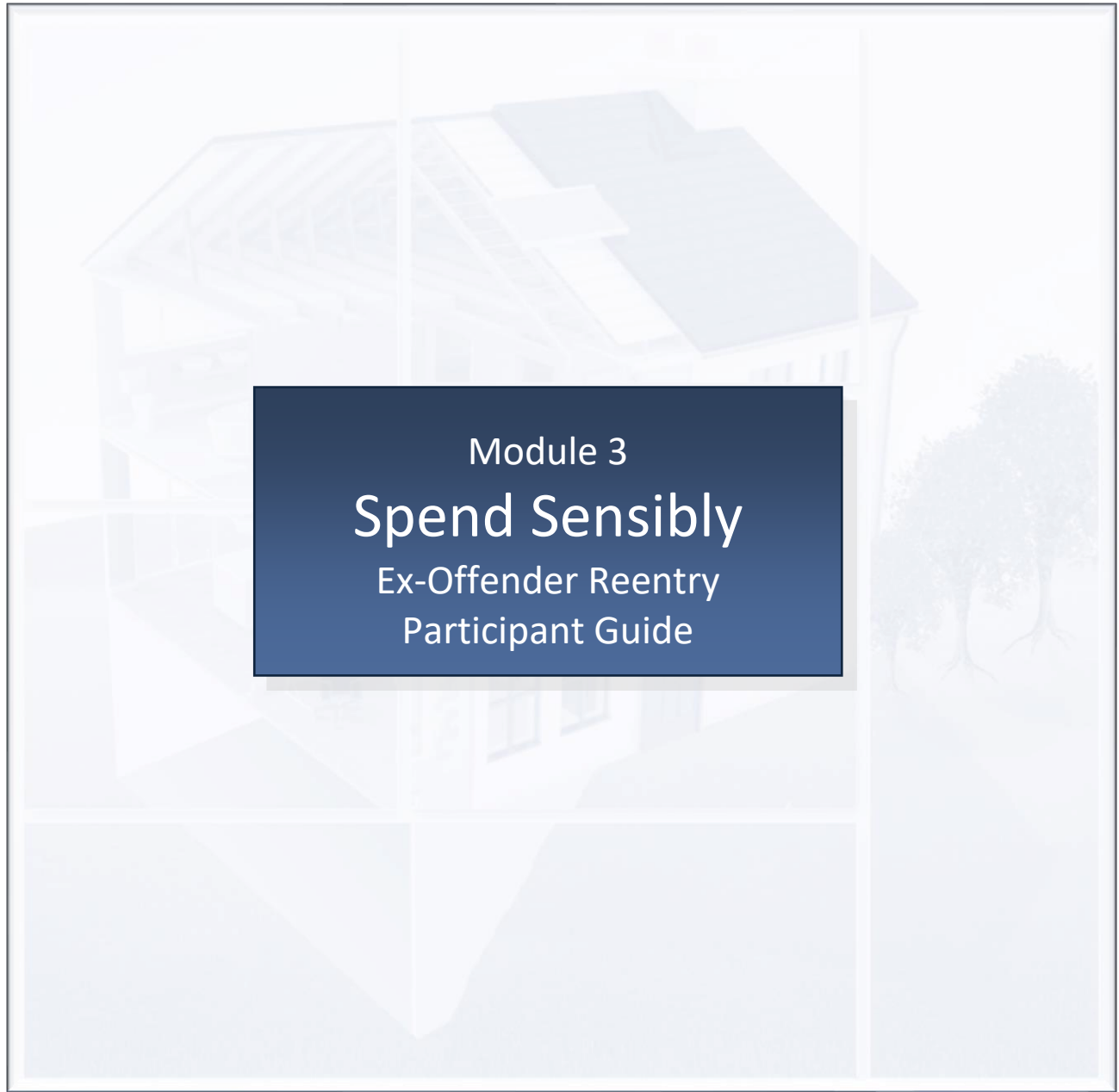


# Building Your Financial House

Set the Foundation of Your Future



## Module 3 Spend Sensibly Ex-Offender Reentry Participant Guide



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Handout: Sample Financial Institutions and Accounts

# Self-Assessment and Track Your Progress

ID \_\_\_\_\_  
(email address) \_\_\_\_\_

**Congratulations!** You are on your way to Building Your Financial House! Use this form to identify key ideas, practices, and the progress you have made to **Spend Sensibly**.

<p><b>Prior to Incarceration</b> <i>(check all that apply)</i></p> <p><input type="checkbox"/> My partner and I discussed money without arguing.      <input type="checkbox"/> I used a written budget or spending plan.</p> <p><input type="checkbox"/> I regularly tracked my spending.      <input type="checkbox"/> I used a bank or credit union to manage cash.</p>	
<p><b>Current Practices</b> <i>(check all that apply)</i></p> <p><input type="checkbox"/> My culture affects the way I use money.      I have the following at a bank or credit union:</p> <p><input type="checkbox"/> I know how much I will need for basic living expenses upon release.      <input type="checkbox"/> Checking account    <input type="checkbox"/> Certificate of deposit</p> <p><input type="checkbox"/> I track my commissary spending.      <input type="checkbox"/> Savings account    <input type="checkbox"/> Money market deposit account</p>	
<p><b>Post-Session Progress</b></p> <p><input type="checkbox"/> I set a goal to <i>spend sensibly</i>.</p> <p>I want to _____ by: <i>(when)</i> _____</p> <p>because: <i>(impact)</i> _____</p> <p>I need to: <i>(how)</i> _____</p> <p>My roadblocks are: <i>(if any)</i> _____</p> <p>which I can overcome by: <i>(how)</i> _____</p>	
<p><b>Worksheets</b> <i>(check if completed)</i></p> <p><input type="checkbox"/> Basic Money Choices <i>(page 8)</i></p> <p><input type="checkbox"/> My Money Map* <i>(pages 12, 15-17)</i></p> <p><input type="checkbox"/> Anticipated Expenses <i>(page 13)</i></p> <p><input type="checkbox"/> Periodic* (Special) Expenses <i>(page 19)</i></p> <p><input type="checkbox"/> Spending Priorities <i>(page 24)</i></p> <p><input type="checkbox"/> My Money Map-During Incarceration <i>(page 27)</i></p> <p><input type="checkbox"/> Choosing a Financial Institution/Account** <i>(page 36)</i></p>	<p><b>Actions Taken</b> <i>(check all that apply)</i></p> <p><input type="checkbox"/> I made changes to my spending habits.</p> <p><input type="checkbox"/> I created and/or use a money map.</p> <p><input type="checkbox"/> I estimated my monthly living expenses upon release.</p> <p><input type="checkbox"/> I opened a new bank/credit union account.</p> <p><input type="checkbox"/> I ordered my free ChexSystem report.</p> <p><input type="checkbox"/> I learned more from the additional resources.</p> <p><input type="checkbox"/> I shared this information with others.</p>
<p><i>*Use information from the Case Study section – pages 19 &amp; 21 to complete.</i></p> <p><i>**Use information from the Sample Financial Institution and Account handout to complete.</i></p>	
<p><b>Please share any additional comments you may have:</b></p>	

## Introduction and Objectives

Welcome back to Building Your Financial House! Remember that each module will introduce money concepts (knowledge) and then the actions you can take to prepare for reentry with this knowledge. As a result of Spend Sensibly,

<p>You will know:</p> <ul style="list-style-type: none"> <li>• Your money values and spending habits</li> <li>• How spending choices can affect others</li> <li>• The difference between needs and wants to prioritize spending</li> <li>• The steps to create and use a money map</li> <li>• The role of transactional accounts and services in managing cash</li> </ul>	<p>Actions to take:</p> <ul style="list-style-type: none"> <li>• Adjust spending habits according to values and to fit goals</li> <li>• Prepare to discuss money issues with partner and family</li> <li>• Estimate living expenses and consequences of not meeting them</li> <li>• Create and use a manageable money map</li> <li>• Establish or expand your relationship with a government insured financial institution</li> <li>• Order ChexSystem report and review for errors</li> </ul>
---	--

Remember that forging your path to financial stability and success upon reentry will be hard, *very hard*, but achievable if you are willing to make the commitment. Keep the following in mind as you begin your reentry journey today.



## Path to Successful Reentry

Remember that now is time to create your path to becoming a successful ex-offender. It starts with making the commitment to becoming a productive member of society, securing gainful and meaningful employment, and living your success. Will you make that commitment?

Keep in mind that no one can change the past, but you can direct your future. You can choose to do whatever it takes, including getting right with yourself and being in the right place with the right people. Review the key areas of which to pay attention so you can stay on the right path to successful reentry.



Source: Adapted from *New Directions-Reentry Guide* (WA State Employment Security Department)

## Money Values

The first step to effective money management is to understand how you feel about money. What you want to get out of your money and how it makes you feel, make the biggest impact on how you spend it. Read each of the statements in the following chart. Check the box with the statements that you agree with or represent your view on money. The column with the most checked boxes will reveal your predominant money color. Note, you may have a mix of predominant money colors, and that's ok!

Blue	Yellow	Green	Pink	White
Money is to spend.	If you need money, it will come from somewhere.	Money and prestige go hand in hand.	It feels good to have money in my wallet or pocket.	Money won't make you happy.
Credit helps you get what you want if you don't have the money.	Worrying about money never helps.	Children should live in the right area to grow up knowing the right people.	You can't have too much insurance.	You can't put a dollar value on everything.
If you want something, you should be able to have it.	There is no need to budget—either you have it or you don't.	At a restaurant, I like to be the one who treats the others.	Never take out a loan on something that's going to decrease in value.	I'd rather work less hours for less money than more hours for more money.
Happiness is buying something new.	You don't need to save ahead for a rainy day.	I like to have nothing but the best.	Unless I absolutely need something, I won't buy it.	I like to make gifts even when I can afford not to.
You are entitled to some of the nicer things in life.	The government will take care of all your money needs when you retire.	A new car and a nice house are evidence of success.	You can never save too much money.	I decide what's important to me and spend what I can afford.
The more money you make, the less you have left.	If you have a serious financial problem, someone will always help.	Nothing is too good for one's children.	Having no cash on hand is scary.	I can have a lot of fun without spending money.
Total:	Total:	Total:	Total:	Total:

## Money Values - Key

---

If the **blue** column has the most circles, you

**Use money to indulge yourself.** Your spending habits are *self-indulgent*, and you see all of your wants as urgent. The key is learning to distinguish between wants and needs; otherwise, it may result in overspending and not having enough money for your actual needs and financial goals.

If the **yellow** column has the most circles, you

**Aren't really concerned with money.** You don't think there is any reason to worry about it, because you have *faith* that it will all work out. While this is a good attitude for many aspects of your life, it is important to manage your spending in order to promote financial stability.

If the **green** column has the most circles, you

**Use money to buy *status* or *prestige*.** To you, money means success and importance. At the end of the day, a better measure of success may be having the right attitude, not expensive possessions. Use caution in your purchases and keep extravagant spending in check.

If the **pink** column has the most circles, you

**Value money for *security*.** You use money like a security blanket. Saving as much as you can, and having extensive insurance coverage makes you feel safe. While feeling safe is important, revisit your emergency needs and how to meet them at a practical and reasonable level.

If the **white** column has the most circles, you

Do not value money in itself, but see it as **a tool for the *self-fulfillment* of happiness in life.** While this is a good mindset, keep in mind the importance of planning and strategy to help you reach your goals.

## Basic Money Choices

Now that you know how your money values may influence spending, ultimately, it's still your choice to spend or not to spend on any particular thing. So, how can we make sensible spending decisions? Eeny, meeny, miny, moe is probably not the best method to make spending choices! The most basic of money choices is simple: needs vs wants.

A need is something you have to have to live; the basic necessities. A want, well, is everything else; the nice to haves. If you're still not sure if something is a need or a want, look at it in terms of how many hours you have to work to buy it. That should clarify it!

Needs		Wants
		

Item	Need or Want?	Why is this a need?	Price	Number of hours you must work to buy this	Is it worth it?	Options or Alternatives
Example: Two large pizzas, drinks & delivery	Need	Eating is a need!	\$40	Price divided by take-home pay (If you bring home \$15/hour, it will take 3 hours of work!		Plan ahead with ingredients to make your own pizza at home.

Enter Your Take-home pay per hour:


Source: Adapted from *Wants vs Needs* (FELA)



## Steps to Effective Money Decisions

How do you make major decisions about money? Here are five steps you can use to help you make good money decisions for more serious issues or purchases.

**Step One:** What is the money issue or decision you need to make?

\_\_\_\_\_

**Step Two:** Look closely at the situation. What lead you to this issue or decision?

\_\_\_\_\_

What are your concerns about the issue?

\_\_\_\_\_

Who are the people involved or affected by the decision?

\_\_\_\_\_

What would happen if you didn't make a decision?

\_\_\_\_\_

**Step Three:** What options or choices do you have? What are the pros and cons for each option? Rank the options and test them, if possible. Use the following chart to record your answers.

Option	Pros	Cons	Rank
1			
2			
3			
4			

**Step Four:** Your decision is ... \_\_\_\_\_

**Step Five:** Follow up and make sure the decision is still right for you.

## Creating a Money Map

A money map is just like a road map or, today, a GPS. It helps you identify your financial starting point and find the route to get where you want to be. The great thing about it is that ***you are in control***. A money map gives you the power to direct where your money is going.



Why is it important to use a money map? Well, it's just like if you wanted to take a trip to someplace you've never been. Without a map, route, or guide, you probably wouldn't get there. Same with a money map. Without it, you may not get to be where you financially want to be. Creating a money map helps you to:

- See what money comes in and where goes
- Prepare for the unexpected
- Put money aside for savings goals
- Stay out of debt
- Plan for the future

### 6 Steps to Creating Your Own Money Map

So how does it work? You first need to identify your income ([step one](#)) and track your expenses ([step two](#)). Comparing the two, that is where you are ([step three](#)). Then knowing where you are, you need to make choices to point you in the right direction ([step four](#)) and plan your route ([step five](#)). Lastly, follow your route to your financial destination ([step six](#)). Sounds simple, doesn't it? The truth is money maps aren't perfect and require adjustments. We *will* encounter financial detours in everyday life, and, that's ok! The important thing is that you make changes and continue on your destination.



We will look at creating a money map in two ways, using the Case Study information for practice when you are released and an abbreviated version using your current income and expenses while you are still incarcerated.

Source: Adapted from *Financial Mentoring Program* (2004 Port Jobs/NEFE)

## My Money Map-Income

Using Case Study information (as was entered on Page 35 of Maximize Earnings), complete the **Current** income column and continue on to Step Two.

	<u>Current</u>	<u>Plan</u>	<u>Actual</u>
<b>Cash and Non-Cash</b>			
Wages/Salary	_____	_____	_____
Commission/Tips/Overtime Pay	_____	_____	_____
Temp Assistance for Needy Families (TANF)	_____	_____	_____
Child Support/Alimony Received	_____	_____	_____
Unemployment Compensation	_____	_____	_____
Social Security Benefits	_____	_____	_____
Pension/Retirement Benefits	_____	_____	_____
Veteran's Benefits	_____	_____	_____
Worker's Disability Compensation	_____	_____	_____
Other Cash: (specify) _____	_____	_____	_____
Food Assistance (SNAP and/or WIC)	_____	_____	_____
Child Care Assistance	_____	_____	_____
Housing Assistance	_____	_____	_____
School Lunch	_____	_____	_____
Energy Assistance	_____	_____	_____
Other Non-Cash: _____	_____	_____	_____
<b>Total Gross Monthly Income:</b>	<b>\$</b> _____	<b>\$</b> _____	<b>\$</b> _____
<b>Off the Top Deductions</b>			
Federal Taxes	_____	_____	_____
State/Local Taxes	_____	_____	_____
FICA Taxes	_____	_____	_____
Unemployment Insurance	_____	_____	_____
Retirement Savings	_____	_____	_____
Health/Dental Insurance	_____	_____	_____
Flexible Spending/Health Savings Account(s)	_____	_____	_____
Child Support/Garnishments	_____	_____	_____
Other: _____	_____	_____	_____
<b>Total Off the Top Deductions:</b>	<b>\$</b> _____	<b>\$</b> _____	<b>\$</b> _____
<b>Net Monthly Income</b>	<b>\$</b> <span style="border: 1px solid black; display: inline-block; width: 80px; height: 25px; vertical-align: middle;"></span>	<b>\$</b> <span style="border: 1px solid black; display: inline-block; width: 80px; height: 25px; vertical-align: middle;"></span>	<b>\$</b> <span style="border: 1px solid black; display: inline-block; width: 80px; height: 25px; vertical-align: middle;"></span>

## My Money Map – Step Two: Track and Record Expenses

Tracking expenses can be a tedious and overwhelming task if you've never done it before. There are several ways to do it, but the one that is best is the one that works for you! Here are some suggestions:

**Daily Spending Diary:** Keep a simple spiral notebook diary of daily expenses, regardless of how it is paid for with cash, checks, or credit card\*

**Monthly statements:** Utilities, bank, credit card, loan, investment, insurance, and other statements can provide accurate expense information.

**Receipt box or envelopes:** It's easy to put receipts in a box or envelope and then sort through them at the end of the month.

*(\*You may find it helpful to separate expenses according to how they are paid: cash, checks, debits from checking, credit cards, etc. The goal is to make sure you only count them once.)*

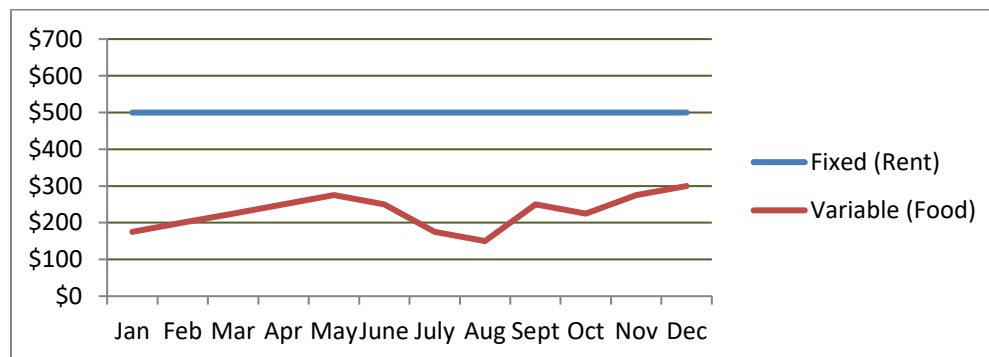
Once you have compiled all of your expenses, it's important to think about each in more detail.

### Needs vs. Want

We have already discussed the concept of needs versus wants, but review each expense in those terms. A need is something you must have to live, i.e., food, clothing, shelter, medicine. A want is everything else; the nice-to-haves.

### Fixed or Variable

**Fixed** expenses are predictable and are the same from month to month. You don't have much flexibility when it comes to making these payments, i.e., you can't pay  $\frac{1}{2}$  of your rent or car loan payment. Keep in mind that these expenses are based on previous choices, but it doesn't mean you can't change them. For example, consider a less expensive apartment or getting a roommate to lower your rent expense. **Variable** expenses are less predictable and change from month to month. In general, you have flexibility and choice in the amount to spend.



### Due Date and Consequence

The last two things to look at are when the expenses must be paid and consequences of not paying them. Due dates vary based on the expense and may be flexible. You may also have expenses that are paid quarterly or annually. It is important to set aside money on a monthly basis to prepare for these 'periodic' expenses that we will address shortly. Finally, is there a consequence if the expense is not paid, i.e., penalties if fines are not paid, repossession of a car if the loan payment is not paid?

## Anticipated Expense Worksheet

The worksheet below breaks down expenses to help you anticipate what you may encounter upon release. Review each expense and (✓) check if you **anticipate** having it, then check the Need column if it's a need, Fixed column if it's fixed expense, and list any consequence if not paid. If you know what the actual amount will be, go ahead and enter it in the anticipated amount column.

Set-Asides	Need	Fixed	Consequence	Amount
Periodic Expenses	_____	_____	_____	\$ _____
Emergency Savings	_____	_____	_____	\$ _____
Retirement Savings	_____	_____	_____	\$ _____
Other: _____	_____	_____	_____	\$ _____
<b>Housing</b>				
Mortgage/Rent	_____	_____	_____	\$ _____
Taxes/Insurance	_____	_____	_____	\$ _____
Electric/Heat	_____	_____	_____	\$ _____
Water/Sewer/Trash	_____	_____	_____	\$ _____
Other: _____	_____	_____	_____	\$ _____
<b>Transportation</b>				
Mass Transit	_____	_____	_____	\$ _____
Car Insurance	_____	_____	_____	\$ _____
Car Loan Payment	_____	_____	_____	\$ _____
Gas/Maintenance	_____	_____	_____	\$ _____
Other: _____	_____	_____	_____	\$ _____
<b>Children</b>				
Child Support/Care	_____	_____	_____	\$ _____
School/Activities	_____	_____	_____	\$ _____
Allowance	_____	_____	_____	\$ _____
Other: _____	_____	_____	_____	\$ _____
<b>Other Obligations</b>				
Court Fees/Fines	_____	_____	_____	\$ _____
Credit Card(s)	_____	_____	_____	\$ _____
Other Loan(s)/Debt	_____	_____	_____	\$ _____
Donations/Gifts	_____	_____	_____	\$ _____
Pets	_____	_____	_____	\$ _____
Other:	_____	_____	_____	\$ _____

# Anticipated Expense Worksheet

<b>Food</b>	<b>Need</b>	<b>Fixed</b>	<b>Consequence</b>	<b>Amount</b>
Groceries	_____	_____	_____	\$ _____
Eating Out	_____	_____	_____	\$ _____
School Meals	_____	_____	_____	\$ _____
Formula	_____	_____	_____	\$ _____
Other: _____	_____	_____	_____	\$ _____
<b>Health</b>				
Insurance	_____	_____	_____	\$ _____
Doctor Copays	_____	_____	_____	\$ _____
Medicines	_____	_____	_____	\$ _____
Eye Care/Dental	_____	_____	_____	\$ _____
Life Insurance	_____	_____	_____	\$ _____
Disability Insurance	_____	_____	_____	\$ _____
Other: _____	_____	_____	_____	\$ _____
<b>Other Expenses</b>				
Clothing/Laundry	_____	_____	_____	\$ _____
Personal care	_____	_____	_____	\$ _____
Banking fees	_____	_____	_____	\$ _____
Other: _____	_____	_____	_____	\$ _____
<b>Recreation/Entertainment</b>				
Movies/Books/CD's	_____	_____	_____	\$ _____
Clubs/Membership	_____	_____	_____	\$ _____
Events/Vacation	_____	_____	_____	\$ _____
Hobbies	_____	_____	_____	\$ _____
Other: _____	_____	_____	_____	\$ _____

## My Money Map-Expenses

Using Case Study information (page 20), fill in the **Current** expense column *only* and continue on to Step Three.

	<u>Fixed</u>	<b>CURRENT</b>	<b>PLAN</b>	<b>ACTUAL</b>
<b>Set-Aside Funds</b>				
Emergency	_____	_____		_____
Periodic Expenses	_____	_____		_____
Savings Goals/IRA's/Education	_____	_____		_____
Other: _____	_____	_____		_____
<b>Total Set Aside Funds:</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Housing</b>				
Mortgage/Rent	_____	_____		_____
Real Estate Taxes/Insurance	_____	_____		_____
Electric/Heat (fuel)	_____	_____		_____
Water/Sewer/Trash	_____	_____		_____
Phone(s) (land/cell)	_____	_____		_____
Cable/Internet	_____	_____		_____
Other: _____	_____	_____		_____
<b>Total Housing:</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Transportation</b>				
Car Loan Payment	_____	_____		_____
Car Insurance	_____	_____		_____
Gas/Maintenance/Repair	_____	_____		_____
Public Transportation	_____	_____		_____
Other: _____	_____	_____		_____
<b>Total Transportation:</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Food</b>				
Groceries	_____	_____		_____
Eating Out	_____	_____		_____
School Meals	_____	_____		_____
Baby Formula	_____	_____		_____
Other: _____	_____	_____		_____
<b>Total Food:</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Health</b>				
Doctor/Dental Co-pays	_____	_____		_____
Eye Care/Glasses	_____	_____		_____
Medicines	_____	_____		_____
Hospital/Clinic	_____	_____		_____
Life/Disability Insurances	_____	_____		_____
Other: _____	_____	_____		_____
<b>Total Health:</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>

	F/V	CURRENT	PLAN	ACTUAL
<b>Children</b>				
Day Care	_____	_____	_____	_____
Diapers/Formula	_____	_____	_____	_____
School/Activity Fees	_____	_____	_____	_____
Allowance	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
<b>Total Children:</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Other Obligations</b>				
Overdue Bills	_____	_____	_____	_____
Credit Card(s)	_____	_____	_____	_____
Student Loan(s)	_____	_____	_____	_____
Personal Loan (s)	_____	_____	_____	_____
Spousal/Family Support	_____	_____	_____	_____
Donations/Gifts	_____	_____	_____	_____
Pets	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
<b>Total Other Obligations:</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Personal Care</b>				
Clothing/Laundry	_____	_____	_____	_____
Cleaning Supplies	_____	_____	_____	_____
Hair Care	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
<b>Total Personal Care:</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Recreation/Entertainment</b>				
Books/Magazines/Movies	_____	_____	_____	_____
CD/DVD's/Games	_____	_____	_____	_____
Clubs/Memberships	_____	_____	_____	_____
Events/Vacations	_____	_____	_____	_____
Hobbies	_____	_____	_____	_____
Alcohol/Tobacco	_____	_____	_____	_____
Lottery	_____	_____	_____	_____
Other: _____	_____	_____	_____	_____
<b>Total Recreation/Entertainment:</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>



## Money Map – Cash Flow

Complete the Current column for the Case Study entries you made on pages 11, 15 & 16.

SUMMARY	CURRENT	PLAN	ACTUAL
<b>Income</b>			
Total Gross Monthly Income	_____	_____	_____
Total Off The Top Deductions	_____	_____	_____
<b>(1) Net Monthly Income:</b>	<b>\$</b> _____	<b>\$</b> _____	<b>\$</b> _____
<b>Expenses</b>			
Set Aside Funds	_____	_____	_____
Housing	_____	_____	_____
Transportation	_____	_____	_____
Food	_____	_____	_____
Health	_____	_____	_____
Children	_____	_____	_____
Other Obligations	_____	_____	_____
Personal Care	_____	_____	_____
Recreation/Entertainment	_____	_____	_____
<b>(2) Total Expenses:</b>	<b>\$</b> _____	<b>\$</b> _____	<b>\$</b> _____
<b>COMPARE</b>			
<b>(1) Net Monthly Income:</b>	<b>\$</b> _____	<b>\$</b> _____	<b>\$</b> _____
Less			
<b>(2) Total Expenses:</b>	<b>\$</b> _____	<b>\$</b> _____	<b>\$</b> _____
<b>CASH FLOW</b>	<b>\$</b> _____	<b>\$</b> _____	<b>\$</b> _____

### If cash flow is ...



**a positive number, that's great!** You have money left over for your goals! Now you need to

PLAN where to put your cash.



**zero, okay!** You are in balance! Now you need to MAKE CHOICES to find money for your goals.



**a negative number, help!** You need to DECIDE your needs versus wants in order bring balance and

find money for your goals.

## Numbers Don't Mesh?

So what if your cash flow doesn't mesh with what is actually in your pocket at the end of the month? First go back to and check to make sure there aren't any transfer errors from your pay statement or the What Comes In: Add It Up worksheet. If you have fluctuating income due to seasonal work or overtime, that too may affect this month's numbers.

Then look at your tracked expenses. Review your tracking method and look for missing entries or those that may have been counted twice because of payment method. Did you have a large expense that occurs periodically during the year, i.e., car insurance, gifts, back-to-school? Do you have spending leaks?\* If it still doesn't seem right, realize that it may take three months to get a really good idea of your spending. And that's ok because it will mean you have a better chance at putting together a manageable plan!

### **\*Spending Leaks: It's only a \$2.00 cup of coffee.**

Spending leaks are those little expenses that we may not think much about, because they are so small, but they truly do add up. For example, say you stop every morning for a cup of coffee at a coffee shop, gas station, or convenience store on your way to work. It's only a \$2.00 cup of coffee, so you didn't track it on your expense worksheet. But is it really just a \$2.00 cup of coffee?

After one week, you've spent \$10

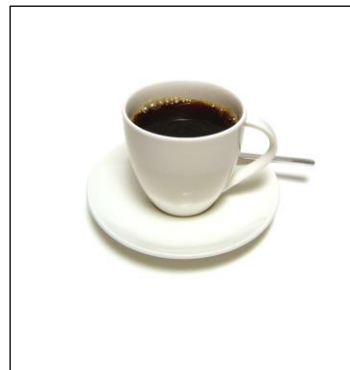
1 month = \$44

1 year = \$520

5 years = \$2,600

10 years = \$5,200

20 years = \$10,400



So, that \$2.00 cup of coffee can really add up over the long run! Keep this in mind when we talk about saving money. A little can add up over the long run too!

## Periodic (Special) Expenses

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Some expenditures occur only once or twice a year, such as car insurance premiums, property taxes, holiday gifts, special events, vacations and seasonal activities. **Using Case Study information (page 19)** complete this worksheet for Anna's periodic expenses.

<b>January</b>	<b>February</b>	<b>March</b>
1. _____	1. _____	1. _____
2. _____	2. _____	2. _____
3. _____	3. _____	3. _____
Total \$ _____	Total \$ _____	Total \$ _____

<b>April</b>	<b>May</b>	<b>June</b>
1. _____	1. _____	1. _____
2. _____	2. _____	2. _____
3. _____	3. _____	3. _____
Total \$ _____	Total \$ _____	Total \$ _____

<b>July</b>	<b>August</b>	<b>September</b>
1. _____	1. _____	1. _____
2. _____	2. _____	2. _____
3. _____	3. _____	3. _____
Total \$ _____	Total \$ _____	Total \$ _____

<b>October</b>	<b>November</b>	<b>December</b>
1. _____	1. _____	1. _____
2. _____	2. _____	2. _____
3. _____	3. _____	3. _____
Total \$ _____	Total \$ _____	Total \$ _____

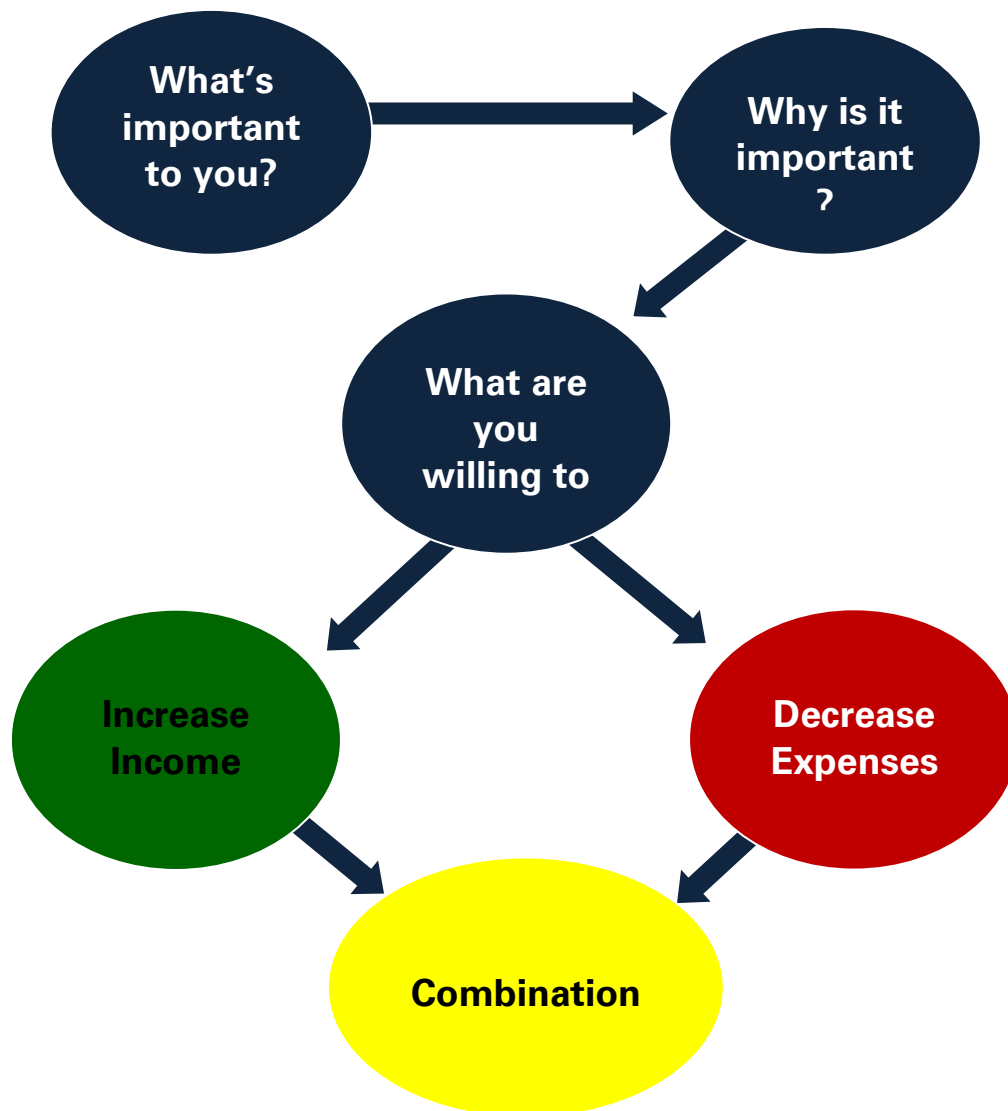
<b>Total Special Expenses</b>	<b>Divided by 12</b>	<b>Equals</b>	<b>Monthly Set-Aside*</b>
\$ _____	÷ 12	=	\$ _____

Source: Adapted from *Take Charge of Your Money* (University of Utah Cooperative Extension)

## My Money Map – Step Four: Make Choices

Even if you have a positive cash flow, ask yourself if it's enough to reach your financial goals. If it is, that's great. Keep in mind that there may also be ways you can increase your cash flow to an even better position by making some new choices. If you are breaking even or have a negative cash flow, then you will absolutely need to make choices which will lead to achieving your financial goals.

There really are really just three choices that you can make in order to have the dollars necessary to reach your financial goals: increase income, decrease expenses, or a combination of both. Which one is right for your situation depends upon:



## Make Choices: Start with Income

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Remember during Invest in Yourself, putting your personal assets to work is key to increasing your income and financial stability. It's a long-term, reasonable solution, but may not bring a speedy remedy to current cash flow issues. Let's look at some other ideas that may bring more immediate help.

- Check current withholding allowances to make sure you're not having too much federal tax withheld from your pay. This is something that can be adjusted fairly quickly, usually within a pay cycle or two. See the Adjust Withhold section to learn more.
- Ask for a raise. You never know unless you ask, but be prepared with reasons why you believe an increase is warranted, i.e., job performance, developed new personal assets, etc.
- Ask for more hours at your job or get a second, part-time job; dedicate the income towards your financial goals.
- Sell stuff and de-clutter for cash! Clothing, jewelry, bicycles, furniture, video games, or anything else you're not using can be cash that you can!
- Ask non-contributing (and able) adults living in your home to contribute to the household expenses.

In Maximize Earnings we discussed a variety of cash and non-cash government assistance programs designed to help individuals and families get through financial challenges. Some of the cash assistance programs include:

- Unemployment compensation
- Social security retirement and disability benefits
- Supplemental security income
- Veteran's disability benefits
- Temporary Assistance for Needy Families (TANF)

Some of the non-cash assistance programs include:

- Medicaid and disability waivers
- Medicare (primarily for those ages 65 and over)
- Public health clinics for screenings and preventive services
- Supplemental Nutrition Assistance (SNAP)
- Women, Infants, and Children (WIC)
- Housing and energy assistance

To see if you qualify for benefits, the PA Department of Human Services has a dedicated website, COMPASS, at which you can learn more and apply for benefit online.

## Make Choices: Decrease Expenses

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Frugality probably isn't the most popular idea, and just saying the word might make you think of Ebenezer Scrooge. When it comes to decreasing expenses, though, frugality is a tried and true method. Look at the Great Depression when it wasn't a matter of choice, it was a need. That time gave rise to the saying, "Use it up, wear it out, make do, or do without." When you are serious about achieving your financial goals, make that your motto, and let your goals be accomplished!

There are dramatic and not-so-dramatic ways to cut back on expenses. It also depends on whether the expense is fixed or variable. Remember that **fixed** expenses are predictable and consistent from month to month. You don't much flexibility when it comes to these payments, but it doesn't mean you can't change them. For example, consider renting a less expensive apartment to reduce your rent expense. **Variable** expenses are less predictable and change from month to month. You have flexibility and choice in the amount to spend. You are in control!

Here is a breakdown of some sensible ideas in some of the key spending areas.

### Housing

- If renting, ask if you could do maintenance or landscaping for a lower monthly rent
- Move to a less expensive apartment
- Look at refinancing options, the long- and short-term benefits, and how that may affect your monthly payment and affordability
- Sell your home if it becomes unaffordable
- Pay on-time to avoid late fees

### Utilities

- Shop around for electric and gas suppliers
- Investigate peak usage programs, i.e., utilities may be cheaper if you use less during certain hours of the day
- Turn down your hot water heater
- Look at bundled cable, internet, and telephone packages
- Investigate basic cable in conjunction with a movie subscription
- Pay on-time to avoid late fees

### Transportation

- Use public transportation or carpool
- Review your insurance; raise your deductible if you have savings to cover it
- Look at refinancing options, the long- and short-term benefits, and how that may affect your monthly payment and affordability
- Buy a more economical car, considering loan payments, maintenance, and fuel
- Pay on-time to avoid late fees

**Food**

- Plan weekly meals and cook at home
- Pack lunch instead of buying
- Use coupons, store brands, and substitutes when shopping and cooking
- Limit eating out to manageable levels

**Health**

- Review employee benefits to choose the most cost effective plan for you and your family
- Use an FSA or HSA for medical expenses to save federal, state, and FICA taxes
- Review your life and disability insurance coverage to make sure they are the most cost effective plan for your needs
- Pay premiums on-time to avoid late fees

**Cash Management**

- Shop for the most cost effective banking products that meet your needs
- Monitor checking account activity to avoid overdraft or low-balance fees
- Limit ATM fees by planning cash withdrawals in advance; use the weekly envelope method to avoid preventable spending

**Other Obligations**

- Contact creditors for a lower interest rate or more reasonable repayment plan
- May loan payments on-time to avoid late fees
- Consider alternatives to tithing such as volunteering, teaching, or sharing a personal asset
- Shop around for the most cost-effective pet products and services

**Personal Care**

- Shop at consignment or thrift store for quality, inexpensive clothing
- Buy generic cleaning supplies or learn to make your own with the basics, i.e., bleach, baking soda, ammonia, etc.
- Consider alternatives to expensive hair services and products, i.e., beauty schools, online auctions for products and supplies

**Recreation**

- Considering using the public library system near you for books, movies, CD's, DVD's, etc.
- Look for special coupons or incentives for events or vacations
- Look for ways to cut back or save on lottery tickets, alcohol, or tobacco use/purchases, i.e. rolling your own cigarette

Finally, it helps to have the support of others who are trying to save. It's hard to talk about money – but, if you're trying to cut costs, it's really important. Tell your friends and family that you're working on your financial goals and ask them to support you. Don't feel guilty if you'd rather have your friends over for pizza than go out to that new restaurant that would also mean you'd have to pay for a baby sitter.

## Spending Priorities

Even if you are committed to spending changes, prioritizing expenses as the cash comes in can still be a challenge. One way is looking at each of your expenses and asking the questions:

1. Is it a need or a want? A need is something you must have to live, i.e., food, clothing, shelter. A want is everything else; the nice-to-have
2. Do I have control of when the payment is made, i.e., is it an off the top deduction from my pay? Do I have control over the amount; is it a variable expense?
3. Is there a risk or consequence if not paid, i.e., repossession of a car if the loan payment is not made or garnishments from pay?



**Use a Spending Pyramid:** Here is a visual way to prioritize expenses. The base of the pyramid represents basic needs to survive and typical off the top expenses from wages. The rest is up to you, based on your obligations and what's important to you. Using your anticipated expenses from pages SS-13 & 14, complete the pyramid for your situation. Keep in mind that there is no right or wrong answers. You are in control!





## My Money Map – Step Five: Plan Your Route

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Once you've made choices about your situation, it's time to get down to numbers and plan your route. Working with the PLAN column on the My Money Map worksheets (pages SS-12, 16-18), assign a target amount for each of your income and expense items. The easiest way to get started is to use the CURRENT column numbers as a guide and decide if it will stay the same or change in the PLAN column. It may seem tedious, but remember you want to account for every penny of your resources coming in and then direct where it needs to go. You are in control!

Here are some more things to remember during this process:

- Include the financial goals you set in the Invest in Yourself module
- Include the monthly set aside for the periodic expenses you have coming down the road (see page SS-20)
- Set realistic expectations for your spending, remembering your money values and those of other in your household
- Make sure that you process any paperwork that may be needed, i.e., filling out a new Form W-4 with your employer to change withholding allowances or completing the enrollment form for your retirement savings plan
- If the numbers don't work, go back and review

Lastly, keep in mind the importance of using a money map. A money map will help you get to where you want to be financially.



## My Money Map – Step Six: Follow Your Route

Now that you have your route, all you need to do is follow it! Sounds easy enough, but it may be a challenge, and that's okay! The good thing is that you are in control and can determine if the expectations are realistic.

After the first month of following your money map, measure your progress by following the same process:

1. Check your income to see if it was what you estimated
2. Track your expenses to see if you came close to the allocation
3. Calculate cash flow to see if each penny was accounted for
4. Make new choices as necessary
5. Plan your new numbers
6. Follow your map



Remember that money maps aren't perfect and require adjustments. We *will* also encounter financial detours in everyday life that we may not have considered. It also may take several months of practice in order to create a manageable money map, and that's all okay! The important thing is that you make changes and continue on your destination.

## My Money Map – During Incarceration

Now that you know the steps for creating a money map upon your release and have practiced with Anna’s information, the following worksheet gives you the chance to start working on your own money map today!

<b>Monthly Income</b>		<b>Current</b>	<b>Plan</b>	<b>Actual</b>
Sources:				
Wages		_____	_____	_____
Outsider Deposits		_____	_____	_____
Non-cash Receipts		_____	_____	_____
Gross Monthly Income:		<b>\$</b> _____	<b>\$</b> _____	<b>\$</b> _____
Automatic Deductions:				
Fines/Costs		_____	_____	_____
Support Payments		_____	_____	_____
Other		_____	_____	_____
Total Deductions:		<b>\$</b> _____	<b>\$</b> _____	<b>\$</b> _____
<b>Net Monthly Income:</b>		<b>\$</b> _____	<b>\$</b> _____	<b>\$</b> _____
<b>Monthly Expenses</b>				
Reentry Set-Asides:	<b>(N/W)</b>			
Savings	( )	_____	_____	_____
Victims Compensation Fund	( )	_____	_____	_____
Documentation Fees	( )	_____	_____	_____
Savings Goal (i.e., commissary purchase)	( )	_____	_____	_____
Health Care Co-pays	( )	_____	_____	_____
Dental Co-pays	( )	_____	_____	_____
Phone Card	( )	_____	_____	_____
Kiosk Card	( )	_____	_____	_____
Organizational Sales	( )	_____	_____	_____
Donations/Gifts	( )	_____	_____	_____
Cable	( )	_____	_____	_____
Commissary:				
Clothing	( )	_____	_____	_____
Toiletries	( )	_____	_____	_____
Electronics	( )	_____	_____	_____
Snacks	( )	_____	_____	_____
Tickets (Ice cream/soda)	( )	_____	_____	_____
Block Store	( )	_____	_____	_____
Miscellaneous Expenses	( )	_____	_____	_____
<b>Total Monthly Expenses:</b>		<b>\$</b> _____	<b>\$</b> _____	<b>\$</b> _____
<b>Compare</b>				
Net Monthly Income:		<b>\$</b> _____	<b>\$</b> _____	<b>\$</b> _____
(minus)				
Total Monthly Expenses:		<b>\$</b> _____	<b>\$</b> _____	<b>\$</b> _____
<b>Cash Flow:</b>		<b>\$</b> _____	<b>\$</b> _____	<b>\$</b> _____

## Know How Your Cash “Flows”

When it comes to money, timing matters. Even when you put a manageable money map in place, cash doesn’t necessarily flow according to the actual month. There may be times when the timing of your income doesn’t neatly meet the timing of your expenses, especially if you have irregular or season work. Charting your flow of cash can help to eliminate coming up short for necessary expenses or paying bill late. Follow the instructions and complete the chart below to plan your weekly cash flow. Then use the following page to chart your actual flow of cash.

1. Enter the amount from each income source in the week column in which you anticipate receiving it. Add columns to get weekly income totals and rows to get source totals.
2. Enter the amount of each expense in the week in which it will be paid. (Some expenses such as food will have to be allocated over all weeks. Add columns to get weekly expense totals and rows to get category totals.
3. Subtract the expense total from income total for each week to get the ending balance. Carry over the balance to the beginning of the next week.

Weekly Flow of Cash - Planned						
	Week 1	Week 2	Week 3	Week 4	Week 5	Totals
<b>Beginning Balance:</b>	\$	\$	\$	\$	\$	
<b>Income</b>						
Wages (net take home)						\$
						\$
						\$
<b>Weekly income total:</b>	\$	\$	\$	\$	\$	\$
<b>Expenses</b>						
Set-Asides						\$
Housing						\$
Transportation						\$
Food						\$
Health						\$
Children						\$
Other Obligations						\$
Personal Care						\$
Recreation/Entertainment						\$
Miscellaneous						\$
<b>Weekly expense total:</b>	\$	\$	\$	\$	\$	\$
<b>Ending Balance for Week:</b>	\$	\$	\$	\$	\$	

(Beginning balance + weekly income total - weekly expense total)  
and carry to next week's beginning balance.

Source: Adapted from *Your Money, Your Goals* (CFPB)

## See How Your Cash "Flows"

Now that you have a plan for your cash flow, it's time to see how your cash actually flows!

Weekly Flow of Cash - Actual						
	Week 1	Week 2	Week 3	Week 4	Week 5	Totals
<b>Beginning Balance:</b>	\$	\$	\$	\$	\$	
<b>Income</b>						
Wages (net take home)						\$
_____						\$
_____						\$
<b>Weekly income total:</b>	\$	\$	\$	\$	\$	\$
<b>Expenses</b>						
Set-Asides						\$
Housing						\$
Transportation						\$
Food						\$
Health						\$
Children						\$
Other Obligations						\$
Personal Care						\$
Recreation/Entertainment						\$
Miscellaneous						\$
<b>Weekly expense total:</b>	\$	\$	\$	\$	\$	\$
<b>Ending Balance for Week:</b>	\$	\$	\$	\$	\$	
<small>(Beginning balance + weekly income total - weekly expense total) and carry to next week's beginning balance.</small>						

Source: Adapted from *Your Money, Your Goals* (CFPB)

## Money Map Tools



### Monthly Payment Calendar

A calendar is an easy money map tool that will help you carry out your personal plan. Transfer your expenses to the date they are due on the calendar. Use one color ink for income and a different color for expenses. Check off each bill as it is paid.



### Envelope System

This is useful if you pay your bills in cash each month. Make an envelope for each expense, such as rent, gas, electricity and food. Label the envelopes with the name of the expense, the amount and due date. When you receive income, divide it into the amounts to cover the expenses listed on the envelope. Pay bills right away so you will not be tempted to spend the money on something else. Keep in mind that this may not be the safest way to manage your cash.



### Budget Folder System

The budget folder is an expandable folder with one divider for each day of the month. When you receive a bill, check the due date and place it behind the divider that represents 5-7 days before the bill's due date. Check the folder daily as part of your normal routine, i.e., right after you bring in the day's mail.



### Electronic Tools

There are more and more electronic budgeting tools to help you manage your finances. You can create spreadsheets or use a personal finance software program with a computer or notebook. Financial institutions offer online tools and account access to help you track your expenses. There are also dedicated websites that help you track and monitor expenses along with apps for your phone or other personal electronic devices. Before using these tools, be sure to check for online safety and security features. Make sure you know who has access to the information you enter and how it could be used. For more information on internet safety, check with [www.ftc.gov](http://www.ftc.gov) or [www.fdic.gov](http://www.fdic.gov). We will discuss financial technology in more detail on page SS-34.

## Mainstream Banking

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Mainstream banking means accessing cash management accounts and services at a federally-insured institution, otherwise known as a bank, credit union, thrift, etc. Why is this important? The benefits of using these institutions are:

- Safety – Your money is safe from theft, loss, and fire.
- Convenience – You can get your money quickly and easily through direct deposit, Automatic Teller Machines (ATM's), debit cards, and online banking services.
- Cost – These institutions are almost always cheaper than other cash services (i.e., check cashers).
- Security – Your money is guaranteed by the federal government if the banks close and cannot give customers their money up to \$250,000 per depositor/ownership category, per insured bank or credit union.
- Financial future – Building a relationship with an insured institution can help establish a record of paying bills, help you save money, and can help getting a loan.

The types of financial institutions include:

**Banks and thrifts** are for-profit businesses that accept deposits from customers, use those deposits to make loans, and provide other financial services. These institutions are guaranteed by the Federal Deposit Insurance Corporation (FDIC). This means that if the bank were to fail, the FDIC would return your money, up to the current limit of \$250,000 per depositor, per insured bank, per ownership category.



**Credit unions** are non-profit financial institutions owned by people who have something in common. You have to become a member of the credit union to keep your money there. Credit unions are like banks in that they accept deposits, make loans, and provide other financial services. The deposit insurance rules are the same at NCUA-insured credit unions as FDIC-insured banks.

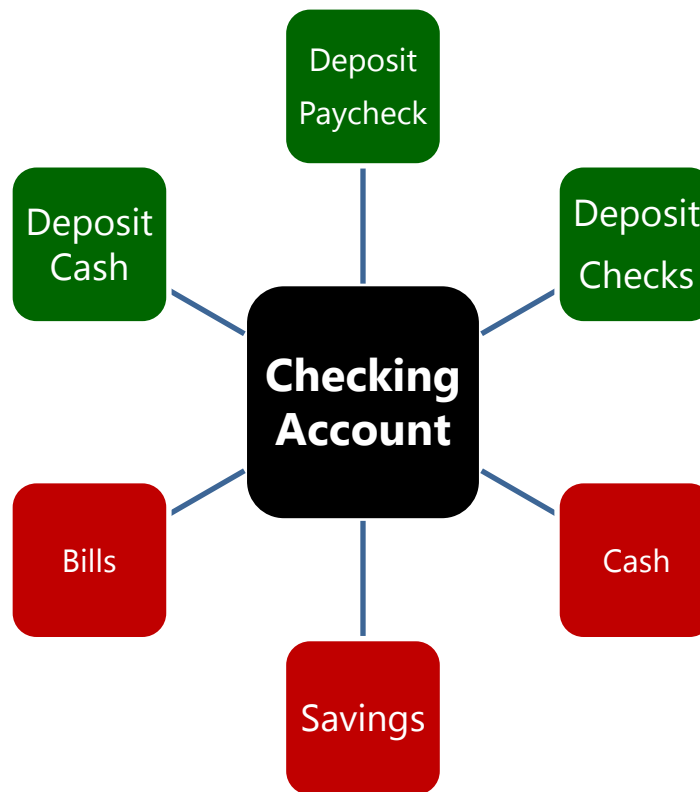


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Source: Adapted from *Money Smart's Bank on It* (FDIC, 2010) and *Right on the Money* (Penn State Extension)

## Cash Management Accounts

The primary goal of using a mainstream banking institution is to manage the flow of cash in and out of your household, to keep cash safe, and to borrow cash to grow your financial future. There are a variety of accounts and tools available to help you do this. Following is a summary.



Cash Flow	Pros	Cons
Checking Account	<ul style="list-style-type: none"> <li>• Basic cash flow account</li> <li>• Checks can be used in place of cash to pay bills or buy goods</li> <li>• Easily accessible, may earn interest</li> </ul>	<ul style="list-style-type: none"> <li>• May or may not charge a monthly fee</li> <li>• May require maintaining a minimum balance</li> </ul>
Debit Cards	<ul style="list-style-type: none"> <li>• Access to checking account funds</li> <li>• Used in place of cash</li> <li>• Convenient</li> </ul>	<ul style="list-style-type: none"> <li>• Too easy to swipe</li> </ul>
Automatic Teller Machine (ATM)	<ul style="list-style-type: none"> <li>• Access to cash from checking or savings</li> <li>• Deposit cash or checks into accounts</li> <li>• Convenient</li> </ul>	<ul style="list-style-type: none"> <li>• May have transaction fee from your institution</li> <li>• May have fee from ATM owner</li> </ul>
Money Market <i>Deposit</i> Account	<ul style="list-style-type: none"> <li>• Higher interest rates</li> <li>• Easily accessible through checks, like a checking account</li> </ul>	<ul style="list-style-type: none"> <li>• Higher minimum balance required</li> <li>• Limited check writing privileges</li> </ul>



<b>Saving</b>	<b>Pros</b>	<b>Cons</b>
Savings Account	<ul style="list-style-type: none"> <li>• Basic cash holding account</li> <li>• Easily accessible</li> </ul>	<ul style="list-style-type: none"> <li>• Low interest paid on deposits</li> <li>• May require a minimum deposit to open or maintain the account</li> </ul>
Club Accounts (i.e., vacation, Christmas)	<ul style="list-style-type: none"> <li>• Savings with limited access</li> <li>• Good planning tool for a specific purpose</li> </ul>	<ul style="list-style-type: none"> <li>• Penalty if money is withdrawn before the agreed terms</li> </ul>
Certificate of Deposit (CD's)	<ul style="list-style-type: none"> <li>• Timed deposit: you choose how long to leave your money in the account</li> <li>• Higher interest rate</li> </ul>	<ul style="list-style-type: none"> <li>• Timed deposit; limited access</li> <li>• Penalty if money is withdrawn before the maturity date</li> </ul>
Individual Retirement Accounts (IRA's)	<ul style="list-style-type: none"> <li>• Retirement savings vehicle</li> <li>• Contributions may be tax-deductible</li> <li>• May arrange automatic transfers from checking</li> </ul>	<ul style="list-style-type: none"> <li>• Same restrictions of underlying product (CD or money market)</li> <li>• Interest depends on product</li> <li>• Penalty if withdrawn before the 59 ½</li> </ul>
Trust Accounts	Account to hold assets for the benefit of an individual(s) or organization	Custodial fees

<b>Borrowing</b>	<b>Pros</b>	<b>Cons</b>
Installment Loans	<ul style="list-style-type: none"> <li>• Home loans (purchase and equity)</li> <li>• Car, student, and personal loans</li> <li>• May offer a discount if automatic payment from checking account</li> </ul>	<ul style="list-style-type: none"> <li>• Application fees</li> <li>• Points (one point = 1% of loan)</li> <li>• Interest, late fees</li> </ul>
Credit Cards	<ul style="list-style-type: none"> <li>• Secured to those new to using credit</li> <li>• Automatic payments from checking</li> <li>• May have flexibility to choose due date</li> </ul>	<ul style="list-style-type: none"> <li>• Interest,</li> <li>• Late fees</li> <li>• Cash advance transaction fees</li> </ul>

<b>Other Services</b>	<b>Description</b>
Overdraft Protection	<ul style="list-style-type: none"> <li>• Prevents checks and debit purchases from being declined</li> <li>• Usually linked to another account with funds to cover the check or purchase</li> <li>• Service fees lower than typical NSF (Non-sufficient Funds) fee (\$20-\$45 each)</li> </ul>
Online Bill Pay	<ul style="list-style-type: none"> <li>• Pay bills immediately with direct transfers from checking/savings through the internet</li> <li>• May be used for one time or set up for recurring payments</li> </ul>
Automatic Transfers	<ul style="list-style-type: none"> <li>• Scheduled transfers money from one account to another within the institution or to another financial institution</li> <li>• Useful for regular saving or investing plans</li> </ul>
Certified or Cashier's Checks	<ul style="list-style-type: none"> <li>• A check in which the financial institution verifies that there is enough money in the account to cover the check</li> <li>• Funds are set aside from the account until payee cashes check</li> <li>• Usually required for large purchases such as a down payment for a home or vehicle</li> </ul>
Safe Deposit Box	<ul style="list-style-type: none"> <li>• Individual locked box inside of a financial institution</li> <li>• Used to store small valuables, i.e., jewelry, coins, passport, deeds, titles, etc.</li> </ul>
Coin Counter	Machine that sorts and counts coins

## Financial Technology

We mentioned electronic money map tools earlier, but it's really important to understand how to use the new technologies in order to maximize control over your money and keep it safe. Below is a summary of popular financial tools, services, and alternatives with which you should be familiar. \*As with any product or service, read the fine print before buying or signing up to make sure that it is right for you. Finally, there is no such thing as a free lunch, and if it's too good to be true, it is!

Product/Service	Description	Example
Software	Computer programs to keep track of income, expenses, cash flow, assets, and debts	Quicken
Taxes	Computer programs to prepare tax returns and file them electronically over the internet	E-file TurboTax
Account aggregates	Websites that can access all of your financial accounts and display them in a single place	Mint.com
Mobile wallets	A digital wallet that stores payment information, such as credit card or bank account numbers on a mobile device that can be used at stores that can process such purchases	Apple Pay
Payment platforms	Processes electronic payments for goods and services directly using linked credit cards or immediate bank accounts debits	PayPal WePay
Peer-to-peer (P2P) money transfers	Processes electronic transfers from a mobile device or computer to people you know, i.e., family and friends, by linked credits cards or immediate bank account debits	Venmo Zelle
Roboadvisors	Digital platform that collects financial information and goals from individuals and uses the data to provide investing advice with little human interaction	Betterment Wealthfront
Crowd funding	A method for individuals, organizations, or companies to raise money over the internet for a cause, project, service, or product	Kickstarter Go Fund Me
Peer-to-peer (P2P) lending	<ul style="list-style-type: none"> <li>• Internet lending platform that doesn't require a financial institution</li> <li>• Connects investors that have money to lend and borrowers</li> </ul>	Lending Club
Cryptocurrencies	<ul style="list-style-type: none"> <li>• Digital currencies that don't exist in any physical shape or form and used as a medium of exchange, like cash</li> <li>• Not regulated insured by the FDIC/NCUA</li> </ul>	Bitcoin Litecoin Ethereum

***\*This is not an endorsement of any company, product, or service.***

## Opening and Maintaining a Checking Account

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Opening and maintaining a banking account is not as difficult as you might think. When you visit a mainstream financial institution to open a checking account, the first thing that will happen is a process called account verification. The institution wants to make sure that you:

- Will be a responsible bank account customer
- Are who you say you are
- Are able, under the law, to open an account

Ask the institution what type of identification they accept for verification. Generally, be prepared with your Social Security Number (SSN) or Individual Taxpayer ID Number (ITIN) and government-issued photo ID, i.e., driver's license, state ID card, passport, etc. If you are not a US citizen, some institutions may accept other photo ID's such as a Matricula Consular card or Resident Alien Card (Green Card).

The institution will also verify your debit history (see page SS-38). If the institution determines that you are eligible to open a checking account, you can deposit money immediately into your new account. If not, because of your debit history, ask about a "second chance" checking program. You may be required to attend a financial workshop or meet with a non-profit financial counselor. Lastly, consider opening a savings account if you have had trouble managing a checking account in the past. You cannot overdraw on a savings account!

Here are six tips to help you effectively manage your checking account.

1. Know your account balance. If you regularly balance your checkbook, you will be less likely to write a check for more money than you have available in your account. When balancing your checkbook, be sure to subtract all debit and ATM transactions as well as any associated fees.
2. Review your monthly statement **every single month**. It only takes a minute, and comparing the statement to the check register can save time tracking down mistakes, missed entries, etc.
3. Use the telephone, internet, or ATM to get the most current information about your account. Typically this information is updated each business day. Ask if there is a fee for this service.
4. Ask your financial institution about their fees for services that you need. Find out how they process checks, for example the largest checks are processed first. If your first check bounces, all checks processed that day may bounce, each with its own charge.
5. Do not "float" checks. The "float" is the time delay between when a check is **deposited or written** and when the money is actually withdrawn. Many merchants now use back office processing, where the money is electronically withdrawn at the time of purchase.
6. Know the overdraft protection in place. No matter how good your intentions, there may be an occasion to write a check for more than you have in your account. Taking advantage of this service may prevent embarrassment or additional fees.

Source: *Money Smart's Bank on It* (FDIC, 2010) and ChexSystems, Inc., [www.consumerdebit.com](http://www.consumerdebit.com)

## Choosing a Financial Institution Checklist

Use the handout, **Sample Financial Institutions and Accounts** to complete the worksheet. Keep in mind what your banking needs will be upon release.

<b>Financial Institution or Account</b>	<b>1.</b>	<b>2.</b>	<b>3.</b>
Offers services that I need			
Convenient branches and ATMs			
Hours			
Employees speak my language			
Insured by the FDIC or NCUA			
Requirements for opening an account			
<b>Checking Accounts</b>			
Minimum opening balance	\$	\$	\$
Minimum monthly balance	\$	\$	\$
Annual percentage yield (APY) earned	%	%	%
Deposit hold times			
Low balance alerts			
Overdraft protection options			
Overdraft protection fees	\$	\$	\$
Other fees	\$	\$	\$
<b>Savings Accounts</b>			
Minimum opening balance	\$	\$	\$
Minimum monthly balance	\$	\$	\$
Annual percentage yield (APY) earned	%	%	%
Fees	\$	\$	\$
<b>ATM/Debit Cards</b>			
Location/number of ATMs			
Transaction requirements or limits			
Withdrawals per month without a fee			
Fees	\$	\$	\$
<b>Mobile/Online Banking</b>			
Transaction types and limits			
Bill pay			
Fees	\$	\$	\$
<b>Other Items (list)</b>			
_____			
_____			
_____			
<b>Total Monthly Costs</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

(\*Check out membership eligibility requirements.)

Source: Money Smart's Bank on It (FDIC, 2010)

## Consequences of Mishandling an Account

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It is important to be responsible with your checking account in order to maintain a **good debit history**. Your debit history contains facts about you and your deposit or checking account history, similar to a credit report. Your current and prospective financial institutions are permitted to access and use the information to assess the likelihood of managing your accounts responsibly. Debit history may also be used by creditors. Your debit history may include:

- Any checking account closures you may have had
- Any returned (bounced) check that retailers have reported about you
- How many financial institution inquiries have been made and in what timeframes
- How many check orders you have placed and how often

If you do not maintain a good debit history, there are unpleasant consequences, such as:

- Your name and account information could be reported to a check verification service, which could cause your checks to be declined at point of sale
- Merchants could charge you an additional fee or refuse to take any more checks from you
- Your bank could close your checking account
- Your bank could report your closed account to [ChexSystems](https://www.chexsystems.com/). As a result, other banks could refuse to open a checking account for you

ChexSystems is a consumer-reporting agency (governed by the federal Fair Credit Reporting Act (FCRA) and other laws) that compiles information on mishandled checking or savings account as reported by member banks and credit unions. ChexSystems shares this information among member institutions to help them assess the risk of opening new accounts but does not decide on new account openings.

Each report submitted to ChexSystems remains on file for five years, unless the reporting member requests its removal or ChexSystems becomes obligated to remove it under applicable law. Paying money owed does not remove an accurate report of account mishandling. However, the institution is obligated to update the report with a paid in full or settled in full date when applicable.

To get a free copy of your report once every 12 months, visit [www.consumerdebit.com](https://www.consumerdebit.com) or:

ChexSystems  
Attn: Consumer Relations  
7805 Hudson Rd, Ste 100  
Woodbury, MN 55125  
1-800-428-9623

## Alternative Cash Services

So what if you cannot access mainstream banking services or don't want to? There are companies specifically in the business of conducting cash transactions and some that offer services in connection with another business, such as a kiosk in a general merchandise store.\* These companies will charge a fee for each transaction, which can be excessive when compared to fees charged by mainstream financial institutions for similar services. The location of these business are often convenient to consumers with limited banking experience, the elderly, minorities, immigrants, and those in a money crisis. Following are some alternative ways to manage cash.

Product/Service	Description
Check cashers	<ul style="list-style-type: none"> <li>• Cash checks for a fee</li> <li>• Typical fees run between 3 to 7% of the check</li> <li>• Often offer money orders at the same time for consumers to pay other bills, i.e. rent, utilities, etc., for an additional fee</li> <li>• Often thought of as a 'gateway' to other high-cost services, i.e. payday loans, pawn shops, etc.</li> </ul>
Money transmitters	<ul style="list-style-type: none"> <li>• Transfer money to a third party for a fee</li> <li>• Transfer can be made with, and received as, cash, bank deposit, pre-paid debit card, credit card, a mobile wallet,</li> <li>• Transfer can be made to an inmate account, as well</li> <li>• Fees vary based on amount, source and receipt of transfer, location, and timing; lower amounts and immediate transfers may run 10 to 15% of transfer amount</li> <li>• Often offer money orders at the same time to pay other bills, i.e. rent, utilities, etc., for an additional fee</li> <li>• Also known as money service business or MSB's</li> <li>• Often advertise as being a <i>speedy way</i> to transmit money</li> </ul>
Pre-Paid Debit Cards	<ul style="list-style-type: none"> <li>• Also known as 'stored value cards'</li> <li>• Money loaded electronically onto card to pay for purchases and access cash through automatic teller machines</li> <li>• Only allowed to spend amount loaded</li> <li>• May be reloadable</li> <li>• Can be used as direct deposit tool</li> <li>• May have monthly, transaction, and/or other</li> </ul>

\*These businesses must be licensed by the PA Department of Banking and Securities. For more information visit: [www.dobs.pa.gov](http://www.dobs.pa.gov) or (to look up the license status of a particular business) <http://www.nmlsconsumeraccess.org/>.

## Spend Sensibly Glossary

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**Account Aggregates** – websites that can access all an individual’s financial accounts and display them in a single place.

**Automatic Teller Machine (ATM)**– an electronic banking machine that allows customers to withdraw cash, make deposits, and transfer money between accounts at the financial institution.

**Banks and Thrifts** – for-profit businesses that accepts customer deposits, uses them to make loans, and provide other financial services. Depositors should make sure that the bank or thrift is insured by the FDIC. See Federal Deposit Insurance Corporation.

**Cash Flow** – income less expenses, typically measured on a monthly basis.

**Cashier’s or Certified Check** – a check in which the financial institution verifies there is enough cash in the account to cover the check; funds are set aside in the account until the check is cashed

**Check Cashers** – a business entity that engages in the cashing of checks for a fee.

**ChexSystems** – a consumer-reporting agency governed by the Fair Credit Reporting Act (FCRA) that compiles information on mishandled checking or savings accounts, account applications, check orders, and closures, including reasons for account closure.

**Credit Unions** – member-owned, non-profit financial institutions that accepts customer deposits, uses them to make loans, and provide other financial services. Profits are shared with member-owners. Depositors should make sure that the credit union is insured by the NCUA or by another reputable private insurer. See National Credit Union Administration.

**Crowd Funding** – a platform for individuals, organizations, or companies to raise money over the internet for a cause, project, service, or product.

**Cryptocurrencies** – digital currencies that don’t exist in any physical shape or form and used as a medium of exchange, like cash. Cryptocurrencies are not regulated insured by the FDIC/NCUA.

**Federal Insurance Deposit Corporation (FDIC)** – is an independent agency created by the Congress to protect depositors in the event that the bank fails. The FDIC currently insures deposits up to \$250,000 per depositor, per insured bank, per ownership category.

**Financial Technology (Fintech)** – is used to describe new technology to improve and automate the delivery and use of financial services.

**Fixed Expenses** – expenses that are predictable and the same from month to month.

**Mainstream Banking** – accessing cash management accounts and services at a federally insured institution, otherwise known as a bank, credit union, thrift, etc.

**Mobile Banking** – a service that allows consumers to access banking services from a mobile device.

**Mobile Wallets** – a digital application that stores payment information, such as credit card or bank account numbers on a mobile device that can be used at merchants that accept such purchases.

**Money Map** – is basically a budget but more like a road map or GPS. A money map identifies income and expenses and assists with prioritizing and planning choices that can help reach financial goals.

**Money Transmitter** – a business entity that transfers money to a third-party for a fee.

**Money Values** – a person’s view on what they feel about money.

**National Credit Union Administration (NCUA)** – is an independent agency created by the Congress to protect depositors in the event that the credit union fails. The NCUA currently insures deposits up to \$250,000 per depositor, per insured bank, per ownership category. All deposits at federally insured credit unions are protected by the National Credit Union Share Insurance Fund; most state-chartered credit unions are part of the NCUA but can opt for private deposit.

**Overdraft Protection** – is a service to transfer money from a linked account if there are insufficient funds to cover a transaction in a customer’s account; overdraft protection has fees lower than typical Non-sufficient Fund (NSF) fees.

**Payment Platforms** – online gateways that processes electronic payments for goods and services directly using linked credit cards or immediate bank accounts debits.

**Peer-to-peer (P2P) lending** – internet lending platform that connects individuals looking to borrow money with individuals willing to lend money. Interest rates and credit history requirements vary; it’s best to shop around to compare borrowing option including mainstream institutions.

**Periodic Expenses** – expenses occur on an irregular basis rather than monthly.

**Pre-paid Debit Cards** – are payment cards with a set amount of available cash to make purchases; some pre-paid cards can be reloaded, may have monthly fees, or have expiration dates.

**Robo Advisors** – a digital platform that collects financial information and goals from individuals and uses the data to provide investing advice with little human interaction.

**Spending Leaks** – expenses that are often overlooked because they are small; spending leaks can add up and have a noticeable impact on a money map.

**Variable Expenses** – expenses that are less predictable and change from month to month.



## Additional Resources to: *Spend Sensibly*

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**Bank On Keystone:** [www.bankonkeystone.org](http://www.bankonkeystone.org)

Bank On Keystone is a collaboration between financial institutions, community-based organizations, and local governments to ensure that all residents have access to safe, affordable, and certified banking accounts.

**ChexSystems:** [www.consumerdebit.com](http://www.consumerdebit.com)

Under the federal Fair Credit Reporting Act (FCRA), you are entitled to a free copy of your consumer banking report, at your request, once every 12 months.

**Federal Deposit Insurance Corporation (FDIC):** [www.FDIC.gov](http://www.FDIC.gov)

Money Smart – A Financial Education Program

This interactive online (and MP3) program has two modules dedicated to spending sensibly: Money Matters and Bank on It.

**Financial Football:** [www.financialfootball.com](http://www.financialfootball.com)

Pick your NFL team and answer questions about how *Budgets Take Balance, Debit Cards, and Prepaid Cards* in order to move the football down the field.

**Financial Industry Regulatory Authority (FINRA):** [www.finra.org](http://www.finra.org)

FINRA has a variety of financial calculators to help keep your savings goals on track.

**PA Department of Banking and Securities:** [www.dobs.pa.gov](http://www.dobs.pa.gov)

Learn more about banking institutions, services, and cybersecurity on their website.

**PA Housing Finance Agency (PHFA):** [www.buildingyourfinancialhouse.org](http://www.buildingyourfinancialhouse.org)

Building Your Financial House is a commercial free financial resource for Pennsylvanians. Mirroring PHFA's flagship financial education program, the site provides comprehensive information on general financial topics and major milestones in life. The site also has over 40 worksheets, including those found in this module, to help build your own financial house.

**Smart About Money:** [www.smartaboutmoney.org](http://www.smartaboutmoney.org)

Budget Wizard

Use the interactive Budget Wizard to learn how to make budget that works best for you.

## Pre-session Questionnaire

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ID \_\_\_\_\_

Circle the answer that you believe is correct.

1. Which of the following is an example of using money to show status or prestige?
  - A. Tithing
  - B. Investing in stocks and bonds
  - C. Borrowing to send your kids to private school
  - D. Shopping only for brand names at thrift stores
2. Which of the following is a variable expense?
  - A. Groceries
  - B. Health insurance premiums
  - C. Car payment
  - D. Rent
3. Which of the following is an example of a periodic expense?
  - A. Back to school supplies
  - B. Hair care
  - C. Gas for car
  - D. Child care
4. Cash flow is
  - A. income less debts.
  - B. assets less debts.
  - C. assets less expenses.
  - D. income less expenses.
5. True or false: You can get a free copy of the report that banks use to judge if you will be a good banking customer?
6. Which of the following provides deposit protection for bank customers?
  - A. Financial Industry Regulatory Authority (FINRA)
  - B. National Credit Union Administration (NCUA)
  - C. Federal Deposit Insurance Corporation (FDIC)
  - D. Securities Investor Protection Corporation (SIPC)
7. Which of the following is the best alternative if you cannot open a checking account because of outstanding banking fees?
  - A. Check casher
  - B. Money orders
  - C. Pre-paid debit cards
  - D. Savings account

## Post-session Questionnaire

ID \_\_\_\_\_

Circle the answer that you believe is correct.

1. Which of the following is an example of using money to show status or prestige?
  - A. Tithing
  - B. Investing in stocks and bonds
  - C. Borrowing to send your kids to private school
  - D. Shopping only for brand names at thrift stores
2. Which of the following is a variable expense?
  - A. Groceries
  - B. Health insurance premiums
  - C. Car payment
  - D. Rent
3. Which of the following is an example of a periodic expense?
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  - B. Hair care
  - C. Gas for car
  - D. Child care
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  - B. assets less debts.
  - C. assets less expenses.
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7. Which of the following is the best alternative if you cannot open a checking account because of outstanding banking fees?
  - A. Check casher
  - B. Money orders
  - C. Pre-paid debit cards
  - D. Savings account

ID \_\_\_\_\_

Location \_\_\_\_\_

Date \_\_\_\_\_

## Session Evaluation

We hope you found today's session engaging and of value to you. Please share your opinions and comments so we may continue to improve the program. Thank you!

	<i>Excellent</i>	<i>Very Good</i>	<i>Good</i>	<i>Fair</i>	<i>Poor</i>
<b>Overall</b> , I feel the session was:					
<b>Before</b> the session statement:					
My knowledge and skills about the topic were:					
<b>After</b> the session statement:					
My knowledge and skills about the topic are:					
My confidence to apply what I have learned today is:					
	<i>Strongly Agree</i>	<i>Agree</i>	<i>Not Sure</i>	<i>Disagree</i>	<i>Strongly Disagree</i>
<b>During</b> the session statements					
The instructions were clear and easy to follow.					
The time allocated was right for the topic.					
The slides were clear and helped my learning.					
The examples helped my learning.					
The examples were relevant to my situation.					
<b>The instructor:</b>					
was knowledgeable about the topic.					
delivered lesson in a clear and understandable manner.					
was engaging and encouraged interaction.					
was well-prepared.					
was approachable and open to questions.					
<b>The session:</b>					
met my expectations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
was of value to me.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
has motivated me to take action.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Final Questions</b>					
The most valuable thing I learned today was:	What was the least valuable part of the session and how could it be improved?				
Additional comments:					