

Personal Finances Literacy™ in Challenging Times

Most of us never learned about personal finances in school. Or even from our parents. Maybe you learned how to balance a checkbook when you went to college. But most of us have had on-the-job learning – did we save enough to pay our taxes, repay our student loans, our car loans, our mortgage/rent, utilities? Do we have enough left over to take a vacation, donate to charity, give holiday gifts, start saving for our child(ren)'s college education, and for our retirement? Some people's eyes may have already started glazing over... For some, this is a scary subject.

It is important for each of us to be literate – to understand – our personal finances. Otherwise we rely on others who may not necessarily be looking out for our interests. And the results could be very expensive. This workbook will help you to better understand your finances and put you in control of your money.

How You Can Control Your Money

You're concerned about money – most everyone is. One of the major issues is: does your money control you or do you control your money?

Money, or the lack of it, can affect the quality of medical treatment you receive, the type of college you choose, and even your stress level.

Most people feel uncomfortable talking about money. Some people are not confident in their knowledge of financial matters. Money can be intimidating. But money influences almost everything you do.

Treating money management as taboo makes it difficult to become skilled at handling it. The more you learn, the more you **empower** yourself to make good decisions.

Developing financial skills and practices can help you control your money and help meet your life's financial goals, such as:

- helping you plan for retirement or for a vacation,
- provide you a comfortable life for yourself and your family, or
- manage to get through tough financial times.

This workshop will help you acquire appropriate money skills to help create the life you want.

First, let's work on identifying the **values** that are important to you. Personal success can be defined by living according to our own values – the things we believe are most important to us.

So what are some examples of values (these are just *suggestions*, they may not be **your** values):

- finding meaningful employment
- being responsible with your money
- spending time with your family and friends
- giving something back to your community
- protecting our environment

GOALS

A goal is something you want or need and which you attain by taking specific steps and making certain choices. Perhaps one of the most important things you can do is to identify what your goals are in life. This helps you focus on what it might take to achieve your goal. This provides you a long-term vision, using short-term motivation to organize resources to be successful.

Some goals require money. Some do not. One example is exercise. Your goal may be to exercise five times a week. Walking for an hour each time is free. Or you may need to purchase a new computer. This goal has a price tag attached.

SMART Goals

Here is an example of how you can write down your goals and make sure that they are meaningful for you:

Specific: "I want to buy an affordable new laptop computer." Not, "I want to buy the latest and greatest computer."

Measurable: "I need at least \$750 for the computer plus a 3-year warranty, including sales tax." Not, "I need some money for a computer."

Attainable: "I'll save \$25 a week from September through March." Not, "I'll win a radio contest to get the money for my vacation."

Realistic: "I plan to purchase a laptop costing no more than \$600, with 160gig hard drive and 2gb memory." Not, "I want to buy whatever computer is on sale."

Time-bound: "I'll have saved \$750 by the time I have to file my tax return." Not, "I want to save up enough money by March."

Your goals should match your values. Take a look at your list of needs and wants. Using the SMART model, above, write these down as SMART goals, then ask yourself – do my goals match my values?

For example, if putting aside money for your child's college education is a goal, it might look like this:

Specific: I need to put enough money aside for my daughter's college tuition.

Measurable: I need to invest in the Washington Guaranteed Education Tuition (GET) plan to have four years of tuition paid for before my daughter enrolls in 2020.

Attainable: I will have my employer deduct \$200/month from my paycheck and automatically transfer the money to the GET program.

Realistic: I can earn an additional \$200/month by working one extra 8-hour shift (overtime) each month.

Time-bound: I will save \$2400/year for 12 years.

Personal Values: I value a college education for my daughter that will not cause her to go into debt. This investment will cover her tuition for an undergraduate degree.

Defining Goals:

Short-term goals: Goals that can be achieved in three to six months, or less, such as saving \$200 to buy an IPOD, or \$1000 for a vacation, or to pay off your credit card debt.

Medium-term goals: Goals that take between six months to a year to accomplish. Perhaps a one-year commitment to save enough to buy a reliable used car.

Long-term goals: Goals that take more than a year. Saving for a child's college tuition, buying a house, starting a business, or retirement income are some examples.

Task: use the table, below, to list one short-term, medium-term and a long-term goal. Include a deadline for each as well as the estimated cost and the amount you will need to save each week to make your goal. Before you write down each goal, ask yourself – does this goal match my values? If not, reconsider your goal.

Time Frame	Goal	Achievement Date	Total Cost	Monthly Savings
Short-term				
Medium Term				
Long Term				

Tracking Your Spending

Often we are amazed at how much we wind up spending for things we do in our every day lives on items we are not really tracking. If you buy a soda in the vending machine at work every day you are spending almost \$250/year. Or a small coffee every day can cost you \$1000 a year. Or People magazine every week at the grocery check out stand (\$181.48).

Have everyone in your household track their spending for one month. There is a form at the end of the packet that you can use to help you get started. Be sure to record every single amount you spend – large and small. It is very basic and looks like this:

Expense Tracking Sheet

Date	Description	Paid by			
		Cash Amount	Check or Debit Card	Paid by Credit Card	Auto Pay from Bank

Noticing Your Spending Patterns

For most of us, the simple act of knowing you are writing down **all** of your spending will make you more conscious (maybe even self-conscious) about how you are spending your money.

Once you've written down your monthly expenses, organize them into categories.

(There is a monthly budget planner you may want to refer to. It is located further back in this packet.)

You will then be able to determine how you actually spent your money. Some questions to consider:

- Did you spend more, or less, on some of the categories than you initially thought?
- Do you see some spending patterns where you could save money next time instead?
- After reviewing your monthly expenses, how might you spend differently next month?

Sometimes one month's experience doesn't provide you with an accurate picture of your real expense pattern. For example, perhaps you pay for your car, or other, insurance on a quarterly basis. Or perhaps in this month you had an extraordinary expense, such as major repairs to your car, or perhaps you had a lot of dental work done. Or did you purchase some furniture? You get the picture.

If you tracked your monthly expenses for an entire year, you would have a complete picture of where all your money was spent during the year. This would take into account every expense.

Making a Budget for Yourself

Once you have seen the results of this process, you are ready to start building a budget – a plan for how you expect your expenses will be for the next year. You will determine how much you plan on spending for each different category. This is a tool for how you can control how you spend *your money*.

Of course, the first task is to put down all the **sources of income** you reasonably expect to get this year – employment income (after taxes are deducted), maybe you work part-time, or off the books work, such as baby-sitting, errands, laundry, etc. Include what you expect to make this year. Do you receive any other money, such as gifts (maybe from a relative on your birthday), or child support, or alimony, or interest from a bank account, etc. Then total up all the income you expect to receive and write it down.

If your income was more than your expenses, you ought to have had some money left over. Perhaps you saved it or invested it. (We'll talk about these topics, later.) Perhaps you spent more than you earned. Perhaps that means you borrowed money from someone to make up the difference, or you took money out of savings, or you have outstanding balances on a credit card. How much longer can you continue to spend more than you have? Or perhaps after all is said and done, you spent the same as you earned. Hopefully this workshop will help you find ways to wind up with more money than you've spent.

Now we'll get back to your expected **expenses** for the year. Make another copy of the Monthly Budget Form. This time use the first column to put down all the money you **actually** spent in each category in the last year. The next column is the amount you **expect to spend** for this year. Remember that inflation will cause some expenses to increase. On the other hand, because you now

have detailed information on how you spent money last year, you may know of ways to spend less this year.

Now the important part. Make 12 more copies of the blank Monthly Budget Form located at the back of this packet. The first column on each form will be the monthly budget for that category. This is determined by dividing your annual budget amount by 12. When you now track your spending each month, you will enter it in the second column and be able to compare that amount to what you budgeted. What do you notice? Was the amount you spent that month higher or lower than what you budgeted? Was there a valid reason for the difference (such as your quarterly car insurance bill was paid that month)?

Ideally, you will always track your expenses. That way you will always know your financial situation.

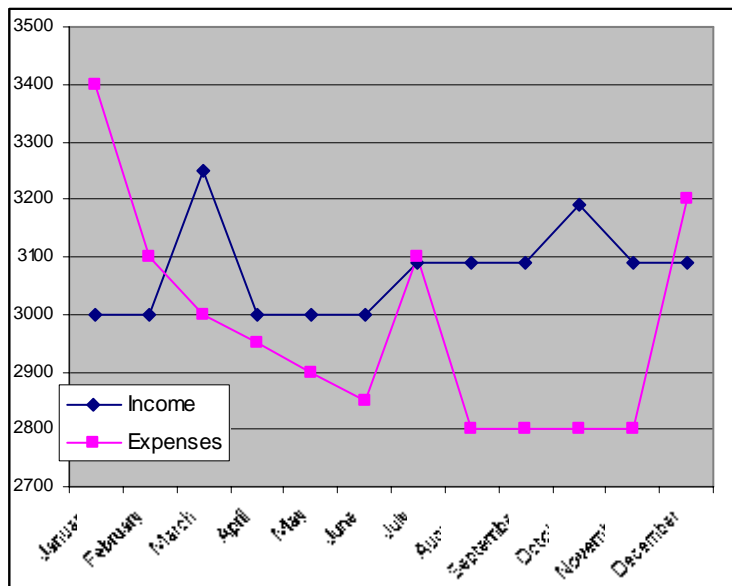
Are you on meeting your budget?

Do you need to make adjustments?

Next, let's make a chart of the amount of income or revenue you receive each month and your expenses for the same month. It might look something like this:

Income and Expense Chart

Month	Take Home Income	Expenses
January	3000	3400
February	3000	3100
March	3250	3000
April	3000	2950
May	3000	2900
June	3000	2850
July	3090	3100
August	3090	2800
September	3090	2800
October	3190	2800
November	3090	2800
December	3090	3200



This shows income of \$3000/month, after taxes, supplemented by a \$250 tax refund in March, a 3% salary raise in July, and \$100 in birthday gifts in October. The monthly expenses show spending \$3400 in January and a steady reduction of expenses except for July (for a vacation) and December (holiday gifts). When you start writing down all of your expenses and see how you spent your money each month, you will also notice that you will start spending less as you take control of your money.

Learning About Money

Learn from others: Talk to other people about how they handle their money. Do you have friends who always seem to have some money, even though they aren't wealthy? Maybe they know something about saving, investing and budgeting. How do they do it?

Do you know people who are constantly struggling to pay their bills, even though they make good money? Where does their money go? How do they handle money differently from your friends who seem more financially stable?

Share your success and challenges with friends: Share money-handling tips with friends. Do you find yourself paying bills late and being assessed late fees and finance charges? Ask a money-savvy friend for hints on how they remember to pay their bills on time. Do you have ideas for how to curb spending to share with your friends? Everyone has positive and negative stories to tell about money.

Take a personal finance class: This might be the most valuable course you'll ever take. What you learn could save you a not-so-small fortune throughout your life.

Search on-line: Use Google (or some other search engine) to learn about something you want to know more about. There is a lot of information resources right at your finger tips. (And if you don't own a computer, virtually every library has free access to computers and the internet.)

Use your local library: Talk with a reference librarian. There are a lot of personal finances books under the 332 section in the local library, and often the reference librarian can direct you to just the right book.

Money Basics

Checking Accounts

Most people open a checking account to pay their bills. Checks are safer than carrying cash. Checks cost less than buying a money order to pay a bill. You receive a monthly statement and either get back your canceled checks or receive scanned images of them, which will help you track your expenses. And for those who are comfortable with banking on line, you not only save on postage, check printing and the cost of an envelope, but you have instant access to knowing your balance, and which checks have cleared.

To use our model, what are your banking needs? Ask yourself:

- How much money, on average, will I be able to keep in my account each month?
- How many checks will I need to write each month?
- Do I want to go to the bank to deposit or withdraw money, or will I use ATMs?
- Would I prefer to pay most of my bills using online banking?
- Do I want to have multiple (free) checking accounts to pay only for specific functions (vacations, repairs, car, etc.)?

Now you'll have a better idea about the type of checking account, and its features, you'll need. For example, if you only plan to write a few checks each month, you might want to free, no-frills checking account. Or, if you prefer to bank at ATMs or over the phone or internet, you will want to look for an account with these features, and don't charge for them. (Banks often make more money on charging

customers fees, such as to use an ATM, than they do earning interest.) Before opening an account, check with your local banks and see if they have a special offer.

Also, consider your money “personality.” You may have had an experience with ATMs and found you were always withdrawing cash and spending it.

Handling Your Checking Account:

Once you open your checking account, you must maintain it properly. These steps can help you avoid costly and embarrassing mistakes:

Write down your transactions. For every check you write (even pay-by-phone or over the internet), enter the check number, date and amount into your register, and subtract it from your balance.

Consider check duplicates. If you can't get into the habit of recording your checks immediately, order checks that have carbonless duplicates. This way you'll have a record of the check and can enter the information later.

List all your ATM, debit card, pay-by-phone, internet transactions in your register. If you don't record the information and subtract from the balance, you may overestimate the amount of money you have.

Don't “bounce” checks. Bouncing a check is when you write a check for more than is in your account. The bank will charge you \$20 to \$30, or more, for each bounced check. Plus the company that tried to deposit your “bad” check might charge you as well. Bounced checks can also hurt your credit record.

Don't assume that your ATM account balance is correct. If you wrote a check that hasn't cleared the bank, your ATM balance appears higher than the money you actually have available.

Compare your bank statement to your own records. Check the bank's numbers with those you've written in your register. Sometimes we transpose numbers on our register (i.e., “\$23.45” instead of “\$32.45”). Make any adjustments (corrections) in your register. This is also referred to as balancing your checkbook. The statement generally contains directions on how to balance your checkbook. If you have any questions, please contact a bank representative to help.

Promptly report any errors or lost or stolen checks to your bank. Banks do make errors because humans enter the information. Sometimes you may be erroneously credited with someone else's deposit, or a deposit you made or check you wrote doesn't match your records because their data entry person transposed two numbers. Lost or stolen checks can be used to take money out of your account. Notify the bank as soon as possible.

Keep your bank statements, cancelled checks or check duplicates, with your other financial records for 5-7 years. (Not all banks return canceled checks; some now offer scanned images.)

Don't count on “floating” checks. The *Check Clearing for the 21st Century Act* allows banks to use digital imaging to replace the shipping of paper checks. This means that your checks will clear faster. It wasn't long ago that you could write a check without sufficient funds knowing that you would be making a deposit before that check would clear. Now many if not most checks clear immediately, meaning you could have wound up writing a “bad” or “bounced” check that could cost you about \$50 in fees plus a bad mark on your credit report.

Savings – Why & How

It's not often easy to save. All around us are messages to spend, spend, spend. But saving or investing puts your money to work for you. Learning to set aside some money – even small amounts – in savings adds up to significant amounts over a long period of time. This helps you develop a lifelong savings habit.

Saving for the unexpected: Repairs to your car, unanticipated medical expenses, or loss of a job. Having some money set aside in an “emergency” fund will help you deal with these situations. A good rule of thumb is to set aside enough money to pay for at least three months of basic living expenses.

Paying yourself first. This means putting money in your savings account before spending it on other things. Think of it as a bill you pay to your savings account. Some savings ideas to consider:

- If you receive money as a gift for your birthday, put half of it in your savings account, the rest in your checking account.
- If you have a job, put \$25 or \$50 from each paycheck into your savings account before paying other bills.
- If your job offers direct deposit, consider having a certain percentage of your paycheck deposited in your savings account.
- Put \$1/day, plus your loose change into a jar. At the end of the month you may have \$50 or so to deposit into your savings account.

You may be more motivated if you have a goal for the money. One short-term goal should be to set aside a few hundred dollars for emergencies.

Savings options. Now that you have a strategy for saving, where do you put that money?

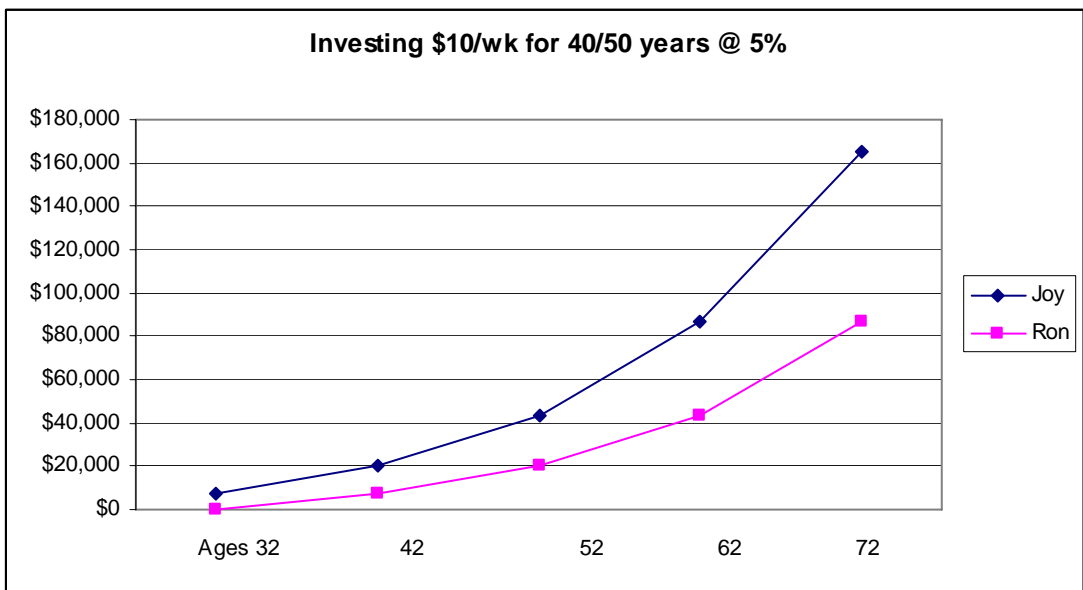
- **Savings Account.** Easy to open and provide easy access to your money. Typically pay only a small interest rate, but account is secure and backed by federal government against bank failure. Shop around to find best interest rate, including the internet.
- **Money Market Account.** You may need a minimum of \$500 or \$1000, or more, to open a money market account. Advantage is that it pays a higher interest rate. Disadvantage is that you may only be able to withdraw funds a few times a month. Depending upon where you open this account it may or may not be insured by federal government. Be sure to ask.
- **Certificate of Deposit (CD):** A CD provides a locked in interest rate for a specific period of time (can range from 1 month to several years). CD's usually pay higher interest, however if you need access to the funds before the end of the time period you may incur a penalty fee.
- **Web resources:** There are a number of useful web sites:
 - www.mymoney.gov
 - www.bankrate.com (provides savings, CD and money market rates)
 - www.practicalmoneyskills.com

Making Compounded Interest Work for You:

The key is to start early. If you can manage to start saving \$10 every week, and can deposit it where you will earn interest on it, you will see how much more you can earn on the chart below – all due to the power of compounding interest. Compounded interest means that each month the bank awards you interest on your deposit and adds it to your account at the end of the month. The interest you earn the next month is increased by both the interest paid on the interest you earned the previous

month, plus the additional deposits you made each week. The total after many years is magnified many times.

Starting at age 22/32	Joy	Ron	Joy	Ron	Joy	Ron
Interest Rate	5%	5%	6%	6%	7%	7%
Years Saved	50	40	50	40	50	40
Total \$ @ \$10/wk for 50/40 years at age 72	\$20,800	\$15,600	\$20,800	\$15,600	\$20,800	\$15,600
Total value at age 32	\$6,743	\$0	\$7,121	\$0	\$7,525	\$0
Total value at age 42	\$17,862	\$6,743	\$20,096	\$7,121	\$22,680	\$7,525
Total value at age 52	\$36,192	\$17,862	\$43,738	\$20,096	\$53,199	\$22,680
Total value at age 62	\$66,414	\$36,192	\$86,817	\$43,738	\$114,654	\$53,199
Total value at age 72	\$116,242	\$66,414	\$165,313	\$86,817	\$238,411	\$114,654



You can see that Joy, by only depositing \$10 a week, at 5% interest, compounded monthly, has deposited a total of \$20,800 over 50 years, but the value of the account is over \$116,000! Note that Ron also deposited \$10/week, but didn't start until 10 years later. His total deposits were \$15,600, which has grown to over \$66,000. Essentially, the first \$5,200 that Joy deposited in those first 10 years has yielded almost \$50,000 additional by starting earlier – thanks to compounding interest rates.

By the way, had Joy only contributed \$10 a week for the first 10 years and left the money alone, it would still continue to grow due to compounded interest, and would be worth \$49,618. This was based on total deposits of \$5,200 over ten years. Note that Ron, who started 10 years later, but kept depositing \$10 every week for 40 years (\$20,800), only has \$15,000 more to show for his efforts, even though he deposited \$15,000 more than Joy did. This shows the power of depositing money early in your life and letting it stay in an interest account, working for you.

High-Cost Options of Not Having a Checking or Savings Account

You've seen the ads – check-cashing stores, payday loans, rent-to-own stores. These short-term financial “fixes” will cost you big bucks...

Check-Cashing Stores: Most charge a fee of \$4 for every \$100 on a payroll check. If you're being paid \$800, it costs you \$32 just to cash it. That \$32 could be used for gas or groceries. For personal checks they charge even more.

PayDay Lenders: This is a small, high-interest, short-term cash loan. You usually would write a post-dated, personal check for the amount you want advanced on your pay check, plus a fee. The PayDay Lender holds onto the check for the loan period and then deposits it. Trouble is that many people get caught in a payday loan cycle of debt with each succeeding paycheck. This is often referred to as "rolling over the loan."

Lower Cost Options to Consider:

- Ask to borrow from a friend or family member
- Ask your employer for an advance on your paycheck.
- Ask about delaying or making payment arrangements on non-interest bills, like telephone and utility bills. While they don't charge interest, they may have late fees unless they agree to waive them.

If you do take a PayDay Loan...

- Shop wisely and understand the terms before you sign on the dotted line.
- Comparison shop for the lowest fees and interest rates. You must receive a disclosure statement stating the finance charge and annual percentage rate (APR) of your loan. For example, a 14-day, \$300 loan with a \$45 fee has a 391% APR!
- Borrow only as much as you can afford to repay with you next paycheck.
- Be sure to repay on time and in full.
- Avoid borrowing from more than one lender at a time.
- Plan for the future by making a realistic budget to help avoid borrowing for emergencies.

Auto Pawn Loans: Some pawn shops will lend you a small portion of your car's value. But if you miss even one payment, you could lose your car. It works like this: Let's say your car is worth \$500. They may lend you a maximum of \$1000 in exchange for your car's title. They give you 6 months to pay back the loan with a 10% monthly interest charge. If after 6 months you haven't paid the loan amount (\$1,000), plus the interest (\$600 = 10\$/month X 6 months), then they repossess your car (for which they will charge you a \$50 repossession fee. When you return, let's say, a month later, they have also charged you a \$5/day storage fee, or another \$150. So, to borrow \$1000 for 6 months would cost you an additional \$800 (\$600 interest, \$50 repossession fee & \$150 storage fee).

Rent-to-Own Stores: Say you want a TV (or couch, or bedroom furniture, etc.) that costs \$400, but you don't have the cash. These stores will rent you a set for \$15.95/week. Let's say you rent it for a year and a half, after which you would own it. You will have paid \$1343.94 (including 8% sales tax) for that \$400 TV.

NEED CASH?:

- Try selling something you no longer need – an old bike or skis.
- Do odd jobs for pay.
- Find a part-time or seasonal job.
- Borrow from a friend or relative.

Creating Your Own Budget:

Now that you have been recording your expenses and income, and grouping them by category, you may find it useful to have a monthly plan so you can see changes. One example is printed, below. Make your own plan of your projected expenses and income. At the end of the month compare your actual expenses to your budget. In the model below you can see that there is a difference of \$185 between actual and budget...

Monthly Budget Planner

Income Source	Budget	Actual	Difference	Notes
Take home salary	\$3,000.00	\$3,000.00	\$0.00	
gifts	\$25.00	\$25.00	\$0.00	
tutoring	\$100.00	\$75.00	\$25.00	cancellation
Total Income	\$3,125.00	\$3,100.00	\$25.00	
Expenses				
Savings	\$50.00	\$50.00	\$0.00	
Rent	\$850.00	\$850.00	\$0.00	
Utilities (heat, elec., etc.)	\$125.00	\$135.00	-\$10.00	heat cost more than planned for
Phone/cell	\$50.00	\$55.00	-\$5.00	411 charges
Internet/Cable TV	\$50.00	\$50.00	\$0.00	
Groceries	\$500.00	\$520.00	-\$20.00	
Eating Out	\$200.00	\$250.00	-\$50.00	forgot to bring lunches a couple of times
Car insurance	\$150.00	\$150.00	\$0.00	
gas	\$100.00	\$90.00	\$10.00	gas prices are dropping
car repairs	\$100.00	\$0.00	\$100.00	no repairs... this month
education	\$350.00	\$375.00	-\$25.00	textbooks cost more than planned for
clothing	\$100.00	\$125.00	-\$25.00	bought shoes on sale - not planned for
children	\$200.00	\$250.00	-\$50.00	they brought more lunches than bought
pets	\$100.00	\$60.00	\$40.00	no vet bills this month
entertainment	\$100.00	\$150.00	-\$50.00	got DVDs from library instead of going to movies
miscellaneous	\$100.00	\$175.00	-\$75.00	late fee on credit card bill, haircut
Total Expenses	\$3,125.00	\$3,285.00	-\$160.00	More expenses than income - see if you can reduce your expenses or find more income!
Net Surplus (Deficit)	\$0.00	(\$185.00)		

Making changes:

If your expenses are more than your income, you have three options to “fix” it:

- 1) Increase your income: See if you can work some overtime, talk with your employer about a possible promotion or earning a merit raise, seek out additional part-time and/or seasonal jobs, perhaps you have a hobby that can earn you some money (selling handmade goods or foods, tutoring, etc.).
- 2) Reduce your expenses: If the amount isn't too great, it usually is easier to reduce your discretionary expenses, such as entertainment, making lunches rather than eating out, making a thermos of coffee at home, buying less clothing, lowering the heat, vacationing closer to home, even reducing gifts to others and charitable contributions, etc. If you need to make big cuts, you might need to institute a cutting most if not all of your discretionary expenses, or might need to look at moving to a less expensive place to live, taking in an additional housemate, even selling

your car and saving on the payments, insurance and gas. These may be tolerable if the goal is important, and the amount of time you have to “do without” isn’t too great to be self-dooming to your morale.

- 3) A combination of both the above – increasing your income a little and reducing your expenses. It may be easier to look at several changes rather than just one or two.

Not-so-Insignificant Expenses...

This helps show you how some seemingly insignificant expenses really add up over the cost of a year. Each of us has experienced this. Below are some examples, and you can fill in your own expense(s) and determine your own annual impact.

Not-so-Insignificant Expenses Over a Year

Item	Cost	Average Cost per Month	Average Cost per Year
Tall latte, once a day	\$3	\$90	\$1,080
Soft drink(s) twice a day	2 @ \$1	60	\$720
Not bringing lunch to work and eating out M-F	\$8	160	\$1,920
Dining Out (evenings & weekends)			
Snacks, convenience store purchases			
Entertainment (concerts, movies, etc.)			
CD's, music downloads			
Magazines, books, newspapers, etc.			
411 calls, text messaging, long distance charges, etc.			
Clothing			
Recreation, sports, etc.			
Video, DVD, game rentals/purchases			
Having friends over for dinner			
Vacation(s)			
Charity			
Other			
TOTALS			

Look at your Not-so-Insignificant Expenses. Determine how important each expense is. Identify the expenses you can cut back or eliminate. For example, instead of purchasing two cans of soda each day, buy a 12-pack in the grocery store (\$3-\$4 per case, or 25-30 cents each) when they are on sale and keep them in your refrigerator at home and/or bring one to work each day. This saves you about 70% a year and still allows you two sodas a day. Or bring your lunch to work with you every day – the \$8/lunch savings are over \$1900/year. You also could reduce eating out to once a week with your work colleagues and still save over \$1500/year.

Other ways of saving:

- \$ Make your **coffee** at home and bring it in a thermos.
- \$ If your **transportation costs** include parking, if you can take a bus to work it would save you parking and gas costs. Plus you would have time to read (or knit, etc.) while riding.
- \$ **Late fees** are very costly, some credit card companies charge as much as \$39 (plus interest) each time. Keep track of all deadlines and even if you can't afford to pay the entire bill, pay at least something to avoid the late payment fees.
- \$ Are you eligible for **discounts**, such as being a student, a member of AAA or the AARP, etc.
- \$ Rather than purchasing magazines, DVDs, CDs, books, etc., considering **renting** them. Or use a service such as Netflix (limit yourself to one item at a time), use Redbox (\$1/night), or better still, **borrow them for FREE**, at the library.
- \$ Look in the **newspaper** (don't buy one, pick up "used" copies at local coffee shops or at the Library) to **find free, or cheap, cultural events to attend**. Volunteer to usher at a theater. Museums usually have at least one day a month when they have FREE admission. Galleries usually don't charge at all, and when an area has a gallery night once a month, may even offer some light refreshments.

Groceries & Food:

- \$ If you like playing games, try playing "**How much can I save this week?**" Make it a quest to see where you can economize. Some do it by only buying items when they are on sale, and then stocking up on them. Or using **store brand vs. national brand** products. (Consumer's Reports – available at the Library – rates products and proves that store brand items can offer significant savings without sacrificing taste.)
- \$ Find stores (**Sunshine Liquidators, Big Lots**, etc.) that specialize on discontinued or stale-dated items, often at unbelievable prices. **Grocery Outlets**, a chain in the NW, also offers many items similarly, at significant savings.
Costco may be appropriate for some, but it depends upon how much you expect to shop. It costs \$45/year to join so it takes a while to save enough to pay that back. On the other hand, they have the lowest price gas (and if you use their free American Express credit card you get 3% rebate on top of that), pharmacy, optical, hearing aid prices, and even a new auto buying service. Not all products on sale at Costco are the cheapest – some items are still cheaper when on sale at your local grocery store – and sometimes you wind up buying more than you can use. Just use a little restraint and shop for your best value...
- \$ **Organic/Health foods** – In addition to the local **PCC** (which may not be "cheap" vs. a conventional grocery, but is generally cheaper for organic items), or **Trader Joe's** (many locations) offering more up-scale items, but at reasonable prices, consider joining a CSA (**Community Supported Agriculture**) which essentially is buying a share of an organic farm's produce each week for the growing season. It might cost \$500, but you get seasonable, organic fruits & veggies for a family of four for about \$25/week (**Root Connection**, Woodinville, 425-881-1006 is local, or contact **Seattle Tilth** for a directory – 206-633-0451). **Costco** now carries a number of organic products, including their own brand (Kirkland). Or see if you can join a **Food Buying Club**, usually a group of families that together put in an order directly to a wholesaler

(usually once a month) and then share in the savings. **Farmer's Markets** are another way to be a locavore, saving some money and ensuring you are eating fresh, local produce. **Yakima Fruit & Vegetables**, 17321 Bothell Way, Bothell (425-486-6888) is a local seasonal (March-October) produce market open 7 days/week, 12 hours/day.

- \$ **Food Banks** – there may come a time when you need to do what is necessary to put food on your table. There are numerous food banks in the Puget Sound. If you have access to the internet, try this - <http://www.hope-link.org/gethelp/food> - for a listing of all the local food banks and food assistance programs.

Medical:

With the cost of health care rising faster than inflation for many years, here are some possible opportunities to be sure you get necessary medical care at a lower cost:

- \$ **Health Insurance:** Washington State has a Basic Health Plan with a cost dependent upon your income. There may be a waiting list to enroll, so contact them ASAP – 1-800-826-2444. Adults may be eligible for sponsorship through Evergreen Community Health Care – call 425-899-4247 for information.
- \$ **Hospitals:** The Hill-Burton Act ensures that hospitals who received federal funding must treat patients without regard to their ability to pay. If you are unable to pay your bills, you need to ask about assistance under this Act.
- \$ **Health Clinics:** There are a number of Community Health Clinics providing services on a sliding scale. For a complete listing of clinics that charge a sliding scale fee, please contact the Seattle Public Library's Information Service. For alternative medicine, there is the Bastyr Center for Natural Health (206-632-0354) in Seattle, which offers a student training clinic, open to the public.
- \$ **Dental Clinics:** Several community colleges, such as Shoreline and North Seattle, and Lake Washington Vocational College (425-828-5600) offering dental hygiene clinics at reduced cost. The UW has a Student Clinic (206-616-6996), and King County offers a Health Access Program (206-684-0331). Call far in advance for any of these clinics as there can be a long wait time for an available appointment.

Utilities/Energy/Conservation:

Many utility companies provide **free energy audits** – analyzing your home's energy efficiency, and suggesting ways to save money. Some suggestions are low-cost/high value (such as using a **caulking** gun to fill gaps near windows and doors to make them more weather tight. Others may require an investment that will yield savings a number of years down the road. Contact your utility and see if they offer such an audit. Below are some cost-effective ways to save money on your utility bills now:

- \$ Use **compact fluorescent light bulbs**. While they are nominally more expensive to purchase, they save more than 75% of the energy for comparable wattage, and they last up to ten times as long. (Look to purchase them when they are on sale and when the utility companies provide rebates to make them \$1/bulb.)
- \$ If you have an **electronic thermostat**, program it to set specific temperatures in your house for specific hours every day, reducing it automatically when you leave in the morning for work/school, increasing it just before you return, reducing again when you go to bed and increasing it just before waking up. If you don't have an electronic thermostat, consider purchasing one (\$40-\$100). Each degree you reduce the temperature will save you many dollars over the year.
- \$ Reduce the temperature on your **water heater**. It usually is set for 140F (which if you have young children could cause them to get scalded); reduce it to 120F.
- \$ **Unplug unnecessary appliances**, especially chargers. All these items use electricity all the time, even when you're not recharging your cell phone, etc. Or consider plugging all of them into one power strip with an on/off switch.

- \$ **Replace failed windows.** If you have double pane glass that is permanently “fogged” between the panes, it means that the inert gas that was originally there has now leaked out and now the glass is just the same as a single pane of glass in terms of insulation value. If you have single pane windows, consider replacing them. If that’s not affordable at the moment, there are plastic **storm windows** that can be placed on the inside of your windows for the colder months, generally saving at least their cost, and increasing the quality of the temperature inside and will help your heating system last longer (by not cycling on and off as many times).
- \$ Install **flow restrictors** on your bathroom and kitchen faucets as well as your showerhead.
- \$ If your **toilet(s)** are old, consider replacing them with the new low-flow models (some have jet action to ensure flushing everything down). Depending upon how many people use the toilet every day, the payback in water reduction can take a couple of years.
- \$ Always **remove the lint** in the lint trap after every load, and clean the exhaust line twice a year. Not only will this reduce the risk of fire, but your clothes will dry faster, using less energy.
- \$ Your **refrigerator** uses more energy than virtually any other appliance you own. Vacuum the back (the coils) of your refrigerator twice a year. This will make it more efficient to cool, and save energy.

DVD’s, CD’s, Books, Magazines / Clothes / Furnishings, etc.:

- \$ **King County Library** (www.kcls.org) offers online ordering (you can scan their entire collection and have it delivered to the library location of your choice), where you can sign up for movies and every other item in their catalog. You can renew online as well.
- \$ **Red Box** (located in many supermarkets) charges \$1/night for recent DVD’s. Must register with credit card on line, but after that just go into the store and swipe your credit card. If you remember to return it the next day by 6pm, it only costs \$1 (+tax).
- \$ **Half-Price Books** (many locations) offers books, magazines, software, etc. at “half-off”
- \$ **E-Bay, Craig’s List**, etc. There are many places online where you can find great bargains – but beware of shipping and handling costs that get tacked on.
- \$ **Garage/Yard Sales.** This is the thrill of the hunt. Even the hunter-gathers enjoy stopping by and seeing what is to be had at bargain prices – usually ten cents on the dollar for most items.
- \$ **Thrift stores.** There are chains (Goodwill, St. Vincent DePaul’s, Valu Village) and lots of church-affiliated thrift stores carrying all sorts of items. Never can be sure what’s in stock, but take a look.

Entertainment:

- \$ Many theaters have programs that allow you to serve as an **usher** for a show (usually means you have to show up an hour early), and be able to be seated in the audience once the show begins – for FREE. Some theaters occasionally offer a “pay what you will” price for selected performances.
- \$ **Discount Theater Booth:** Ticketmaster has a day-of-performance tickets at Westlake Center (cash only, 206-233-1111).
- \$ **Ticket/Ticket:** tickets at half-price, plus a small fee. Matinee tix available day in advance; evening performances same day only. Two locations – Broadway Market (Yues.-Sun, 10-7) and Pike Place Market (1st & Pike), 12-6. Cash only.
- \$ **University Drama/Music/Dance programs** offer inexpensive and even FREE performances during the academic year. (UW and Cornish College of the Arts have most offerings.)
- \$ **Museums offering FREE admission on the 1st Thursday of each month:**
 - \$ **Henry Art Gallery** (UW campus)
 - \$ **Seattle Art Museum:** (1st Ave. & University St.)
 - \$ **Seattle Asian Art Museum:** (Volunteer Park) Also FREE first Saturdays each month.
 - \$ **Burke Museum** (UW campus)
 - \$ **Museum of History & Industry**
 - \$ **Northwest African American Museum**
- \$ **Olympic Outdoor Sculpture Park:** FREE every day!

- § **Bellevue Art Museum:** FREE on first Friday of each month.
- § **The Crest** (165th & 5th Ave., Seattle) is \$3 for all shows for movies that already have had first-runs and are about to come out on DVD
- § **Wineries:** The area has a lot of them, particularly in Woodinville. Take advantage of free wine tastings by taking a leisurely day, supplemented by a picnic or even a bicycle ride off the Sammamish Slough trail. (Ste. Michelle, Columbia, DeLille, Facelli, Silver Lake, Redhook (minimal charge for tour and tastings), etc.
- § **Third Place Books:** (located in Lake Forest Park and Ravenna) has free entertainment every night of the week, ranging from book readings, to poetry, to music and dancing. Check their schedule - www.thirdplacebooks.com

Transportation (Cars, Gas, etc.):

With the price of gasoline becoming more expensive, there are several approaches.

- § If you own more than one vehicle, can you eliminate one? Savings come from not having to insure it ,plus the wear and tear and upkeep on it.
- § If you must continue to drive, drive the car with the best mile per gallon for as many of your miles as possible.
- § Consider using a gasoline company credit card. There usually is no annual fee. For example, Shell Oil gives you a 5% rebate on your Shell gasoline purchases. At \$4.00/gallon, that's a 20 cents/gallon savings. An American Express credit card will rebate you 3% of gasoline purchases from any gas station.
- § Be sure your tire are fully inflated (usually about 32 pounds of pressure). Less than fully inflated increases friction and reduces gas mileage.
- § Be sure your car's engine is tuned at recommended intervals. A lot of gasoline can be saved when your engine is tuned.
- § Reduce as much weight in your car as is safe. Trunks are great catch alls and your engine works harder carrying more weight.

Transportation (Buses, etc.):

- § Consider taking the bus, especially if you are heading to Seattle where parking alone can cost \$8-\$10 for two hours downtown. Yes, it takes more time than driving, but you can use the time to read, knit, snooze, etc. and it's far less stressful. Oh yes, even though the cost may be \$4 or so round trip, you probably would use a gallon of gas to travel 20+ miles round trip, plus save the parking costs, too. And if you commute regularly, the cost of a monthly bus pass is even less/round trip.

Recreation:

The area is full of parks, trails and public access sites. There are community gyms and pools, charging a reasonable fee for entry and use. There also are YMCA's and commercial gyms.

Get Away to the Country in Seattle?: One of the wonderous opportunities includes Camp Long, in West Seattle, a naturalist park, offering a climbing rock, log cabins for rent, campfires, etc. It's an inexpensive get-away. (206-684-7434)

Charity:

OK, this may not be a way to save, but since there always will be people who may be less fortunate than you or I, it may still be important for us to continue making charitable contributions. If so, here are some strategies to consider:

- § We suggest budgeting annually for three types of donations:
 1. Put aside some funds to sponsor neighbors, friends, or family who may be participating in a fund-raising event. Rather than give a specific amount per lap or mile, set a specific amount regardless of the results.

2. When asked to contribute to a charitable organization, ask for written information and then twice a year sit down with your family and ask for their input on the priority of each organization. Not only is this a good learning experience for children, it helps personalize the mission and goals of each charity. Decide your annual budget in advance and don't go over it. This will help clarify your priorities as well.
 3. As a family, identify one social project or charity you all feel most concerned about. Don't dilute your amount by only choosing one per year.
- § As a family, or as individuals, find a cause you can help personally, without having to donate money. This may be a homeless shelter, food bank, soup kitchen, environmental project, etc.

Monthly Budget Planner

Income Source	Budget	Actual	Difference	Notes
Take home salary				
gifts				
Additional income				
Total Income				
Expenses				
Savings				
Rent/Mortgage				
Utilities (heat, elec., etc.)				
Property taxes				
Homeowners/Renters Ins.				
Phone/cell				
Internet/Cable TV				
Groceries				
Eating Out				
Health insurance, co-pays, etc.				
Car insurance				
Car payment				
Gas, oil, car repairs				
education				
clothing				
children				
pets				
entertainment				
vacation(s)				
charity				
gifts				
Personal (hair, grooming)				
Student loans				
other				
miscellaneous				
Total Expenses				
Net Surplus (Deficit)				