How to Bounce Back from a Bad Check

...and stay financially healthy!

A financial training component of state statutes regarding issuing and passing a check without proper funding.

Textbook

Developed by BounceBack Services, Inc.
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Introduction

This course is written for people who have committed the offense of writing a bad check. It deals with the aspects of passing a criminal bad check but it also provides the tools for a healthier financial life.

One objective of this course is to give you a good understanding of what role the check plays in our society and why the law is strict on check crime. We believe that knowledge reduces the likelihood that someone will be a repeat offender. However knowledge about the crime itself is not enough to keep someone from committing the same crime again. That's why this program also teaches you how to manage your checking account and how to more effectively manage your money.

Our intent is to ensure that you are never in a situation in which you would write a bad check. You can begin a financially healthier future today!

This financial training program material includes this Textbook and the workbook. These two components are designed to be used together. It is not possible to complete this course using one without the other.

As we navigate through the financial planning exercises of this course, it will be necessary for you to refer to your financial records such as canceled checks and bills from a few months back. We will reiterate what is needed when we get to that section of this program.

Throughout your training, we will use the term “District Attorney” when we are talking about the elected prosecutor. Where you live, this official might have another title such as County Attorney, Prosecuting Attorney, Prosecutor, State’s Attorney, State Attorney, Criminal District Attorney, Solicitor or other title. We will also refer to bounced checks as bad checks. In other states, they might be called hot checks, cold checks, worthless checks or bogus checks. These names all mean the same thing.

After completing this Financial Training Course, you are required to complete and mail the Training Verification Form. Throughout the entire program you will be given instructions on words to write in the 10 squares or checkpoints on that form. Start by filling in the word “check” in the first square (at checkpoint #1).

It is very important that you correctly fill in this information. If incomplete or incorrect, you may not get credit for completing the program. If the exercises are not completed correctly, you will fail the program. In most cases, this means that you may still be held accountable for the bad check. This financial training program is a valuable tool and completing it is required in order to avoid prosecution.

Many of these financial exercises require you to gather additional records; therefore, you may want to refer back to these lessons at a later date. This is particularly true with the financial planning sections where you will create your very own financial plan. Although you are not required to return these pages with your Training Verification Form, we urge you to complete all the exercises. This financial training program is designed to help you—not to cause you unnecessary work.

How To Use This Textbook And The Workbook

This textbook contains exercises to help you plan your finances. For your convenience, these goal setting and budget forms are also included at the back of your workbook. Use a pencil so that you can go back and make changes.

What Should I Do When I’m Done?

How to Bounce Back from a Bad Check
And Stay Financially Healthy

Textbook — Financial Training for Checkwriters
What A Check Is And Isn’t

A check is a legal note guaranteeing payment of money. A check is not an IOU!

What Is A Checking Account?

A checking account is a bank account that allows you to pay your bills, and pay for merchandise and services. A checking account is a bank deposit against which the depositor can draw checks. You might say that a checking account is a bill paying service that you are responsible for and in charge of.

Before you can use checks, you need to open a checking account at the bank or credit union. Then you simply add money to your account. When you deposit money into your checking account, you can write checks to pay for things using the money in your account.

Illustration 2 You cannot write checks if you do not first put money into your account.

What A Check Is And Isn’t

More About Checks

A check is a legal document that gives the bank permission to pay the person you have named on the check. This person can take the check to your bank and get paid. The bank takes money from your checking account and pays the person you have named on the check. The amount left in your account is your balance.

As you write checks, you need to keep track of how much money you have in your account. If you don’t have more money to add to your checking account, you cannot write checks because your checks will bounce.

Because you are writing checks without having the actual cash with you (the money is in the bank) it is your responsibility to keep track of how much money is in your account. Not knowing your account balance is not an acceptable reason for passing a bad check. If you don’t monitor how much money you have in your checking account, you risk writing another bad check. When you received your blank checks, you also received a check register, which is the notebook where you record your spending and deposits.

Often checks come equipped with stubs or duplicate checks that serve as a receipt and help you keep track of the checks that you write—but you still need to keep track of how much money you have left in your account each and every time you spend money. You need to continuously monitor your balance. In other words, you need to simply subtract the amount of the check you have written, from the amount that you had in your checkbook before writing the last check. When you have subtracted the check from the total, then you have your new total—your new balance. By keeping...
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track of each amount that you are taking out from your account by writing checks, you have a total (a balance) in your check register. That total tells you exactly the amount of money in your account—the amount of money that you can spend.

The check register also helps you to remember who you wrote checks to in the past and what you paid for with your money. When you write a check, always remember to (1) write down the check number, (2) the date, (3) who it was to, what it was for, (4) the amount, and most important, your new balance. To get your new balance, always subtract the check amount from the balance immediately. Don’t risk writing a bad check because you failed to track your expenses, and therefore, did not know how much money you had in your account.

One common mistake in keeping track of your checking account balance is forgetting to make a note of your ATM machine withdrawals. Every time you visit the ATM machine to get cash you need to make a note in the check register. And as with checks, you need to make a note in the check register immediately otherwise you will most likely forget. If you forget you are more likely to write a bad check because you have no idea that you are running out of money. Another payment type that is very easy to forget is the automatic payment. If you have given permission to someone to automatically withdraw a certain amount from your account every month you have to remember to record this amount in your check register the day that transaction happens.

You must record your deposits as well (5). Immediately updating your check register should become a habit, don’t wait until later.

How Checks Are Used
Like cash, consider checks to be a form of immediate payment. You decide to buy something from the store. After picking out what you need, you give actual money to the store, then take the item home with you. You would not consider leaving the store without paying for the items that you are taking home. If so, you would clearly be committing a crime of theft or stealing.

Advantages Of Using Checks
Using checks is very practical and safe. Checks allow you access to your money without the worry of having to carry lots of cash. Also, the cancelled checks are excellent receipts of your payments. You should keep the cancelled checks for your records.

Another advantage of checks is that there is no credit approval needed. You can normally open a checking account even if your credit is less than perfect. Other ways of accessing your money without carrying cash include a debit card or credit card, however, good credit is needed to attain a debit or credit card. Another differentiator between debit or credit cards and a checking account is that you must have some money to open a checking account. Again, you cannot write checks until you have money in your account.

When you pay with a check, the store considers your check as money. The store expects to deposit your check into the bank and use it as if it were cash and use it to pay its suppliers and employees.
Summary of Check Writing Advantages

- Many times it is very convenient to use checks instead of cash.
- You don’t have to carry a lot of cash. That makes checks safer than cash.
- Checks give you a receipt that you have paid. When your checks come back from the bank you have proof that you paid.
- Checks save time. Especially when you are paying bills like telephone bills, electrical bills and rent.
- Check stubs help in setting up a budget and planning expenses.

When Do You Use A Check?
You would use a check as if you had cash, except your cash is stored away safely in the bank. It is not wise to carry around a large amount of cash. It is also unwise send cash through the mail. Checks are ideal for bill payments.

You write a check with the name of the store in the space “Pay to the order of” (which means, “Pay to”). Again, the check is a legal document that tells your bank to pay the store the actual money. The store takes or sends your check to the bank. Then, the bank takes the money out of your account and pays the store.

A Check Is Not A Loan!
When you write a check, you are guaranteeing that you have the money in the bank, not tomorrow or next week, but NOW! You cannot use your regular checking account as a loan. Unlike a credit card, you MUST HAVE THE MONEY IN THE BANK BEFORE YOU CAN WRITE THE CHECK.

Do not confuse a checking account with a credit card account as they operate in very different ways. A credit card is a right to get a loan from the bank that issues the card (up to the credit limit of the card). It is not necessary to immediately have the money when you are using a credit card.

A checking account is a bank account where you don’t have to actually go to the bank to withdraw the money — you can write a check to someone and let that person withdraw the money from your account. In a way, you can say that a checking account is a bank account with a built in bill paying function. If you have Internet access, most banks allow you to pay some bills on-line. Internet banking is a convenient way to view your statement and verify your balance.

The check is a note — a legal document — that you write giving someone else permission to get payment from your checking account. When you issue a check, you are legally promising the person that you are giving the check to, that they can get the money from your account. To that person, your check is the same as cash and you are guaranteeing that you have the money in your account.

Summary of Check Writing Advantages

- To write a check, you must have already deposited money into your account.
- A checking account is not a loan — you are writing checks on money that you already have in your account.
- Keeping the check register updated is very important!

Now go to Worksheet #2 to complete. It is important that you fill in the numbers correctly. We are going to use those numbers later on in the program when we do reconciliation of the checking account.
What is a Bad Check?
When the bank gets a check from a store and there is not enough money in the account to pay the check, the bank will send the check back to store. The check “bounced.” This was a bad check.

Mistakes happen. Forgetting to record checks in your checkbook or a delayed deposit of money into your account can mean that there is not enough money in your account. Normally, when you make a mistake, you are given a chance to correct it. Most banks will send a letter to tell you that a check bounced. Unfortunately, you are almost always charged a substantial service fee, which can begin a terribly frustrating downward financial spin.

After getting notification of a bounced check and subsequent fees from the bank, you should immediately deposit enough money into the account to cover the check and service fee. However, if you don’t do this in time, you risk unknowingly bouncing other checks, accumulating more unnecessary service fees. You need to rectify your account quickly because the store will, most likely, send your check to the bank again. Again, keep your register up to date and/or check your account activity over the Internet.

What Makes a Bad Check a Crime?
If you have deposited enough money to cover the checks and service fees, then this is, normally, the end of the story. But if you don’t… the bad check lives on—a seemingly innocent mistake becomes a crime.

In most states it is a crime to write a check when you know that you don’t have enough money in your account—writing a bad check is called “theft by check”. It is the same thing as leaving the store without paying for merchandise. It is not a valid excuse to say that you didn’t know how much money you had. It is your legal responsibility to know your account balance.

In most states, writing a bad check could put you in jail!
Most people who write a bad check would never think about themselves as a thief or criminal. But that is what the law says, and to the store, the results are the same if you steal something or if you write a bad check. The store does not get paid.

How big of a crime is writing a bad check?
It normally depends on the amount. Writing a check for a small amount is normally a misdemeanor (a less severe crime). Writing checks for larger amounts or writing several checks that add up to a large amount might be a felony (a more serious crime). Punishments for writing a bad check are almost always fines and fees and the fee amount varies from state to state. If you don’t pay your bad checks, the District Attorney or the Police Department may issue a warrant for your arrest.

You have probably never thought about yourself as a criminal. If you have, and if you are, you probably would not have qualified for this program. You are a generally law abiding citizen, but if you knowingly wrote a bad check, it is the same as stealing—the same as taking merchandise out of the store without paying.

Stop And Think About It!
When you look at the two situations from the storeowner’s perspective, writing a bad check and stealing are the same. Whether someone walks out of the store with merchandise they did not purchase, or whether someone stops at the cash register and writes a bad check, the results are synonymous—the storeowner does not get paid. Taking something from the store without paying for it is criminal.

Not only did the storeowner not get paid for the costs in connection with displaying and handling the product, the store now does not have the merchandise that the store originally paid for—money that it will not get back. Often storeowners may need to increase prices to offset what was lost through theft. Crime hurts everyone.
By writing a bad check you have stolen merchandise from a store or, in effect, stolen money from someone that has provided services to you.

Is There a Ever Good Reason For Writing A Bad Check?
Some people like to think that writing a bad check is okay because they say things like “the store could afford it” and that “the store didn’t file bankruptcy just because I wrote a bad check.”

That might be true, but it does not make the crime any less real. Never does the law justify stealing from anyone. Theft is not an option no matter whom it is from. Such explanations or excuses are just that—an excuse. You must realize that you were the person holding the pen and you must take responsibility for the check.

It may be true that you thought you had money in your account. That’s not the point—the real issue is that it was your responsibility to know your account balance. No one else but you can assume that responsibility. As in so many situations in life, assuming responsibility is the first step towards a solution.

To the check writer, a good excuse might explain why the check bounced. An excuse may be useful when explaining to a friend or spouse what happened; but in the eyes of the law, there are no good excuses for writing a bad check. There are no excuses for stealing. Sometimes people use the excuse that writing the bad check was the only way out. By now you have probably discovered that writing a bad check is no easy way out of a problem, it creates its own problems and makes the initial problem larger.

“I thought I had money in the account”
Having a checking account means having responsibility. You are responsible for knowing how much you have in your account. Trying to remember every transaction without writing it down is nearly impossible. Use your register! Later in this program, you’ll learn more about establishing and maintaining your checkbook register.

“I just didn’t have the money, what else could I have done?”
A check is not a loan. If you don’t have the money, there are other choices. Purposefully writing a bad check is never solution. Very few people would consider stealing if they did not have the money. Writing a check, knowing that the money is not in the bank is the same as stealing merchandise from the store.

If your financial situation has gotten out of hand—you need help! In most places, credit counseling is available from non-profit organizations, usually for free or for a very nominal fee. Helpful phone numbers are provided near the end of this financial training program.

“I knew I would have the money in a couple of days”
Checks cannot bridge the gap between paychecks. When you write a check, you are, by signing the check, legally guaranteeing to that person, that you have the money in the account at that moment.

The only exception to this is if you date a check with a future date. Then you are guaranteeing that you will have the money on the date of the check. This method is sometimes used when checks are used for down payments on purchases. However, most stores will not accept a check dated for any other date than the date the check is written.

The store considers the check to be immediately available cash. To have the money in a couple of days does not make a bad check okay—it is still a bad check and it is still a crime.

Now, go to Worksheet #1 and write the word “Jail” in Checkpoint #2.

Are You In Control Of Your Life And Your Finances?
We previously discussed some excuses a check writer might use for passing a bad check. A further step along that same road is when the writer of a bad check starts to blame other people and other circumstances for what happened. We call this Blaming. This is a sign of that the check writer feels that he or she is not in control of the situation. Another strong warning sign that the check writer has lost control of his or her own life is when they try to justify that what he or she has done was not wrong. We call this behavior Justifying. You should not use excuses to explain writing a bad check. You have to learn and understand exactly why you wrote a bad check, more specifically, what prompted you to make such an obviously poor decision.
When you answer the question “Why”, your answer cannot involve anyone but yourself and what you did.

**Blaming Your Behavior On Others**

Blaming others occurs when the check writer says that there was nothing he or she could do about writing a bad check. The blame for the bad check is with other people. Let’s Take A Closer Look At Some Cases:

A lady from a nice suburban neighborhood said: “I have a joint account with my husband, he wrote checks that I didn’t know about”. In this case, the wife is blaming her bad check on her husband’s spending.

If you have a joint account, it is your responsibility to coordinate the account with the other person. In some situations, this may not be possible. A simple solution is to have two accounts. In some cases however, having two accounts would not have prevented writing a bad check. Blaming her husband was just an excuse, a way for the lady to not take responsibility for her action. You’ll learn a lot more about money management for couples later in this financial training program.

A young man in his 20’s said: “The bank messed up my checks. I know that I had money in my account.” Very seldom is the bank the source for bounced checks. If that should be the case, most banks are very eager to help and put things right again. It is highly unlikely that your checks would be sent to the District Attorney for prosecution—and you would not be required to complete this financial training program if it was truly the banks mistake that caused the bad checks.

It is important that you take the responsibility for your own actions. At the time you wrote the check you had a choice of writing the check or not writing the check. No one was forcing you to write that check. You had a choice but you made the wrong choice. When you blame others, what you are really saying is that you are not in control of your situation, perhaps not even in control of your life.

You had the choice of writing the check or not writing the check. Maybe you did not know that the check was going to bounce. The choice was still yours. It was your choice to not keep the necessary records in order to know that this check would bounce. Again, it is of utmost importance to keep your register up-to-date.

You have committed the crime of writing a bad check. For many people the first reaction is to explain what happened. During that explanation it is clear that this was a mistake, that this was not their fault, it was actually nothing they could do about it—committing the crime was something that would have happened to anyone and everyone in that situation.

This defense is a very human reaction but it is not a great help to you in this situation. If you blame others for your actions, you minimize your chance to improve the situation. You may continue to write the bad checks. Change is needed to break this cycle.

**Justifying Behavior**

Justifying your behavior means that you try to convince yourself and others that writing a bad check is not really wrong. For you, due to your special situation, your actions were justified.

An unemployed man said: “This store is so rich, they can afford a bad check.” That comment misses the point. The stores profitability has nothing to do with your check. Writing a bad check is still a crime. If you are upset about the stores profits take your shopping dollars to another store.

A mother of four with a low paying job told us: “My kids needed these things.” No one doubts that there are many worthy causes for purchases. Food, clothing, rent—basic necessities in life. That still does not make writing a bad check anything else than a crime.

You cannot solve your financial problems through writing bad checks. It backfires and becomes very expensive. Not to mention other consequences, for instance, how severely a criminal record can affect your future.
Writing a bad check is never justified and always makes matters worse. In no situation is it “right” to write a bad check, no matter what your financial situation is. You are justifying writing a bad check if you say to yourself that, due to your special situation, it was okay to write a bad check. Justifying is telling yourself that writing a bad check was not a crime because, for example, your kids really needed the clothes that you bought. What you are really saying is that you don’t have to obey the law.

Understanding Your Reason For Writing A Bad Check
By writing and passing a bad check you have committed a criminal act. It is important that you understand the reason for your behavior. Only then can you start to change that behavior. Later on in this financial training program, we will cover a number of topics that will help you to improve your finances. We will also provide you with useful phone numbers for assistance in lifelong financial freedom.

Real Costs Of Passing A Bad Check
The fees and fines for writing a bad check vary greatly between different states and different counties. The following fees and fines can be applied (depending on state and local law):

- **Bank charge for the check writer:** The bank will often charge a fee to your account for the extra work you are causing the bank because your check bounced.

- **Bank charge from the store:** In some states, the store has to pay a fee to the bank if they give the bank checks that bounce. In most cases the store will pass this fee on to the check writer.

- **Victim (Merchant) fee:** In some states, the store can charge a fee for returned checks. This is normally posted in the store.

- **Fee to the District Attorney:** In most states, the District Attorney will charge an administrative fee for allowing you to participate in a bad check diversion program. This fee varies but can be sizeable.

- **Education Fee:** Many courts and District Attorney’s offices require offenders to complete educational programs. There is a fee for these courses and classes.

- **Warrant Fee:** Some jurisdictions also charge a warrant fee in addition to the court costs.

- **Court Costs:** If you do not pay your check before your case goes to court you will most likely have to pay court costs. These costs vary, but can be over $100 even for small checks.

All these fees can add up to large amounts. Even for small checks. Writing a bad check can be very costly, even if you are offered a chance to pay the check before your case goes to court.

Other Costs Associated With Writing A Bad Check
Sometimes the cost in money for passing a bad check is small in comparison with other consequences. If you pass a bad check, are summoned to appear in court and found guilty, the criminal conviction can be damaging to your life. A criminal record can affect your employment and other important aspects of your daily life. Criminal records, also negatively affect insurance rates, and other things that don’t seem to be related to the crime.

Now, complete Worksheet #3 in the workbook. In order to fill in the correct information you might have to look at the letters and notices you have received from the District Attorney’s Office. When you have completed Worksheet #3, fill in checkpoint #5 on Worksheet #1 with the word “Expensive”.

Did you fill in any costs other than the fees that the DA has charged you in connection with passing the bad check? Do you feel guilt, remorse or embarrassment over your dealings with the District Attorney? Did making arrangements for payment of the check require so much time that you needed to be absent from work or other activities? All the extra worries and time are also costs in your life, time and money that you could have spent on something better than paying fees for bad checks and completing offender education programs. Give it a thought for just a second—what would you have done with the money and time you would have saved if you had not passed a bad check?
Well, at a minimum, to utilize your limited time and energy in any other way would have been better than paying fees to the District Attorney’s Office.

**Why Did You Pass A Bad Check?**
After summarizing the many costs of a bad check, it should be clear that not only is it illegal to pass a bad check, it is also an unnecessarily expensive failed attempt to fix a small financial problem.

Passing bad checks will lead to other problems in life. Not taking responsibility for one’s actions and a lack of control can result in serious complications such as feeling stuck in a bad relationship, drug or alcohol problems, or worse. Whatever your circumstances, you need to get control of your situation.

**Awareness Leads to Solution**
People who write bad checks are not normally professional criminals. They are normally law-abiding citizens who once made a bad choice. Being aware of what caused your bad decision is important if you are to prevent this from happening again. Are you aware of what caused you to write a bad check? The ability to understand the underlying reasons of why people invite complication into their lives is called “problem awareness”.

If you do not make a change in your life, you are likely to repeat your mistake—write another bad check. When you know your problem and want to do something about it you can find the answers to what you need to change.

Do you want to do something about the problem that caused you to write a bad check? Are you willing to make the necessary changes in your life? If you are, the rest of this course can help you. But you must take the responsibility to complete this program, including all the financial training exercises assigned.

In order to make the changes, you need to improve your financial skills. The remainder of this financial training program will provide you with valuable knowledge and tools to improve your finances and better control your life.

**Think About Your Life As A Movie**
Life is a giant stage. Your life is playing on the stage. You are the star of the movie. You are also the director and the screenwriter. It is your decision where the movie is taking place. The decision on who is going to be in the movie is also yours; you can hire and fire your co-stars—within limits, of course, as with all directors.

You decide whom you are going to involve in your movie and what you are going to do. If there is something in your movie that you don’t like—change it! Are you not happy in your current job? Maybe it’s time to change jobs! Are you not happy with what you are doing with your free time? Change it, do something else.

The director controls the movie—you control your life.

If you feel that you are in control of your life it is much easier to be in charge of your finances.

Now go to the workbook, Worksheet #1. Checkpoint #4: fill in the words “in charge”.

If you are not in control, any change in your life will have to come from somebody else. Who is going to provide the change in your life? Think about that! Who is it that you are expecting to change your life without you having to do anything?
Of course you can’t change things in your life without taking everything around you into consideration – your family and friends, your work and many other factors. Ultimately, you are responsible for your life. Take control. You are in charge of the changes! Ask yourself: “What could I have done differently that could have changed this situation?” Regarding writing a bad check, you could have done something different. You could have simply not written a bad check and could have avoided the repercussions. You have always been in charge of your life, which includes taking responsibility to keep track of the money you have in your account.

The only possibility for you not being in total control of your checking account would be if you share a joint account with your spouse. If you truly believe that, had you not shared your account with your spouse, then you surely would not have passed a bad check, you should seriously consider splitting the joint account into two individual accounts. Later, we will further review joint checking accounts and provide management tips.

If you are the only one writing checks on your account, you are in control—you are in charge.

Now go to Worksheet #4 in the workbook. Give some thought to what reasons you have in your life, NOT to write bad checks. Think about the good things in your life and why those good things would motivate you to stay away from writing bad checks.

You probably came up with quite a few reasons for not writing bad checks when you were working on Worksheet #4. If you think of your bad check as something that could have been avoided and that you would have been much better off NOT writing that bad check—you are on the right track towards financial stability.

As you don’t want to pass another check, you obviously have to change something. If you are just going to continue as before, you will, most likely, pass another bad check. This time you got off the hook fairly easy. If there were a next time, it would most likely result in your arrest and appearance in court. In many states, you can’t participate in this program twice.

Change does not necessarily mean something bad or boring. Change can be fun and interesting…and in this case also rewarding. Change just means that you have to learn something new.

If planning your finances is not your idea of good time, be patient. Being in control of your money and your finances is very satisfying. Soon, we will focus on exactly how to plan and follow-up on your finances. Utilize this knowledge to develop lifelong habits and you will never be in a position to pass another bad check. Take control of your finances and empower your life.

Financial Recovery

An injured athlete suffers a setback and is unable to participate in planned competitions. Perhaps the athlete is unable to walk or run for several months. The athlete must endure a number of specialized exercises in order to rebuild muscle, agility and timing. Only through commitment and hard work, can the injured athlete regain peak physical performance.

You are not unlike the athlete. You have suffered a financial setback. A check has bounced. No matter what the reason was for bouncing the check, you need to recover from your financial injury.

You need to learn new skills to get back on track. Like the athlete, your recovery will take time, commitment and work to recondition yourself into peak financial fitness.

Financial Exercises Toward Recovery

The Plan

A financial plan is sometimes called a budget. Making and using a budget involves three steps:

1. Set your goals
2. Develop your plan (budget)
3. Follow the plan
A plan is a description of how to get from where we are to where we want to be. As this definition implies -- you need to know where you are going. You need goals!

Financial goals normally are divided into short-term, mid-range and long-term goals. Long-term goals normally include retirement goals such as “I want to retire at age 62 and have a retirement income of $3,000 per month living on the Florida coast in a nice home.” Short-term and mid-range goals are often about things that will be completed in the next year and a half.

In this financial training program, we will concentrate on some of the short- to mid-term goals. Examples of short to mid term goals:

- Pay off the car loan in 18 months
- Establish an emergency fund of $1,000 in a savings account within 12 months.
- Pay off credit card in 8 months
- Buy a computer in the next 12 months

Time Is Money

The saying “Time is Money” can be looked at in a somewhat unconventional way. Normally we use the saying to explain that time is valuable and we should utilize it wisely. Just like money, it would benefit us to more effectively manage and care for our time. Perhaps there is something you can learn from how others manage their time.

Not everyone has the same amount of money to spend. Obviously, some have more, some less. That is not the case with time. Everyone has the same amount. Rich or poor, famous Hollywood star or just an ordinary person, every day has 24 hours. Every week has 7 days.

Still, it seems that some people continuously accomplish much more in a day. You have had those days too. Imagine if, in your day you knew that you had to run a number of errands in the morning… then you had to pick up your cousin and take her to your uncle…and then meet the rest of the family in the park for a 4 p.m. picnic…and not forget to bring the dessert! And you easily accomplished it all! Yet, on most other days, you don’t seem to make significant progress. You may go from one task to the other, making little headway. When the day is over, you wonder what you did all day. A whole day and nothing noticeable to show for it!

Many Times The Difference Is A PLAN. Call it a list of things that must be done, or a number of appointments that must to be met. There must a plan, a list of things that needed to happen.

It Is The Same With Spending Money. If you have a plan and stick to it, you can accomplish many more things with the same amount of money. A plan also makes the difference with time and with money!

Set Goals And Budget Wisely

You have just had a financial accident. You passed a bad check. Now, you are dealing with the consequences. You have to change the way you do things with your money or you risk passing another bad check. Maybe your financial injury is in the form of debts that must be dealt with before you can enjoy a normal financial life—healed from your financial injury. Whatever your circumstances, if you have a minor financial injury or if you are in serious financial trouble, you need to develop a plan to manage the situation.

Sometimes we hear the question: “Why do I need a plan? I don’t have enough money now, a plan won’t get me any more money.” That’s true. The plan will not generate more money in your bank account. However, most people who start planning their finances agree that it FEELS like they have more money, even if they don’t actually have additional dollars. Know that better use of the money that you do have amounts to the same thing as having more money.

A plan should start with a goal. In fact, you can’t even develop a plan without first having a goal—something you want or need to achieve. As you write down your financial goals, take measurability and achievability into consideration:
**FIRST: Goals Should Be Measurable.** A goal should be specific. The goal “I need to improve my finances” is not as helpful as “I will improve my finances my mowing my neighbors lawns on the weekend and save some of the money I earn.” You have no way of telling when you have achieved a non-specific goal. Saying “I will save $80 per month in a savings account starting this month” is a specific goal that can be measured, and, when accomplished, you’ll know it. This makes it a good goal. Using numbers and dates in your goal is a good way to make the goal specific.

**SECOND: Goals Must Be Achievable.** It is not helpful to set a goal of saving $1,500 per month if your paycheck is $1,700 per month! Your goal is specific but it is unrealistic. Goals have to be possible to reach. It is better to set a goal slightly too low than too high. Set your goals so that you can celebrate your success of achieving them.

When you are working with your goals, keep your current financial situation in mind. At least two out of the three goals need to be “defensive” meaning their purpose is to achieve a better financial situation or economic security. An offensive goal is a goal that allows you to spend more money. An example of a defensive goal is creating a three-month emergency fund in a savings account so you will be better prepared to deal with unexpected expenses. Goals about increased savings are also defensive goals, as well as goals about paying off existing debt, because they attain financial security.

<table>
<thead>
<tr>
<th>Goals</th>
<th>Estimated Cost</th>
<th>Target Date</th>
<th>Monthly Cost or Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay off the car loan in 18 months</td>
<td>$3,600</td>
<td>18 months</td>
<td>$200 ($divide $3,600 by 18)</td>
</tr>
<tr>
<td>Establish an emergency fund of $1,000 in a saving account within 12 months.</td>
<td>$1,000</td>
<td>12 months</td>
<td>$83 ($divide $1,000 by 12)</td>
</tr>
<tr>
<td>Pay off credit card in 8 months</td>
<td>$300</td>
<td>8 months</td>
<td>$45 ($divide $300 by 8 + interest)</td>
</tr>
<tr>
<td>Buy a computer in the next year</td>
<td>$900</td>
<td>12 months</td>
<td>$75 ($divide $1,000 by 12)</td>
</tr>
</tbody>
</table>

Of the four goals in the previous chart, the first three are defensive (pay off car loan, establish emergency fund, pay off credit card); the last one (buy a computer) is offensive. The goal about the computer is offensive even if it is a savings goal; it is still a plan to make a new purchase.

When you work on your goals you might need to gather information about your current loans and balances. Don’t try to do too much at the same time. It is better to have a few goals and actually achieve them than to have many goals and miss them all. Now it is your turn to fill in your goals in the space provided in the next chart. We have allowed you only three lines. It is important not to overdo goal setting. Don’t set yourself too many goals. The risk is that you will spread yourself too thin and then not being able to accomplish any of your goals.

Was it hard to find the three most urgent and most important goals?

**Make an Inquiry:** Are at least two of your goals “defensive”. Are they aimed at reducing your debt and increasing your financial security? If two or three goals are “offensive” you should go back and rework your goals. Remember, just because you are making a plan does not mean that you can accomplish every goal. You will review to your goals later to determine if you can achieve them.
Making A Monthly Budget

After setting your goals, your next step is to make a monthly income and expense budget, which will help you establish a method of meeting your goals. After that we will balance the budget and that’s the real moment of truth! Now that you have built your goals, the next step is to figure out how you can meet those goals. You need to make a budget. A budget is the actual plan for how you are going to spend your money and can be for any length of time. Making a monthly budget is most practical because many of your expenses such as rent and electricity are paid on a monthly basis. If you are paid weekly you might want to create a weekly budget. There are four steps involved in making a budget:

1. Determine your take-home-pay
2. Determine what expenses you have
3. Determine how much you spend on each expense
4. Balance your budget

The following form can be found in your workbook, Exercise B, page 8.

<table>
<thead>
<tr>
<th>Monthly Net Income</th>
<th>Monthly Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Myself</td>
<td>$</td>
</tr>
<tr>
<td>Spouse</td>
<td>$</td>
</tr>
<tr>
<td>Other members of the household</td>
<td>$</td>
</tr>
<tr>
<td>Child Support payment you received</td>
<td>$</td>
</tr>
<tr>
<td>Other sources of income for the household</td>
<td>$</td>
</tr>
<tr>
<td><strong>TOTAL Household Monthly Income</strong></td>
<td>$</td>
</tr>
</tbody>
</table>

Step 1 – Income: Your Take Home Pay

Let’s start with the household income. Fill in your numbers in the chart below. Calculate each source of income for the full month. If you are paid weekly multiply your weekly salary by 4.3 - that’s how many weeks there are in an average month.

If you get some of your income as commissions or bonuses that are not paid out every month, add together what you receive in a year and divide by 12. Fill in the numbers after tax. **Use only your take-home-pay** — the amount of money that you get in your hand or in your bank account.

Step 2 – Monthly Expenses

Calculating your income was the easy part. Income is normally fairly fixed from month to month and it usually comes from only a few different sources. Expenses are different and not as easy to calculate as your take home pay. During a month, you may have many different expenses, which can often be harder to track and to predict.

That’s the bad news — the good news is that many expenses are “fixed”, which means that they are the same amount every month. You have a greater possibility to do something positive about your expenses. First you need to identify the type of expenses that you have with a checkmark in the following table.

Expenses listed are grouped by where they come from. Some expenses show up every month, some just once in a while and some you have all the time. It is useful, when you are budgeting, to separate expenses into the three following categories: Fixed, Periodic and Variable.

- **Fixed Expenses**: These bills and expenses are easy to plan and do not change from month to month.
- **Periodic Expenses**: Bills that show up from time to time. . . some you know about and some you don’t.
- **Variable Expenses**: These expenses and bills vary from month to month. You make the decision every time if you are going to spend the money or not.
Now go to the workbook, Worksheet #1, Checkpoint #6, and write the word “Budget.”

The following form can be found in your workbook, Exercise C, page 9. It may be helpful to check the expenses you have.

### Monthly Expenses

| Living Expenses: | __Rent/Mortgage | __Repair | __Recreation |
| __Electricity | __Yard Supplies | __Health Clubs |
| __Water | __Furniture | __Sports |
| __Phone | __Cleaning Supplies | & Equipment |
| __Gas | __Appliances | Travel/Vacation |

| Groceries | __Doctor | __Gas |
| __Drinks/Soda | __Dentist | __Repair |
| __Dining out | __Drugs | __Service |
| __Pocket money | __Hospital | & Maintenance |
| __Misc. Expenses | __Church | License |
| | __Charities | Parking |
| | __Other Gifts | Bus and train |

| Clothes | __School supplies | Newspapers |
| __Laundry | __Lessons – music | __Cable TV |
| __Shoes | __PTA | __CD’s |
| __Dry Cleaning | __Fundraisers | __Movies |
| | __Daycare | __Ballgames |

| Insurance: | __For your goal | __For Car payment |
| __Life | | __Furniture |
| __Health | | __Credit cards |
| __House & Home | | __Other |
| __Car | | |

| Savings: | __For retirement | |
| __For emergencies | | |

| Payments: | __For emergencies | |
| __Furniture | | |
| __Credit cards | | |
| __Other | | |

**Let’s Look At The Different Expenses**

Expenses can be divided into three different categories. As we previously discussed, some “fixed” expenses, like rent and car payments, occur every month with the same amount. Other “periodic” expenses, such as insurance and school tuition, may show up on a regular basis but with different amounts. Some “variable” expenses greatly differ as to when they show up and how big the expense is. Examples of those payments are food, clothing and entertainment. It is important to know what type of expense we are dealing with as we get into planning your expenses.

**Now we are ready to start your expense budget.** Determine your expenses. Those are the easiest to plan because you know of these expenses ahead of time along with their amounts. In order to fill in the numbers, you might have to get together some of your old bills. A bill from last month will suffice, as these expenses are the same every month. Only include your monthly fixed expenses in this chart.

**Fixed Expenses**

Bills like rent, mortgage payments, car payments and your cable do not change from month to month. These expenses are easy to plan and predict for the future. This includes your loan payments.

We call these expenses “fixed”. That’s not a very good name. It almost sounds like these expenses can’t be changed. Nothing could be more wrong. Sometimes, in this category, you can find the biggest savings. However, if you don’t do anything about these expenses they will show up month after month with the same amount. All of them require an action from your side to stop or to change. Let’s say you decide you are not using all the cable TV options that you have subscribed to and want to save some money every month with a smaller cable TV plan. Action is required from your side—or the monthly charge will be the same amount every month, and you will continue to pay for services that you are not using.

We learn more about how to save money later in the program. For now, fill in your expenses in the space provided.

*The following forms can be found in your workbook, Exercises D and E, pages 10 and 11.*
Periodic Expenses

Now we turn our attention to the “periodic expenses” - those expenses that show up infrequently and sometimes with different amounts. Some of these expenses are easier to predict than others such as insurance premiums that you pay every quarter or every six months, and can be predicted with great accuracy the same way that we predicted the fixed expenses.

<table>
<thead>
<tr>
<th>Periodic Expenses</th>
<th>Total Last 12 months</th>
<th>Total per month LAST 12 months</th>
<th>Total per month NEXT 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Insurance</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Car Repair/Maintenance</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Car Insurance/License</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Property Tax</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Doctor/ Dentist</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Glasses/Eye Care</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Home Repair</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Clothes</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Travel</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Membership Dues</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>College Tuition</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Other:</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Other:</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>TOTAL Periodic Expenses</strong></td>
<td><strong>$</strong></td>
<td><strong>$</strong></td>
<td><strong>$</strong></td>
</tr>
</tbody>
</table>
Some periodic expenses are more difficult to predict and plan for—both the size of the bill and when it will come. What you do know is that the bills will come some day. It is important to have a plan for the periodic expenses such as repair bills and doctor’s bills. If not, they will show up as surprises and can be very difficult to handle.

One helpful tool is to calculate these expenses by figuring out how much you had spent the last 12 months and divide by 12. If you don’t have the records for 12 months back, try to estimate based on the records you do have. If you have three months, take those numbers and divide by three. Based on that number you can estimate the amount that you are going to spend the following 12 months. Some of your numbers may need to be adjusted up and some down. For instance, if you had a home repair bill the last 12 months and you don’t foresee another major repair again in the coming year, you can reduce the amount in your budget. On the other hand, if you’ve had no doctors bills during the last 12 months, it might be unrealistic to count on that being the situation every year. You might want to estimate something for doctor’s visits during the coming 12 months.

Again, in order to fill in the numbers, you need to get your receipts for last year out of your files. If you don’t have any receipts, your canceled checks will give you a good record of what you spent. If you use a credit card, your credit card statement is another source of information.

Sometimes, even the best plan will estimate the wrong amount. Maybe your car has an unexpected breakdown. You had planned for some vehicle repairs, but not to this extent. There is nothing fundamentally wrong with your budget even if you did not estimate the right amount. Budgeting for all unexpected expenses in all categories is impossible. Instead, create an emergency fund that you are saving towards every month. For the unexpected expense you have your emergency fund to pay the bills from. Later in the program we will talk about how to build an emergency fund and how to use it.

Now go to your workbook, and fill in the word “Plan” for Checkpoint #7 on Worksheet #1.

Variable Expenses

The last category of expenses is the variable expenses. The good news and the bad news regarding this category is that you have so many variable expenses during a month that it is very hard to track where you actually spent the money. The good news is that this also opens up a tremendous opportunity to save money by just keeping better control of the variable expenses that otherwise seem to slip though your fingers.

Some of these expenses cannot be eliminated. You may always have many variable expenses, but you can still control how much you spend, and you can still save a lot of money. An example of this is food. You have to buy groceries. No question there! But what you buy and how you buy it, that’s where money can be saved! And you control what to buy which empowers you to change your financial picture.

Using all the information that you have available in form of cancelled checks, credit card statements, old receipts and educated guessing, fill in the amounts of your variable expenses in the following chart.

Although variable expenses are necessary payments, you can still influence the size of your bill. Look at this is an opportunity! You decide how you spend your money. During a month’s time you have the opportunity to save a lot of money by shopping smart. Page 23, Stretching Your Dollars, lists useful tips.
Step 3 – Balancing Your Budget

The final step in your financial overhaul process is to balance your budget. You will learn if what you have planned in your budget will work, or if you have too many expenses for your income. Ideally you want to put yourself in a position where you have much more income than expenses. Just because you have made a plan does not mean that you can afford the spending you have outlined.

Transfer the totals from the charts you previously completed into the following chart. After you have filled in these numbers, total the column. Note that you subtract the expenses from the top number (the income).

<table>
<thead>
<tr>
<th>Variable Expenses</th>
<th>Total per month</th>
<th>Variable Expenses</th>
<th>Total per month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas or Heating</td>
<td>$</td>
<td>Lawn Care</td>
<td>$</td>
</tr>
<tr>
<td>Electricity</td>
<td>$</td>
<td>Cleaning Supplies</td>
<td>$</td>
</tr>
<tr>
<td>Water and Sewer</td>
<td>$</td>
<td>Kids Allowance</td>
<td>$</td>
</tr>
<tr>
<td>Garbage</td>
<td>$</td>
<td>School Lunches</td>
<td>$</td>
</tr>
<tr>
<td>Telephone</td>
<td>$</td>
<td>Hobbies/Rec.</td>
<td>$</td>
</tr>
<tr>
<td>Bus, Car Pool, Parking</td>
<td>$</td>
<td>Pet Supplies</td>
<td>$</td>
</tr>
<tr>
<td>Gasoline</td>
<td>$</td>
<td>Newspapers/Magazines</td>
<td>$</td>
</tr>
<tr>
<td>Medicine/Prescription</td>
<td>$</td>
<td>Laundry/Dry Cleaning</td>
<td>$</td>
</tr>
<tr>
<td>Cellular Phone</td>
<td>$</td>
<td>Beauty Shop/Barber</td>
<td>$</td>
</tr>
<tr>
<td>Groceries/Food</td>
<td>$</td>
<td>Tobacco/Alcohol</td>
<td>$</td>
</tr>
<tr>
<td>Food at Work (dining out)</td>
<td>$</td>
<td>Other</td>
<td>$</td>
</tr>
<tr>
<td>Eating Out/Entertainment</td>
<td>$</td>
<td>Other</td>
<td>$</td>
</tr>
<tr>
<td><strong>Total Column 1</strong></td>
<td>$</td>
<td><strong>Total Column 2</strong></td>
<td>$</td>
</tr>
</tbody>
</table>

**TOTAL column 1 and 2: Variable Expense $**

---

**Let’s Examine Situations Of Excess Or Shortage**

+ / Excess / Plus: If you came up with a plus on the bottom line, that’s great that you have a surplus of funds, but please go back and check your variable expenses. It is very common to under-estimate the variable expenses. Sometimes we don’t realize how much all the small expenses (morning coffee, lunch, an occasional chocolate bar or chewing gum, etc.) add up. Make sure that you have allowed enough for
those miscellaneous expenses. Also check one more time that you have not forgotten any of your major expenses.

If you still end up with a surplus after checking the numbers, congratulations! A wise thing to do in your situation is to add the surplus, the extra money that you have on your bottom line, to your savings goal. One goal should have been to set money aside for unexpected expenses or for long-term savings, add the extra money there. Make sure your budget is accurate, before making plans to spend any extra money.

— / Shortage / Minus: If, when balancing your budget, you calculated a shortage—don’t panic. Most people do come up short in a situation like this, because they have added in some additional goals in the budget numbers and have estimated all other spending and expenses to be the same as they have been in the past, you’re expected to show a shortage even if you have done everything right.

You need to go back and review some of the spending that you have outlined. It is much better to find out now, when you establish your plan, that you don’t have enough money to cover all your planned expenses. Your plan will help you to decide which expenses you can or must eliminate.

As you are faced with the task of analyzing the numbers and finding a solution to the shortcoming in your budget, look at the bigger picture. There are three ways to get your budget to balance:

You Can Increase Your Income

OR

You Can Reduce Your Expenses

OR

You Can Do Both

Let’s Take A Look At These Alternatives:

Increase Your Income: Most people will have a difficult time increasing their income without adding a second job. However for many it is possible to increase your hours in order to increase your take home pay. Adding a second job can sometimes be difficult due to childcare and other circumstances, however, there are jobs available with good pay if you are prepared to work odd shifts and weekends. Although not a permanent solution, it might be exactly what you need to become financially healthy.

Reduce Your Expenses: Options for reducing expenses are normally more available than opportunities to increase your income. Thoroughly review your different expenses and ask yourself what you can do to spend less. Several money saving tips are included in the Stretching Your Dollars section, page 23 in this Financial Training Program.

If you have studied all your expenses and still end up with a shortage, consider taking a closer look at your larger expenses. Do you pay too much rent? Is your car payment too high? Can your phone bill be adjusted?

If you continue to calculate shortages on your budget, make sure that your goals are not too aggressive. Will your budget balance if you give yourself more time to accomplish the goals? Instead of making a particular goal in six months, consider adjusting it to twelve months, resulting in cutting your contribution per month in half without giving up your goal.

Adjusting and/or eliminating one of your goals may result in a balanced budget. Eliminate any goal that increases spending Leaving goals that prompt savings.

If you are still unable to balance your budget, drastic measures may be needed. Before taking any drastic steps, study and complete this entire financial training program. In the following sections, you will learn more about money management and cost control. After that, if you still can’t balance your budget, consider getting some help from non-profit organizations with counseling available. Resources are listed near the back of this textbook.

Congratulations! You have just summarized the first budget. How did it go? Did you end up with a “Plus”—a surplus in the budget, or did you end up with a ‘minus’—a deficit?
Money Management

After completing and balancing the budget it is now time to take a look at how you can successfully follow your plan. If you have promised yourself, in your budget, to reduce some of your expenses to try to reach your financial goals, you need to start thinking about how that can be done. The first step in Money Management is to know the difference between what you want and what you need. When money is tight, as it may be when you are trying to accomplish your financial goals, you need to focus on your needs.

Wants Versus Needs

To be in control of your finances you need to recognize the difference between your true needs and your wants—the things you only prefer but don’t need to survive.

Needs are your essential food and clothes. For example, if your teenager has outgrown his shoes, new shoes are needed. Shoes are a necessity at that time. This need can be filled at a discount shoe store for $20.00 or even less at a garage sale or second hand store. He may want a new pair of brand name shoes costing much more, but a want is not a need. Always choose what is needed before what is wanted.

This same rule applies to all your expenses. You need to have lunch every day at work. Your need can be satisfied with a sandwich or some leftovers brought from home. Filling your need would cost substantially less than the $5-$10 it would cost to eat lunch at a restaurant, which might be what you want. Sometimes you want something really badly, like a piece of jewelry or a new car that you don’t really need. It’s not that you wouldn’t use the new car or the new piece of jewelry but that you could do without it. It doesn’t fall in to the category of a basic need. It was a “want.”

If you can’t see the difference between needs and wants, you will have a hard time prioritizing the right expenses when your finances are tough. Buying something that you want and then finding that you don’t have enough money for your needs is destructive to your financial health. The following are self-tests that will help you figure out where your finances stand.

The following forms can be found in your workbook, Exercise H, page 14

Needs: Think of these, as the basic bills you need to pay each and every month — like your mortgage and your car payment.

Respond with True or False to the following statements:

<table>
<thead>
<tr>
<th>Needs and Must-Haves</th>
<th>True</th>
<th>False</th>
</tr>
</thead>
<tbody>
<tr>
<td>I worry about having enough money to cover my regular bills, like my electric bill.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>It seems like most of my money goes to things I can’t control, like rent or car payments.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>By the time I pay my big bills, there is hardly anything left over.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The cost of living for just the basics—housing, car, insurance—seems way out of reach.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I only spend money on things I need, but there still isn’t enough.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Even though I never buy anything extravagant, I don’t have anything in savings.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I can’t think of anything in my budget that I could really cut back on.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If you marked True more than once, you are probably heavy on the Must-Haves.

Wants You may be one of those people whose basic costs are under control, but you still find it tough to put money away at the end of the month. Respond with True or False to the following statements:

<table>
<thead>
<tr>
<th>Do You Overspend On Wants?</th>
<th>True</th>
<th>False</th>
</tr>
</thead>
<tbody>
<tr>
<td>When I go shopping, I’m never quite sure how much I can afford to spend on things.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>When I see something I really want, I just buy it, even if I don’t have the money.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I never know where all the money goes.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
I buy things, and then after I get them home, I worry that I can’t afford them.

| I buy things, and then after I get them home, I worry that I can’t afford them. | True | False |

Worrying about money sometimes takes the pleasure out of outings that are supposed to be fun.

| Worrying about money sometimes takes the pleasure out of outings that are supposed to be fun. | True | False |

When holidays or birthdays come up, I’m not sure how much I can afford to spend.

| When holidays or birthdays come up, I’m not sure how much I can afford to spend. | True | False |

I probably spend too much on clothes, restaurant meals, and/or going out for fun.

| I probably spend too much on clothes, restaurant meals, and/or going out for fun. | True | False |

I work hard, so I buy the things I deserve.

| I work hard, so I buy the things I deserve. | True | False |

If you marked True more than once, you are probably overspending on your Wants.

Saving is the road to financial health. Is your savings plan a “next month we’ll do it” because this month never works out? Respond with True or False to the following statements:

### Are You Saving Enough?

<table>
<thead>
<tr>
<th>Are You Saving Enough?</th>
<th>True</th>
<th>False</th>
</tr>
</thead>
<tbody>
<tr>
<td>I work hard, but I still don’t have much.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I don’t have a plan for regular saving.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I worry about having enough for retirement.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If I lost my paycheck for three months, I don’t know what I would do.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>When I have to deal with small emergencies (e.g., car trouble, extensive dental work), I have to use my credit cards or pay the bill off over time.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I don’t have a real plan for saving for college for my children.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I owe money to a friend or loved one.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>When I make a major purchase, like a new sofa or a dishwasher, I need to pay in installments.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If you marked True more than once, you are struggling to save enough money. If you aren’t saving enough then you are spending too much money on your Wants or Needs or both.

**Following Your Plan** means that you stick to it. Always exercise discipline with money and follow your plan. This does not mean that you can only buy things that you need and never anything that you want. Of course you can occasionally treat yourself to something you desire if it fits into your plan. Always keep in mind that the money you want to spend today, may be the money that is needed next month to pay a periodic expense, or the money that is needed in an emergency fund.

**Create An Emergency Fund**

Another sound part of money management is to create an emergency fund. We referred to this during your Goal Setting. Hopefully you have already worked an emergency fund into your goals. That’s good planning. If your current financial goals do not yet include an emergency fund, it would be wise to create one for unforeseen expenses that must be dealt with immediately. Unexpected expenses can prevent you from having the money to fill all your needs in other areas according to your plan.

If you should need money fast and do not have an emergency fund set aside in a savings account, you may feel forced into purchasing something for a high price with very expensive financing. Your goal should be to always keep a savings account with at least three months take home pay which will be used for emergencies only; when the car breaks down, when the roof needs repair after a storm, an unexpected doctor’s visit or if you lose your job.

**Tracking Your Expenses**

Monitor your expenses to verify that you are on track with your plan. When you compiled your budget you most likely had to guess what some of your expenses had been during the last twelve months. Getting into better financial health also means keeping track of your expenses and constantly comparing your expenses with your plan. Keeping track of your expenses requires discipline. Receipts need to be saved and a simple notebook will suffice for tracking your expenditures. Purchasing preprinted ledger sheets might assist in your organization. If you have a computer,
consider using a common financial software program, such as Quicken or Microsoft Money. You can also search the Internet to find and download share ware programs.

Balancing Your Check Book
Balancing your checkbook (also called reconciling your account) is essential to proper money management. The purpose of reconciling is to make sure that your records are the same as the records that the bank is keeping, regarding the amount of money in your account.

A difference in the reconciliation balance amounts can occur if you have made a mistake in your records. Maybe you did not write the correct amount for a check in your check register. Or maybe the bank made a mistake in reading the amount on your check. Perhaps the person you wrote the check to, has not yet cashed your check.

Procedures for Reconciliation
For your reconciliation, you’ll need the following:

• Your checkbook
• Your check register
• The latest bank statement
• A piece of paper or a form like the one following. (Some banks will provide you with a reconciliation form)

Start reviewing your bank statement. Write down the ending balance (the amount that, according to your bank statement, should be in your account) in the form above at [1].

1. Compare your bank statement to your check register. Go down the list of deposits on the bank statement. Put a checkmark in your check register next to all deposits that are listed on your bank statement.

2. Write down all the deposits that you have made that are NOT in the bank statement in the form above at [2]. Transfer the total to the left column.

3. Do the same thing with all the checks. Put a checkmark in your check register next to all checks that are listed on your bank statement.
4. Write down all the checks that you have written that are NOT in your bank statement in the form above at [3]. Transfer the total to the left column.

5. Subtotal the left column.

6. Add any interest charges noted on your statement.

7. Subtract any fees that the bank has charged.

8. Total the left column.

9. The balance on the reconciliation should be the same as your checkbook!

10. When the account balances, update your check register with the interest and the charges from step 6 and 7 above.

11. DONE!

Balancing your checkbook takes practice. Take out this Textbook again when you receive your next monthly statement from the bank and follow the procedures described above. Better yet, have your bank set you up with on-line access so you can view your statement daily through the Internet. Reconcile your checkbook regularly—if you don’t, you run a high risk of writing a bad check because you did not know the correct balance of your account. Any oversight may cause you to mistakenly think that you have more money in your account than you actually have.

Now go to the workbook to complete Worksheet #5. Note that part of successfully completing this program is to fill in the Worksheets. Worksheet #5 is an exercise where there is a right answer. Getting the correct answer is part of the requirements for completing this program. Then Worksheet #1 in your workbook and fill in the word “Balance” for Checkpoint #8.

Money Management For Couples

Reconciling the account is always important, but when you share your account with someone, regular balancing becomes a critical “must”. When two people write checks on the same account, more rules apply.

The number one rule is to discuss your joint checking account on a daily basis. Keep each other informed of any alterations to the account and update your check registers. If you don’t, you are almost guaranteed to make mistakes with your account. The number two rule with sharing a checking account is to share the same basic financial goals. If money is very tight in a household and one person is very restrictive, spending money only for the needs of the family, yet the other person spends money for the wants, you have set yourselves up for conflict.

If you have tried and can’t seem to be able to communicate well enough to make a shared checking account work, consider having separate checking accounts. When having two separate accounts, you, as a couple, still need to create a joint budget and agree on some joint financial goals.

Just splitting the finances of one household into two accounts does not solve all problems. Most important is to set some ground rules for bill paying. When you have separate accounts you must agree, in advance, who is paying what bills. Re-view the list of expenses you previously completed in this textbook and decide who is responsible for each expense. This is particularly important when looking at the periodic expenses and emergency expenses. If you have not made a plan, you might end up in the situation where no one has made any plans for paying a periodic expense like car insurance. When the bill arrives there is no money for payments.

Having Separate Checking Accounts

Here are some things to think about if you are living together and have decided to have separate checking accounts:

1. Make clear who is paying what! Make an agreement so that each person knows what he or she is responsible for of the fixed and periodic expenses. “I pay the mortgage and you pay the insurance. We each pay our car payments.”
2. **Make and share common financial goals.** It is important to have financial goals even when you have separate checking accounts.

3. **Communicate about your finances.** Communication is a must. If one person is in trouble, both are in trouble!

4. **Make sure that you are saving money.** Don’t think that the other person is saving so you don’t have to. Make saving for a rainy day or for your retirement a joint effort.

We have now gone through the process of how to plan your financial future and how to make sure that you are following your plan. This is a plan that will lead you back to financial health. As a little reflection on this topic, go to Worksheet #6 in the workbook.

With the background of what we have talked about so far in the program fill in your financial strengths and weaknesses. Be honest with yourself when you answer, don’t try to deny anything. Note that your answers are not going to be kept. After being checked for completion your records will be destroyed. Your answers on these questions will help determine how well you have followed the program as well as guide our further development of this program.

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**Stretching Your Dollars**

**Money Saving Strategies**

Throughout this program we have talked about wanting to achieve more with your money. Inevitably this means that you have to NOT spend some money that you are spending today. Applying money saving tips on your normal spending will help you to free up money to achieve your goals without giving up too much of what you are doing today. After applying some money saving strategies you might be able to reach your goals, and at the same time, not lower your quality of life.

Lower your expenses with money saving strategies outlined below. Money saving strategies are most easily applied to variable expenses because you are making spending decisions more often. You can also cut big chunks out of your spending of fixed and periodic expenses.

As with everything else we have talked about during this program, if you make plans and stick to them you will have an easier time saving. Following are some money saving tips. Put a circle around the dollar sign in front of the tip that you will use to save money. Remember, keep the differences between wants and needs in mind.

The more money saving techniques that you apply, the more money you have available for other, especially achieving your financial goals. Go to www.AmericasCheapestFamily.com for lots of great tips to help you in your frugal journey. Following are a few tips to get you started.

**Home**

$ Do simple repairs yourself. If you don’t know how, there are excellent books to borrow at the library. It is a good idea to keep up repairs on your home but watch for the expenses. It is easy to spend too much money at the hardware store when doing home repair. Make yourself a budget before starting on a project, making sure it fits into your overall budget.

$ Lower the heat at night. You don’t need a special thermostat—just turn the heat down during night and also during the day if the house is empty.

$ Use fans as a compliment to air-conditioning. Avoid turning the air-conditioning unit on until the really hot days.

$ Shop garage sales for home decoration items. Garage sales in general are very good places to shop for bargain items.

$ Make your home energy efficient. Seal drafty windows and doors.

$ Do not use disposable plates and cups on a regular basis. Buy inexpensive glasses and unbreakable china.

$ Turn off lights when leaving the room.
Food

Food is normally one of the larger expenses in a household. Convincing yourself that you can’t save anything on food is simply not true. Although you need food to, in most situations you can save significant amounts by applying a few simple tips and rules to your food purchases and preparation.

$ Always have a shopping list when you are going to the grocery store, and stick to it. You normally spend more money if you shop without a shopping list.

$ It is going to be easier to follow your plan if you avoid shopping for food when you are hungry.

$ Make your food-shopping list while looking at the grocery store’s weekly flier with their specials. By doing so you can take advantage of the specials without having to be caught in the “impulse buying” that you are otherwise tempted to fall for in the store. This ties in to our next tip:

$ Watch out not to buy things you don’t need just because they are on special. Note that you are not saving any money buying items that are on sale if you otherwise would not have bought the item!

$ Plan meals ahead using a minimum of food and with the grocery store’s weekly specials in mind. This is the other half of your plan. First make your meal plan. It doesn’t have to be fancy. Write down your meal plans for the coming week on a piece of paper. When you do your meal planning, avoid buying expensive ingredients and avoid prepared food. When you plan ahead, it is also easier to remember to include the necessary components in the meal to make it complete such as vegetables and starch.

$ On the same token, use basic foods like rice and grain. Make the vegetables and the starch the main “filling” portion of the meal. Limit meat and fat. This will make your meals not only significantly less expensive but also healthier!

$ Do not throw away leftovers. Use them as lunch or make “potluck”. Any meal that you can prepare based on leftovers is money saved.

$ Limit food shopping to once a week. Shopping only once a week will also help your meal planning. Shopping often will increase the chances to fall for in-store promotions and specials. It also increases the chances that you are going to buy products just because you are hungry. Shopping only once a week will not only save you money, it will also save you time!

$ Also try to buy generic or store brands instead of brand names. In most situations the store brand is as suitable for your family. Watch out for that store brands that are not always less expensive due to current brand-name promotions.

$ Pack a lunch instead of eating lunch out. Eating lunch at a restaurant every day is a very large portion of any household budget. Try to rearrange your schedule to make time for making the lunch and bringing it to work. This will save you a lot of money over a years time. There are many ways of making a sack lunch a very nice meal and in many situations a much better meal than a fast food meal.

Applying these tips on your food shopping will save you significant money per month without lowering the standard of your eating or without compromising taste or nutritional value.

Phone and Internet

There are many ways of lowering your phone and internet bills. Limit the number of minutes you spend on your cell phone or long distance calls. Compare phone service and coverage rates you must compare rates and determine long distance plans. It may be a better option for you to eliminate your home (LAN-line) and just go cellular. Review your current bills and the rates that you are paying – can you change your calling pattern; call another time of the week or the day to get a lower rate? Are you getting the best rate from your carrier? Call your current carrier. Often, lower and better rate plans are not available unless you call and ask for them.

Another way of cutting down on your phone bill is to use e-mail instead of the phone. Normally you pay a monthly fee for the e-mail account no matter how much e-mail you send or receive. An excellent resource for comparing rates in your area for cellular phone, long distance service and internet access can be found on the web at http://www.lowermybills.com.

$ Log onto http://www.lowermybills.com to search for carriers with the best options and coverage for your needs (long-distance, text, family & friends networks, etc.)
How to Bounce Back from a Bad Check
And Stay Financially Healthy

Transportation  Transportation is a big expense for most people. In some situations there is a lot of money to be saved, in some situations there are very few things that you can do to influence the costs. If you are living in a metropolitan area you should consider using public transportation. It is going to reduce your costs significantly. You have to be persistent in trying—it will take several weeks of riding the public transportation until you have found your way around and feel comfortable in using the bus or train in your daily commutes.

Carpooling is another way of saving costs both for driving and parking.

When you choose an automobile, look at the gas mileage, buy economy cars that will get good gas mileage. Normally smaller cars also have lower maintenance costs.

$ Use bus or train if possible for your daily commutes.
$ Car pool to work.
$ Buy economy cars
$ Take good care of your car. Change oil on a regular basis. Keep the car clean even if it is old and worn.
$ Buy used cars instead of new cars.

Clothing  Clothes are an area where you potentially have big savings. Rule number one is to take good care of the clothes that you and your family have. Have the children wear old clothes for play and change clothes when they get home from school.

On the same token, mend clothes. This will make the clothes last longer. If you don’t know how to mend clothes, consult books at your local library.

Take advantage of store sales and shop at thrift stores and garage sales for clothing items. Go to thrift stores with a list; don’t just go to browse. When you find an item you like, check the item to make sure there are no spots or rips. If there are stains, and you think they’re washable, ask for a discount. Thrift stores often have deal days, so make sure you’re at the store during those times to get better bargains.

Garage sales are often an excellent way to bargain shop, especially children’s clothing. Check craigslist.org or look in your local paper for advertisements of garage sales in other parts of town. The best buys might not be in the area where you live, as people in the same area seem to have the same need for items. Drive to a different part of town.

$ Have children wear old clothes for play. (Change kids’ clothes when they are home from school).
$ Take advantage of end of season sales.
$ Shop thrift stores for clothes.
$ Shop garage sales for children’s clothes.
$ Do your own repairs on clothes.
$ When buying clothes, buy coordinated colors to maximize combinations.

Insurance  You might have potentially large savings in the area of insurance. Comparison-shop between different providers in order to get the best rates for your insurance needs. If possible take advantage of multi-policy discounts. This means that you have all your insurances with one company that then gives you a discount based on this.

A healthier life can reduce your costs in many ways. Discounts are normally available on insurance premiums if you are not smoking or drinking.

$ Take advantage of multi-policy discounts.
$ Consider an HMO for your health insurance.
Stop smoking and drinking to lower insurance costs. You will notice immediate benefits and savings.

**Healthcare**  If you have a health plan offered through your employer, consult the contact person at your place of work and ask about lower cost health insurance options. Many employers are offering HMO plans at lower rates. Ask your employer. To continue on healthcare issues, for your prescription and non-prescription drugs, use generic or store brands when possible. If you have immunization clinics in your community, use them for your immunization needs. One of the better actions you can take to improve your financial health as well as your physical health is to stop or cut back on use of tobacco and alcohol. Prices for glasses and contacts can vary greatly between stores. It is well-spent time to comparison shop.

- Consider an HMO for your health insurance.
- Use generic brands of prescription drugs.
- Use generic or store brands of non-prescription drugs.
- Use immunization clinics.
- Stop using tobacco, alcohol and illegal drugs.
- Comparison shop for glasses and contacts.

**Education and Employment**  For your education needs your local library is a wonderful source of knowledge and information. Many low cost or free seminars are announced at your library. Use the library as a resource for education as well as entertainment. Instead of going to the movies, consider spending some time reading or looking at magazines at your local library. Also, the library will have audio books, DVDs to watch and CDs to listen to. They may not be the latest releases but they are still great entertainment at an unbeatable price.

If you have a community college within reasonable travel distance, use this resource to take classes that will help you in your line of work, or maybe help you secure a better job.

When enrolling in a class, ask if your employer has a tuition reimbursement program. If not and if the class is related to your job, ask if your employer would reimburse your class anyway! If your employer offers training programs at work, if all possible, participate in the programs.

Be on the outlook for better jobs opportunities and keep your resume updated and be prepared to talk about your accomplishments. When you are considering changing jobs remember to take your entire financial situation into consideration including health insurance, costs for commutes, work clothes and possible vesting in company benefits when you are comparing the different job offers.

- Use your local library instead of buying books for your studies
- Enroll in a community college program to upgrade your skills
- Take advantage of training offered at work
- Update your resume and prepare yourself for advancement

**Recreation and Entertainment – Fun for the Whole Family**  You don’t have to spend a lot of money to have a lot of fun. You can stay home and watch movies, play board games, or roast marshmallows in the fireplace. You can easily do all kinds of things at home. You just need to be creative.

In almost every community there are many opportunities to high quality entertainment. If you want to go to the movies, check out if you have a low cost movie theater close by. When going to a regular movie theater, make sure that you are going during times when the price is discounted and don’t buy drinks and popcorn at the theater. A family can spend almost as much on drinks and popcorn at the theater as they do on tickets. Free concerts are often given in parks and shopping malls. Maybe your local High School has a band or an orchestra. If they are good, go to their concerts. If you have a college or high school in your area that puts on musicals or theater performances—attend. These are good entertainment options at very low prices, if not for free.

Also, for your recreation and enjoyment, join your church or an organization in volunteer work. When going to restaurants and fast food places. Use coupons. Many
times you can get 2-for-1 coupons in the paper, local discount mailings or discount books.

$ Attend Concerts at Local Colleges
$ Go to Museums
$ Check out Community Events
$ Go to the Park
$ Borrow or Rent Movies
$ Bowl
$ Try Backyard Camping
$ Play Miniature Golf
$ See Movies at Discount Theaters
$ Play Cards and Board Games
$ Have Christmas in July When Goods are on Sale
$ Take Free Tours
$ Use your local library for books, tapes and CDs.
$ Use 2-for-1 coupons at restaurants.
$ Get involved in work at your church

Gift and Donations In your situation, recovering from financial injury, you need to be very restrictive with gift giving and donations of money. This does not mean that you cannot give to someone less fortunate than you. You just need to change the way you are giving. Instead of giving away money that you don’t have, give your time. Volunteer for different activities. Also when it comes to regular gifts to friends and family you can add to the value of the gift by making it yourself. If you don’t know how to do, consult some books from your local library!

$ Make gifts instead of buying them.
$ Contribute your time instead of money to your church or charity.

Savings Accounts One of the key elements of bouncing back financially is to start saving money. This helps to you not end up in the same situation again.

If you don’t have a savings account today, open one at your bank. It is very hard to use your regular checking account to keep your savings. By having a separate savings account, the money will not be as easily accessed for you to spend, and it shouldn’t be. Money in your savings account should not be used for any expenses that show up on a weekly or even monthly basis.

If your employer offers a direct deposit of your paycheck—take advantage of it! This will reduce the temptation of having access to the entire amount of your paycheck at once. But the biggest advantage with direct deposit is that you can instruct your bank to make an automatic transfer from your checking account to your savings account every time you get paid. Sometimes your employer can make the split of your paycheck and deposit part of the paycheck in your checking account and part in your savings account. Check with your employer and your bank for the best set-up of your direct deposit.

It is important that you transfer money to the savings account every time you get a paycheck. It is much easier to save if you never “see” the money in the first place.

If your employer offers a 401K plan with some form of matching contributions—sign up today. One of the absolutely best ways of building your retirement savings is to participate in such a plan. Your employer will give you money. You can’t afford to say “no thanks” to free money!

The first goal of your savings is to get started with regular savings. If you don’t save on a regular basis it is highly unlikely that you will save anything at all. The second goal is to have 3 months spending in an emergency fund. If you have kids, you should teach them to save. The best way is to give your kids reasonable allowances and encourage them to save.

$ Use direct deposit of your pay
$ Use automatic transfer over to your savings account.
$ If your employer offers a matching 401K program—take full advantage of
How to Bounce Back from a Bad Check
And Stay Financially Healthy

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it. Your employer will give you money!
$ Have a three-month emergency fund in a savings account.
$ Use emergency savings only for emergencies.
$ Set reasonable amounts for children’s allowance—and teach them to save.
$ Start saving today.

Now go Worksheet #1 in the workbook and fill in the word “Save” for Checkpoint #9.

Review the items that you have circled in the lists above. Use these lists to go back to your budget. Look at the costs. If you applied the tips that you have circled, how much can you save?

More Budget Preparation

Now, after reviewing all the money saving tips it is time to connect the list back to your budget. Immediately make the commitment to the savings goals you have marked in the lists above, and you will start to reap the benefits.

Take each item that you have marked in the list above and estimate how much you will save by implementing each saving tip. Looking at your numbers in your plan—your budget, adjust the budget to the new spending number.

If your budget came up short, which means that you had more expenses than you had income in your plan, this is a great way to balance your budget. Remember that even if you say that you will use all the money saving tips and save a lot every month, don’t start spending the money that you think you can save until you have proven to yourself that you can actually save this much from your spending. It is many times easier to plan to save than to actually do it. Stay focused and positive. Financial health is in your reach; millions of people are doing it every day.

Sometimes saving on your current spending does not seem to make a noticeable difference in your financial security. Maybe you are still short in your budget. It seems impossible to solve your problems and you are finding no way out. Then it is time to ask for help.

Take A Financial Fitness Test

Are you in a situation where you are getting deeper and deeper in “the hole”? Are you paying bills later and later? Are you taking new loans to pay off old ones?

These might be signs that you have a serious problem—that you need help to straighten things out. Help is available.

In order to find out if you should ask for help, take the Financial Fitness Test.

Now complete Worksheet #7 in your workbook.

What If I Can’t Make It On My Own?

These are tougher economic times but there are resources available to assist you in becoming financially strong on your own.

If the recommendations in the worksheet you just completed tells you to contact outside help, follow that advise. Normally the help available is free of charge, or has a very low fee. If you can’t find any credit counseling service where you live, call the national foundation.

Most of the credit counseling organizations will be able to assist you with your budget and take you through the implementation. They can also, in most cases, assist you by setting up and negotiating payment plans with the people that you owe money. In order to find out what is available where you live, contact your local organization. Your local bank can also be a source of information in finding someone locally that can help.

Maybe you are in a situation that you know you can handle but your credit report is bad and that seems to hurt you more than anything. Well, there are some good news and some bad news regarding credit reports. The bad news is that there are no quick and simple ways to get rid of a bad report. The many schemes that have been adver-
tised are just that—schemes to get your money rather than to help you. The good news is that there are a number of things you can do to repair your credit report and establish good credit.

Where To Go For Help
If your financial situation is getting worse, consider seeking help. Ask your bank for a local contact or look in the phone book under “Debt and Credit Counseling”.

National Foundation For Consumer Credit
National Foundation for Consumer Credit is a national organization that has 1,450 affiliated offices and organizations nationwide. Most of the affiliated offices have professional staff dedicated to help people in financial trouble. The fee is normally very small as most of the offices receive funding from the large creditors (banks and credit card companies). Contact National Foundation for Consumer Credit to get a local contact in your area.

- Telephone: 1-800-388-2227
- Internet: www.nfcc.org

There are also other non-profit organizations that can advise you and help you with debt consolidation, financial planning and budgeting.

Consult your local phone directory under Credit and Debt Counseling for the location closest to you or call the National Foundation for Consumer Credit and ask for the office closest to you.

Get a Financial Planner. Hiring financial help isn’t just for the rich, and it doesn’t have to be that expensive. Go to the Financial Planning Association (FPA) for a certified financial planner in your neighborhood. The FPA can be reached toll-free at 1-800-647-6340 or on the Web at http://www.fpanet.org.

How To Get A Bad Credit Report Back On Track
If you suspect that your credit report is bad, you can order a transcript of the report from a credit bureau. A credit bureau only keeps track to see if you are paying your bills in time or not or if someone has problems with you as a customer. A credit bureau does not approve your credit! Following is contact information to national credit bureaus:

- http://www.myfico.com
- Experian: 1-800-682-7654
- Trans Union: 1-800-916-8800
- Equifax: 1-800-685-1111

There are no miracle cures to rebuild a blemished credit. First, order your credit reports from http://www.myfico.com. You’ll be able to get your credit score and credit reports instantly online from all three credit bureaus — Equifax, Experian and Trans Union. Make sure your credit reports are free of mistakes. If there are mistakes, call the Credit bureau and the merchant or bank that have reported the mistake.

Pay up all accounts that are past due. If you cannot make all the payments, call your creditors and ask for a repayment plan that you can make.

If you own your home, consider a home equity loan to consolidate your debt. Do not do this without professional help. After taking out a home equity loan you need to reduce your spending, or you will have even greater problems within a short time.

Do not ever pay anything late. Always pay on time.

Apply for a gas credit card or a department store credit card. These are normally easier to get than regular credit cards. Use the card very little and always pay it off in time.
Apply for a small loan from your credit union or local bank. It is normally easier to get a loan from a local bank than from one of the national banks. If you cannot get a loan by yourself, consider asking someone to co-sign the loan for you. This person should know you and your credit problems before co-signing for the loan. The co-signer will be responsible for repaying the loan if you fail to.

You have written a bad check. The reason you have been going through this educational program is to help you to avoid writing bad checks in the future.

It is not easy to make a recovery from a financial “injury”. Most people can make it—you too!

To start your journey, write down the first steps on your journey. What are you going to do today in order to change your life?

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You have now completed this program except for the last and final Checkpoint in Worksheet #1 in the workbook. In order to complete checkpoint #10, put an X in the square by the Checkpoint 10.

Complete and send in your Financial Training Verification form to receive credit for completing this Financial Training Program. Also, a Program Evaluation form is available for your comments on your experience with this training. Your answers in will help us to refine the content of this program.

Thank you.