

Effective Strategies for Saving

The following recommendations are designed to help you establish and or grow your personal savings.

1. Pay Yourself First.

When you pay your monthly bills, write a check to yourself, first and put it in your savings account.

2. Don't Borrow Additional Money to Pay off Debts or Bills.

3. Cut Expenses.

Get this number by analyzing your budget and determining where reductions can be made (e.g., eating out, buying snacks and lunch at work, going to the movies, etc.). Once you have determined how much you plan to cut, use this "found" money to pay down the balances on your debts.

4. Optimize Your Monthly Payment.

Pay the maximum amount towards your highest interest rate debts. Pay the minimum amount on all other debts.

5. Ask for Reduced Interest Rates.

Some creditors, especially credit card companies, will reduce your interest rates if you just call and ask. If you receive offers for other credits cards with lower interest rates in the mail, use those offers as leverage when you are re-negotiating your rates with your current creditors.

6. Set Goals and Priorities.

Determine what's important. When you prepare to buy something ask yourself if this purchase is in line with the priorities you have set and will it help you reach your goal or delay it.

7. Check out the website: <http://www.quicken.com/saving/debt/>

This site provides a free Debt Reduction Planner that allows you to determine the amounts you should be paying towards each of your debts and calculates the money you will save by paying your debts in the recommended order. Additionally, the program tells you when each of your debts will be paid off.

Debt Reduction Strategies

The following tips are designed to help you reduce your debt quickly and economically.

1. Create a Budget and Stick With It.

Your budget should include all of your current expenses. Request a copy of the Personal Budget Planner for more information on creating a budget.

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http://download.cnet.com/Debt-Reduction-Calculator-for-Excel/3000-2057_4-10770226.html?part=dl-DebtReduc

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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
- Trans Union: www.transunion.com
- Experian: 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.

Eight Simple Steps for Balancing your Checkbook

Do You Fit in One of these Categories?

A) Nice try, but...

You try to balance your checkbook using pencil and paper, but find it frustrating and have difficulty making the numbers agree.

B) See No Evil - You avoid the frustration altogether by

1. Ignoring your monthly statement altogether,
2. Using the bank's balance, or
3. Keeping an approximation in your head.

This brochure will help simplify the balancing process and hopefully reduce the anxiety level when your bank statement arrives.

How Your Bank Statement Works

Seldom will your bank statement and checkbook register agree. But, that is no reason to panic. It's merely a matter of timing.

Your statement lists the transactions posted to or cleared to your account as of the closing date. The closing date is usually found in the upper right-hand corner of the first page of your statement.

Once your statement has closed, it will take a few days for the information to be printed and for it to arrive in the mail. Meanwhile, you are continuing to write checks, make ATM withdrawals and/or deposits, and hopefully, keeping track of these transactions in your checkbook register.

Remember, it also takes a few days for your checks, ATM, Visa Check Card, and/or deposit transactions to be recorded on your account.

Record, Balance, Repeat

Recording each transaction in your checkbook register and adding or subtracting it from the balance is the first step to simplifying the balancing act.

It's important to record the transaction at the time you actually write the check, make a withdrawal, or make a deposit.

By recording the transactions and balancing your account total in your checkbook register, you'll get a clearer picture of your spending habits and know exactly how much money you have. And, if for some reason you detect a problem, the sooner you can correct it, the better.

Continued on next page...

The Balancing Act

Balancing your checkbook each month within a day or two of receiving your statement will not only reduce your stress level, it will lessen the amount of time it takes to complete the task.

On the back of your monthly statement is a handy form to help you balance. Use it along with the following steps to make balancing a snap.

Before you begin, gather the following:

- Your last two bank statements
- Your checkbook and register
- Any ATM and/or Visa Check Card receipts that you did not record in your checkbook register
- A pencil

Eight Steps to Balancing

1. Record Interest Earned

In your checkbook register, enter all of the interest earned on your account (if applicable). The interest earned will appear on the front of your statement.

Add this balance. Be sure to record any other credit amounts listed, such as bank corrections.

2. Record Service Charges, Etc.

In your checkbook register, record any charges that have been subtracted from your account, as shown on your statement. These charges may include:

- Monthly services charges
- Per check charges
- ATM transaction charges
- Non-sufficient Funds fees

Subtract these charges from your register balance.

Last Checkbook balance	_____
Interest from Statement +	_____
Subtotal	_____
Service Charges from Statement -	_____
"New" Checkbook Balance	_____

Eight Steps to Balancing – continued...

3. Verify Deposit Amounts

Look at your latest statement and verify that all deposits listed match the deposit amounts listed in your checkbook register.

Make a list of any deposits that are listed in your register but do not appear on your statement. Add these together.

Tip: Use the worksheet on the back of your statement.

Date	Outstanding Deposits	Amount
	TOTAL	\$

4. Match All Check Entries

Match the entries in your register with the transactions listed on your bank statement. Compare check numbers, dates, and dollar amounts on all checks written. If these items match, place a check “✓” mark next to the transaction in both your register and on the bank statement.

If they, don’t match, circle the item in both places so that you can come back to fix the error once all of the transactions have been checked off.

If Transactions Don’t Match Check for one of three errors:

1. The item was recorded incorrectly in your checkbook register,
2. The item paid or was credited to your account for the wrong amount, or
3. Your check numbers were listed incorrectly.

To Correct the Errors

1. Simply look at and/or recheck your canceled checks or check images, deposit receipts, and/or ATM and Visa Check Card receipts.
2. Remember some items will not be checked off. These are called “outstanding items.”

Note: If you do not have cancelled checks or images returned with your statement, contact your branch and have them send a copy of the item in question.

5. Check for Outstanding Items from Previous Statement

Be sure that all of the outstanding items from your previous statements have been included in this statement. Otherwise, they are still outstanding.

Note: If an item is outstanding for 60 days or more, contact the person or company you wrote the check to and see if the check has been received. If it hasn't, the check may have been lost and you may want to call the bank and make a stop payment.

6. Verify Other Debits on Statement

Verify that additional withdrawals listed on your statement, other than checks, are charged for the amount actually drawn. This includes ATM withdrawals, Visa Check Card transactions and any automatic debit transactions like insurance payments, loan and/or utility payments.

7. List All Outstanding Checks

Make a list of all outstanding checks or ATM/Visa Check Card withdrawals. These are transactions that appear in your checkbook register that do not have a check “✓” mark next to them. Add these items together. Tip: Use the worksheet on the back of your statement.

8. Balance

Now, balance your checkbook register to your bank statement. Use the formula below, which is also located on the worksheet on the back of your statement.

Statement Ending Balance	
ADD (+) Deposits Shown in Checkbook Register But Not on Statement	
Subtotal	
MINUS (-) Total Outstanding Checks	
TOTAL	\$

Compare this total with the ending balance in your checkbook register. They should be the same. If not, there’s a mistake. Do Not Panic! This can be easily fixed. If they are the same Congratulations! You’ve successfully balanced your checkbook.

If Things Don’t Add Up

- Take a short break to clear your head.
- Start by re-verifying your outstanding items.
- What’s the difference? Is your checkbook balance higher or lower than your statement? Subtract the smaller figure from the larger one to get the difference. Now...
 - Divide the difference by 9. If 9 goes in evenly (that is, with nothing left over), the problem is transposed numbers. For example, \$258 was recorded as \$285. Look over your receipts and cancelled checks and double-check your amounts.
 - Divide the difference by 2. If the answer you get is a “normal” dollars-and-cents amount (i.e., \$7.19 rather than \$15.125), look for that amount in your register – it was added instead of subtracted, or vice versa.

Still Doesn’t Balance?

Well, you’ve tried hard and made every effort. Now it’s time to ask for help. Call or come by one of our branches. You will need to bring in your current bank statement and your checkbook register. Every effort will be made to assist you balancing, and next time it will be easier.

Money Management References

For more information on effective money management and financial fitness, consider the books and web sites listed below.

Helpful Books

Pay It Down by Jean Sherman Chatzky. November 2004, Penguin Books, Inc., ISBN:1591840635

The Money Book for the Young, Fabulous & Broke (Hardcover) by Suze Orman, March 2005, Putnam Publishing Group; ISBN: 1-57322-2976

The Millionaire Next Door: The Surprising Secrets of America's Wealthy by Thomas J. Stanley, Ph.D. and William D. Danko, November 28, 2000, Pocket Books; ISBN: 0743420373

How to Get Out of Debt, Stay Out of Debt and Live Prosperously. by Jerrold Mundis, April 1990, Bantam Books; ISBN: 0553283960

Credit Card Debt: Reduce Your Financial Burden in Three Easy Steps by Alexander Daskaloff (April 1999) Avon; ISBN: 0380807009

Slash Your Debt - Save Money and Secure Your Future by Gerri Detweiler, Marc Eisenson, and Nancy Castleman, October 1999 Financial Literacy Center; ISBN: 0965963837

9 Steps to Financial Freedom: Practical and Spiritual Steps So You Can Stop Worrying by Suze Orman, 1st edition (December 15, 2000) Three Rivers Press; ISBN: 0609801864

Helpful Websites

<http://www.mapping-your-future.org/features/dmtensteps.htm>

Provides 10 Steps to Financial Fitness and tips for creating budgets, and establishing savings. Features a Savings Calculator and test to help you gauge your current financial situation.

<http://www.quicken.com/planning/debt/>

This site offers a free interactive Debt Reduction Planner, which allows you to save money on interest expenses and pay your debt off sooner by paying off your higher interest debts first.

1. Create an action plan to reduce your debt.
2. Use the interactive calculator to determine how much savings to contribute and how much expenses to cut out to pay off the debt sooner.
3. View how the graph changes as you figure out how to decrease your spending.
4. Access useful resources on how to be debt-free.

<http://www.nfcc.org/>

This is the home site for the **National Foundation for Credit Counseling**, a national non-profit network of 1,450 Member agencies designed to provide assistance to people dealing with stressful financial situations. The site provides links and information for financial counseling, debt planner tools, and other helpful websites.

http://www.pueblo.gsa.gov/cic_text/money/save-fit/save-fit15.htm

This government sponsored website for The Department of Labor provides additional helpful links for retirement planning and financial fitness, including free online calculators.