



STRETCHING YOUR DOLLARS



MSRP offers this guide to Good Money Habits to help manage your hard earned dollars!

Basic Financial Advice for Making Ends Meet

Involve your whole family in developing a money management plan. The success of your plan depends in part on everyone in your household buying into the plan.

Be open to change in everyone's:

- ✓ Habits
- ✓ Attitudes
- ✓ Perspectives

Consider your financial options– even if you have to look beyond what you're used to

- ✓ Local resources
- ✓ Benefits for which you or members of your family may qualify
- ✓ Changes in your standard of living (How can you downsize or simplify?)

Good Money Habit #1 — Get Organized

Disorganization is one of the major causes of poor money management

Keep Good Records (use attachment as guide)

Create a filing system, and a reminder system so that you pay your bills on time

- ✓ Bill Payments
- ✓ Checking Accounts
- ✓ Insurance
- ✓ Loan and Credit Records
- ✓ Receipts and Warranties
- ✓ Savings and Investments
- ✓ Taxes



Part of getting organized is knowing where you stand, so calculate your net worth

Assets – Liabilities = Net Worth (use attachment as a guide)

Good Money Habit # 2 — Setting your goals is SMART!

Goals must be S.M.A.R.T

Specific, Measurable (especially dollar amount needed), Agreeable, Realistic, Time

Calculate your income from all sources.

Where does your money go? Evaluate what is a true necessity, and what is discretionary. Track every dollar your family spends for a two week to one month period (identify “leaks” - all those little things you waste money on). Post them for the family to see.

- \$ Fixed expenses (same every month)
- \$ Variable expenses (amount varies by month)
- \$ Periodic expenses (don't occur every month)

Create Your Family “Spending Plan” including savings needed to meet your goals (use attachment)

A Guideline to Remember:

- \$ Use 70% of take-home pay for living expenses (including mortgage)
- \$ Use 20% to repay debt (if you have a debt problem you may have to increase this percentage)
- \$ Save 10% for you and your future

Take a hard look at your spending plan. Try to come up with new ways to cut expenses. Can you take the bus instead of driving? Can you take a brown-bag lunch to work? Are there community services you can use for low-cost food or clothing?

Look for ways to increase your income. Maybe another family member can contribute financially. Or, you can work extra hours at your job. Have you considered a second, part-time job?

Good Money Habit # 3 — Use Credit Wisely

Beneficial Debt: used for long-term investments that increase in value such as home and education

Consumer Debt: borrowing to pay for anything that decreases in value over time.

Know your:

- \$ Debt Level (use attachment)
- \$ Finance Charge (Annual Percentage Rate)
- \$ Fees

Avoid the Minimum Payment Trap – consider this example:

Credit card: Balance of **\$3000** at 19% interest rate

Pay ***Minimum*** per Month:

4% of balance (starts at \$120/month)

134 months of payments!

\$1,872.49 in interest

Total Paid: \$4,872.49



Pay More each month:

4% of balance + \$15/month
53 months of payments
\$1,358.74 in interest
Total Paid: \$4,358.74

Making a monthly "Power Payment"

\$120/month (fixed payment)
33 months of payments
\$849.27 in interest
Total Paid: \$3,849.27



Check your credit report annually at www.AnnualCreditReport.com and correct any errors. You don't have to get all 3 credit bureaus at one time, you can do one every 3 months.

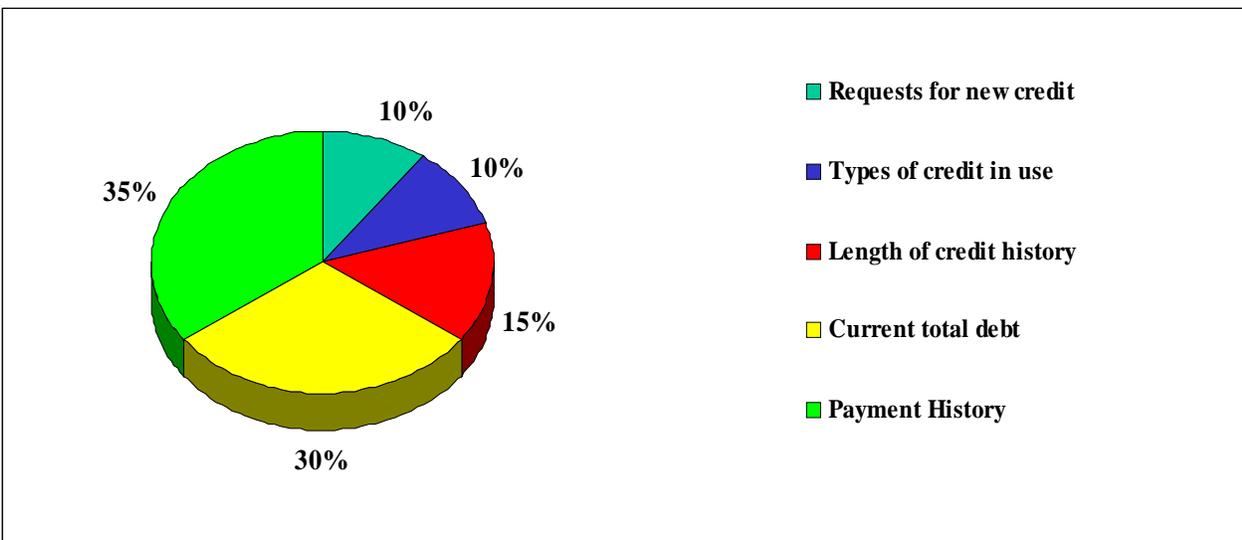
Steps for Getting Out of Debt

- ✓ Compare cost of credit (ask for a lower rate).
- ✓ Pay bills on time.
- ✓ Plan your spending.
- ✓ Don't shop when vulnerable: "Do I need it, or do I want it?"
- ✓ Stop credit use, or put guidelines in place.
- ✓ Check out 6 Steps to Credit Card Serenity at Bankrate.com: Do a search for "2-20-2007" or follow the link: http://www.bankrate.com/brm/news/Financial_Literacy/Feb07_credit-card_main_a1.asp?s=2&caret=7
- ✓ Call your creditors and make realistic repayment arrangements if necessary. Make this call before you miss a payment. (see attachment)
- ✓ Develop a debt repayment plan (use www.powerpay.org).
- ✓ Pay down the highest interest rate accounts first.

As hard as it is, don't ignore bills and past-due notices. A poor credit record follows you for years. It can make it hard for you to buy a house, get a loan, and maybe even get a job.

If you can increase your income so it's more than your expenses, you CAN get out of debt.

What Makes Up Your Credit Score



Good Money Habit # 4 — Spend Less

Questions That Will Save You MONEY when shopping

- ? “Do I need it or just want it?”
- ? “How often will I use it?”
- ? “Where will I put it?”
- ? “Would I buy it if I had to pay cash?”
- ? “Am I buying on impulse?”
- ? “Is this the best price?”
- ? “Can I really afford it?”



Ways to reduce your expenses

- ✓ Only carry a small amount of cash.
- ✓ Reduce your grocery bill: don't shop when you're hungry, make a shopping list and stick to it, buy store brand, plan menus, use coupons, check unit pricing, eat leftovers.
- ✓ Use rebate and discount cards from grocery and drug stores.
- ✓ Shop (and sell at) yard sales, thrift stores and flea markets.
- ✓ Energy savings: insulate, check windows for air leaks, faucets for water leaks, turn down the thermostat (or install a programmable thermostat), run fans vs. air, wash laundry in cold water, get a clothes line, use compact fluorescent light bulbs, unplug unused electronics & appliances.
- ✓ Drop your landline telephone and just use your cell phone.
- ✓ Auto: properly inflate tires and change filters and unload your trunk to increase MPG, carpool.
- ✓ Insurance: increase your deductible for auto and homeowners policies.
- ✓ Swap baby-sitting services with another family.
- ✓ Attend free or low cost events for entertainment like concerts at the park.
- ✓ Library - borrow instead of buying or renting books, CDs, DVDs.
- ✓ Museum or zoo discount days; go for a hike.
- ✓ Do a search for “100 tips for 2009” at www.bankrate.com

Check these websites:

Frugal Living @ About.com <http://frugalliving.about.com/>

Better Budgeting <http://www.betterbudgeting.com/>

All Things Frugal <http://www.allthingsfrugal.com/>

The Dollar Stretcher <http://www.stretcher.com/index.cfm>

Coupon shopping

<http://www.couponmom.com>

Restaurant Gift Certificates

www.entertainment.com

Good Money Habit # 5 — Save Before You Spend

Instead of saying “Save for tomorrow? There’s not enough money to get by on today”, say “I’m going to pay myself first for my future!”

Save using tax advantaged savings plans

- ✓ Save automatically for retirement with 401(k)/457/403(b) plans (sign up at www.MarylandDC.com)
- ✓ Health Care and Dependent Care Flexible Spending Accounts



Create an emergency fund (consider savings accounts at FDIC insured online banks)

Ways to find money to save:

- \$ Continue to make loan/debt payments into savings after debt has been paid off.
- \$ Try a temporary crash savings diet by purchasing only the bare necessities.
- \$ Kick a habit and save the money.
- \$ Plug the leaks in your spending plan and direct it to savings.
- \$ Adjust your tax withholding and save the difference.
- \$ Save windfall money from lottery, inheritance and gifts.
- \$ Save money from pay raise, bonus, or working overtime.
- \$ Start a part-time job and save the earnings.

Just a few of the money saving, thrifty living websites:

www.frugalliving.about.com
www.betterbudgeting.com
www.allthingsfrugal.com
www.stretcher.com
www.mymoneymanagement.net
www.thriftyfun.com
www.smartmoneytips.com
www.couponmom.com
www.moneytalksnews.com
www.entertainment.com
www.smartspendingresources.com

More informational websites:

www.annualcreditreport.com
www.myfico.com/crediteducation
www.powerpay.org
www.bankrate.com
www.finaid.org
www.choosetosave.org

(MSRP does not endorse or control the content of these websites)

Good Money Habit # 6 — Ask for Help!

By exploring all resources that might be available to you, you might be able to shift your money around to meet all of your needs in tough times. Be open to all options that are available to you!

See what your community has to offer, and see which resources make sense for you and your family!



FREE Financial Counseling Hotline: 877-254-1097

- ✓ Free & not-for-profit provided by Consumer Credit Counseling Service.
- ✓ Available to anyone regardless of financial status.
- ✓ Help with questions about: Budgeting, goal setting, credit reports/scores, dealing with missed payments/creditors/collection agencies and more!

FREE Tax Preparation:

- ✓ Sites through VITA or AARP— contact your local library, or call the Free Family Service Referral number **800-492-0618**

Cooperative Extension: www.extension.umd.edu

- ✓ Educational programs
- ✓ Self-help information
- ✓ Fact sheets
- ✓ Resources & referrals

Consumer Credit Counseling Services (CCCS): 800-642-2227 www.cccs-inc.org

- ✓ Assistance with negotiations with creditors
- ✓ Information and education

Financial Assistance (call DSS in your county):

- ✓ MD Energy Assistance Program (MEAP) and EUSP (for heat)
- ✓ Emergency Assistance (one time help)
- ✓ Subsidized/Section 8 Housing
- ✓ Food Stamps
- ✓ Food Pantries

Others sources for financial assistance:

- ✓ WIC (call your local Health Department)
- ✓ Health Care (call your local Health Department)
- ✓ Family Support Centers
- ✓ School meals
- ✓ Your place of worship



Thanks to Maryland Cooperative Extension, part of the University of Maryland, which is the source of much of the material in this presentation.



NET WORTH STATEMENT

ASSETS:

Cash in savngs Accounts _____
Cash in checking Accounts _____
Certificates of Deposit (CD's) _____
Cash on hand _____
Money Market Accounts _____
Money owed to me _____
(Rent Deposits, etc.) _____
Cash Value of Life Insurance _____
Savings Bonds _____
Stocks _____
Bonds _____
Mutual Funds _____
Vested Value of Stock Options _____
Other Investments _____
Individual Retirement
Accounts (IRA's) _____
Keough Accounts _____
410(k)/403b _____
Other Retirement _____
457 Deferred Comp _____
Market Value of Home _____
Market Value-Other Real Estate _____
Blue Book Value-Cars/Trucks _____
Boats, Other Vehicles _____
Jewelry _____
Collectables _____
Furnishings and
Other Personal Property _____
Other _____

TOTAL ASSETS

LIABILITIES:

Mortgages _____
Car Loans _____
Bank Loans _____
Student Loans _____
Home Equity Loans _____
Other Loans _____
Credit Card Balances _____
Real Estate Taxes Owed _____
Income Taxes Owed _____
Other Taxes Owed _____
Other Debts _____

TOTAL LIABILITIES

Total Assets _____

less

Total Liabilites _____

=

NET WORTH



Retention of Records Rule of Thumb



Document	Location of Document	Permanent	Retain for 6-7 years	When updated	Comments
Bank statements	Home file				Keep for duration of ownership or longer if needed for tax purposes
Birth Certificates	Safe Deposit Box				Can usually be replaced for about \$20 at health department IN THE STATE WHERE PERSON WAS BORN
Canceled checks	Home file				3 year minimum. Serves as proof of payment/purchase.
Contracts (such as a Lease)	Safe Deposit Box				As long as it still applies (length of the lease) or longer for legal coverage/proof
Credit card contracts, ATM and Debit card contracts	Home file				Duration of accounts or longer if needed for tax purposes. (Copy/list of acct. #'s and contact #'s should be kept in safe or safe deposit box!)
Marriage or divorce papers	Safe Deposit Box				Might be needed for benefits, taxes, or insurance apps.
Home Purchase (Deed to home)	Safe Deposit Box				As long as you own property or rollover profits into new property
Home Improvement Records	Home file				As long as you own/ live at property

Document	Location of Document	Permanent	Retain 6-7 years	When updated	Comments
Insurance policies	Home file				Keep list of policy numbers and companies in safe deposit box.
Investment records	Safe Deposit Box				6 years after tax deadline for year of sale
Stocks, bonds, etc.	Safe Deposit Box				Duration of ownership
Loan Agreements	Home file				Until loan is paid off, or longer for tax purposes
Service contracts and warranties	Home file				Until expired (be sure!) or until item is sold or discarded
Tax returns	Home file				Tax forms with W-2 attached: keep permanently. All other records keep 6 years or longer.
Vehicle Title	Safe Deposit Box				Duration of ownership
Will and/or Advance Directives	Follow State law				As long as in effect

	Current Spending	Necessary Changes	Planned Budget
MONTHLY EXPENSES	\$	\$	\$
Savings			
Emergencies			
Long-Term Goals			
Retirement			
Short-Term Goals			
Shelter			
Electricity			
Garbage			
Gas			
Rent/Mortgage Payment			
Telephone			
Water			
Food			
Groceries			
School Lunches			
Work Lunches			
Transportation			
Car Insurance			
Car Payment			
Gasoline			
Repairs & Maintenance			
Other Basic Expenses			
Child Care			
Child Support			
Clothing			
Haircuts/Personal Care			
Insurance: Life, Health, Disability, Other			
Laundry, Dry Cleaning			
Medical and Dental			
Newspaper, Basic Cable			
School Expenses			
Taxes: IRS, Property			

	Current Spending	Necessary Changes	Planned Budget
MONTHLY EXPENSES	\$	\$	\$
Credit Card Payments			
Installment Loan Payments			
Miscellaneous Expenses			
Alcoholic Beverages			
Books, Newsstand Purchases, Magazine Subscriptions			
CDs, Tapes, Music Supplies			
Charitable Contributions			
Children's Allowances			
Cigarettes, Tobacco Products			
Club Dues or Expenses (scouts, YMCA, health club)			
Dues (professional, social organizations)			
Entertainment, Eating Out, Ordering In			
Gifts and Cards (average for holidays, birthdays)			
Internet Access Fees			
Movies, Plays, Concerts			
Occupational Licenses, Fees			
Pets (average for vet dog/cat)			
Pet Food (if not purchased at grocery store)			
Snacks (at work, convenience stores, vending machines)			
Sports (spectator, bowling, softball, fishing, boating, etc.)			
STUFF (for house, kids, school, church, etc.)			
Vacations			
VCR Movie Rentals			
Other			
TOTAL MONTHLY EXPENSES			

	Gross Income	Net Income
MONTHLY INCOME	\$	\$
Income 1		
Income 2		
Other Income (child support, social security, military retirement, etc.)		
TOTAL GROSS/NET INCOME		

Your Monthly Record

Name: _____

Year: _____

Month: _____

(Total Net Monthly Income)	-	(Total Monthly Living Expenses)	=	(+ or -)
\$ _____		\$ _____		\$ _____

How Much Debt Do You Have?

	Lender	Amount Owed	Minimum Monthly	Rate
Mortgage				
Home Equity Loan				
Home Equity Line of Credit				
Car Loan				
Car Loan				
Furniture/Appliance				
Other				
Other				
Other				
Credit Card 1				
Credit Card 2				
Credit Card 3				
Credit Card 4				
Credit Card 5				
Credit Card 6				
Credit Card 7				
Personal Loan				

TOTAL

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Asking Creditors to Reduce Your Payments

If you find that you are unable to make your monthly payments, deal with the issue right away! Call your creditors before they call you. Work out a reduced payment program. Before you call, be sure to have your current statement, account number, a pen, and paper handy. Be friendly and courteous, but businesslike.

Here's a script you can use:

1) Introduce yourself:

"Good morning Ms. Cashhold. My name is Bill Debt. How are you?"

2) Get down to business:

"Ms. Cashhold, six weeks ago I lost my job. I'm behind on my payments to you."

3) Ask for help:

"I need some help. Could we arrange a special payment program until I get on my feet again?"

4) Prepare to negotiate:

"I'm sorry, but I can't afford to pay that amount."

"I have several other creditors that I'm also calling this morning. I can afford to pay you \$50 a month. That's half my usual payment. "At that rate, I can afford to make ends meet and you'll receive a steady monthly payment. In a few months, I should have another job and I'll resume making my full payments."

5) Get an agreement:

"Thank you Ms. Cashhold. Yes, I understand. My credit privileges are suspended until I return to work. Until then, I'll pay \$50 a month. Today, I will mail you \$100 to bring our agreement up to date. You will call periodically to check on my employment status."

It is important to then follow up with a letter. You may want to send it certified with a return receipt just so you know for sure that they received it and have it on file.

Bill Debt
123 Chargit Way
Jobless, US 45678
Tel: 999-000-1111

Account # 111-222-333-444

March 21, 2007

Ms. Cashhold
Credit Manager
Deal4u.com
Makinit, US 12345

Dear Ms. Cashhold:

Thank you for speaking with me on the telephone earlier today.

As we discussed, I lost my job due to a cutback in personnel. I expect to find a new job within a few months. Until that time, you and I agreed to the following special payment plan:

1. My credit privileges are suspended until I return to work.
2. During my unemployment, I am required to pay \$50.00 per month.
3. You will call periodically to check on my employment status
4. One month after returning to work, I will resume making full payments.
5. I am enclosing check #321, in the amount of \$100.00 to cover the \$50.00 that I am in arrears for November, plus this month's \$50.00 payment.

Again, thank you for your help and understanding.

Sincerely,

Bill Debt

P.S. Please confirm our agreement by signing the extra

Add a Statement to Your Credit Report

After you've found a new job and settled in, update your credit report. If you fell behind on your payments, put a 100 word statement in your report explaining what happened. Let future creditors know that you had a good reason for falling behind on your payments. Here are some tips for writing your 100-word statement:

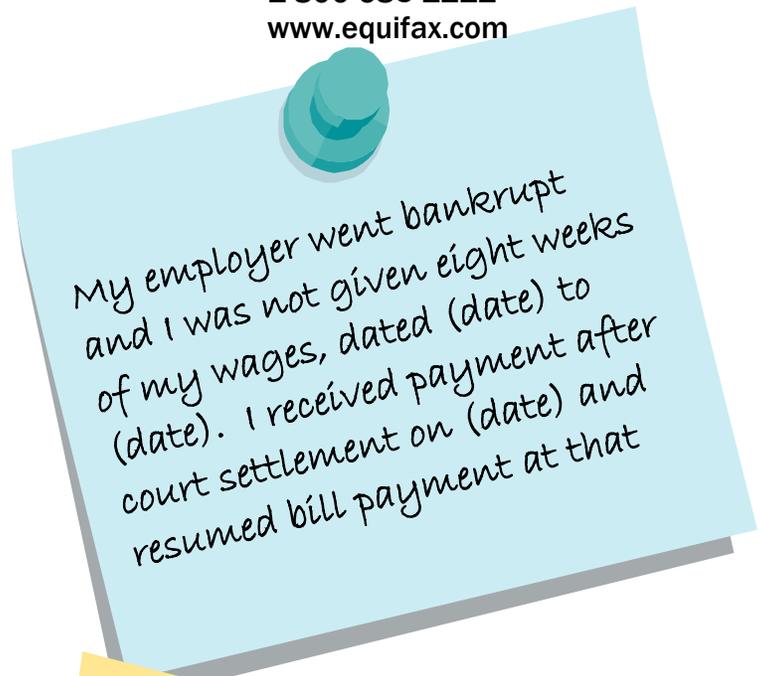
- State that you were laid off from your job. Give the reason (payroll cutback, plant closing, merger, etc.). Give the date you were laid off. Give the name of your old employer and their city/state address.
- Explain that the job loss placed you in severe financial hardship, and that you made every effort to pay your bills despite the hardship.
- State that you are now re-employed and that you have resumed making full monthly payments. If you are receiving help from a credit counselor, mention their name and say that they have developed a repayment plan for you.
- Sign the letter, include the date and your credit bureau account number, or case number, and mail it to the credit-reporting agencies by certified mail with a return-signature card. The return card let's you know that the credit bureaus received your letter.
- Make your payments on time, and in the amount required. Your credit report will show, month by month, whether or not you are living up to your promises.
- If you need help writing your 100 word statement, by Federal law, someone from one of the credit reporting bureaus must help you write it. Call them!

Here is the contact information for the three major credit bureaus. Below you will also see some examples of statements that would explain a personal situation to creditors.

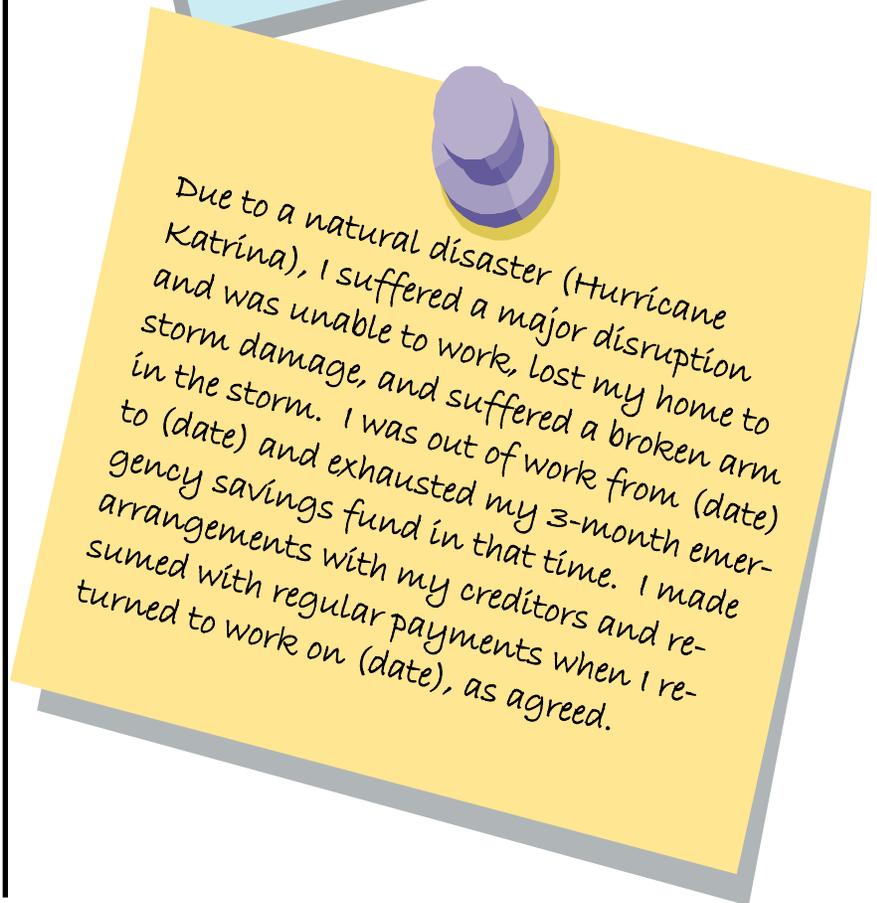
Trans Union
1-800-916-8800
www.tuc.com

Experian
1-888-397-3742
www.experian.com

Equifax
1-800-685-1111
www.equifax.com



My employer went bankrupt and I was not given eight weeks of my wages, dated (date) to (date). I received payment after court settlement on (date) and resumed bill payment at that



Due to a natural disaster (Hurricane Katrina), I suffered a major disruption and was unable to work, lost my home to storm damage, and suffered a broken arm in the storm. I was out of work from (date) to (date) and exhausted my 3-month emergency savings fund in that time. I made arrangements with my creditors and resumed with regular payments when I returned to work on (date), as agreed.