Student Take Home Guide

Money Smart

Money Matters

CAROLINA COLLEGIATE
FEDERAL CREDIT UNION

Table of Contents

Money Smart

The *Money Smart* curriculum is brought to you by the National Association of Federal Credit Unions (NAFCU). *Money Smart* is adapted from a curriculum developed by the Federal Deposit Insurance Corporation (FDIC). The *Money Smart* Program includes the following courses:

- **Credit Unions: Here To Serve You**
  an introduction to consumer financial services
- **Borrowing Basics**
  an introduction to credit
- **Check It Out**
  how to choose and keep a checking account
- **Money Matters**
  how to keep track of your money
- **Pay Yourself First**
  why you should save, save, save
- **Keep It Safe**
  your rights as a consumer
- **To Your Credit**
  how your credit history will affect your credit future
- **Charge It Right**
  how to make a credit card work for you
- **Loan to Own**
  know what you're borrowing before you buy
- **Your Own Home**
  what homeownership is all about

Money Matters

Welcome to Money Matters! One of the first steps to financial security is planning and following through on a personal budget. Budgeting is about choices—choosing how to make money and choosing how to spend money. This course will help you with some of the basics. When you have completed this course, you will be able to prepare a personal budget.

Why Budget?

Have you ever taken $20 out of the ATM and, at the end off the day, not known where it all went? It is critical you understand where your money goes. Knowing what your income and expenses are every month will help you take control of your financial situation.

Taking control of your financial situation helps reduce the anxiety of not knowing whether you have the money to pay your bills when they are due. It is important to have a sense of control over money, rather than letting money have control over you. Budgeting will help you build assets. Building assets improves the quality of life for you and your family.

A good place to start taking control of your financial situation is to develop a savings and spending plan. This is called a budget. A budget is a step-by-step plan for meeting expenses in a given period of time.

Daily Spending Diary

Day	What did I spend my money on today?
Sunday	
Monday	
Tuesday	
Wednesday	
Thursday	
Friday	
Saturday	

Income and Expenses Worksheet

My Income		**My Expenses**	
		Fixed Expenses	
Wages $	________________	Rent/Mortgage $	________________
Public assistance $	________________	Property taxes/Insurance $	________________
Child support/Alimony $	________________	Trash collection $	________________
Dividends/Interest $	________________		
Social Security $	________________	Car payment $	________________
Other $	________________	Car insurance $	________________
		Other loan payments $	________________
		Health insurance $	________________
		Day care/Elder care $	________________
		Flexible Expenses	
		Savings $	________________
		Gas/Oil $	________________
		Electricity $	________________
		Water $	________________
		Telephone $	________________
		Food $	________________
		Transportation/Gas $	________________
		Car maintenance $	________________
		Education $	________________
		Personal expenses $	________________
		Other $	________________
Total Income $	________________	**Total Expenses $**	________________

*Remember to plan for income and expenses that do not occur on a monthly basis.

Tips to Decrease Spending

- Carry only small amounts of cash in your wallet so you won't spend it.
- Use direct deposit. You will be less likely to spend money if it goes straight into your account.
- Control your use of credit cards.
- Don't go shopping just for fun.
- Take your written savings goals with you as a reminder.
- Buy only what you need—don't buy things just because they are on sale.
- Use coupons to save money.
- Use a grocery-shopping list to prevent impulse buying.
- Take your lunch to work instead of eating out.
- Shop around to get the best deal for big-ticket items like cars and appliances.
- Pay your bills on time to avoid late fees, extra finance charges, utilities being turned off, eviction, repossessions, and the cost of a bad credit rating.

Increasing Your Income

Earned Income Tax Credit (EITC)

The EITC is a refundable federal income tax credit for people who work but do not earn high incomes. If you qualify, it reduces the amount of tax you owe, and it may give you a refund. You may even be eligible for an advance EITC, which allows you to receive part of the credit in each paycheck during the year.

The following eligibility requirements apply:

- You must have a valid Social Security number.
- You must be between 25 and 65 years of age, unless you have a qualifying child.
- You must have earned income. This does not include alimony, child support, welfare benefits, unemployment benefits, interest, dividends, pensions, and certain workforce payments.
- Children must live with you for at least 6 months to claim additional benefits.

Benefits can range from $350 to $3,888. Rules and examples can be found in IRS Publication 596. A free copy of the application form and the IRS Publication is available on the following website: **www.irs.gov** or by calling the IRS at 1-800-829-3676, or you can call the IRS directly at 1-800-829-1040 for assistance.

Any refund you receive as a result of taking the EITC will not be used to determine your eligibility for the following programs, or how much you can receive from them:

- Temporary Assistance for Needy Families (TANF)
- Medicaid and supplemental security income (SSI)
- Food stamps and housing assistance

Child Tax Credit

The Child Tax Credit can lower the amount of income tax you owe and increase any refund you might receive. The benefit can be as high as $500 per child. There are additional benefits for single works mothers. Information is available in IRS Publication 972. A copy of the tax credit application form and the IRS Publication is available on the following website: **www.irs.gov** or by calling the IRS at 1-800-829-3676, or you can call the IRS directly at 1-800-829-1040 for assistance.

Eligibility requirements include the following:

- The child must be 17 years of age or younger by the end of the tax year.
- The child must be a U.S. resident.

Credit for Child and Dependent Care Expenses

If you pay someone to care for your child under the age of 13, or other dependent who is not able to care for him or herself, you might be eligible for a tax credit. The tax credit can lower the amount of income tax you owe or increase any refund you might receive. To qualify, you must pay the child or dependent care expenses so you can work or look for work. Information is available in IRS Publication 503. A copy of the tax credit application form and the IRS Publication is available on the following website: **www.irs.gov** or by calling the IRS at 1-800-829-3676, or you can call the IRS directly at 1-800-829-1040 for assistance.

Certified Public Accountants and other tax professionals can provide free or low-cost help, during tax time, at local libraries and churches to determine if you qualify for these tax benefits. Remember, you are obligated to provide accurate information when applying for these benefits. Tax fraud is a serious offense.

Recordkeeping Tips

- Keep information in a safe place in your home or in a safe deposit box.
- Keeping your files organized makes it easier for you to find information about your earnings and spending and to update important financial information.
- Keep your tax records for at least 3 years.
- Don’t forget to send in your bill payments a few days before they are due to avoid late fees.

Budgeting Tools

Monthly Payment Schedule

- Transfer your income sources and amounts from the *Income and Expenses Worksheet* to the income column on the *Monthly Payment Schedule* worksheet.
- Record the date the income amount is expected.
- Transfer your expenses, the date due, amount due, and the date paid into the appropriate columns of the *Monthly Payment Schedule* worksheet.
- Use different colored ink for income and expenses.
- See your instructor for additional worksheets.

Month______________

Income	Expenses/Bills	Pay or Due Date	Amount Due	Paid

Monthly Payment Schedule

- Transfer your income sources and amounts from the *Income and Expenses Worksheet* to the dates income is paid on the *Monthly Payment Schedule* worksheet.
- Transfer your expenses to the dates they are due on the *Monthly Payment Schedule* worksheet.
- Use different colored ink for income and expenses.
- Check off each bill as it is paid.
- See your instructor for additional worksheets.

Month______________

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5	6	7
8	6	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

Other Budgeting Tools

Here are a few other types of budgeting tools you can use at home. You should use the one you are most comfortable with.

Expense Envelope System

- This tool is useful if you pay your bills with cash each month.
- Make an envelope for each expense category (rent, utilities, food, etc.)
- Label the envelope with the purpose, amount, and date due.
- When you receive income, divide it into amounts to cover the expenses listed on the envelope.
- Pay bills right away, so you won't be tempted to spend the money for something else.

Budget Box System

- The budget box is a small box with dividers for each day of the month, like a filing system.
- When you receive a bill, check the due date and place it behind the card that represents the due date.
- As you receive income, pay all the bills that are due.

Computer System

If you have access to a personal computer, you can create your own spreadsheet. You may also want to purchase a personal finance program. They are available for less than $75. Using a computer to manage your finances is relatively easy. Once you set up the system, updating information is quick and easy. It is important to enter transactions frequently to truly understand your financial position.

For Further Information

www.ncua.gov

The National Credit Union Administration, or NCUA, provides information on the nation's credit unions. You can also call NCUA at (703) 518-6300.

www.fdic.gov

The Federal Deposit Insurance Corporation, or FDIC, provides information about the nation's banking system. You can also call the consumer hotline 1-877-ASK-FDIC (1-877-275-3342).

www.irs.gov

This is the website of the Internal Revenue Service (IRS). You can get copies of IRS publications and forms through this site or by calling 1-800-829-3676. The IRS can also be reached at 1-800-829-1040.

www.ssa.gov

This is the Social Security Administration's website. You can find out about Social Security benefits at this site. You can also call 1-800-772-1213 to request a copy of your Social Security statement.

www.nfcc.org

National Foundation for Credit Counseling (NFCC) can be reached at 1-800-388-2227. NFCC is a national non-profit organization that assists consumers in dealing with their credit problems.

www.abiworld.org/consumer.A.html

The American Bankruptcy Institute (ABI) researches and educates on issues regarding bankruptcy. The ABI's Consumer Corner web page offers information and resources concerning bankruptcy.

www.pueblo.gsa.gov/cic_text/money/bankbasic.pdf

This is a link to *Bankruptcy Basics*, Public Information Series, Bankruptcy Division, Administrative Office of the United States Courts, August 1998. This publication provides general information regarding the different types of bankruptcy cases.

Acknowledgements

The FDIC thanks the following organizations for their help in developing and piloting the *Money Smart* curriculum:

- Naylor Road One-Stop Career Center, Washington, D.C.
- Government of the District of Columbia, Department of Employment Services
- Government of the District of Columbia, Department of Banking and Financial Institution

Reference materials from the following sources were especially helpful in the development of the *Money Smart* program:

- *Consumer Action Handbook*, 2001, Federal Consumer Information Center, United States General Services Administration
- Fannie Mae
- Federal Trade Commission
- *Gateway to a Better Life—Making Every Dollar Count*, 1998, Cooperative Extension, University of California
- *Helping People in Your Community Understand Basic Financial Services*, Financial Services Education Coalition
- Internal Revenue Service
- *Saving Fitness A Guide to Your Money and Your Financial Future*, U.S. Department of Labor, Pension, and Welfare Benefits Administration
- Social Security Administration
- United States Department of Agriculture, Rural Development, Rural Housing Service
- United States Department of Housing and Urban Development
- United States Veterans Administration, Department of Veterans Affairs Home Loan Program

Course Evaluation – Money Matters

Instructor: ___________________________ Date: _______________________________

Thank you for your participation in this course. Your responses will help us improve the training for future participants. Please circle the number that shows how much you agree with each statement. Then answer the questions at the bottom of this form. If you have any questions, please feel free to ask your instructor.

	Strongly Disagree	Disagree	Agree	Strongly Agree
1. The course was interesting and kept my attention.	**1**	**2**	**3**	**4**
2. The examples in the course were clear and helpful.	**1**	**2**	**3**	**4**
3. The activities in the course helped me understand the information.	**1**	**2**	**3**	**4**
4. The slides were clear and easy to follow.	**1**	**2**	**3**	**4**
5. The take-home materials were easy to read and useful to me.	**1**	**2**	**3**	**4**
6. The instructor presented the information clearly and understandably.	**1**	**2**	**3**	**4**
7. The information/skill taught in the course is useful to me.	**1**	**2**	**3**	**4**
8. I am confident that I can use the information/skill on my own.	**1**	**2**	**3**	**4**
9. I am satisfied with what I learned from this course.	**1**	**2**	**3**	**4**

What was the most helpful part of this course?

What was the least helpful part of this course?

Would you recommend this course to others?

Any comments/suggestions?

What Do You Know – Money Matters

Instructor: ________________________ Date: ____________________________

This form will allow you and the instructors to see what you know about your rights and responsibilities as a consumer of financial services both before and after the class. Read each statement below. Please circle the number that shows how much you agree with each statement.

I know:	**Before-the-Course**				**After-the-Course**			
	Strongly Disagree	Disagree	Agree	Strongly Agree	Strongly Disagree	Disagree	Agree	Strongly Agree
1. The concept of budgeting	1	2	3	4	1	2	3	4
2. The benefits of budgeting	1	2	3	4	1	2	3	4
3. How to use a budgeting tool	1	2	3	4	1	2	3	4