



Managing Your Finances

Uplift Mid-MO Free Resource

Income: Learning to Read Your Paycheck

COMPANY NAME				EARNINGS STATEMENT		
Sample Company Name, Sample Company Address, 95220						
EMPLOYEE NAME	SOCIAL SEC. ID	EMPLOYEE ID	CHECK NO.	PAY PERIOD	PAY DATE	
Sample Name	XXX-XX-3432	44234	48869	10/31/13-11/06/13	11/08/13	
INCOME	RATE	HOURS	CURRENT TOTAL	DEDUCTIONS	CURRENT TOTAL	YEAR-TO-DATE
GROSS WAGES	50	50	2,500.00	FICA MED TAX	36.25	1,631.25
				FICA SS TAX	155.00	6,975.00
				FED TAX	559.18	25,163.00
				CA ST TAX	183.76	8,269.26
				SDI	25.00	1,125.00
YTD GROSS	YTD DEDUCTIONS	YTD NET PAY	CURRENT TOTAL	CURRENT DEDUCTIONS	NET PAY	
2,500.00	43,163.51	69,336.49	2,500.00	959.19	1,540.81	

Gross Pay – The total amount of money you earned for that pay period.

Federal Tax Withholding – Social security, Medicare and federal taxes largely account for the difference between your gross earnings and net pay. Your state will also deduct state taxes owed.

Net Pay – This is the amount of money you get to take home with you, and this is the amount the paycheck is made out for.

Other Deductions – Benefits such as retirement contributions, medical care plans and dental care plans may be deducted as well as child support payments and paid time off.

YTD – This stands for “Year-to-Date” and reflects the total amount of gross and net pay as well as the total deductions for the entire calendar year.



Dollars and Sense Money Saving Tips

Housing

Rent/Mortgage

- Consider getting a roommate or renting out any extra space.
- Look for rent discounts by signing an extended lease or renting during off season/winter.
- Ask the landlord if you can provide maintenance, repairs or updates in exchange for rent reduction.

Homeowners/Renters Insurance

- Shop around.
- Consider raising your deductible.
- See if it is cheaper to bundle with other insurance (auto, life, renters, etc.).
- Ask about discounts for home security or disaster resistance measures such as storm shutters, shatter-proof glass, reinforced roof.
- Ask about exclusive discounts such as veteran or senior citizen discounts.

Utilities

Electric/Gas

- Use compact fluorescent or LED light bulbs.
- Turn down hot water heater.
- Find out if your utility company has dual time or flat rates. If dual time, rates are lower at non-peak times, like at night. Plan your use accordingly.
- Restrict or avoid using clothes dryer by using an outside line in good weather or indoor drying racks all year around.
- Keep AC and furnace air filters replaced regularly and make sure vents are uncovered.
- Seal your home by installing weather stripping around doors, insulating outlets, spraying foam around windows and/or putting plastic to cover windows and crawl spaces.
- Use ceiling fans which will circulate heat and air.
- Turn off electronics you are not using.
- Use a fireplace or wood stove if possible.
- Turn thermostat down in the winter. Bundle up with added clothing layers.
- If you have a programable thermostat, program it to use less energy when no one is home.





Dollars and Sense Money Saving Tips

Water

- Take short showers.
- Check faucets and showerheads to make sure there is no leaking.
- Wash clothes in cold water.
- Turn off water when you are shaving or brushing your teeth.
- Do not wash “half-loads” of clothing and dishes.
- Avoid flushing the toilet after every use.

Phone

- Make sure you are not over-spending on phone minutes that you never use.
- Consider passing up phone insurance.
- Consider using a prepaid plan.
- Shop around.

Cable

- Consider dropping cable entirely.
- Shop around.
- Use a cable alternative such as Netflix, Hulu, Amazon Prime, etc.
- Visit the local library to check out movies.

Food

Groceries

- Plan meals for a week and make a grocery list accordingly.
- Try to shop only once per week and stick to your list. This will help you avoid unnecessary purchases.
- Do not shop hungry. You may end up spending more than you intended.
- Use coupons ONLY for things you need or use and ONLY for brand names you need or use. Otherwise, they will not help you save money.
- Try purchasing off-brands as much as possible but check prices as off brands are occasionally more expensive.
- Try to avoid pre-made “convenience” foods as they are typically more expensive. This includes pre-made salads, cut up fruit and shredded cheese which not only costs more but does not stay fresh as long.
- Buy cases of water, juice or soda as this is typically cheaper than buying single items. Drink water from the tap, if possible.
- Shop with a calculator so you can make sure you are staying within your budget. This can also help you verify that bulk purchases are cheaper.
- Use a cash only system when shopping. Place your cash in a grocery envelope and use only what is in the envelope. This will keep you from over-spending.
- Shop sale ads for meat and fresh produce especially. Most grocers have weekly ads online.
- Ensure your children are participating in free or reduced lunches if you qualify.





Dollars and Sense Money Saving Tips

Dining Out

- Use any appropriate discounts (student, senior citizen or veteran) and look for “kids eat free” deals.
- Eat at “all you can eat” buffets when cost is reasonable.
- Reserve eating out for special occasions.
- Snack a little before you arrive to keep you from over-extending your order.
- Order water for drinks.
- Consider sharing a meal as restaurant portions are often plenty for two.
- Use the same cash system as described in the grocery section.

Transportation

Car Payment

- What is the best option for you? Evaluate the necessity of car ownership. Is it cheaper/realistic for you to use public transportation or private options such as taxi or paying others? Could you live near work or school to avoid commuting? Are you able to ride a bike or walk? Does public transportation service your area, and, if so, offer service at the times you need rides?
- Pay less interest by paying off the car quicker. Try paying half your monthly payment every two weeks or making extra payments when possible.
- Investigate refinancing your loan to get a cheaper rate.

Car Insurance

- Shop around.
- Consider cost saving options such as a higher deductible or carrying only liability coverage and using the savings to create a savings account for car repairs/replacement. This may be most advisable if you have an older, lower value vehicle.
- See if it is cheaper to bundle with other insurance.
- Check for accident-free or low mileage discounts.
- Ask what other kinds of discounts or incentives are offered.

Auto Maintenance

- Keep up with manufacturer recommendations for routine maintenance such as tire air and oil changes as this will save you money in repairs. Try doing these things yourself, if possible.
- Repair glass chips immediately – it is cheaper than replacing the windshield.
- Use warranties when possible.





Dollars and Sense Money Saving Tips

Lifestyle

Child Care

- Shop around to find the most affordable trustworthy option.
- Find out if you are eligible for a state childcare subsidy.
- Find out if your child is eligible for a free title I or Head-start pre-school program.
- Find out if you are eligible for a discounted rate at the YMCA Keys after school program.
- Find out if your employer offers a Flexible Spending Account (FLEX) that will help you use childcare expenses to lower your taxable income.

Recreation

- Check community calendars for free events on local radio station and television websites.
- Visit local or state parks, libraries, and museums.
- Consider low cost activities such as board games, puzzles and reading.
- Exercise by walking or finding aerobics videos on YouTube.
- Use free phone apps to learn a new language or play games.

Clothing/Personal Care Items

- Shop at resale stores, yard sales, or swap shops.
- Avoid expensive name brands.
- Use coupons and shop sales for items you need.
- Pass hand-me-downs from older children to younger children.





Needs vs. Wants

“Needs” are usually defined as the things we **must** have in our lives. “**Wants**” are things we would like to have but **could** live without.

It may be helpful to ask yourself, “Do I really need this? Or is it just something I want.” You may “need” new shoes, but \$200 shoes are probably a “want.”

Needs vs. Wants Quadrant

Needs (Fixed)	Wants (Fixed)
Needs (Variable)	Wants (Variable)

Write each of the expenses listed here in the appropriate Needs/Wants category above:

- Rent
- Dining Out
- Gas Bill
- Amazon Prime
- Gym Membership
- Car Payment
- Recreation
- Groceries
- Electric
- Netflix
- Car Insurance
- Hobby Supplies



Your Credit Report

Credit

What is my credit report?

Your credit report contains financial data about you. Credit bureaus across the country compile credit information from banks, finance companies, merchants, credit card companies, and other creditors and enter it into a centralized computer system. Your report contains personal information like your address, social security number, and birth date. It may also contain information about your employment and income, spouse's information, former addresses, etc.

More importantly, your credit report file details information about credit transactions, balances due, payment history, suits, judgments and tax liens. Your record also shows if you have declared bankruptcy. This is especially important to note, because this information will not be removed from your file for seven to 10 years!

Who uses my credit report?

A potential creditor will usually check your credit report when you apply for a loan or credit card or rent an apartment. The lender or company will request a copy of your report and make the lending decision after reviewing your history. The lending company or landlord, not the credit bureau, makes the decision about whether you are approved or not. Potential employers may want to see your credit report as well. Your report cannot be accessed by just anyone who wants information about you (like friends). Anyone requesting a copy of your report must want it for an approved purpose and must be able to provide proof that they are a legitimate company with the right to view your report.

Can I see a copy of my credit report?

Yes. In fact, it is a good idea to periodically check your credit reports to be sure that the information is correct. Congress created the 1971 Fair Credit Reporting Act, which gives you the right to see a copy of your report. As of March 1, 2005, you can order a free credit report one time each year. The three largest credit reporting bureaus are using one central address to provide this information.

To order your free credit report:

Visit www.creditkarma.com, which will give your credit score

Visit www.annualcreditreport.com

Call 1 (800) 322-8228

Print form online at: www.annualcreditreport.com/cra/requestformfinal.pdf and mail to Annual Credit Report Request Service, PO Box 105281, Atlanta, GA 30348-5281 (details will be on form, but not credit score).

Other things to know about your credit report:

Be cautious about other companies offering free credit reports on slick TV commercials, websites or in magazine advertisements. Many of them have a snag, like having to pay a hidden fee for some other service they offer or requiring a subscription of some kind. You do not need a company to get a free credit report for you, as you can do it yourself. The contact information directly above lists the places where, at this time, a person can obtain a free credit report.



You can contact the three large credit reporting bureaus (listed below) directly to request a free credit report every 12 months or if:

1. You have been turned down for credit, employment or insurance within the last 30 days because of something in your credit report
2. You are unemployed and plan to seek employment within 60 days
3. Your report is inaccurate due to fraud

Otherwise, you usually must pay a small fee to obtain a copy of your report. However, remember www.annualcreditreport.com and www.creditkarma.com are available at no cost.

The three largest credit bureaus are:

Equifax P.O. Box 740241 Atlanta, GA 30374--- 1-800-685-1111

Trans Union2 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

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

If you find an error on your credit report, contact the credit bureau. The bureau must investigate the problem. They will tell you if you should contact the company reporting the incorrect data.

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



Consumer Debt Types

Home Loans: A home loan, also known as a mortgage, is taken out to purchase a home, usually in 15, 20, or 30 year note.

Automobile Loans: A type of secured loan to purchase a vehicle.

Credit Cards: A credit card is a line of credit that can be used to borrow money to make purchases, transfer balances and get cash advances, with the agreement that you'll pay back the money borrowed — plus any interest you owe on it — at a later date.¹

Student Loans: A student loan is money borrowed from the government or a private lender in order to pay for college. The loan has to be paid back later, along with interest that builds up over time. The money can usually be used for tuition, room and board, books, or other fees.²

Rent-to-Own: Rent-to-own agreements let consumers rent goods for a weekly, bi-weekly or monthly fee. After the consumer fulfills the terms of the contract and makes payments for an agreed-upon time-period, the consumer owns the item. If the contract is not completed, the store picks up the rented item and the consumer fees are not returned.

U.S. rent-to-own stores charge fees with annual percentage rate equivalents from 16 to 275% for TVs and refrigerators. Previous research has indicated about half of the rent-to-own stores in the U.S. charge fees that translate to effect annual percentage rates of more than 100% on one or more items.

Payday Loans: Payday loans give you cash until your next payday. You write a personal check for more than the loan to the payday lender, who holds the check for a period of 14 to 31 days. At the end of that period, either the check is deposited, you return with cash to reclaim the check or the loan gets renewed and you pay additional fees.

Interest rates for payday loans can be extremely high – in Missouri payday loan interest rates are 430.68 on average.

Questions to ask before signing a payday loan:

1. What papers or information do I need to apply?
2. What are the total fees I will pay for the loan itself?
3. What is the Annual Percentage Rate (APR) when you include all the fees?
4. How much interest will I pay?
5. How long will it take to process my application and get me my money?
6. How long has the company been in business?
7. Is the company a member of the Community Financial Services Association?

Car Title Loans

Consumers can get quick cash through car title loans if they are willing to use their car as collateral. Title loans are typically due after 30 days and the lender holds the borrower's car title until the loan is paid in full. After 30 days, the loan either gets paid or renewed for another 30-day cycle, or it goes into default and the vehicle gets repossessed.

¹ <https://cms.creditkarma.com/credit-cards/i/clear-simple-credit-card-definition>

² <https://www.daveramsey.com/blog/how-do-student-loans-work>

Sources: Missouri Division of Finance (2009). Thirty-first report of the Division of Finance (July 2006-June 2008). Retrieved from <http://www.missouri-finance.org/Contribute%20Documents/2008Biennial.pdf>.

Missouri Division of Finance (2009). Missouri title lender information. Retrieved from [http://www.missourifinance.org/Contribute%20Credit%20Companies/Licensed%20and%20Regulated%20Entities/Title%20Lenders%20\(Sections%20367,-d,-500-367,-d,533%20RSMo\).htm](http://www.missourifinance.org/Contribute%20Credit%20Companies/Licensed%20and%20Regulated%20Entities/Title%20Lenders%20(Sections%20367,-d,-500-367,-d,533%20RSMo).htm)



Banking & Credit Cards

Checking and Savings Accounts

Questions to ask when opening a bank account:

- Are the bank's location and hours convenient for you?
- How much money is needed to open an account?
- Do you earn interest? What percentage?
- What is the required minimum balance?
- Is there a free ATM card or debit card?
- What are the fees for withdrawing cash using the ATM?
- What are the fees for using an ATM outside of the bank network?
- Are there fees for direct deposits or ACH/EFT payments?
- What are the fees for writing checks?
- Does the check have to be written for a minimum amount?
- How much are overdraft fees?
- What other fees can the bank charge to the account (check printing charges, etc.)?
- Ask for contact information.

Second Chance (Fresh Start) Checking

If an individual has a ChexSystems record due to financial issues, it can be hard to get a checking account. Banks have established Second Chance Checking to avoid losing customers and allow customers to repair a bad record. A second chance checking account generally allows the customer to access most of the same bank services as a regular account with some restrictions. The fees associated with a Second Chance Checking account are sometimes considerably more than for other accounts. However, successful use of a Second Chance account could possibly get someone removed from the ChexSystems list or at least improve their ChexSystems record.

Bank Cards

Secured Credit Cards

You make a deposit into an account (the amount varies depending on the card), and your deposit acts as collateral. When you buy something with your secured card, the amount is not deducted from the account balance you deposited. Instead, you pay off the things you charged in the same way you would if it were an unsecured credit card. The deposit is just there for the bank to take money if you do not pay off your card balance. If you are successful in making payments on time, you get your deposit back and are generally eligible for an unsecured card with a higher limit.

Can a secured credit card help improve my credit score?

Yes. Most secured credit cards are reported to the same major credit bureaus as regular credit cards, making them a good way to improve your credit score even if you do not qualify for an unsecured credit card. Make sure the card you select reports to all three major credit bureaus (Equifax, Experian, and TransUnion).

Advantages of a secured credit card:

- You cannot spend more than you have
- Even if you do not qualify for traditional credit cards, you may qualify for a secured card
- You can purchase things online the way you would with a traditional credit card
- It is possible to rebuild your credit using a secured card



Banking & Credit Cards

Bank Cards (cont'd)

Disadvantages of a secured credit card:

- You must have the money in advance for the purchases you want to make
- You must put down a deposit as collateral
- Secured credit cards may have higher fees than regular credit cards (application fees, processing fees, and annual fees)

Where can I get a secured credit card?

- Some banks offer secured credit cards
- Major credit card companies also have secured cards
- Most applications are available online

What is a prepaid debit card?

Prepaid cards are like debit cards but are not associated with a bank checking account. The cardholder can put money on the card in a variety of ways (direct deposit, online, at some stores) and then the card can be used like a debit card. The cardholder can then only spend up to the amount loaded on the card.

Will a prepaid debit card help improve my credit score?

Generally, it will not. There are a few that claim to help build your credit, but even those do not help improve your FICO score.

Advantages of a prepaid debit card:

- Safer than carrying cash
- Can often be used almost anywhere because Visa and MasterCard are widely accepted
- Do not have to worry about paying a credit card bill
- Do not have to worry about going into debt
- Anyone over age 18 can apply and be accepted regardless of credit history
- Can reload with any amount of money online, over the phone, or at any ATM

Disadvantages of a prepaid debit card:

- Often there will be a fee associated with activation, deactivation, reloading, and use
- Cardholders must have the cash up front
- Prepaid debit cards cannot be used of automatic monthly billing charges or payments
- Keeping track of account spending can be difficult



Overcoming Debt

Student Loans

Federal Student Loan Forgiveness

Teacher Loan Forgiveness: If you teach full-time for five complete and consecutive academic years in certain elementary or secondary schools or educational service agencies that serve low-income families, and meet other qualifications, you may be eligible for forgiveness of up to a combined total of \$17,500 on eligible federal student loans.

Public Service Loan Forgiveness (PSLF): If you work full-time for a government or not-for-profit organization, you may qualify for forgiveness of the entire remaining balance of your Direct Loans after you've made 120 qualifying payments—that is, 10 years of payments. To benefit from PSLF, you should repay your federal student loans under an income-driven repayment plan.

Income-Driven Repayment Plan: If you repay your loans under a repayment plan based on your income, any remaining balance on your student loans will be forgiven after you make a certain number of payments over a certain period of time.

Military Service: In acknowledgment of your service to our country, there are special benefits and repayment options for your student loans available from the U.S. Department of Education and the U.S. Department of Defense. Benefits include interest rate caps under the Servicemembers Civil Relief Act and Department of Defense student loan repayment programs.

AmeriCorps: The Segal AmeriCorps Education Award is a benefit received by participants who complete a term of national service in an approved AmeriCorps program—AmeriCorps VISTA, AmeriCorps NCCC, or AmeriCorps State and National. After you successfully complete your service, you are eligible to receive a Segal AmeriCorps Education Award, which can be used to repay qualified student loans.

Other Options: Go to studentaid.gov/manage-loans/forgiveness-cancellation for more information on loan forgiveness and discharge.

Source: <https://studentaid.gov/articles/student-loan-forgiveness/>



Paying Off Debt

1. Recognize and accept that you have debt – be honest.
2. Stop increasing your debt.
3. Calculate all your debt. Gather latest statements and make a list of all your debts, the amount you owe on each, the monthly payment for each and the current interest rate on each.
4. Rank your debts – from highest interest rate to lowest.
5. Figure out how much you can afford to pay every month.
6. Organize a payment – focus on paying off one debt at a time. When the first debt is paid off, use the cash that is freed up to pay down the next debt on the list.
7. Stick to your plan.

Source: <https://financialmentor.com/calculator/debt-payoff-calculator>



Fair Debt Collections Practices Act

The Fair Debt Collection Practices Act requires that debt collectors treat you fairly and prohibits certain methods of debt collection. The law does not erase any legitimate debt you owe. Personal, family, and household debts are covered under the act.

A debt collector is anyone who regularly collects debts owed to others. This includes attorneys who collect debts on a regular basis.

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

You can stop a debt collector from contacting you by writing a letter to the collector 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 creditor intends to take a specific action. You could still be sued by the debt collector or your original creditor.

If you have an attorney, 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 or where you work. Collectors are usually 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, 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 notice, you send the collection agency a letter stating you do not owe money. A collector can renew collection activities if you receive proof of the debt, like 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
- 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
- Actions, like 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
- 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
- Contact you by postcard

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

You have the right to sue the collector in a state or federal court within one year from the date the law was violated. If you win, you may recover money for the damages you suffered plus an additional amount of up to \$1,000. You also recover court costs and attorney fees.

A group of people can sue a debt collector and recover money for damages up to \$500,000 or 1 percent of the collector's net worth, whichever is less.

Report any problems you have with a debt collector to the Missouri attorney general's toll-free Consumer Protection Hotline at 1-800-392-8222 and to the Federal Trade Commission.

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

Source: Adapted from Facts for Consumers, Fair Debt Collection, downloaded on October 6, 2006 from <http://www.ftc.gov/bcp/online/pubs/credit/fdc.htm>