

MONEY MANAGEMENT KIT

LEARN AND PLAN

TIPS FOR BETTER MONEY MANAGEMENT

CALCULATE YOUR NET INCOME

Know all your sources of income after deductions, like income taxes, retirement savings accounts, and health insurance are removed. This number ultimately determines what you have to spend each month.

CREATE A PERSONAL BUDGET

A budget is your road map for spending, and is a tool to help you achieve your financial goals. Save your receipts and take the time to add up all of your expenses during the month. Subtract your expenses from your net income. If the result is a positive number, than you are living within the limits of your income. If the result is a negative number, your expenses are exceeding your income. Look for non-essential expenses that you can reduce and recalculate. Ask yourself if each expense is a “want” or a “need,” and try to minimize spending on the “wants.” Most importantly, once you create a budget, stick with it. Having a budget will allow you to control your money rather than letting your money control you. The Personal Budget Planner on page 2 of this Kit is a great way to create a budget.

BALANCE YOUR BANK ACCOUNT

The balance in your account is a critical number in money management because it allows you to know exactly how much money you currently have to save or spend. Keeping an accurate register also allows you to review where you spend your money. Be sure to record all transactions, including ATM and debit card transactions, checks, and deposits. For more information on balancing your bank account, read “Balancing Your Bank Account” on page 3 and “Eight Steps To Balance Your Bank Account” on page 4 of this Kit.

MINIMIZE YOUR CREDIT CARD USE

Millions of Americans have credit card debt. The best way to avoid this debt is to stop using credit cards altogether. If you like the convenience of a credit card, consider getting a debit card instead. The difference is that the expense is automatically deducted from your checking account balance, which reduces your urge to spend more than you have. Be sure to track each debit card transaction in your register, just like you would if you wrote a check.

MANAGE YOUR DEBT

If you have credit card debt or other debts, pay down the debt with the highest interest rate first. This will help you pay your debts off faster since less of your money will go towards interest. Also, stop borrowing money and live within your means.

ESTABLISH SAVINGS

When you pay your bills, consider making an additional payment to yourself by putting a set amount of money in your savings account every month. If you get your paycheck deposited automatically, ask your employer about having a portion of your paycheck deposited to your savings account.

KNOW YOUR CREDIT HISTORY

Credit reporting agencies collect data regarding your credit repayment history and sell this information to lending agencies. If your report shows that you are late paying bills, have maxed out lines of credit, or have bankruptcies or other collection activities, it will negatively impact your ability to get credit. You can request your credit report for Equifax, Trans Union, and Experian, for free, from the following government sponsored website: www.annualcreditreport.com. If you find incorrect information on your credit report, contact the credit reporting agency. They are required to investigate your request within 30 days and delete the information if it cannot be verified. Your rights are further described in the Fair Credit Reporting Act.

PERSONAL BUDGET PLANNER

MONTHLY EXPENSES	Current Spending	New Budget
Mortgage or Rent		
Homeowners/Renters Insurance		
Property & School Taxes		
Homeowners Association (HOA) Fees		
Electricity		
Natural Gas/Oil/Propane/Wood		
Water and Sewer		
Trash Removal		
Car Payment		
Car Insurance		
Gas		
Installment Loan Payments		
Health Insurance		
Medical Deductible/Copays		
Prescriptions		
Dental/Eye Care		
Life/Disability Insurance		
Food		
Child Care		
Phone		
Internet		
Television		
Retirement Plans		
Savings		
Total Essential Monthly Expenses		

NON-ESSENTIALS	Current Spending	New Budget
Credit Cards		
Personal Grooming		
Hair Care		
Clothing/Shoes		
Dry Cleaning/Laundry		
Pet Food and Veterinary Care		
Children's Allowances		
Gym Membership		
Club/Membership Dues		
Eating Out		
Movies/Plays/Concerts		
Magazine/Newspaper Subscriptions		
Vacations		
Alcohol/Cigarettes		
Hobbies		
Gifts for Family/Friends		
Charitable Contributions		
Total Non-Essential Monthly Expenses		

BUDGET	Current Spending	New Budget
Total Monthly Income		
Total Essential Monthly Expenses	—	—
Total Non-Essential Expenses	—	—
Total Monthly Budget	=	=

If your Total Monthly New Budget is a negative number, adjust spending in the Non-Essentials column until you are above \$0.

BALANCING YOUR BANK ACCOUNT

NOT TO FEAR!

Does just reading the title at the top of this page strike fear in your heart? Have you never even attempted to balance your checkbook? Or do you try balancing it every now and then, but find it frustrating to make the numbers agree? OR, do you subscribe to the theory of “See No Evil” and simply ignore your monthly bank statement altogether and just keep an approximation in your head? If any of these statements describe you, not to fear! These next two pages will simplify the process and reduce your anxiety level so you’re ready when your next bank statement arrives.

HOW BANK STATEMENTS WORK

Your bank statement lists the transactions posted to your account during the statement period. The statement period is found in the upper right-hand corner of the first page of your statement. You will usually receive your statement a few days after the last day of the period. (For faster delivery, enroll in eStatements+ and get your statement emailed to you.) Remember, it can take a few days for your debit card transactions, checks, and deposits to be recorded on your account. Seldom will your bank statement and the register you are keeping immediately agree, because you will continue using your debit card, have outstanding checks, and/or make deposits after the statement period ends.

REGISTERS: RECORD, BALANCE, REPEAT

Recording each transaction in your register and adding or subtracting it from the balance is the first step to simplifying the balancing act. It’s important to record the transaction at the time you actually use your debit card, write the check, make a withdrawal, or make a deposit. By recording your transactions and balancing your account total in your register, you’ll get a clearer picture of your spending habits and know exactly how much money you have.

THE BALANCING ACT

Balancing your checkbook each month within a day or two of receiving your statement will not only reduce your stress level, it will lessen the amount of time it will take you to complete the task. Start by finding the Reconciliation Form included with your statement, which will walk you through balancing your account. Use it along with our “Eight Steps to Balance Your Bank Account” to make balancing easy. You will also need to grab your last two bank statements, your register, any debit card receipts you forgot to record in your register, a pencil, an eraser and a calculator.

IF YOUR NUMBERS DON’T ADD UP

So you followed all the directions listed on “Eight Steps to Balance Your Bank Account” but things still aren’t adding up. Don’t panic - this happens to everyone at some point! Consider taking a short break to clear your head. After you’re ready to get back and tackle your account again, try these tricks:

1. Look at the two numbers: your register balance and your statement balance. Subtract whichever is the smaller number from the larger number to get the number you will use for the next two steps.
2. Take the number you get and divide it by 9. If the number is divisible by 9 with nothing left over, the problem is transposed numbers. For example, \$258 was recorded as \$285. Review your receipts and transactions again looking for this error.
3. You can also take the number you get from step 1 and divide it by 2. If the number you get only has two decimal places, look for this amount in your register because it may have been added instead of subtracted, or vice versa. If the number has more or less than two decimal places, this method won’t work.

EIGHT STEPS TO BALANCE YOUR BANK ACCOUNT

ACCOUNT RECONCILIATION FORM

Included with your statement (whether you receive it by mail or online) is an Account Reconciliation Form. These eight steps are designed to be used in conjunction with this form, so be sure to locate it before getting started. You will also need your register and a pencil.

1. ADD INTEREST EARNED

In your register, enter all of the interest earned on your account (if you have an interest-bearing account). The interest earned will appear on the front of your statement. Add this to your register balance. Be sure to also record any other credit amounts listed, such as bank corrections.

2. SUBTRACT SERVICE CHARGES

In your register, subtract any charges from your account, as shown on your statement. These charges may include monthly services charges, ATM fees, ODP fees, and check writing fees. Take this new register balance and write it on line 1 on your statement's Account Reconciliation Form that looks like this:

1. BALANCE from statement \$ _____

3. VERIFY DEPOSIT AMOUNTS

Look at your statement and verify that all deposits match the deposit amounts listed in your register. List any deposits or credits that you recorded in your register but do not appear on your statement on line 2 on the Account Reconciliation Form that looks like this:

2. ADD credits/deposits not entered or transferred \$ _____

4. MATCH CHECK ENTRIES

Match the check entries in your register with the checks listed on your bank statement. Compare check numbers, dates, and dollar amounts on all checks written. If these items match, place a check mark next to the check in both your register and on the bank statement. If they don't match, circle the item in both places so that you can come back to fix the error once all of the checks have been checked off. If a check transaction doesn't match, either you incorrectly recorded a check number or amount in your register, or you were charged the wrong amount. You will need to find your receipt or review the check image (if you receive images with your statement). Remember: some items will not get checked off, as not all check may have cleared. These are called "outstanding items". List all of these outstanding items on the Checks Outstanding Table on the statement Account Reconciliation Form.

5. ADD PREVIOUS OUTSTANDING ITEMS

Make sure that your register balance includes outstanding items from previous statements that are included on this statement. If an item is outstanding for more than 60 days, you should contact the person or business who received the check. If they never received it or if it's lost, you may want to call the bank to put a stop payment on the check.

6. VERIFY DEBIT AMOUNTS

Verify that all additional debits listed on your statement, other than checks, are correct. Debits include debit card transactions, ATM withdrawals, automatic transfers/payment, and Bill Pay.

7. LIST OUTSTANDING ITEMS

Continuing the list you created in step 4 on the Checks Outstanding Table on the Account Reconciliation Form, list any additional outstanding items like ATM withdrawals and debit card transactions that appear in your register but do not appear on your statement. Add all outstanding items from the table together and place it on the line that looks like this:

3. SUBTRACT outstanding check total \$ _____

8. BALANCE!

It's time to balance! Follow the instructions on the statement Account Reconciliation Form and add and subtract as instructed. Your number at the bottom should match the ending balance in your register. If the numbers match: congratulations, you've successfully balanced your account! If they don't match: don't panic. Try these following tips:

1. Have you entered all amounts correctly, and are all additions and subtractions correct?
2. Have you added interest paid and all other credits?
3. Have you subtracted all service charges, fees and electronic debits (automatic payments, ATM withdrawals, etc.)?
4. Are balances carried forward correctly?

If things still don't balance, review the tips on page 5 under "If Your Numbers Don't Add Up". Remember, you can always call your local branch for help!

MONEY MANAGEMENT REFERENCES

HELPFUL BOOKS

1. Pay It Down!: Debt-Free on \$10 a Day by Jean Chatzky
Chatzky's method is simple yet powerful: the key to saving just \$10 a day that you currently waste. It doesn't sound like much - a movie ticket or lunch at McDonald's - but \$10 really can take you from debt to wealth in just a few years.
2. The Millionaire Next Door: The Surprising Secrets of America's Wealthy by Thomas J. Stanley and William D. Danko
This bestselling book identifies seven common traits that show up among those who have accumulated wealth.
3. How to Get Out of Debt, Stay Out of Debt, and Live Prosperously: Based on the Proven Principles and Techniques of Debtors Anonymous by Jerrold Mundis
This classic guide is a simple, proven-effective formula for freeing yourself from debt and staying that way.
4. The Money Book for the Young, Fabulous & Broke by Suze Orman
One of the world's most trusted experts on money matters answers a generation's cry for help, and gives advice on: credit card debt, student loans, credit scores, buying a first home, financial issues of the self-employed, and much more!

HELPFUL WEBSITES

1. <https://www.champlainbank.com/financial-education.htm>
We're not just your bank: we want to help you answer all your financial questions. Learn about Credit Scores, Mortgages, Identity Protection, how to build your Emergency Savings and more!
2. <https://www.champlainbank.com/calculators.htm>
We have lots of helpful calculators, including specialized calculators to help you manage your debts, learn how paying down your loans will help you in the long run, and calculators to help you save.
3. <http://www.aba.com/Consumers>
This great website, available through the American Bankers Association (ABA), has helpful resources on managing your money, housing how-to's, protecting your money and savings tips for kids.
4. <http://www.mymoney.gov>
This website, which is a product of the Federal Financial Literacy and Education Commission, is designed to increase access to financial services for all Americans. It offers advice on a wide variety of financial topics.