



Financial Management

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To be successful managers of our own finances we have to work, think, and dream a little too. Keep in mind the circumstances in which we live at this time. To some success is living independently from family. To others success is owning their own home. To each their own.

- \$ What does your success look like to you??
- \$ What are your family goals??
- \$ What steps are you taking to achieve those goals and make your success a reality??
- \$ What kind of life would you like to provide for your family to be comfortable and taken care of?

“Life is challenging. Life is even more challenging without knowing how to manage money wisely. The negative effects of money mismanagement can have a lifelong impact—overspending, mounting debt, collection calls, poor credit scores, repossession, and eventually bankruptcy. It’s like financial triage every day. And that’s not all. Friendships, marriages, and family ties can break down over the devastation of debt.

These problems are frequently the profile of a person who has not learned the difference between needs and wants, or how to delay gratification – at a cost more painful than the initial pleasure of the purchase.” ~ Jim Faye

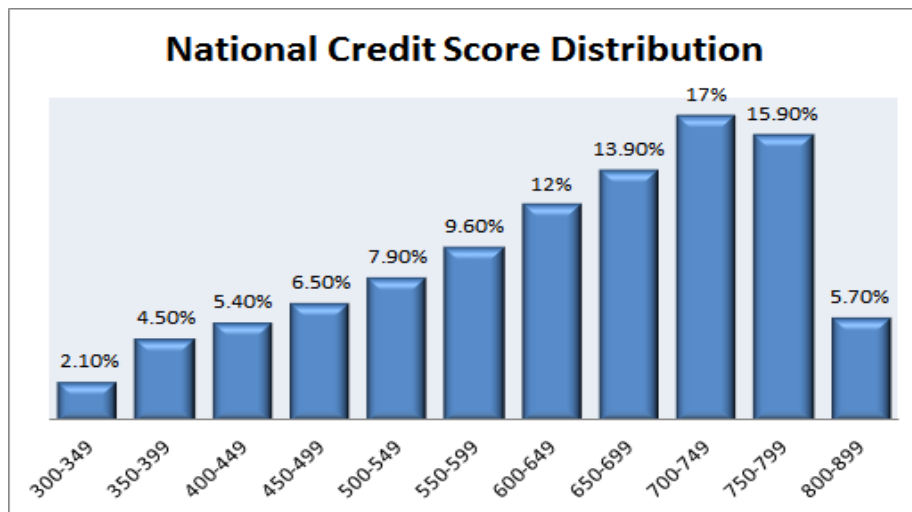
What does it mean to be good with your money? It means that you have learned the financial management skills to be self-reliant. If you are good with your money you are able to provide the fundamentals to live. You can provide: food, housing, health, transportation, and bill paying is a priority. Take note of these questions to see where your family may improve on a financial plane.

- \$ Have you completed secondary education or trade?
- \$ Have you completed your high school diploma?
- \$ Do you have permanent employment?
- \$ Do you have access to health benefits without aid?
- \$ Does your employer provide retirement benefits?
- \$ Do you have a retirement plan on your own (Roth IRA/ IRA)?
- \$ Are you able to afford housing?
- \$ Do you have the ability to provide nutritious food for your family without aid?
- \$ Are you able to provide seasonal clothing for your family without aid?
- \$ Do you have access to transportation for yourself and family?
- \$ Do you know what your credit score is & where to check your score?
- \$ Do you have a stable income?
- \$ Do you have savings?
- \$ Are you able to afford some non-essential purchases (wants)?

\$ Do you have a plan for more income with education or training?

If you can answer yes to most all of these questions, then financial management is a skill you have acquired and managed well. However, not all of us can answer yes to all of these questions. Take note of the ones that you have answered no to. Remember it is never too late to take control and change your situation. Time, dedication and hard work can change even the direst of circumstances, but you have to be willing to make a change.

\$\$\$Credit Score & Report\$\$\$



- There are 3 credit reporting agencies: Experian, www.experian.com, Equifax www.equifax.com, & TransUnion www.transunion.com
- You can get a free credit report per year from all three agencies by going to www.annualcreditreport.com, call 1.877.322.8228, or download an annual credit report request from www.ftc.gov/credit and mail it to:
Annual Credit Report Request Service
P.O. Box 105281
Atlanta, GA 30348-5281
- Usually, it is a good idea to keep your oldest credit account open, as a high average account age generally demonstrates stability to lenders. Also, especially if you have been managing credit for a short time, opening many new accounts will lower your average account age and may have a negative impact.
- If you are a victim of identity theft: place a fraud alert on your credit reports and review your credit reports. You only need to contact one of the three companies to place an alert. The company you call is required to contact the other two.
TransUnion: 1.800.680.7289, Equifax: 1.800.525.6285, & Experian: 1.888.397.3742. Close the accounts you know or believe have been tampered or opened fraudulently. File a complaint with the Federal Trade Commission.

1.888.438.4338. & File a report with your local police or the police in the community where the identity theft took place.

\$\$\$ Simple steps to take control of your finances \$\$\$

#1 Set GOALS

#2 Live within your means: utilize the step down principal to help reduce expenses. When thinking about a purchase draw a staircase with four to six steps. Write down the most expensive way to make the purchase on the top step. On the next step, write down the next most expensive way to make that purchase, on down to the least expensive way on the bottom step. Then ask, "Can I step down own or more steps with this purchase?"

#3 Create a budgeting system that works for your family: Five things every budget must have: #1 Income, #2 Expense Categories (track to determine these), #3 Limits, #4 Monitoring (update your budget frequently as you spend money), #5 Evaluate your budget often and make changes as necessary.

#4 Reduce debt: See debt snowball picture to right. Make power payments, reduce interest from creditors, increase income or decrease expenses, do not take on new debt, AVOID: payday loans, rent to own, auto title loans, and payday loans.

#5 Increase savings: Emergency savings, revolving savings for irregular expenses, future purchase savings, & most important RETIREMENT.

| | | | | | | |
|---|----|--------------|-------------|-------------|-------------|-------------|
| | | Pay \$100 | Pay \$25 | Pay \$25 | Pay \$25 | Pay \$25 |
| | | ↓ | ↓ | ↓ | ↓ | ↓ |
| M | \$ | 500 | \$ 625 | \$ 675 | \$ 1,000 | \$ 1,200 |
| 1 | \$ | 400 | \$ 600 | \$ 650 | \$ 975 | \$ 1,175 |
| 2 | \$ | 300 | \$ 575 | \$ 625 | \$ 950 | \$ 1,150 |
| 3 | \$ | 200 | \$ 550 | \$ 600 | \$ 925 | \$ 1,125 |
| 4 | \$ | 100 | \$ 525 | \$ 575 | \$ 900 | \$ 1,100 |
| 5 | \$ | - | \$ 500 | \$ 550 | \$ 875 | \$ 1,075 |

| | | | | | |
|---|--|--------------|-------------|-------------|-------------|
| | | Pay \$125 | Pay \$25 | Pay \$25 | Pay \$25 |
| | | ↓ | ↓ | ↓ | ↓ |
| M | | \$ 500 | \$ 550 | \$ 875 | \$ 1,075 |
| 6 | | \$ 375 | \$ 525 | \$ 850 | \$ 1,050 |
| 7 | | \$ 250 | \$ 500 | \$ 825 | \$ 1,025 |
| 8 | | \$ 125 | \$ 475 | \$ 800 | \$ 1,000 |
| 9 | | \$ - | \$ 450 | \$ 775 | \$ 975 |

| | | | | |
|----|--|--------------|-------------|-------------|
| | | Pay \$150 | Pay \$25 | Pay \$25 |
| | | ↓ | ↓ | ↓ |
| M | | \$ 450 | \$ 775 | \$ 975 |
| 10 | | \$ 300 | \$ 750 | \$ 950 |
| 11 | | \$ 150 | \$ 725 | \$ 925 |
| 12 | | \$ - | \$ 700 | \$ 900 |

| | | | |
|----|--|--------------|-------------|
| | | Pay \$175 | Pay \$25 |
| | | ↓ | ↓ |
| M | | \$ 700 | \$ 900 |
| 13 | | \$ 525 | \$ 875 |
| 14 | | \$ 350 | \$ 850 |
| 15 | | \$ 175 | \$ 825 |
| 16 | | \$ - | \$ 800 |

| | | |
|----|--|--------------|
| | | Pay \$200 |
| | | ↓ |
| M | | \$ 800 |
| 17 | | \$ 600 |
| 18 | | \$ 400 |
| 19 | | \$ 200 |
| 20 | | \$ - |

\$\$\$ teach your children when they are young \$\$

Many times we learn spending habits from our immediate family. If we are lucky enough to be taught financial management skills in our youth, from family or an education system, there is a greater chance of being successful self-reliant individuals and families. Love and logic recommends teaching children about money at a young age when their mistakes are affordable so that they don't have to be punished as adults when the mistakes hold much more accountability and can be less forgiving.

"Kids will need practice if we are to teach them how to manage money wisely. Just as we can't expect our children to learn how to play the piano without practicing on a piano, we can't expect them to learn how to use money if they don't have any money with which to practice." ~Jim Faye creator of Love and Logic

Resources:

Housing & Financial Counseling:
Family Life Center
493 N. 700 E. Logan, Utah
435.797.7224

1 yearly Free Credit Report:
www.annualcreditreport.com

Love and Logic:
Millionaire Babies or Bankrupt Brats?
Love and Logic solutions to teaching kids about money
Jim Fay & Kristan Leatherman
www.loveandlogic.com

Debts: Leave 'em & love it!
Tips to help you get out of debt and stay out
David M Barker 801.538.8849
dbarker@utah.gov
www.dfi.Utah.gov

Books to teach children about money:

1) Amelia Bedelia Means Business by Herman Parish, 2) The Bernstein Bears' Trouble With Money by Stan & Jan Bernstein, 3) The Berenstain Bears' Dollars and Sense by Stan & Jan Bernstein 4) Those Shoes by Maribeth Boelts 5) Alexander, Who Used to Be Rich Last Sunday by Silver Burdett 6) Little Critter: Just Saving My Money by Mercer Mayer 7) Lemonade in Winter: A Book About Two Kids Counting Money by Emily Jenkins 8) One Cent, Two Cents, Old Cent, New Cent: All About Money (Cat in the Hat's Learning Library) by Bonnie Worth 9) Curious George Saves His Pennies by Margret & H.A. Reys 10) Give, Save, Spend with the Three Little Pigs by Clint Greenleaf