](http://www.ftc.gov) [Federal Trade Commission]

[www.fairisaac.com](http://www.fairisaac.com) [Fair Isaac Credit Scoring]

[www.pueblo.gsa.gov](http://www.pueblo.gsa.gov) – a government publication to complete on-line guide to all consumer affairs

[www.jumpstart.org](http://www.jumpstart.org) – JUMPSTART Coalition for Personal Financial Literacy

[www.consumerfed.org](http://www.consumerfed.org) – Consumer Federation of America

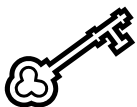
[www.abiworld.org](http://www.abiworld.org) - American Bankruptcy Institute

## **BOOKS**

Welsh, Kristy, *Good Credit is Sexy: How to Make Your Credit As Attractive As Possible*, Second Edition, Techartist Publishing, 2004.

This is by far the BEST book on credit I have ever read. It is easy to read, easy to use and covers a wide range of credit topics from “what is credit all about” to “cleaning up your credit report”. Kristy walks you through each and every step of the credit process. Kristy Welsh also happens to run the [www.creditinfocenter.com](http://www.creditinfocenter.com) web site.

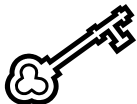
### **KEY #7:**



*FIND AND USE AVAILABLE SOURCES OF INFORMATION.*

**KEY #1:**

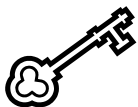
*GET TO KNOW HOW YOU HANDLE MONEY AND WHY YOU DO IT THIS WAY. AWARENESS CAN LEAD TO CHANGE – IF YOU WANT IT TO.*

**KEY #2:**

*DETERMINE YOUR GOALS, WRITE THEM DOWN, AND DEVELOP A PLAN OF ACTION TO ACHIEVE THEM.*

**KEY #3:**

*FIGURE OUT WHERE YOUR MONEY GOES, MAKE A SPENDING PLAN (budget) and STICK TO IT.*

**KEY #4:**

*IT IS YOUR MONEY! THE ONLY POWER OTHER INFLUENCES HAVE ON YOU IS THE POWER THAT YOU GIVE THEM.*

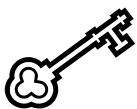
**KEY #5:**

*CREDIT IS EXPENSIVE – USE IT RARELY, CAREFULLY AND KNOWLEDGEABLY.*

**KEY #6:**

*LEARN FROM YOUR PAST AND TAKE STEPS TO CREATE A BETTER FUTURE.*

**KEY #7:**



*FIND AND USE AVAILABLE SOURCES OF INFORMATION.*