



## Seven Steps to Better Money Management

The following tips are designed to help you manage your money more effectively.

**1. Calculate your Net Income.** Know all your sources of income after deductions, like income taxes and 401k, are removed. This number ultimately determines what you can spend each month.

**2. Create a Personal Budget.** A budget is your roadmap for spending and is a tool to help you achieve your financial goals. Save your receipts and take the time to add up all of your expenses for a month. Subtract your expenses from your Net Income, calculated in Step 1. If the result is a positive number, then you are living within the limits of your income. If the result is a negative number, your expenses are exceeding your income. Look for non-essential expenses that you can reduce and recalculate. Ask yourself if each expense is a “want” or a “need,” and try to minimize spending on the “wants.” Most importantly, once you create a budget, stick with it. Make adjustments, as necessary. Having a budget will allow you to control your money rather than your money controlling you. Ask your banker for a copy of the *Personal Budget Planner*, which will help you create a budget.

**3. Balance your Checkbook.**

The balance in your checkbook is a critical number in money management because it allows you to know exactly how much money currently you have to save or spend. Keeping an accurate checkbook register also allows you to review where you spend your money. Be sure to record all transactions, including ATM/Visa Check Card transactions, checks, and deposits. For more information on balancing your checkbook, request the brochure “Eight Simple Steps for Balancing Your Checkbook” from your banker.

**4. Minimize your Use of Credit Cards.** Millions of Americans are in debt. Credit card debt is an easy trap to fall into. The best way to avoid this trap is to avoid using credit cards altogether. If you like the convenience of a credit card, consider getting a check card instead. Check cards are accepted at most places that accept credit cards. The difference is that the expense is automatically deducted from your checking account balance, which reduces your urge to spend more than you have. Be sure to track each check card transaction in your checkbook ledger, just like you would if you wrote a check.

**5. Pay Down Your Debt.** If you have Credit Card debt or other debts, pay the maximum to your highest interest rate debts first and the minimum on lower interest debts to pay debts faster.

**6. Establish Savings.** Pay yourself, first. When you pay your monthly bills, write a check to yourself and put it in your savings accounts. If you get your paycheck deposited automatically, ask your employer about having a portion of your paycheck deposited to your savings account.

**7. Know Your Credit History.** Credit reporting agencies collect data regarding your credit repayment history and sell this information to lending agencies.

If your report shows that you are late paying bills, have maximized lines of credit, or have bankruptcies or other collection activities, this will negatively impact your ability to get credit.

You can request your credit report from the following credit reporting agencies:

Equifax [www.equifax.com](http://www.equifax.com)

Trans Union [www.transunion.com](http://www.transunion.com)

Experian [www.experian.com](http://www.experian.com)

If you have been denied credit, you can get a copy of your credit report free. Otherwise, a small fee may be required.

If you find incorrect information in your credit report, contact the credit reporting agency. They are required to investigate the information within 30 days and delete the information if it cannot be verified. Your rights are further described in the Fair Credit Reporting Act.