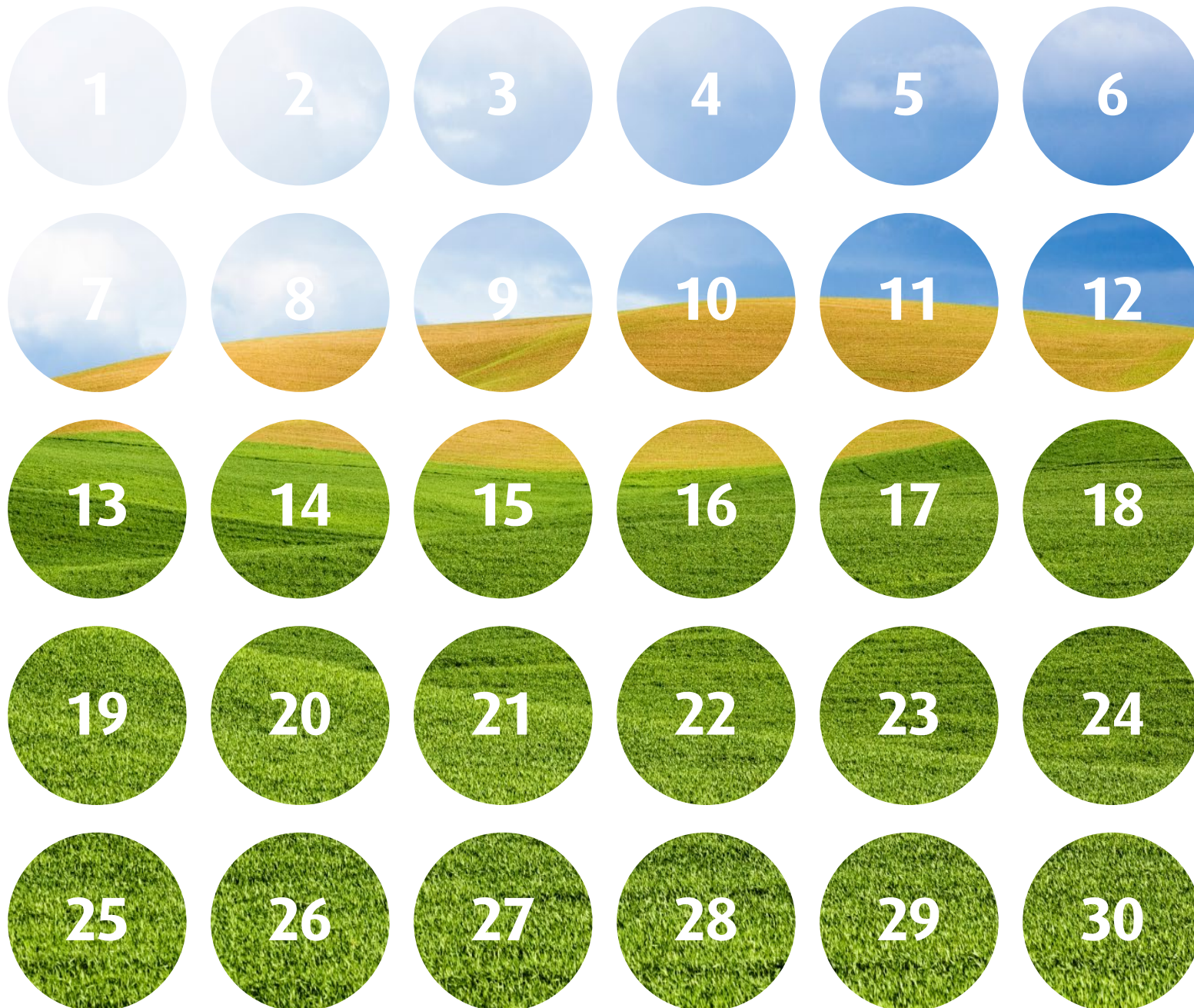


financial literacy

YOUR 30 STEP PATH TO FINANCIAL WELLNESS





financial literacy

YOUR 30 STEP
PATH TO FINANCIAL
WELLNESS

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Commitment to change

The first and most important step in developing and following a financial plan is to examine your attitudes about money. Are you ready to accept responsibility for changing your financial situation? Do you believe that you can and will change the way you make financial decisions? Can you identify at least one benefit you hope to gain by changing your money management behavior?

You are definitely ready and able to start your path to financial wellness; if you are also willing, take the pledge!

Take the pledge

Ready, Willing and Able to take financial responsibility

Are you ready to accept responsibility for changing your financial situation?

Do you believe that you can and will change the way you make financial decisions?

Can you identify at least one benefit you hope to gain by changing your money management behavior?

If you consistently answered yes, pledge to continue on the path to financial wellness:

1. I will make informed financial decisions, understanding the difference between wants and needs.
2. I will communicate with my family about money matters so that we are all working toward the same goals.
3. I will be aware of the effects of advertising on the financial decisions I make, and resolve not to be influenced by them.
4. I will take care of my finances today by tracking expenses and creating a budget that is flexible and realistic.
5. I will take care of my finances tomorrow by saving for my future.
6. I will meet the credit obligations I have made on time and as agreed.
7. I will continue my personal education about financial health, budgeting, credit, and personal debt.
8. I will plan for periodic expenses, including the next holiday season.
9. By good example, I will teach my children the importance of budgeting, saving, and the wise use of credit.
10. If I am over-obligated, I will take the necessary steps to seek assistance.

1

I pledge to take
steps to improve
my financial
wellness.

Assess your financial situation

Start your journey with a self assessment designed to motivate you. Completing this simple quiz can help you assess your current financial situation.

	ALWAYS	SOMETIMES	NEVER
1. Pay the rent/mortgage payment and utility bills on time?	☐	☐	☐
2. Save at least 10% of your net income?	☐	☐	☐
3. Keep three months net income in reserve for emergencies?	☐	☐	☐
4. Plan ahead for large expenses?	☐	☐	☐
5. Set and keep financial goals?	☐	☐	☐
6. Follow a budget?	☐	☐	☐
7. Comparison shop?	☐	☐	☐
8. Regularly review your credit report?	☐	☐	☐
9. Examine your checking account statements often?	☐	☐	☐
10. Continue your financial education?	☐	☐	☐

SCORING Add your points using this system: Always = 2 points, Sometimes = 1 point, Never = 0 points.

0-10 Points: Indicates a need to take control of your finances; following the 30 step plan will go a long way to achieving this.

11-15 Points: Reflects a good effort to manage your money effectively. The 30 step plan can help determine changes that can be made to improve your financial well-being.

16-20 Points: Demonstrates ability to manage your finances successfully. The 30 step plan can help you continue to make money management a priority.

Clearing out financial clutter

3

I know you are anxious to get started, but it is hard to get motivated when you are knee-deep in paperwork. Getting your financial house organized is a great way to begin on your path toward financial wellness. But before you bulldoze that pile, you should know that some things are worth hanging on to. The key is to know what to keep and what to toss.

- Grocery receipts and other nondeductible expense receipts and statements can be destroyed after they have been recorded for budgeting purposes.
- Paycheck stubs should be checked against your W-2. If it's a match, you can toss them. If not, request a revised W-2, called a W-2c.
- Generally, canceled checks should be saved for three years. Keep those related to your taxes and business expenses permanently.
- Utility bill stubs may be destroyed after recording, however, you may wish to hold onto these for a year to compare monthly costs.
- Documents pertaining to buying, selling or improving your home should be kept as long as you own the home.
- Receipts from major purchases should be kept as long as you have the item.
- Credit card receipts can be destroyed once you have reconciled with your monthly statement. Additionally, credit card monthly statements can be destroyed on an annual basis.
- According to the Internal Revenue Service (IRS) you should keep your individual tax return documents for seven years. The IRS has three years from your filing date to audit your return if it suspects good faith errors. However, the IRS has six years to challenge your return if it thinks you underreported your gross income by 25 percent or more.
- Finally, before taking out the trash, be sure that all identifying information has been destroyed to avoid any threat of fraud.

For more information about preventing fraud, visit the [Federal Trade Commission's Fraud Prevention Web site](#).





Set yourself up for success

4

Appoint a family CFO

While all members should be aware of the family's overall financial situation, choosing one person to conduct the day-to-day financial tasks is a good way to stay on top of things. The appointed individual should be organized and a good communicator. They should be given uninterrupted time to do their tasks effectively.

Consider making the job of CFO easier by establishing an online bill payment service (offered free-of-charge by many banks and credit unions). Even better, check with your creditors about setting up automatic bill payments.

Designate a spot in your home for organizing paperwork. Used office supply stores offer great bargains on filing cabinets, or consider small plastic filing cabinets instead of metal or wood. If your goal is to have a paperless filing system, make sure that you back-up your computer regularly and invest in a good security program to prevent criminals from obtaining sensitive information. To keep your most valuable documents safe, consider opening a safety-deposit box at your local bank or credit union.

5

Get copies of your credit reports

Your credit reports can provide a snapshot of your overall financial situation. Reviewing your credit reports for accuracy can also help you to identify errors or fraudulent activity. Fortunately, it is easier than ever to obtain copies of your reports.

The FACT Act gives every consumer the right to a free credit report every year from each of the three major credit bureaus: Equifax, Experian and TransUnion. To get your free report, simply fill out the request form. You can also visit www.annualcreditreport.com or call 877-322-8228.

The three major credit bureaus are separate entities. It is important to know this because the information in their reports may vary slightly. Different creditors use different reports (or a combination of them) to determine whether or not you are creditworthy.

Your creditworthiness matters most when you are trying to obtain credit. If your credit report indicates that you have maintained your credit well, you should have a good chance of receiving additional credit when needed, provided you have enough income to qualify for additional credit.

Credit reports might also matter when renting an apartment, obtaining insurance or securing some types of employment. The Fair Credit Reporting Act (FCRA) dictates that credit information is accessible to others only for certain permissible purposes. For your protection, you are entitled by law to know who has received a copy of your report or inquired about it.



Clean up your credit report

If you find an error on your credit reports, you'll need to know your rights. Your most effective weapon in dealing with the credit bureaus is the Fair Credit Reporting Act (FCRA). Legally, the FCRA protects you by requiring credit bureaus to furnish correct and complete information to companies requesting credit histories for evaluation. If you find an error on your report, simply follow these steps:

- Write to the credit reporting agency disputing the item and include any supporting documents. Keep a copy of all documents for your files.
- When the credit reporting agency receives your letter disputing the item, they must investigate the item in dispute (usually within 30 days) by presenting the information you submit to the creditor.
- By law, the creditor must review your evidence and report its findings to the credit bureau.
- The credit bureau must then give you a written report of its investigation and a copy of your credit report if it results in a change.

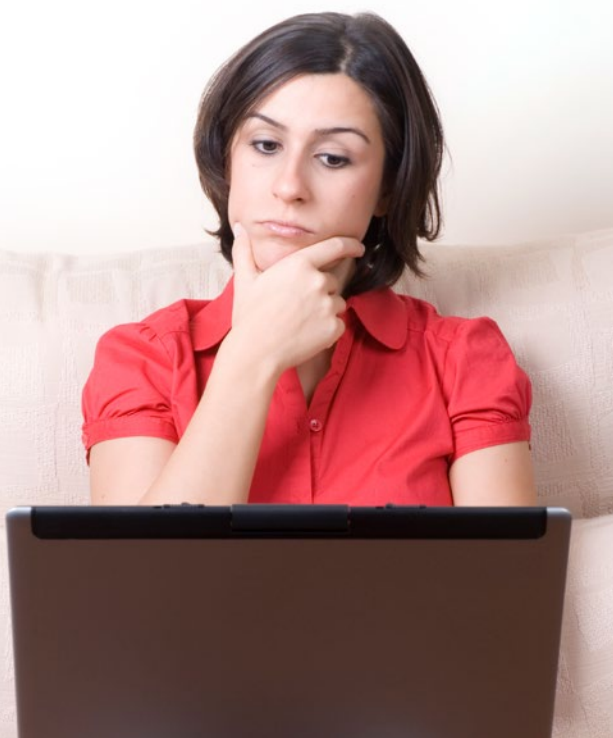
You can also fill out an online dispute form provided by the credit bureaus. The Web sites for the three major credit bureaus are:

- Equifax
- Experian
- TransUnion

www.equifax.com
www.experian.com
www.transunion.com

If an item on your report is found to be an error and is corrected, you can request that the credit bureau send corrected copies of your report to any creditor who received it in the previous six months or any employer who received your report in the previous two years.

If you are not satisfied with the results of a formal dispute, you can also seek resolution with the source of the information. To do this, write to the creditor disputing the incorrect entry. After receiving your letter, the creditor may not report the information without including a notice of your dispute. In addition, once you have notified the source of the error in writing, it may not continue to report the information if it is an error.



7

Make your money count

To develop an accurate picture of the amount of money you will have in the future, take a look back. Decide if your income will be from the same or from different sources and the amount of income you can expect to earn in the future.

Use the Income worksheet to help you determine the amount of income you can realistically count on.

Income Worksheet

	Total	Notes
• Personal or Household		
• Monthly Gross Income		
• Deductions		
• Monthly Net Income		
• Other Income Sources		
• Rental Income		
• Dividend Income		
• Royalty Income		
• Social Security		
• Pension Income		
• Other Income		
• Total Monthly Income		
• Monthly Net Income		
• Other Monthly Income		
• Additional Monthly Income		
• Total Monthly Income		

YOUR INCOME

8

Identify your starting point

Calculating your net worth is as simple as comparing what you owe (liabilities) to what you own (assets).

Use the simple Net Worth worksheet to determine your net worth as of today.

Net worth worksheet

Assets	Liabilities
Cash and Equivalents	Mortgage (principal only)
Cash	Other Debt
Investments/Retirement	Other unsecured loans
Other	Student loans
Real Property (200+ Value)	Credit cards
Real Estate	Car loans
Car	Other
Personal Property	Bank Overdraft
Other	Water and Sewer
Investments	Interest
Gifts	Contractual Obligations
Stocks/Bonds	Leases, Rentals
Mutual Funds	Other
Other	Total Liabilities
Retirement Accounts	Calculate your net worth
IRA	Assets
401(k) Plan/403(b)	Liabilities
Other	Net Worth
Other	Net Worth
Total Assets	NET WORTH

NET WORTH

Do you pass the debt test?

9

Freedom from debt is an achievable goal for every family. The first step in regaining control is to take an honest look at your existing obligations. Take the following debt test to determine if you need a plan for payoff.

Yes	No	Is an increasing percentage of your income going towards paying down debts?
Yes	No	Is your savings cushion inadequate or nonexistent?
Yes	No	Are you near or at the limit of your lines of credit?
Yes	No	Can you only make the minimum payments on your revolving charge accounts?
Yes	No	Are you often late with bill payments?
Yes	No	Are you paying bills with money earmarked for something else?
Yes	No	Are you using credit to pay for items you used to buy with cash?
Yes	No	If you lost your job, would you be under immediate financial strain?
Yes	No	Are you unsure about how much you owe?
Yes	No	Are you being threatened by collectors with possible legal action?

A 'yes' to any of these questions is a sign that you may need to make debt payoff a priority.

The following worksheet can help you get an accurate picture of your obligations. Get a copy of the [Debt Load Worksheet](#) and keep it handy, so you can make a plan for payoff in a few days.



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- 30
-



- ### Financial priorities worksheet



HAWAII

11

Set SMART financial goals.

Before you think about setting goals, review the five parts of SMART goals.

S
M
A
R
T

A smart goal is **specific**. It pinpoints something you want to change or achieve.

A smart goal is **measurable**. You can measure or count a SMART goal.

A smart goal is **achievable**. Setting goals too high can lead to frustration.

A smart goal is **rewarding**. Reaching the goal should be a reward for your hard work.

A smart goal is **trackable**. Set milestones and schedules for your goals.



12

Set short-, mid-, and long-term financial goals

Goals will differ in the length of time needed to achieve them.

Long-term goals are priorities that may take more than five years to accomplish. Most long-term goals require regular savings.

Mid-term goals are priorities that can be accomplished within two to five years. Make sure your goals are realistic and flexible. If you set your goals too high, frustration will keep you from reaching them.

Short-term goals are priorities that can be accomplished within two years. Be sure every goal has a specific purpose, a dollar amount that it will cost, and a realistic target date.

Financial Goal Worksheet

Goal Type	Target Date	Cost Estimate	Amount Already Saved (If Any)	Amount Needed to Reach Goal
Short-term Goals:				
1. Pay down debt				
2. _____				
3. _____				
4. _____				
Mid-term Goals:				
1. Establish emergency savings				
2. _____				
3. _____				
4. _____				
Long-term Goals:				
1. Prepare for retirement				
2. _____				
3. _____				
4. _____				

YOUR GOALS ➔



Paying down debt is a smart financial move

13

There are two popular methods that people use to tackle debt.

One is to concentrate on paying off the debt with the smallest balance first (never forgetting to make required payments to all debts, of course). After that balance is repaid, you can then apply that payment to the card with the next smallest balance and continue the process until all debts are satisfied. This method can be very rewarding because you see progress quickly.

The other popular method is to first concentrate on repaying the debt with the highest interest rate. This method will save you the most in interest charges over time. Regardless of the method you choose, be patient and persistent.

If you ever find that you are unable meet your basic financial obligations, contact your creditors immediately to advise them of your situation. Most will offer an individual short term solution; however, you probably will benefit from a long-term payoff strategy. For help, consider contacting a reputable credit counseling agency such as [Money Management International](#) to work on your behalf.

Dealing with Debt Worksheet

Month: Year:

(Use this worksheet to manage your creditors and debts each month. Check monthly getting them paid off as quickly as possible. You can do it!)

Creditors/Debts	Balance	Interest Rate	Payment Change	Payment Made	New Balance
Debt 1					
Debt 2					
Debt 3					
Debt 4					
Debt 5					
Debt 6					
Debt 7					
Debt 8					
Debt 9					
Debt 10					
Total					

TACKLE DEBT

A glowing green EXIT sign with a green arrow pointing right. The sign is rectangular and mounted on a wall. The word "EXIT" is in large, bold, green capital letters. To the right of the word is a green arrow pointing to the right. The sign is illuminated from within, giving it a bright green glow.

Expect the unexpected

Unfortunately, bad things sometimes happen to good people. In fact, bankruptcy filers often cite an “unforeseen” event as the cause of their financial demise.

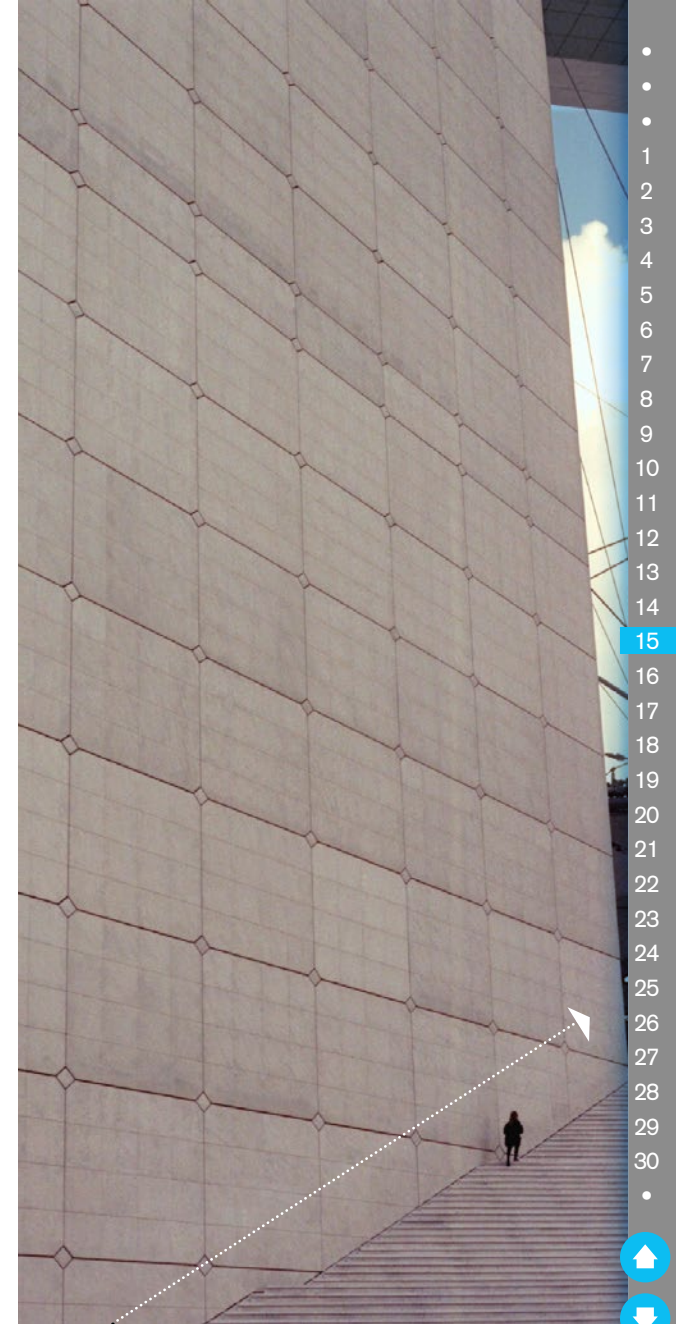
In addition to long-term savings, financial experts agree that consumers should aim to have three to six months living expenses saved for emergencies. By learning to expect the unexpected, you can keep a minor financial setback from turning into a major financial crisis.

Securing your financial future

Don't despair if you are behind on your retirement goals. If it is any consolation, you aren't alone; studies show many households are not adequately prepared for retirement. Here are some things to consider when assessing your retirement savings.

- **Take advantage of available resources.** Participate in your company's retirement plan, particularly if they have a "matching funds" program. Not participating in this type of program is literally leaving money on the table and passing up significant tax advantages. If a company program is not available to you, consider establishing an Independent Retirement Account (IRA).
- **Seek professional guidance.** A trusted financial planner can help you determine the amount to withhold. They can also help you determine your tolerance for risk and map out a comprehensive strategy that will bring you closer to your financial goals.
- **Take an active role.** When you enroll in a retirement plan, you spend time researching your investment options in order to make informed decisions. Yet most people fail to actively manage their accounts by rebalancing their allocation of assets when market conditions change. Rebalancing your portfolio every year to keep the percentages where you want them is the key to maximizing returns and minimizing risk. Also, if you have experienced a raise in compensation, consider increasing your retirement savings.
- **Finally, avoid cashing out early.** Remember, if you withdraw money from your 401(k), you will have to pay regular income tax plus a 10 percent penalty on any money withdrawn. This total tax bill will probably come to about 37 percent of the money you withdraw. Even your credit card companies don't charge an interest rate that high. As an example, if you withdraw \$10,000, you will probably realize only \$6,300. You will have to pay the other \$3,700 in taxes.

This is for informational purposes only and should not be considered investment advice.





Make a commitment

One trick to keeping your financial goals is to remind yourself of your goals on a regular basis. At the very least, you should document your high priority goals and post them where you will see them every day. You can create your own custom goal certificates in three easy steps.

1. [Click here to view customizable and printable goal certificates.](#)
2. Press the “Create” button.
3. View and print your goal certificate!

For even more motivation, you might also want to try treasure mapping. To create a visual “map” of what you are striving for, surround yourself with photographs. For example, if your goal is to save enough money to go to Hawaii, try cutting pictures of Hawaiian scenes out of magazines and plastering them around your home or car, or tacking them to the bulletin board next to your desk.

17

Save for your goals

Most likely, reaching your financial goals will require you to commit to saving. That is one reason saving is an essential part of any money management plan. Set money aside each month to save for your short-, mid-, and long-term goals. If you are having trouble establishing a nest-egg, don't despair. Following are some simple ways to boost your savings:

- **Make it automatic.** Having money automatically deducted from your checking account into a savings account helps to ensure that you meet your savings' goal. Even better, if your employer has the capability to automatically deposit your paycheck, have some of the funds directed into a savings account.
- **Turn a hobby into income.** Many people have untapped talents. Whether you enjoy photography, painting, knitting, or metal work, consider possible ways to earn money by doing what you love best. Babysitting and lawn work are also good ways to earn additional money.
- **Downsize.** Most people have garages, basements, and attics full of items they no longer want or need. Holding a garage sale or advertising some of your things online could result in a boost to your savings account.
- **Use gifts wisely.** If you receive unexpected funds, do not be tempted to spend them frivolously. Instead, put all or a portion of the money received from tax refunds, inheritances and gifts into an interest-bearing savings account.

For more ways to build your savings, [read the online articles offered by Money Management International.](#)



Where does all the money go?

18

For most people, financial health doesn't depend on how much they earn, but how much they spend. To help you find out where your money is going, the next three steps involve tracking expenses. You will start with identifying variable expenses. Variable expenses are those that vary from month to month, such as clothing and food. You have the most control over these types of expenses.

To help you identify your variable expenses, print and carry this [Record of Daily Expenditures Worksheet](#), or a simple notebook, and record every penny you spend. Remember to track every expense, even if it's only a soft drink from the convenience store or a trip to the drive-thru at a fast food restaurant.

While tracking variable expenses is only one of the 30 steps, you are encouraged to continue tracking expenses well beyond the time it takes to complete the 30 step plan. The longer you track expenses, the better your chances of success.



The worksheet is titled "Record of Daily Expenditures" and features a table with columns for "DATE", "MONTHS" (1-12), and "TOTAL". The table is designed for tracking daily expenses. Below the table, there is a list of expense categories with corresponding checkboxes and a "TOTAL" column. The categories include: Food at Home (Breakfast), Food at Home (Lunch), Food at Home (Dinner), Food at Home (Snacks), Groceries, Gas, Insurance, Medical (Prescription), Medical (Over-the-Counter), Entertainment, Education, Transportation, Utilities, Personal Care, Clothing, Housing, and Miscellaneous. A purple banner at the bottom of the worksheet reads "YOUR RECORD" with a right-pointing arrow.



Identify and document your FIXED MONTHLY EXPENSES

19

Fixed expenses are those that do not vary from month to month. Examples of fixed expenses include car payments and mortgage or rent payments. Fixed expenses are the most difficult to manipulate. Use this simple worksheet to determine how much money per month you must dedicate to cover your fixed expenses.

Fixed Expenses Worksheet

Fixed Expenses - Housing		\$
Mortgage/Rent		
Real Estate Taxes		
Utilities		
Water/Sewer/Electricity		
Insurance		
Phone		
Trash Service		
Fixed Expenses - Transportation		\$
Car Payment		
Gasoline		
Vehicle Insurance		
Registration/Transfer		
Fixed Expenses - Child Care		\$
Child Care/Daycare		
Child Support/Alimony		
Other		

FIXED EXPENSES ➔



Identify and plan for PERIODICS

You may have a good idea of where the money is going on a day to day basis, but before you start working on a spending plan or budget, it is important to call attention to the number one budget breaker: **periodic expenses**. Periodic expenses are those that are not paid on a regular monthly basis. For example, both holiday and tax debts are periodic, meaning they are not part of regular monthly expenditures. In that regard, they join the ranks of other expenses such as auto registrations and vacations. Often, we know when these events will occur, but still fail to plan for them. Unfortunately, when these expenses arise, many people rely upon credit to extend their monthly incomes; using credit this way is one sign of pending financial trouble. To avoid this scenario, follow these tips when planning for periodics:

- **Determine what you spent** last year for periodic expenses. Assume that you will spend at least this amount again this year.
- **Don't hide expenses!** Just because you don't list an expense doesn't mean you won't have to spend money on it. Don't forget things like back-to-school expenses, auto repairs, and birthday gifts.
- **Remember** that some items, like auto insurance premiums, may occur more than once a year.
- **When you have a realistic idea** of what you will need to spend on periodic expenses during the year, divide the total amount by 12 and save that amount each month. Designating a savings account for this purpose may help to organize this process. Check with your financial institution, you may even be able to have the amount automatically transferred.

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Here is an example of how a periodic expense can impact your monthly budget:

Annual Auto Registrations

Assume your annual auto registrations cost \$800/year. How much should you budget each month to cover this expense (even if you don't have to pay it monthly)?

$$\$800 / 12 = \$67/\text{month}$$

So, to be prepared for the annual \$800 expense, you must put \$67 each month into a savings account or into an "auto registration" envelope. That way, you will not have to rely on credit when the bill comes due.

Use this simple calculator to determine how much money you need to save per month to cover other periodic expenses.

SIMPLE CALCULATOR



Document your SPENDING

21

It is time to record your fixed, variable, and periodic expenses in the first column of the Expense Worksheet; do not worry about the other columns at this time.

This worksheet will help you to identify expenses that can be reduced and prevent impulse spending. The process may be time consuming, but it is vital to gaining control of your finances.

After you have calculated the total of your existing expenditures, add your income information. For this, it might be helpful to refer to your [Income Worksheet](#).

Subtract the amount of your total monthly expenses from the amount of your monthly net income. If your expenses exceed your income, rest assured that there are ways to balance the budget.

Keep your Expense Worksheet handy, it will soon become your roadmap to financial wellness.

The image shows a sample of an 'Expense Worksheet'. It is a grid with columns for 'Expense', '1st Month', '2nd Month', '3rd Month', '4th Month', and '5th Month'. Each of these columns is further divided into 'Actual' and 'Budget' sub-columns. The rows are categorized into 'Fixed Expenses' (e.g., Rent, Utilities, Insurance) and 'Variable Expenses' (e.g., Groceries, Gas, Entertainment). A purple banner at the bottom of the worksheet graphic contains the text 'YOUR EXPENSES' with a white arrow pointing to the right.



Identify ways to REDUCE SPENDING

22

To create a balanced budget or increase savings, most people will have to find a way to earn more or spend less. If the idea of spending less sounds challenging, try starting small.

It's important to understand that every purchase we make —excluding such absolute necessities as food, rent, and gas for the car — is a choice. The [America Saves Coalition](#) offers the following examples of how making some small changes can save you an impressive \$150 per month.



Tip	Monthly Saving
Save \$.50 in loose change	\$18
Cut soda consumption by one liter a week	\$6
Bring lunch to work	\$60
Send one free Ecard per month instead of buying a card	\$4
Buy grocery store brands	\$10
Use fewer phone features	\$10
Eliminate premium cable channels	\$20
Borrow, rather than buy, one book per month	\$15
Hand wash, rather than dry clean, one shirt per month	\$3
Comparison shop for gas (saving an estimated \$.25/gallon)	\$4
Savings	\$150

Finally, in addition to making small changes, resolve to boost your savings by including all of your “windfall” money. This “free money” includes increased income from a pay increase, birthday gifts, insurance settlements, escrow overages, tax refunds, and inheritances.

Save money on

GROCERIES



23

Saving money on groceries doesn't have to be hard work. Making just some small changes can net big rewards to your pocketbook. Simple changes in the way you plan and shop can help you reduce the amount you're spending on groceries.

Preparing a weekly menu of what you would like to eat is the first step in effective grocery buying. You will want to list entrees as well as any side dishes, salads or desserts you are planning to prepare. This meal plan can be simple.



After you have your menus planned, make a list of ingredients you will need to prepare each meal. There is no right or wrong way to make a list. It is mainly a listing of all the foods you will need to cook the meals you have planned for the week. You may want to group them in the order they appear in the store or by category such as meats, fruits and vegetables, canned items, frozen foods, cleaning supplies and miscellaneous items.

Check out our [handy printable menu planner](#).

Menu Planner Worksheet

	Breakfast	Lunch	Dinner	Dessert
Monday				
Tuesday				
Wednesday				
Thursday				
Friday				
Saturday				
Sunday				

MENU PLANNER ➔

24

Share a Tip for CHANGE

Being open and honest with yourself and others about your finances is an extremely important part of your financial makeover. Don't be afraid to talk about money matters with your friends and family. And don't hesitate to share a helpful tip!

We've compiled all of our favorite consumer tips from over the years, which you can read for free by downloading our [Tips for Change eBook](#).

Make sure to visit us on Facebook and [share one of your own financial tips](#) with other consumers looking for new and exciting ways to manage their finances!



25

Document your DESIRED SPENDING

Now that you have identified some areas where you would like to make some changes, it is time to revisit your [Expense Worksheet](#).

In the second column titled “adjusted,” indicate how you would like to change your spending. For example, if you are currently spending \$80 per month on the Dry Cleaning/Laundry category and you wish to spend only \$30 per month, write -\$50 in the “adjusted” column. If you are saving only \$50 per month, but would like to save \$100, write +50 in the “adjusted” column.

$$\begin{array}{c}
 \text{---} \quad \boxed{\text{Image of a dry-cleaned shirt}} \quad \text{---} \quad \boxed{\text{Image of a cigarette}} \quad \text{---} \quad \boxed{\text{Image of sushi}} \quad = \quad \text{GOAL}
 \end{array}$$

DRY CLEANING CIGARETTES MEALS OUT

Remember, this is not about sacrifice; it is about making choices to help you achieve your goals. Because maintaining a spending plan is so important, you are encouraged to enroll in a free budgeting webinar.

After you have made adjustments, you can move forward using this spending plan as a road map for achieving your goals.



Protect yourself by performing FINANCIAL CHECK-UPS

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Being in charge of the family's finances is an awesome responsibility. In addition to providing your family with the basic necessities of life, you may feel responsible for their overall financial well-being. One of the best ways to care for your family is to be sure that you are prepared if something were to happen to you or another member of your family.

Perform a health insurance check-up. Find out exactly what services are covered and learn what preventive services are offered. Ask if there are limits on medical tests, out-of-hospital care, mental health care and prescription drugs. Research your premiums and co-payments. Explore the difference in cost between using doctors in the network and those outside it. Find out if there is a limit to the maximum you would pay out-of-pocket. If you do not have health insurance, seek assistance from Medicaid or your local state-sponsored plan.

Perform an auto insurance check-up. Auto insurance pays for damages, injuries and other losses specifically covered by your policy. Most states require vehicle owners to purchase liability insurance, which covers bodily injury and property damage. Read your policy carefully to know exactly what it covers. Pay special attention to the exclusions section, which lists the things your policy does not cover.

Obtain adequate life insurance. The life insurance coverage offered by your employer may not be enough. Realistically determine how much life insurance you need and then shop around. Term insurance is the most affordable type of life insurance, just be sure that the term lasts until your children are financially self-sufficient.

Don't skimp on disability insurance. At any given age, your chances of becoming disabled are higher than your chances of dying. If your employer does not offer group disability insurance, seek an individual policy.

Protect your assets. You don't need to have a lot of assets to need a will. Most importantly, a will allows you to name guardians for your children. Without a will, state law determines how your assets will be distributed. Keep your will in a secure location, such as a fireproof filing cabinet or safety deposit box.

Because this step is so important, [create a customizable and printable goal certificate](#) to ensure that you address these important protections.

It is important to carefully weigh your options before making a credit decision. When you sign or cosign an application for credit, you are agreeing to all its terms. Moving forward, commit to understand everything to which you are agreeing. At the very least, you will want to compare the following terms before making a borrowing decision:

Interest rate or APR

APR is the annual interest rate you will be charged on a loan or the unpaid balance of a credit card.

Length of the loan

As the length of the loan increases, the monthly payment will decrease, but the total interest charged will increase.

Finance charge

Total cost of the loan stated in dollars.

Credit limit

The maximum amount you can borrow at any time.

Minimum monthly payment

The smallest payment your creditor will accept.

Grace period

Number of days you have to pay your bill in full before interest is charged.

Over the limit and late fees

The amount you will be charged if you are late with a payment or go over your credit limit.

Understand the cost of CREDIT

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Compare installment loan offers

	Compare 1	Compare 2	Compare 3
Interest rate (APR)			
Annual interest			
Finance charge (APR)			
Finance charge in %			
Length of loan			
Term			
Total cost of loan			
Monthly payment			
Credit limit			

Compare credit card offers

	Compare 1	Compare 2	Compare 3
Interest rate (APR)			
Annual interest			
Finance charge (APR)			

COMPARE

Use these worksheets to compare the total cost of a loan or credit card from three different sources.



Assemble a FINANCIAL TEAM

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Managing your finances can be like putting together a puzzle; all the pieces need to fit in order to be rewarded with the “big picture.” Working with one or more of these financial professionals can help put the pieces in place.

Tax advisor. Tax advisors provide tax advice and assistance to consumers. Tax advisors can help you to navigate tax laws, prepare complete and accurate returns, and develop a strategic tax plan.

Credit counselor. If you are struggling with debt payments, credit counseling can help. You should contact a credit counseling agency at the first sign that your debts are becoming unmanageable. Things to look for in a quality agency include history, accessibility, knowledge and good customer service. [Money Management International \(MMI\)](#) has all of these important qualities and more.

Financial planner. Whether you are just out of college or entering retirement, most everyone can benefit from the help of a trusted financial advisor. Professional financial planners do more than offer investment advice. A financial planner may also be able to help by analyzing employee benefits, discovering insurance needs, and developing a system to manage cash flow. Financial planners can also help with estate planning and may have relationships with other professionals, such as accountants or attorneys.

Lawyer. Lawyers can help consumers by preparing important legal documents such as a living trust. An attorney can also be very helpful if you need to consider bankruptcy or want to challenge a wage garnishment.

Lawyers can also assist consumers when a violation of the law has occurred. For example, if you feel that a creditor has violated the Fair Debt Collection Practices Act, you may be able to sue for harassment. Working with an attorney can help you understand your rights.

Before working with any financial professional, be sure to check their credentials. Ask specific questions about their history and areas of expertise. Finally, be sure that you are comfortable with the advisors you choose; ideally, you will be financial partners for life.





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Appreciate the benefits

Change may be hard, but the payoff can be priceless. In addition to improving your financial situation, you may also find your money management skills can benefit other aspects of your life.

Consider the following benefits. Place a check next to those you will enjoy as a result of taking ownership of your finances. Feel free to add others - the possibilities are endless.

If I stick to my plan, I will:

☐ Feel a sense of accomplishment

☐ Have less anxiety

☐ Feel like I am setting a good example for my family

☐ Build a secure financial future

☐ Improve my creditworthiness

☐ Appreciate the things I have purchased.

☐ Avoid legal problems

☐ Be prepared for financial emergencies

☐ Feel more in control of my financial situation

☐ Other:

☐ Other:

CONGRATULATIONS! You have given a great deal of thought to your financial situation, your spending habits, and the change process. You now have the knowledge necessary to make positive decisions that will ensure a successful financial future.

Moving *FORWARD*

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REFLECTIONS

1

Describe your thoughts, feelings, and attitude about making a change to your financial situation:

2

Based on the work you have done over the past 30 days, describe what you plan to do next:

Don't forget that there are a variety of resources available to help you, such as **educational classes**. A trained **Money Management International** counselor can also help you in the change process.





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[Managing Debt to Improve Your Mental Wealth](#)
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About Money Management International

Money Management International is a national nonprofit credit counseling agency, providing financial counseling, educational programs, HUD-approved housing counseling, student loan counseling, and debt management assistance to consumers in need across the country.

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