

Making a Spending Plan

Once you know how much money is coming in and how much is going out, you are ready to make a spending plan so you can get the most of what you want most. Use the chart on this page. Enter the amount of money coming in each month at the top.

Then go through each row of the spending plan and think about what comes due each month and what you would like to spend each month. Put

the total by each category such as food, clothing, etc.

If the total of what you plan to spend is more than you make, then use the “How Much Do you Spend? Tracking Form” to compare how you are actually spending with how you would like to spend.

You will probably be surprised by what you have spent on different things compared with what you want to spend. This will help you find out

where you can cut back if you need to. Keep working on your spending plan until it is realistic.

If you’re like most people, making a spending plan is not easy. You may have to adjust it often to make it work. If you are not happy with how much you have to spend, there are two things you can do about it—spend less or make more—or a little bit of both.

Your spending plan														
Money you expect to make before deductions:(weekly, monthly or yearly \$ _____.)														
	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total amount planned to spend	Total amount actually spent
Food														
Clothing														
Housing rent/mortgage														
Health														
Education														
Contributions														
Transportation														
Personal														
Recreation														
Home maintenance														
Help														
Gifts														
Insurance														
Savings														
Income Taxes State Federal														
Dues														
Debts														
Total													\$ _____	\$ _____

Finding Money to Save and Spend

No matter what other resources we have and no matter what tradeoffs we're willing to make, we all like to have more money if we can. We might spend it all for something we want right now, pay off bills, or save some or all of it for something we want in the future.

How do you find more money to save and spend? There might be ways to save money you haven't thought of before. The list below gives ideas that have worked for other people. You can put an "✖" beside the things you already do and a "✔" next to things you might want to try.

Food

- Shop once a week to save on gas and time.
- Plan meals for the week using what's on sale.
- Use a list and stick to it.
- Shop by yourself so others won't talk you into buying more.
- Avoid shopping when you're hungry so you can resist impulses.
- Look for coupons before you go, but only for what you would buy anyway.
- Compare how much each ounce or other unit costs in different size containers.

- Buy low-fat or skim instead of whole milk. It's healthier and it's usually cheaper.
- Plan how to use leftovers. Millions of dollars of food go to waste each year.
- Avoid expensive convenience stores and vending machines.
- Avoid eating out too often. It adds up fast.
- Ask the local Family Services Division Office if you qualify for food stamps.

Clothes

- Take advantage of end-of-season sales whenever you can.
- Shop garage sales for kids' and maternity clothes. They're often in good shape.
- Swap clothes with friends or neighbors.
- Avoid "dry clean only" clothes. Dry cleaning is expensive!
- Follow washing instructions carefully to make clothes last longer.
- If they're not dirty, wear clothes more than once before washing.
- Buy factory seconds if they have no flaws, or only flaws you can live with.

- Hang clothes outside when you have time. It's cheaper than using the dryer.
- Repair minor tears so they don't become major tears.
- Store clothes carefully so they don't get moths or mildew or fade in the sun.

Transportation

- Learn how to do simple maintenance on your car.
- Follow the instructions in your car's owners manual. It might last longer.
- Get by with fewer cars. You can save on payments, insurance, taxes and repairs.
- Walk more, and drive less.
- Carpool with neighbors for going to work, meetings, kids' events or shopping.
- Use self-serve gas, but remember to check oil and fluids regularly.
- Keep the car clean, especially in the winter, to avoid rust or salt damage.
- Gas up while running another errand rather than making an extra trip.

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- Use good driving habits, like slowing down gradually, to save money.
- Use public transportation when you can.
- On older cars, consider dropping collision or comprehensive insurance coverage.

Personal Habits

- Trade skills like typing, haircutting, painting, sewing and gardening with others.
- Trade childcare with other parents.
- Make gifts or do mowing, car washing, babysitting or housecleaning as gifts.
- Cut down on long-distance calls or call when rates are lowest.
- Drop phone services like call waiting, if they cost extra and you don't use them.
- Check all bills to be sure you aren't charged for things you shouldn't be.
- Find out about free or inexpensive University of Missouri Extension classes to help you work on skills you'd like to have.
- Find ways to have fun that cost little or nothing.

Housing

- Make minor home repairs before they become major ones.

- Rent or borrow household equipment you don't use very often.
- Wash walls so you don't have to paint as often.
- Get rid of anything you're not using to save on cleaning, maintenance and repair.
- Learn how to do refinishing so you can recycle inexpensive used furniture.
- Follow instructions on amounts of cleaning products so nothing goes to waste.
- Rent out a room or some garden space to add to your income.
- Take shorter showers or install a low-flow showerhead from the hardware store.
- Change furnace filters regularly and have the furnace checked yearly.
- Don't water the lawn so you can save on the water bill.
- Put plastic over the windows during the winter to save on the heat bill.
- Switch high-wattage light bulbs to low-wattage ones.
- Shut off rooms that aren't in use and turn off the heat or air conditioning.
- Read and compare Energy Guide labels when you buy an appliance.

- Use window shades to block sun in the summer and drafts in the winter.
- Keep the water heater temperature at 140 degrees if you have a dishwasher. If you don't, 110 to 120 degrees is enough.

Managing Money

- Use the chart on pages 2-3 to track your spending. Review it with your family.
- Don't carry too much cash with you to avoid impulse buying.
- Have a garage sale to make money and free up storage space.
- Pay bills early if it will get you a discount.
- Take advantage of the Earned Income Tax Credit if you're eligible.
- Find ways to have fun that cost little or nothing.
- Use community recreation services or public facilities to save money.
- Use the public library to save money on books and magazines.
- Shop around for insurance. Check with at least three agents. Rates vary.
- Balance the checkbook when the statement comes so you know where you stand.

Getting a Tax Refund? Make it Work for You

A big tax refund check is the financial event of the year. It is reason to celebrate! If you plan ahead, you can use your refund to solve problems and meet goals. It can help when everybody in the family talks about what to use your check for and agrees on it – but as the adult in the family, YOU get to decide what to do. Even young children can learn there are limits to what the family can afford. Let them dream a little, but don't be afraid to say no. They appreciate limits, even if they don't say so!

Look at this list of ideas, add your own, make your choices, and enjoy your refund!

- Pay or catch up on utilities
- Open an emergency savings account at the credit union
- Pay off payday loans
- Get a new TV
- Buy some new glasses
- Get some new clothes
- Fix your car
- Get a car with better mileage
- Pay off your cell phone
- Get your hair done
- Weather strip doors and windows
- Buy compact fluorescent light bulbs to save on utilities
- Make a deposit on an apartment with better utilities
- Get renters insurance
- Pay back a friend or family member
- Pay your rent
- Take a vacation
- Insulate your house
- Get a massage
- Make household repairs
- Get a computer
- Pay medical bills
- Buy an energy-efficient stove
- Give yourself a well-deserved night on the town
- Pay the babysitter
- Pay insurance bills
- Get new shoes
- Go to the dentist
- Buy toys
- Get a cell phone contract
- Buy furniture you need
- Stock up on non-perishable food and paper goods
- Buy an energy-efficient refrigerator
- Get a new lawnmower
- Take your kids to the movies
- _____
- _____
- _____
- _____
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- _____
- _____
- _____
- _____

By Brenda Procter, State Specialist & Instructor, MU Personal Financial Planning Extension
Adapted from materials developed by Cynthia Crawford, MU Extension Family Financial Education Specialist



Little Things Add Up

People have different priorities, and no one can make decisions for you and your family better than you can. If you are trying to start saving or save more money, there is a good chance that you can find some way to do it – only if you take a little bit out of each paycheck.

Every time you spend money on something, you are making a tradeoff by not spending it on something else or saving it. Only you can decide if the tradeoff is worth it. Just make sure you think about what the tradeoffs are when you spend.

Changes in spending can free up money for things you need, paying bills or saving. Small changes may make more difference than you think. See how small purchases can add up over time, think about your own small purchases, and make sure they are worth it to you!

Movie & Video Game Rentals:	For One Year
Rent three movies per week @ \$4.00 each	\$624
Rent one movie per week @ \$4.00 each	\$208
Rent one video game per week @ 5.00 each	\$260
One video game late fee per week @ \$5.00 each	\$260
Soda & Candy:	
One can soda per day from vending machine @ \$1.25 each	\$456
One can 1-liter soda or water per day @ \$1.50 each	\$548
One large candy bar per day @ \$.95 each	\$347
One large candy bar & soda/water per day @ \$2.20 for both	\$803
Eating Out:	
One meal per day @ \$5.00 each	\$1,825
Lottery Tickets:	
One Instant per day @ \$1.00 each	\$365
One Instant per day @ \$2.00 each	\$730
One Instant per day @ \$5.00 each	\$1,825
Reading Material:	
Two paperback books per month @ \$7.00 each	\$168
One magazine per week @ \$4.00 each	\$208
One tabloid per week @ \$1.60 each	\$83
Cable Television Extras:	
One Premium Movie Channel per month @ \$10.00 each	\$120
One Pay-Per-View per week @ \$4.00 each	\$208
Personal Care Extras:	
One tanning bed visit per month @ \$10.00 each	\$120
One manicure 2 times per month @ \$15.00 each	\$360

By Brenda Procter, State Specialist & Instructor, MU Personal Financial Planning Extension
 Adapted from *Small Amounts Add Up* by Sandra McKinnon, MU Family Financial Education Specialist



What to do with \$1,000 worksheet

How would your family members spend \$1,000 – or more? Have all family members write down how they would spend \$1,000. Let everyone dream a little. Have fun with this exercise. List everyone’s ideas, no matter how unrealistic or funny. Use extra sheets of paper if you need them.

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

Discuss all the ideas without judging and decide together how you will really use the \$1,000. Talk about your values as a family. Think how decisions would affect the family’s finances in the future, like paying off credit cards or fixing the car. What could help your family?

1. _____
2. _____
3. _____

Think of how your family might continue to save. If possible, keep track of everything you spend for one week. Then take a look. Could you reduce your spending somehow so you could save at least \$10 each month? List ways you can save below.

1. _____
2. _____
3. _____

3+What could a \$1,000 emergency fund mean to you and your family?

- Ability to pay winter utility bills.
- Ability to purchase Christmas gifts for the family.
- Ability to pay medical bills.

High Interest Loans

What would it mean if you paid off a \$1,000 high interest rate loan?

- If you have a \$1,000 balance on a credit card at 17% and only make the required minimum monthly payment, it will take you 7 years to pay it off. You would pay \$704 in interest. Paying it off now would save \$704.

Think before you spend.

*Brenda Procter, M.S., State Specialist & Instructor, MU Personal Financial Planning Extension
Adapted from Materials Developed by Cathy Oesterling, M.S., former MU Housing Specialist and Rebecca Travnicek, Ph.D., MU Family Financial Education Extension Specialist*



What is Predatory Lending?

Predatory lending is the practice of charging excessive fees for loans or payment agreements that are not in a consumer's best interest, often using targeted, aggressive tactics and false claims, or failing to disclose all terms and costs up front.

Any lender can be predatory, from banks to credit unions to payday lenders. Watch for the signs, and ask questions.

Twelve Signs You May be Dealing with a Predatory Lender

1. The deal sounds too good to be true.
2. The lender pressures you to accept his offer or ignores your questions about the loan or payment agreement terms.
3. You are approved for a loan that is bigger than you wanted, and you know you cannot make the higher payments.
4. There are fees in the loan or rental papers that the lender did not tell you about, and the lending agent keeps trying to add costs, such as credit insurance.
5. The loan or payment agreement takes away your right to take legal action if something goes wrong.
6. The interest rate is extremely high, or there is a hefty penalty if you pay the loan off early.
7. The lending agent asks you to sign blank papers that he will fill in later.
8. You were promised your monthly payments would be lower in the future, but instead they are higher.
9. A lender focuses on low weekly or monthly payments - not the loan's total cost.
10. You receive a call or letter from a lender pressuring you to refinance your loan several times a year, even though this is not something you asked about.
11. You pay up-front fees before you make application or sign any kind of agreement.
12. A lending agent tells you to lie on a loan application so you will be approved.

What Questions Do I Ask Lenders to Get the Best Deal?

Ask the right questions to help you fully understand a loan before you apply. Here are some questions you can ask.

- What papers or information will I need to apply?
- What fees will I have to pay up front?
- Are there extra fees if I pay late?



- What are the total fees I will pay for the loan itself and all related requirements?
- What will be the Annual Percentage Rate (APR) of interest when you include all fees associated with the transaction?
- How long will it take to process my application and get me my money?
- Does the interest rate stay the same for the entire loan?
- How much interest will I pay over the life of the loan?
- What will be my monthly or weekly payment?
- Can I make extra payments or pay the loan off early without penalty?

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- Will my payments ever increase? If so, why?
- Where do I make my payments?
- How long do I have to pay the loan off?
- Is there a large lump-sum payment at the end of the loan?
- Can I have a Good Faith Estimate or all the fees and loan terms listed in writing?
- Who do I contact if I have questions about my loan?
- How long has your company been in business?
- What agency or office regulates you as a lender?
- (For pawnshops only) How much will you charge for insuring and storing what I am pawning?

Any reputable and honest lender should be more than happy to answer your questions. If they try not to, that is a red flag in and of itself.

If you can, get information from at least three lenders before deciding where to borrow. You may decide that every store's fees are too high and rethink the loan. Waiting to spend the money or coming up with it another way may make more sense once you understand all costs and terms.

No matter what kind of lender you plan to do business with, learn about your rights, ask lots of questions and take enough time to get the best deal you can. If it is possible, wait to spend the money and pay yourself (save) a little each paycheck to get the money you need without borrowing at all.

Sources:

Center for Responsible Lending Website, <http://www.responsiblelending.org/>;

Freddie Mac Website, How to Avoid Predatory Lending, http://www.freddiemac.com/corporate/buyown/english/mortgages/lenders/avoiding_predlend.html; Stop Mortgage Fraud, www.stopmortgagefraud.com;

Squires, G. *Why the Poor Pay More*. Praeger Publishers, Westport, CT, 2004.

By Brenda Procter, State Specialist & Instructor, MU Personal Financial Planning Extension and Suzanne McGarvey, M.S., Former MU Consumer and Family Economics Extension Associate

Finding Ways to Fill the Gap

Consumers with a tight budget can think that high cost lenders are their only option. However, there may be other ways to get by. Here are a few ideas.

- Have you tried to bargain with the person or business you owe money to? Some creditors will work with you, but only if you go to them before you're in too deep. If you offer partial payment and a timeline to pay the rest, businesses and creditors sometimes understand.
- If you already owe on a payday loan, you can request a debt repayment plan if you do it before you miss a payment.
- Some credit unions and banks are starting to offer small loans again. Have you asked around?
- Is there a family member or trusted friend that you could barter with or ask for a small loan to help you get by?
- Have you thought about having someone who trusts you co-sign for a lower-rate loan?
- Some stores offer layaway services at no or low cost. Have you considered layaway?
- Is there a social service agency, food bank, community group or church that could help you through your crisis?
- Do you have a credit card you could use and pay off when the bill comes? Even though credit cards often charge very high interest rates, the rate may be lower than what a predatory lender would charge you. If you paid off the whole credit card bill during the grace period, you would not be charged any interest at all.
- You might take on a part-time job or get some overtime hours at your current job until you get caught up. Some places need seasonal help and will work around your schedule.
- If there is no way to avoid using a high-cost lender, get the best deal you can. Have you contacted more than one lender to compare the terms?
- Go to a legitimate credit counseling service, which may be able to negotiate better deals on your behalf. **Finding a legitimate credit counseling service is tricky.**

DebtAdvice.org (www.debtadvice.org/takethefirststep/locator.html) is a website sponsored by the National Foundation for Credit Counseling. It has an on-line locator to help you find the nearest reputable nonprofit credit counseling service in Missouri.
- Take in a roommate to help share expenses.
- What ideas do you have?

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Credit Report Basics

Do you ever wonder how lenders decide who gets a loan and who doesn't, or why you got turned down for a credit card? Think you might file for bankruptcy and hope no one will ever know? If so, you need to know more about your credit report, how it works, and how it can affect your financial future.

Here is some basic information about what a credit report is, who uses it, how to get a copy of your own, and how to fix a mistake if you find one.

What is my credit report?

Your credit report has financial information about you. Credit bureaus across the country put together credit information from banks, finance companies, merchants, credit card companies, and other creditors and enter it into a computer system. Your report also has personal information such as your address, social security number, and birth date. It may have information about your employment and income, spouse's information, former addresses, etc. Most importantly, your credit report file has details about credit and balances due, payment history, lawsuits, court judgments and tax liens. Your record also shows if you have declared bankruptcy. Bankruptcy will not be removed from your file for seven to ten years!

Who uses my credit report?

A potential lender or other creditor usually checks your credit report

when you apply for a loan or credit card, or rent an apartment. The lender or company requests a copy of your report and makes a lending decision after reviewing your history. Insurance companies use your credit report to set your premiums. Your report cannot be used by just anyone (such as friends).

The lending company, not the credit bureau, decides whether to approve you or not. Potential employers may want to see your credit report. Anyone asking for a copy of your report must need it for an approved purpose and must show proof that they are a legitimate company that you gave permission to view your report.

Can I see a copy of my credit report?

Yes, and it is a good idea to check it regularly to be sure the information is correct. Congress created the 1971 Fair Credit Reporting Act, giving you the right to see a copy of your report. You can order a free credit report once a year.

The three largest credit reporting bureaus use one central address to ask for information. **Do not contact the credit bureaus directly to obtain your free annual credit report.**

Visit www.annualcreditreport.com; OR Call 1-877-322-8228 to get your free reports.

Be careful about companies offering "free credit reports" on slick TV commercials, on websites or in magazine ads. Almost all offers

have a catch, like a hidden fee for some other service or requiring a subscription of some kind.

You do not need a company to get a free credit report for you; you can do it yourself. The contact information listed above is for the official place to get your free credit report once a year.

You can get a free copy any time if:

- you have been turned down for credit, employment or insurance within the last thirty days due to something in your credit report;
- you are unemployed and plan to seek employment within 60 days;
- you are on welfare; or
- someone has committed fraud against you.

Otherwise, you usually have to pay a small fee to get a copy of your report. The three largest credit bureaus are:

- Equifax
P.O. Box 740241
Atlanta, GA 30374
1-800-685-1111
- Trans Union
2 Baldwin Place, P.O. Box 2000
Chester, PA 19022
1-800-888-4213
- Experian
P.O. Box 2002
Allen, TX 75013
1-888-397-3742

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There is another large credit bureau called Innovis Data Solutions, but it sells your credit information to companies to do mass mailings of junk mail, including credit card offers. You can look under “Credit Bureaus” in your local yellow pages for other bureaus.

There is a mistake on my credit report. Now what?

If you find an error on your credit report, contact the credit bureau.

If some of the information is very old (more than seven to ten years), make sure it gets deleted. If it is more recent than that, give them as much information as you can about the situation. The bureau must investigate the problem.

You also might contact the reporting party to see if they can help resolve the situation. If you cannot resolve the issue, you can file a written statement with the bureau of up to 100 words telling your side of the story.

Note: Beware of "credit repair" scams that promise to erase your bad credit history. You can take the same steps they do to remove incorrect information without paying a high fee. Information that is correct, however, cannot be magically erased - by anyone!

By Suzanne McGarvey, M.S., Former MU Consumer and Family Economics Extension Associate and Brenda Procter, State Specialist & Instructor, MU Personal Financial Planning Extension

Fair Debt Collection

The Fair Debt Collection Practices Act requires debt collectors to treat you fairly and bans certain debt collection practices. The law does not erase any debt you actually owe. Personal, family, and household debts are covered under the Act.

A debt collector is anyone who collects debts you owe to some other party who hires them to collect from you. This includes attorneys who collect debts on a regular basis. Anyone you owe directly is not covered by this Act – only the people or companies they hire to collect for them.

A collector may contact you in person, by mail, telephone, telegram, or fax. Collectors may not contact you before 8:00 a.m. or after 9:00 p.m. unless you agree. A debt collector may not contact you at work if the collector knows that your employer disapproves.

You can stop a debt collector from contacting you by writing a letter telling them to stop. Once the collector receives your letter, they may not contact you again, except to say there will be no further contact or to notify you that the debt collector or the creditor intends to take some specific action. You could still be sued by the debt collector or your original creditor because you still owe the debt.

If you have one, the debt collector must contact the attorney, rather than you. If you do not have an attorney, a collector may contact other people, but only to find out where you live, what your phone number is, and where you work. Collectors usually

are prohibited from contacting such third parties more than once. In most cases, the collector may not tell anyone other than you and your attorney that you owe money.

Within five days after you are first contacted, the collector must send you a written notice telling you the amount of money you owe; the name of the creditor that you owe; and what to do if you believe you do not owe the money. A collector may not contact you if, within 30 days after you receive the written notice, you send the collection agency a letter stating that you do not owe money. A collector can renew collection activities if you receive proof of the debt, such as a copy of a bill for the amount owed.

Debt collectors may not harass, oppress, or abuse you or any third parties they contact. For example, debt collectors may not:

- use threats of violence or harm;
- publish a list of consumers who refuse to pay their debts (except to a credit bureau);
- use obscene or profane language; or repeatedly use the telephone to annoy someone.

Debt collectors may not use any false or misleading statements when collecting a debt. For example, debt collectors may not:

- falsely imply that they are attorneys or government representatives;

- falsely imply that you have committed a crime;
- falsely represent that they operate or work for a credit bureau;
- misrepresent the amount of your debt;
- indicate that papers being sent to you are legal forms when they are not; or
- indicate that papers being sent to you are not legal forms when they are.

Debt collectors also may not state that:

- you will be arrested if you do not pay your debt;
- they will seize, garnish, attach, or sell your property or wages, unless the collection agency or creditor intends to do so, and it is legal to do so; or
- actions, such as a lawsuit, will be taken against you, when such action legally may not be taken, or when they do not intend to take such action.

Debt collectors may not:

- give false credit information about you to anyone, including a credit bureau;

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- send you anything that looks like an official document from a court or government agency when it is not;
- use a false name;
- collect more than you owe;
- deposit a post-dated check prematurely;
- deceive you to get you to accept collect calls or pay for telegrams;
- take or threaten to take your property unless this can be done legally; or
- contact you by postcard.

If you owe more than one debt, any payment you make must be applied to the specific debt you say. A debt collector may not apply a payment to any debt you believe you do not owe.

You have the right to sue a collector in a state or federal court up to one year after the date the law was violated. If you win, you may get back money for the damages you suffered plus an additional amount up to \$1,000. You also get back court costs and attorney's fees. A group of people can sue a debt collector and get back money for damages up to \$500,000, or one percent of the collector's net worth, whichever is less.

Report problems with a debt collector to the Missouri Attorney

General's toll-free Consumer Protection Hotline at 1-800-392-8222.

File a complaint with the Federal Trade Commission or get free information on consumer issues at www.ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261.

By Brenda Procter, State Specialist & Instructor, MU Personal Financial Planning Extension. Adapted from Facts for Consumers, Fair Debt Collection, downloaded on October 13, 2008 from <http://www.ftc.gov/bcp/online/pubs/credit/fdc.htm>

