

A person is captured in mid-air, jumping over a dark, craggy rock formation. The person is wearing a dark blue long-sleeved shirt, light-colored shorts, and dark sneakers. The background is a clear, bright blue sky. The overall scene conveys a sense of freedom, risk-taking, and achievement.

GOOD SENSE

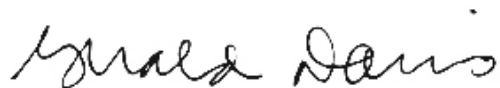
**Take the Leap to Building
Financial Stability and Strength**



Welcome to Goodwill!

You are now in an environment that uses “servant leadership” as one of its key philosophies. What that means to you in this segment is that we are going to help you meet your financial life goals. Of course, the only person who can identify these goals and make them happen is you, but we will give you information, tools, programs, and encouragement that are critical to your success. Our plan involves a heavy dose of information right from the beginning — in your first days as an employee, and we’ll follow this up with new concepts and review at 90 days, and once a year thereafter. Again, the most important person in this relationship is YOU. No one ever changed anything by thinking about it — you must learn these concepts and use them to succeed. I know you will!

Jerry Davis



President and CEO

Goodwill Industries of Central Texas

Introduction

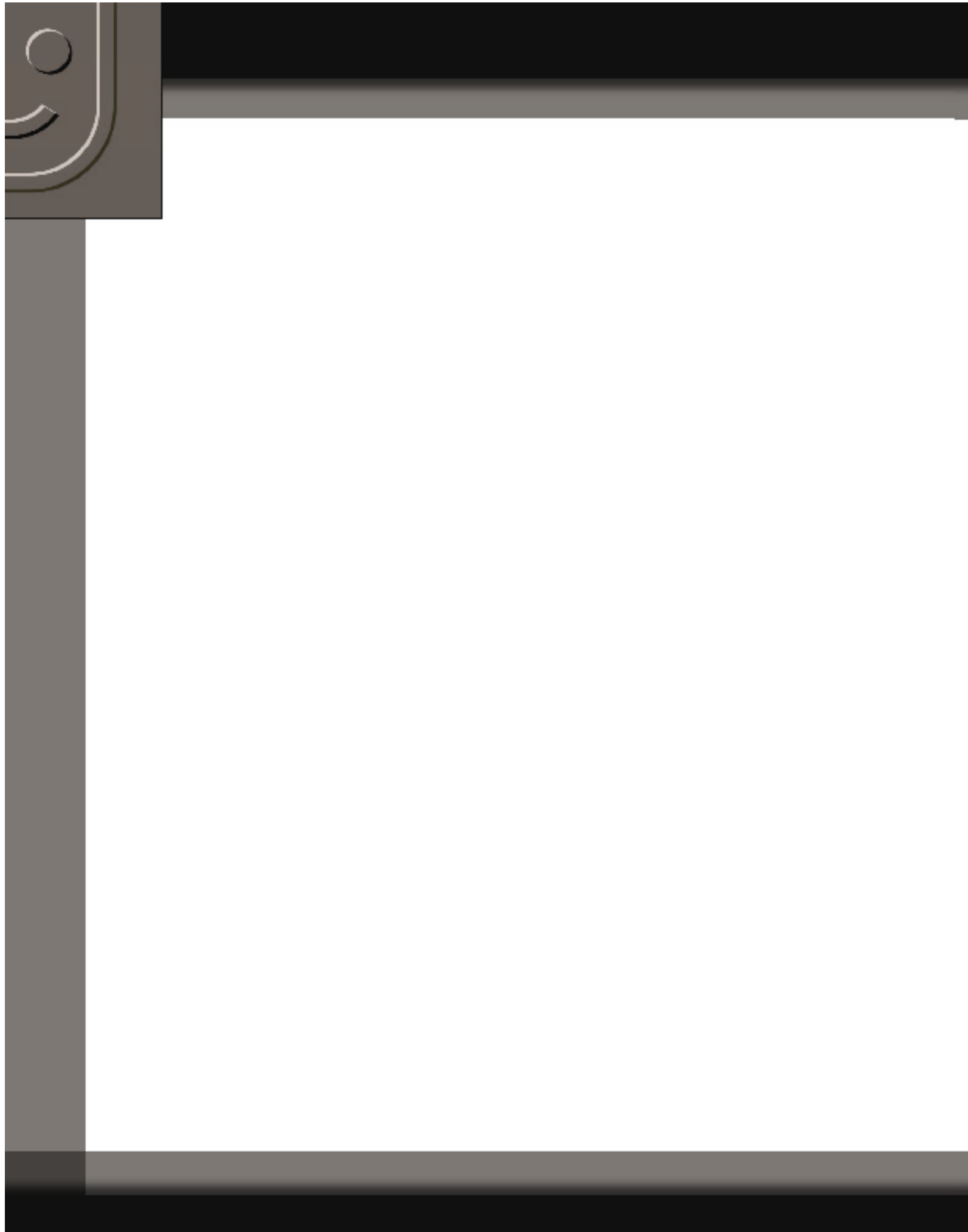
What do you dream about?



Everyone has hopes and dreams for the future, but often we put them off because of our day-to-day bills. Goodwill Industries of Central TX and University Federal Credit Union have written this financial fitness guide to show that with a little financial know-how, you can begin making your dreams come true. Even sooner than you may think!

The training is divided into three training sessions. Each session builds upon the last session and allows you to build financial fitness skills in three sessions.

These training sessions should help you build your financial 'muscles'. That means there are times when you will be asked to participate in activities regarding your hopes, dreams, values, and money habits. We have also left spaces in this booklet where you can practice financial fitness techniques. We hope these activities will prove to be both fun and useful. Now let's get started on building some financial stability and strength!



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Orientation – Session One:

This is your foundation for a sound financial future. In this workbook we will cover the basics of:

- **Creating a Spending Plan**
- **Bank Accounts**
- **Education**

Creating a Spending Plan

The road to financial stability includes a few detours and roadblocks. However, if you have a goal and a clear plan, you'll reach your destination. This section will help you set some financial goals so you can make those dreams happen.

Activity – Write Down Your Dreams

Because modern lives are so busy and complex, it's easy to lose sight of our dreams. Take a few minutes to relax and think about your life. Close your eyes and let your mind wander. What do you want for yourself? For your family? What are some dreams you had that maybe you've forgotten about? In the space provided, write four things you'd like to see happen in your family's life. In the first space, write down something you want within the next three months. In the second space, write something you want one year from now. In the third space, write down something you'd like within five years. In the fourth space, write down your long term goals.

.....
: Within three months, I want:
:
:

: Within one year, I want:
:
:

: Within five years, I want:
:
:

: Many years from now, I want:
:
:

Turning Dreams into Plans and Goals

Do your hopes look like impossible dreams? Think of it like this: The fastest way to get to where you are going is to take the first step. Most dreams are achievable; it's all about taking one step at a time.

Setting goals can help bring your dreams to life. It is helpful to write down what you want to achieve and get specific. For example, if you dream of owning a home, you might write, "In one year, I want to save \$1,000 in my savings account to put toward a down payment on a house." Some goals require money to achieve, others don't. Remember, it is important to write a date for when you want to achieve your goal.

Activity – Goals into Words

Return to the dreams you wrote on page 1 and rewrite them as goals, by filling out the chart below. Be as realistic as possible with your estimates. To make accurate estimates, do a little research first. For example, say you want to purchase a computer. Check the newspaper or visit a computer store and check the prices on the kind of computer you want to buy. Once you know how much your computer costs, you can decide how much you can spare to save each month toward the computer. If the computer costs \$1000 and you can save \$100 a month, it will take ten months to save enough money to purchase it. (The first one is an example that has been completed for you.)

Goal	Cost	# of Months to Save	Monthly Savings	Weekly Savings
<i>Example: I want to buy a reliable used car within the next 18 months</i>	\$3,000	18	\$167	About \$40

Now you are probably thinking, “Where will all this savings come from when there are so many bills to pay?” Believe it or not, even the richest people in the world have to ask themselves this question. That’s because it’s easy to spend money. It’s easy to save money, too, but it’s a habit that must be learned. Everybody can save money. It just requires a little knowledge and a new money routine. Here are the secrets that wealthy people use to save money:

NOTE!

Pay yourself first.

Every time you get paid, put aside a little money for yourself before you pay other bills. After all, you earned it! See if your employer will automatically put part of your paycheck into a savings account for you (we’ll talk more about savings accounts later in this booklet). You’ll be surprised how fast your money grows.

Save bonuses or windfalls.

Have you ever received money you didn’t expect—birthday money or maybe a bonus for a job well-done?

A tax refund is another example. While many people think of a tax refund as “free” money and are tempted to spend it, it’s actually hard-earned cash the government is returning to you. Receiving a tax refund means you paid the government more taxes than necessary. It’s not free money at all; it’s your money! Windfalls like these represent the perfect opportunity to stash money away and start meeting your savings goals.

Find and plug spending leaks.

We all spend money without realizing it. Maybe you buy two sodas everyday from the soda machine. If each soda costs .75 cents and you buy 10 sodas a week, that’s \$7.50. If you do that 50 weeks a year, you’ve spent \$375 just on soda. If you drink one soda per day or bring two cans from home, you could save about \$187.50 a year.

Activity-Why Don’t We Save?

To find your spending leaks, keep a spending diary.

Use the sample spending diary at the end of this workbook. Each day write down everything you buy and how much it costs. Include all your purchases, even small ones like candy bars and cups of coffee. Then, you can record your purchases for a week or even a month. People who have kept spending diaries report it’s very eye-opening how much they spend without thinking.

Another good way to save more money is if you can increase your income at the same time that you cut expenses.

Here are some ideas on how you can make more money:

Take classes to improve your job skills.

Austin Goodwill has free training classes and a tuition reimbursement program to help you gain more skills. This can translate into a higher-paying job or promotion.

Work overtime or find a second job.

Start a hobby business. Do you knit, sew, garden or cook? Charge for it. Many people don't have the time or the skills to do these things for themselves.

Have a yard sale and sell the things you no longer need.

Here are some tricks on how you can spend less:

Shop for deals.

When making purchases (like a washing machine) or contracting services (like car repair), shop at three stores or providers. You'll be surprised by the differences in price.

Buy store brands in the grocery store and use coupons.

You can get a great quality product and save a bundle with coupons.

Check out videos and DVDs from the library instead of the video store.

The price is right—free. Plus, you get one week to watch it!

Avoid fast food.

Cooking at home is cheaper and healthier than dining out.

Evaluate your cell phone plan.

Many cell phone plans charge large fees for roaming and extra minutes. In the case of pre-paid cellular, companies exact big reactivation charges. Study these plans. A company offering a free phone may not be the best deal in town when it comes to monthly charges. Also decide how many minutes you really need and stick to them.

Activity – What Do You Do Already?

Are you better at cutting expenses or making more money? Share your own tips with somebody else.





Saving is hard sometimes because we all know the difference between something we want and something we need, but it is hard to keep that in mind when you are out shopping. Have you ever said, “I need some new shoes,” when you really should have said, “I want some new shoes.”

Knowing how to distinguish between needs, things you must have to live and wants, things you'd like to have, can give you a lot of power over your money. Why? Because it can help make your life a whole lot more secure. This isn't about giving up all of life's pleasures. (We all need a treat now and then). It's about putting your money toward the things that will make your dreams come true. Financial security means making sure you spend money on your needs first and on the things you want second.

Check the items in the chart on the next page that represent needs or wants in your life. Remember to keep your goals in mind when you decide what things you must have to live (needs) and what you can do without (wants).

Activity: Your Needs vs. Wants

Need	Want
New coat	
Larger apartment	
Water	
Telephone	
Cell phone	
Dining table	
Lottery tickets	
5 pairs of shoes	
Bed	
Disposable diapers	
Car	
Cable TV Premium channels	
Anniversary-Jamaican cruise	

Did you have any trouble deciding on some of these items? Remember that sacrificing small non-necessities (like cable TV), can add up to bigger and better things in the future! Now that you have some techniques to help you save some money, let's make a spending plan.

Basically, the purpose of a spending plan is to help you make choices about how you spend your money—so you can do more things for yourself and your family—and it can help to keep you from running out of cash before payday. A spending plan can make life a lot less stressful.

Very few people excel at keeping their financial lives straight in their heads. By putting your financial life on paper, you can see what's going on in your financial life. This gives you more control so you can learn to not only live within your means—but also improve them! A spending plan is not a bunch of rules you have to live by, it's a guideline. It's a tool you can adjust as you change the way you think about saving and spending money. And it can really help you manage money.

Here are the five steps to creating a spending plan:

1. Identify your income.
2. List your expenses
3. Compare your income and expenses.
4. Create your spending plan.
5. Review progress and adjust.



Create your Plan – Step 1

Your income is the money you have coming into your household. Use the following chart to list all sources of income you can think of. (Remember to include any additional sources of income you might receive, such as child support, or loans from family and friends).

To find this information, review your pay stubs, deposit records from banks, or other records of money you have received. If you only know yearly amounts for some sources of income—like bonuses or tax refunds—divide the yearly amount by 12 to get an estimated monthly amount.

Identify Your Income

Income/Assistance Source	Monthly Amount
Salary (your own net pay after taxes)	\$
Salary (other in household net pay after taxes)	\$
Other job(s)	\$
Self-employment income	\$
Job bonuses	\$
Child support/Alimony	\$
Interest on savings	\$
Social Security or Supplemental Security Income (SSI)	\$
Gifts	\$
Investment Dividends	\$
Annuities	\$
Other Investment Income	\$
Tax refund	\$
Public assistance	\$
Food stamps	\$
Housing assistance	\$
Disability income	\$
Other income	\$
Total Monthly Income	\$

Create your Plan – Step 2

An important thing to remember as you begin creating your spending plan is to be as realistic as possible. This is especially important as you begin to estimate your expenses.

(Hint: You can use a spending diary as a source of information – see the end of this section for a blank spending diary you can use.)

Other sources of information include:

Cancelled checks from your checking account or your checking account statements.

If you have a credit card, use your credit card statements for six months (then divide the total by six to get your average monthly amount you charge).

Any receipts or invoices for things you pay for once or twice a year, such as tuition or insurance.

Using these items, you can fill in the blanks of the following chart. This chart will give you an idea of what you spend on each category in one month. You'll notice that we put "savings/investments" at the top of the list so you can pay yourself first! Also, feel free to list things we may not have included on the chart..

University Federal Credit Union Tip

Sometimes you can save money without giving up anything! Take a look at any debt you have at the top of your expenses sheet. Consider checking to see if you can lower the costs of financing by refinancing at a lower rate – you'll just be paying less interest! It doesn't cost anything to ask!

List Your Expenses

Expense Item	Your Family Monthly Expense Amount
FINANCIAL GOALS (Remember: pay yourself 1st)	
Debt Reduction (List balances with interest rates)	
1. _____ (%)	\$ _____
2. _____ (%)	\$ _____
3. _____ (%)	\$ _____
Emergency Fund Savings contribution	\$ _____
Retirement/ 401K contribution	\$ _____
HOUSING	
Mortgage/Rent	\$ _____
Home Insurance	\$ _____
Property Tax (if you own your home)	\$ _____
Home Improvement or Repairs	\$ _____
Homeowner Fees	\$ _____
UTILITIES	
Electricity/Water/Trash Service	\$ _____
Gas Services	\$ _____
Phone (Local, Long Distance, Cell)	\$ _____
Internet	\$ _____
Cable/Satellite TV	\$ _____
FOOD	
Groceries	\$ _____
Dining Out	\$ _____
School/Work Lunches	\$ _____
Snacks	\$ _____
Other	\$ _____
CHILD CARE	
Care Provider	\$ _____
Activity Expenses	\$ _____
Other Program Expenses	\$ _____
TRANSPORTATION	
Car Payment	\$ _____
Auto Insurance	\$ _____
Car Repairs & Maintenance	\$ _____
Fuel & Oil	\$ _____
Toll Roads	\$ _____

EDUCATION

Tuition/Fees	\$
Books	\$
Other	\$

HEALTHCARE

Health Insurance	\$
Dental Insurance	\$
Vision and/or Other Insurance	\$
Doctor Visits (not covered by insurance)	\$
Dental Visits (not covered by insurance)	\$
Prescriptions (not covered by insurance)	\$
Medical Supplies (not covered by insurance)	\$
Other	\$

PERSONAL

Life Insurance	\$
Hair Cuts and Salon	\$
Grooming and Beauty Supplies	\$
Clothing	\$
Shoes	\$
Wellness (Gym Fees, Chiropractic, etc.)	\$
Cleaning?Laundry Supplies	\$
Pet Care/Food	\$

ENTERTAINMENT

Movies, DVD Rentals	\$
Admissions (Clubs,Amusement Parks)	\$
Concert Tickets	\$
Hobbies (Musical Instrument, Sewing, Etc.)	\$
Other	\$

SOCIAL

Gifts (Wedding, Baby, Birthdays, etc.)	\$
Travel/Vacation (including gas and meals)	\$

OTHER PAYMENTS

Alimony/Child Support	\$
Bank Fees/Charges	\$
Money given to family and friends	\$
Charitable Contributions (church offerings and donations to nonprofit organizations)	\$

Totals \$

Create your Plan – Step 3

This is the point in your Spending Plan creation where you simply compare your expenses to your income. If you see that your known expenses are more than your income you will have the opportunity to make some choices about increasing your income or deciding which expenses are the most important to you.

Compare Your Income and Expenses

You may find that you show expenses as less than your income, but in real life you're not experiencing that – you're coming up short on a regular basis. What's probably happening is that you've not accounted for expenses – go back and review your expenses sheet and if necessary start a spending diary to get a truer picture.

If you find that you really do have extra income available, consider going back to the top of the expenses sheet and adding some additional money to paying down debt or increasing savings.

University Federal Credit Union Tip

Here is a guideline for what % of your gross income each expense should be:

Debt Reduction: 10-15%	Transportation: 10-15%
Savings: 10-15%	Education 5-10%
Housing: 23-35%	Healthcare: 5-10%
Utilities: 5-10%	Personal: 7-15%
Food: 5-10%	Entertainment: 5-10%
Child Care: 5-10%	Social: 5-15%

Reducing Expenses

While many of us want to increase our income, often times in the short run, it's most important to gain visibility on spending habits.

Example: When Samuel began tracking his expenses, he was shocked. He had no idea he spent so much. In one month, he spent \$20 on ATM charges, \$150 on a gift for his girlfriend, and ran up an extra \$300 in cell phone charges just because he didn't stick to his plan. Add rent, car expenses and utilities, and no wonder he wasn't saving anything. To get a handle on his spending, Samuel decided to make a list of his bank's free ATMs and keep it in his car. Plus, he upped his cell phone plan \$10 a month to reflect his real usage (even though he'd pay an extra \$10 a month, it would prevent \$300 phone bills). Instead of buying his girlfriend an expensive birthday present, he decided to surprise her with a romantic dinner at his house.

Create your Plan - Step 4

Now that you know how much you spend and earn in one month, you can start to get more control. Your spending plan will help you predict your spending.

Create it (Finally!): Your Spending Plan on Paper

To complete your spending plan, you will need to fill in the estimated amounts you want to spend i.e. your estimated expenses. There are worksheets in the back of the booklet you can use to do this.

Create your Plan - Step 5

Now you've created your plan, the final step is to monitor your actual results... Let's take a look at this final step. The following chart is a sample of a worksheet to compare your planned expenses versus your actual expenses.

Sources of Income	Planned	Actual	Difference	
Net Salary-1st income	\$1500.00	\$1500.00	0	
Net Salary-2nd income	\$500	\$450	-\$50	In this sample spending plan, the estimated second income turned out to be less than planned.
Child Support	\$250	\$250	0	
Total Income	\$2,250	\$2,200	-\$50	
Expenses	Planned	Actual	Difference	
Credit Card	\$50	\$50	0	
Savings	\$75	\$75	0	
Housing (Rent)	\$650	\$650	0	
Utilities	\$160	\$120	-\$40	Over \$5 on electricity, under \$45 on phone
Groceries	\$350	\$400	+\$50	Can you think of ways to cut this grocery bill?
Child Care	\$400	\$400	0	
Transportation	\$95	\$45	-\$50	Gas prices were as planned (no car repairs were necessary this month- put in savings for next month when it may be \$90!)
Healthcare	\$20	\$20	0	
Personal	\$100	\$75	-\$25	Yes! This is less than the target.
Entertainment	\$150	\$200	+\$50	How do you think this could be trimmed?
Other Payments	\$200	\$275	+\$75	Be careful that this doesn't become a "catch all-misc. expense category!"
Total Expenses	\$2,250	\$2,310	+\$60	

Here there is a \$60 difference between "planned" and "actual" expenses

Review and Adjust

First use your spending diary on a daily, weekly, monthly basis to keep track of spending in each of the major spending categories.

Some people like to keep these diaries with them, and this is the most accurate (if a bit tedious) way to make sure that you are keeping track of ALL expenses. Other people simply make sure to get a receipt of everything you spend on (yes, you need to keep track of all cash purchases too), and put them in a bowl or envelope, and then every weekend, do a summary of spending for the week.

Once you've tabulated everything for the month, use the planned versus budget worksheet (see sample) to compare what you intended to happen (according to your spending plan) to what you actually did (according to your spending diary). In the sample chart, there is a \$50 difference between "planned" income and "actual" income.

Is your spending plan out of balance? In this example, income was \$50 less than expected and expenses were \$60 more than expected, for a total \$110 out of balance and that is after you've taken into account that you have not saved anything for the inevitable car repairs!

The challenge is to bring things back in balance. Remember you have three choices:

Choice 1 -- Increase your income. Can you take a part-time job or get a better one? Can someone else in your household take a job? Do you have a hobby you can turn into a part-time business? Have you checked to see if you are getting all of the government benefits you might be eligible for?

Choice 2 -- Cut your expenses. Are there spending leaks you can still plug? Are there small lifestyle changes you can make to save money?

Choice 3 -- Do both. Increase your income and cut expenses. Make a few changes then revisit your spending plan next month. How'd you do? If your income consistently comes out greater than your expenses, you're doing a phenomenal job!

Review Progress and Adjust

Go back to the first section and review your goals. Use your goals to help you make decisions about where to cut back expenses. To decide which expenses to cut, revisit your Expense Chart. If you realized that you spend \$100 on PayPer-View and Cable TV, you may decide that your goal of owning a home is worth more to you than the \$1,200 per year (\$100 multiplied by 12 months) that you spend on paid TV. These can be tough decisions to make. It is up to you, do you really want your larger goal—home ownership, more education, or whatever it may be? Keeping your eye on the prize makes it easier to cut expenses.

Review each expense from Step 2 and set targets—how much you want to spend—and jot them down in the "planned" column. Keep in mind that you can use your goals to help you decide where to cut back in a category. Mark each expense as "variable" or "fixed." Variable expenses change every month, like how much you spend on groceries or how much you spend eating out. Fixed expenses are like your rent or loan payments—they stay the same every month. You may find that you can control your variable expenses better by keeping a tighter grip on your wallet. See which variable expenses you can cut back on.

Remember that in an ideal plan, you pay yourself first – so make sure you set aside some money for debt reduction, and savings first, so that you can make real progress towards your life goals. Then, use your actual fixed income and expenses that you worked so hard on earlier and use them as a guideline for your plan. Adjust, squeeze, push your discretionary spending until you are able to make total income = total expenses!

Extras

Recover from debt

Debt is a huge burden that makes it harder to build wealth. It is also harmful to your health due to the large amount of stress it causes.

In your expenses worksheet earlier, you've already listed your outstanding debts and their corresponding interest rates. When you complete your spending plan make sure you include money in the debt reduction portion. While making minimum payments may seem easier, studies have shown that you can easily spend many times the value of the thing that you bought in interest, in fact some studies have shown that with minimum payments, it can take you over 30 years to pay off credit card debt!

You should first try to renegotiate your interest rates down (see UFCU Tip on page 8). Then while it makes sense to pay off the highest interest rate debt first, some financial advisors advise to pay off your smallest balance first to give you a sense of progress and purpose. While it may cost slightly more to do it this way, if it helps you, encourages you to see a credit card paid off quickly – by all means do it!

Tax Tips

Reduce the amount of income taxes you pay

Here are some tax breaks you might qualify for:

Earned Income Tax Credit (EITC)—You may be eligible for the Earned Income Tax Credit, a special credit for low-income individuals or families that can reduce your taxes. Even if you did not have to pay any income taxes in previous years, you may still be able to get the EITC. Many legal immigrants also qualify. The EITC can reduce your tax bill—a lot.

Depending on the number of children you have, marital status, your income, savings and investments, you could qualify for a credit ranging anywhere from \$428 to \$4,716.

For example, in the year 2007: Workers who earned less than \$33,241 (or less than \$35,241 for married workers) and were raising one child in their homes may be eligible for an EITC of up to \$2,853. Workers who earned less than \$37,783 (or less than \$39,783 for married workers) and were raising two or more children in their homes may be eligible for an EITC of up to \$4,716. Workers at least 25 and under 65, who earned less than \$12,590 and were not raising children in their home may have eligible for an EITC of up to \$428.

How Do I Get the EITC?

To get the EITC, you must file a tax return such as the 1040 or 1040A.

There are many ways to figure out your credit:

Use the earned income tax credit worksheet included in your tax instruction booklet.

Have the IRS figure the credit for you by writing “EITC” on the earned income tax credit line of your tax form. You may be able to receive part of your EITC in your paycheck each payday if you believe you are eligible for the credit this year and have a qualifying child. To receive these advance payments, you must complete form W-5 and give it to your employer. You must still file a return to claim your EITC.

Find an organization hosting a Volunteer Income Tax Assistance (VITA) program. Volunteers with the VITA Program will help you complete your tax return at no charge

Use a commercial tax preparer.

Lifetime Learning Credit – This tax credit helps families pay for educational expenses. You can take a credit against your income for 20 percent of the first \$10,000 spent on educational expenses. It is a nonrefundable credit, which means you can use it to reduce your tax bill, but not increase a possible tax refund.

Child and Dependent Care Credits – If you paid someone to take care of your child while you worked, or looked for work, you may be able to claim a tax credit. To find out more, contact the IRS at 1-800-829-1040, or visit www.irs.gov.

Helpful hint:

Avoid rapid refunds, quick refunds, and refund application loans because they are quite costly. You will pay a very high percentage of your potential refund in fees to the tax preparer for this service.

Hope Credit – The Hope credit is another way to receive credit for educational expenses. Under current law, you can credit your first \$1,100 in expenses and 50 percent of your next \$1,100. If you spend \$2,000 or more per year on education, you can take a nonrefundable credit of \$1,650.

Parents can also get a tax break by saving money in an Education Savings Account for their child’s college expenses.

We have given you several tools for tracking your income and expenses as well as ways to make and save money. Congratulations, you’ve done it!

Now you’ve accomplished something that many people never do: you’ve gained perspective on your priorities – and have created a plan to make some financially sound choices.



Banking

Bank Accounts

Handling your money is just as important as earning it—that's because you want your money to work for you. Here are some other ways to make more money and stay financially fit.

When taking charge of your money, consider where you are going to keep it. If you operate on a cash basis, meaning you like to cash your check and keep your money with you, you run the risk of losing it or getting ripped off. Also, you'll pay hefty fees for check-cashing services and for money orders when paying certain bills. Your best choice is to choose a financial institution that's convenient to where you live or work.

There are many kinds of financial institutions, but probably the most common are banks, credit unions and savings and loans. Keep in mind that banks are extremely safe places to keep your money. Most banks and credit unions are insured by the federal government, so your money is safe. (Before opening any kind of account, make sure the bank, savings and loan, or credit union is insured!) Plus, they are easy to use. Because banks want your business, the customer service people at the bank will help you establish the accounts you need to manage your money well. Just like you might shop around for a good deal on a vacuum cleaner, you can shop around for good deals on bank services. Shop around at local banks (including credit unions and savings and loan organizations) to see which ones are most convenient for you. Select ones with the best deals on checking and savings accounts.

For instance: Do they pay interest on checking accounts? At what rate? (Remember, interest is money they pay you to keep an account at their bank.) What fees or additional charges are you required to pay? How much is a bounced check charge for insufficient funds? (These fees can add up and have a rippling effect, especially if you've written several checks on an account that lacks funds.)

University Federal Credit Union Tip

If you are unable to get a regular checking account, consider getting a savings account with an ATM card. You'll still get all the benefits of direct deposit (no fees, faster payment, security), and no fees!

Here are some types of accounts you may be interested in:

Savings Accounts

A savings account is a good place to deposit money and save for your short- and long-term goals. A savings account typically earns more interest than checking accounts. If you are ready to begin saving, shop around to see if your current bank is the best place for your savings account. Consider the interest rate you earn on your money. Look for an account with the highest interest rate that compounds your interest frequently (this way your money will add up faster).

Other Savings Opportunities

After paying off debts and building some savings, investigate ways to build your savings even faster. Some alternatives include Individual Development Accounts, Individual Retirement Accounts, and a program called America Saves. America Saves is a nationwide coalition that helps people save and build wealth. Through information, advice, and encouragement, the program helps people pay off debt, build emergency funds, save for homes, save for education or retirement. To date, 17 local chapters have been developed under this national campaign. To see if a chapter is available near you, visit www.americasaves.org. If there isn't a chapter nearby, the national organization is a valuable resource. Also, you can subscribe to the free newsletter, American Saver.

Checking Account

A checking account makes it easy for you to store your money and pay your bills. It is a safe and convenient option that can save you money on check-cashing fees and might even earn you a little interest. (This interest is the money the bank pays you for keeping your money there.) With a checking account, you can write checks for bills and expenses, which minimizes your need to handle cash. Checks also give you a record of what you buy and pay for.

Here are some questions you should ask when considering a bank:

Does the bank offer overdraft protection? Overdraft protection is a service banks offer where they will cover your "bounced" checks for you. While this is a convenient service, it can also result in a lot of debt if you don't pay the bank back right away. How much do they charge per check or per month?

How much money do you need to open an account? (Some banks ask you to have an initial deposit of \$25 to \$100.) Which banks can accept direct, automatic payroll deposits from your employer? This often is the fastest, safest, and most convenient way to get your money into your account. You authorize your employer to make this deposit for you. It can simplify your life and protect your money.

Can you access your money through an Automatic Teller Machine (ATM)? Is there a fee for using ATMs? Which banks charge for money orders or check supplies? This may seem like a lot of questions, but remember, it's your money, you worked hard to earn it, and you ought to keep as much of it as possible for yourself.

A checking account requires a bit of record keeping, but this can help you track the money you spend. It can also help you compare actual expenses to your monthly spending plan. Keep a record of every check you write in the account register of your checkbook. Keeping an account register can ensure that you do not write a check that exceeds the amount of money you have in your account. This is an overdraft, commonly called “bouncing a check”, and when you bounce a check, you’ll pay some hefty fees.


Some of you probably have had checking accounts for years, but others of you are just getting your first checking account. Either way, there are some best practices for filling out a check that everyone should know. You will complete the activity on the next page during orientation with your Goodwill trainer.




Activity: Filling Out a Check

Date _____

Pay to the Order of _____ | \$ _____


_____ Dollars  Security features are included. Details on back.

For _____ 

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Date _____

Pay to the Order of _____ | \$ _____

_____ Dollars  Security features are included. Details on back.

For _____ 

©2014 Intouch® INTOUCH® CUSTOM CREATIONS™

Date _____

Pay to the Order of _____ | \$ _____

_____ Dollars  Security features are included. Details on back.

For _____ 

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Helpful hint:

Here are some reasons to avoid bouncing checks:

Whoever you wrote the check to can charge you a substantial fee.

Your bank can charge you a fee for bouncing the check.

Bouncing checks can cause your checking account to be cancelled and make it difficult to open another account elsewhere.

ETA Accounts (Electronic Transfer Account)

If you receive federal government checks for wages, salary, retirement, SSI, disability, or veteran's benefits, you can arrange for an ETA account and the money will be deposited automatically into your account. You'll receive a special ETA card and have convenient and safe access to your money at ATMs and at places that accept ATM cards for purchases. ETA accounts are available even if you have been unable to qualify for a checking or savings account in the past, and have no permanent address. ETAs are a safer solution than carrying a lot of cash or worrying about lost or stolen checks in the mail.

Depositing Checks

Try to always deposit money with a teller before 12 pm. A lot of banks will hold your deposit and the money will not be available to you right away when you make a deposit after 12 pm or at an ATM or overnight drop. Banks will also hold your money when you deposit certain types of checks, like a personal check. Make sure to ask about your bank's policy for when the money you deposit is available to you.

Direct deposit is a fast, safe, and convenient way to put money into your account. Your employer automatically deposits your money into your account on payday and all the money is available to you right away. It's as simple as that!

If you don't have direct deposit, here's how you go about making a normal deposit: Complete a deposit slip (at the back of your checkbook) and take the check to the bank. After completing your deposit slip, sign your name on the back of the check you want to deposit and give it to the teller at your bank. (Don't sign the check until you are at the bank. Once signed by you, anyone can cash it.)

Paychecks

Paychecks are more complex than they appear at first glance. Mostly, we just want to know how much money we get. If we simply look at the number in the little box, we could miss some important information. For example, how would you feel if your employer miscalculated your hours and paid you less than you actually earned? What if too much money was deducted for your health insurance? Every paycheck comes with a summary explaining how much you earned and how much money was withheld.

Activity: Reading Your Paycheck

Get into the habit of looking at your paycheck. If you fill out time sheets, do they match the number of hours listed on your check? Examine the benefits you receive, such as health or dental insurance.

Are you paying for something you don't need, or have covered through another family member or assistance program? You may be able to cut the benefit and save money. If you still have questions about some of the items or the amounts on your pay stub, ask someone in your human resources or payroll department to explain it further.

Payroll Cards are another way to get paid. You don't have to have a bank account and you don't have to worry about cashing a check. Your employer sends your pay directly to the card and you use it just like a debit card. However, if you go over the amount on the card, you may get charged an insufficient funds fee! Check your payroll card provider for details on extra fees and charges.

.....

Look at your last paycheck stub and see if you can identify the following:

- Rate is the hourly rate you earn.
 - Hours are the number of hours you worked during the latest pay period.
 - This Period is the area that shows how much you were paid during the latest period (rate multiplied by hours).
 - Year-to-Date is the money you have earned since January 1 of the current year.
 - Gross Pay is the total amount of money you earned before deductions.
 - Federal and State Income Taxes pay for government services and programs. These are often the largest deductions from your paycheck.
 - Social Security (also known as FICA) and Medicare Tax pay for one-half of your future Social Security and Medicare benefits. Your employer pays the other half.
 - Net Pay is the total amount you earned after all deductions are taken out. This is the amount you can apply to your spending plan and financial goals.
-

Automated Teller Machines (ATMs)

Using an ATM is a convenient way to access money in your account. ATMs are convenient, but using them requires more discipline than writing checks.

If you use an ATM, your bank will issue you an ATM card that will allow you to access your money immediately from ATM machines. If you use an ATM card to access your account at an ATM, you will get a receipt from every transaction. Put them in your wallet or checkbook and immediately record the withdrawal from your account register in your checkbook.

Many people forget to track their ATM transactions and lose control of their account balances. This can cause your checks to bounce and the penalty fees can disrupt your spending plan (remember, this is all about finding ways to save up for that big dream)! You'll notice ATM machines all over the place, at other banks, convenience stores, grocery stores and airports.

If you use an ATM machine that is not owned or operated by your bank, you could end up paying as much as \$4 for a single withdrawal. That doesn't seem like much, but if you make withdrawals three times a week, you've paid \$12. Multiply that over the course of a year (52 weeks) and you've spent \$624 just getting cash from ATMs! How do you avoid ATM fees? Look for ATMs owned or operated by your bank, they are usually free to customers.

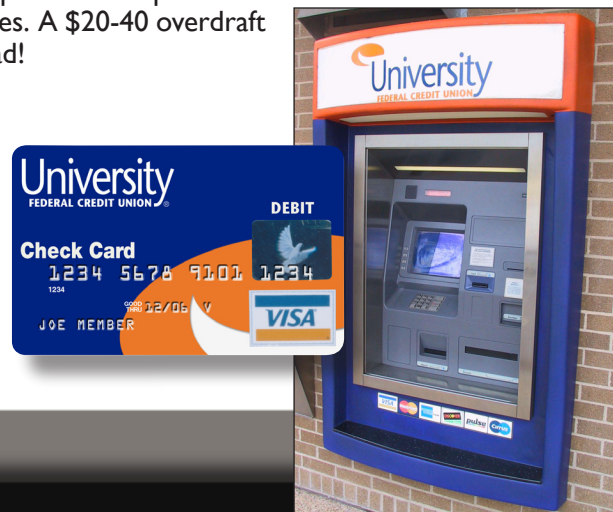
Debit Cards

A debit card looks like a credit card, but it's NOT. Many debit cards do two jobs:

FIRST - you can use your debit card to get cash from an ATM machine.

SECOND - a debit card works just like a check. Every time you pay for something at a store using your debit card, you are spending money from your checking account. All you have to do is hand the cashier your debit card and then sign a receipt.

Here's the catch: Every time you use your debit card, you still need to write down whom you paid and how much in your checkbook register. Then, subtract what you paid from your account balance, just like you do when you write a check. A lot of people don't keep track of their debit card spending and cause themselves overdraft fees. A \$20-40 overdraft fee is a real waste of money that you could be saving instead!



Overcoming Past Banking Problems

Some people hesitate to use banks because they've had problems in the past. If you've experienced banking troubles, you may find it difficult to open an account at first. Most banks will work with you to help you overcome past problems. Here's what you do:

- If a bad bank report is causing you difficulty, ask to see a copy and review it carefully to make sure it is correct and that it is yours. There are probably other people in the country with your name and mistakes do happen. If the report is accurate, take care of past problems by paying outstanding bills.
- Open a savings account first. Wait a few months and reapply for a checking account. Most banks are willing to offer checking accounts if you already have a savings account. Speak to the bank manager in person to explain your past and present circumstances. He or she may be able to help you proceed. Keep trying until you find a bank that wants your business. But insist on a bank that is insured.

Identity Theft

Identity theft happens when someone gets your personal information and makes purchases and financial transactions under your name. The crime of identity theft is rising and can cost you time and money. It's difficult to detect and stop. To minimize your risks, be careful with your personal and financial information:

- Shred documents that have your name, Social Security number, bank account numbers, credit card numbers, driver's license data, or other private information before throwing them out. Thieves can pull this information from the trash.
- Never offer financial or personal information to people over the phone, through the mail, or over the Internet, unless you know them well. Thieves have tricked people into providing this information in hopes of winning prizes and awards. Once they get the information, they can steal from you.
- Keep your wallet, checkbook, credit card, driver's license, and Social Security card in secure places and be careful when you use them in public. Thieves can look over your shoulder or distract you to memorize key information.

Financial Exploitation

In the jungle, a predator is a beast that preys on other animals. The same is true of financial predators. Opening a bank, savings and loan, or credit union account may seem overwhelming, but it beats the alternative. Let's take a look at some of those "alternatives", a.k.a financial predators.

Check-Cashing Stores

If you don't have a checking or savings account, you may be tempted to take your paycheck or a personal check to a check-cashing store. The thing to remember about check-cashing stores is that they charge enormous fees and could reduce your ability to save for goals. Many check-cashing stores charge fees of about 1% for payroll checks, which is about \$7.00 for a \$700 paycheck. For personal checks, they usually charge even more. Seven dollars may not sound like much, but it adds up.

Activity: What Would I Pay at a Check-Cashing Store?

What would a check-cashing store cost you? Complete the following exercise and see.

1. What is your paycheck amount (after taxes) =
2. Divide your paycheck by 100 and for every \$100 you earn multiply by ____.
3. Take your cost per payday \times 52 weeks a year = (or 26 if you get paid every two weeks)

This is how much it would cost you in one year if you cashed your paycheck at one of these stores! Wouldn't you rather have this money to save for long-term goals or to pay for unexpected expenses?

Payday Lenders

Many check-cashing stores also make pay-day loans. These loans may seem like an easy way to help you make it to pay day. Warning: before signing your life away, read the fine print!

Example:

Let's say you write a personal check for \$115 to borrow \$100 for two weeks from one of these places. The payday lender agrees to hold the check until your next pay day. At that time, one of three things will happen:

Option 1: The pay-day lender deposits your check—and keeps your \$115.

Option 2: You redeem the check by paying the \$115 in cash—and the lender returns the check

Option 3: You pay a fee to extend the loan for another two weeks. In this example, the cost of the initial loan is \$15; this equals a 391 annual percentage rate (APR). (The APR is the price you pay to use someone else's money). If you roll over the loan three times, you're paying \$60 to borrow \$100! This is a great deal for the lender and a not-so-great deal for you.



Wiring Money Abroad

Many people have relatives who live in other countries to whom they might send money. Sending money via Western Union is costly. Many banks such as Bank of America with its new SafeSend to Mexico service have begun offering money transfer services that are safe, easy, and cheaper than Western Union. If you need to send money, check with your bank to see if they can do it and how much they charge. Whew! Who would have thought so much money could be saved just by taking time to get your money handling skills up to par...

Education

Education

One of the best ways to improve financial stability and success is to continue your education beyond high school. Whether you attend a traditional four-year college, a community college, a vocational school, or pursue other types of training, you are giving yourself the greatest gift in the world—an education. Keep in mind that you can get more education at any stage of life. You don't have to be a traditional-aged student of 18 to 22. Because of changes in technology and our society, people often return to school as adults to learn new things and improve their employability.

A high school graduate, on average, earns 40 percent more than a person without a high school diploma. A vocational or technical school grad earns roughly 80 percent more than a high school dropout. A four-year college graduate earns 75 percent more than a high school graduate and 2.5 times what a high school dropout earns.

Remember though, that loans are available for college, and that loans are not available for retirement! Get out of debt first, save for retirement needs, and consider saving for your kid's college when you are financially able to.

Community Colleges and Four-year Colleges

Community colleges and four-year colleges or universities offer a huge range of programs for people of all ages. Some schools are very hard to get into, while others open their doors to anyone with a high school degree. Use your resources at Goodwill Industries of Central Texas to get as much information as you can about your options in higher education. Remember, Goodwill Industries of Central Texas also offers GED tutoring, tuition reimbursement, and programs that will help connect you to sources of financial aid. This all makes college easier to afford and your dreams come true a little bit faster!

Applying for Financial Aid

About 95 percent of student aid comes from the federal government, state government and colleges and universities.

In order to apply for grants, scholarships, and private forms of financial aid, you must first get signed up with the government's financial aid system. The application is called the Free Application for Federal Student Aid (FAFSA). You can get copies of the FAFSA from your college financial aid office or by calling 1-800-4FED-AID. And you can apply online at www.fafsa.ed.gov. Here are some things to remember about the FAFSA: Apply early. The sooner you apply, the better your chance of receiving financial aid. For example, if you are applying for the fall semester, submit your FAFSA as soon after January 1 of the year you plan to attend.

Read the instructions carefully. Terms like "household" and "parent or guardian" have specific meanings in the financial aid world. To answer questions correctly, read the instructions.

You don't need to file your tax return before you submit your FAFSA. If you have already filled out your tax return, the FAFSA will be easier. But you do not need to submit your tax return to the IRS before you submit your FAFSA. You can submit an updated form after your tax return is filed..

Apply online if possible (www.fafsa.ed.gov). This is the fastest way to apply for financial aid. Plus, your application will be reviewed before it is submitted. This reduces the chance that your application will be rejected because of errors. Make sure to always print out and keep your paperwork, it is easy for the federal government or your school to lose track of your application or make mistakes. If you have your paperwork saved in case you need to resubmit it, it can mean the difference between getting money for the school year or not.

Submit a FAFSA every year. Your FAFSA is good for one academic year only. You must complete a new one every year you are in school.

About four weeks after you send in your FAFSA, you'll receive the Student Aid Report (SAR). Review it carefully and make sure it is complete and accurate. If you find a mistake or need to make changes to the information on your SAR, you may want to speak with your college's financial aid officer before mailing in corrections. Your school will use this information to make a financial aid award. Typically aid is paid directly to the school on your behalf.

It is also important to think about where you are going to school and what kind of job you plan to get when you graduate. If you plan to be an engineer or business analyst, going to a very good (and very expensive) school will be okay, because you will make a high salary that will enable you to pay off your student loans quickly. If you plan to be a teacher or social worker, your salary will not be as high. If you take out a lot of loans to pay for an expensive school, you may have trouble paying back all of those loans (even with all of the techniques provided in this booklet!)

More tips on financial aid

Every school has its own financial aid program beyond what the government pays. Some schools require you to fill out additional forms to apply for scholarships or merit-based awards, others don't. It's a good idea to meet with a financial aid officer at your school of choice. This individual can help guide you toward additional awards for which you might qualify.

Remember, student loans are debts that make it harder for you to become financially fit. Try as hard as you can to get grants and scholarships, which you do not have to pay back. However, if you make more money as a result of your education, student loans can be a good investment..

CONCLUSION

When you reach a financial goal, it is incredibly satisfying. Watching your child graduate from college, moving into your first home, or winning the battle against debt—these are tremendous accomplishments. These are things to celebrate.

We hope this booklet has been a valuable source of information for you and that you will continue to use it. Refer to it when you have questions or concerns as well as when you need a financial refresher. The financial 'muscles' you have built here will hold you in good standing for the rest of your life.

Continue dreaming and good luck as you continue down the path to financial strength and stability!

Resources

If you'd like to learn more, here are some excellent resources for additional reading:

Personal Money Management

The Millionaire Next Door by Dr. Thomas J. Stanley

Austin Public Library - 332.0973 ST

Your Money or your Life - by Joe Dominguez

Austin Public Library - 332.02401 DO

www.Bankrate.com

www.Yahoo.com/finance

www.daveramsey.com

www.ufcu.org/learning

Consumer Information Center

Call SSA for more information at: 1-800-772-1213 or visit www.eta-find.gov.

College Savings –

www.savingforcollege.com

www.ufcu.org/accounts/savings/cesa.php

Contributors

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This booklet was originally a collaboration of the following organizations:

NEFE is an independent nonprofit foundation committed to educating Americans about personal finance and empowering them to make positive, sound decisions to reach their financial goals. The National Endowment for Financial Education, NEFE, and the NEFE logo are federally registered service marks of the National Endowment for Financial Education. William L. Anthes, Ph.D., President; Brent A. Neiser, CFP, Director of Collaborative Programs; and Jeannette Herreria, Project Manager of Collaborative Programs. For more information about NEFE, visit www.nefe.org.

Goodwill Industries International is a network of community-based, autonomous member organizations that serves people with workplace disadvantages and disabilities by providing job training and employment services, as well as job placement opportunities and post-employment support. With locations in the United States, Canada and 22 other countries, Goodwill helps people overcome barriers to employment and become independent, tax-paying members of their communities.

Bank of America is committed to making banking work for customers like it never has before. Through innovative technologies and the ingenuity of its people, Bank of America provides individuals, small businesses and commercial, corporate, and institutional clients across the United States and around the world new and better ways to manage their financial lives. The bank's national initiative, America'sBanks, seeks to promote financial literacy to help people move from poverty to self-sufficiency.

Additional Worksheets

Income Chart

Income/Assistance Source		Monthly Amount
Salary (your own net pay after taxes)	\$	
Salary (other in household net pay after taxes)	\$	
Other job(s)	\$	
Self-employment income	\$	
Job bonuses	\$	
Child support/Alimony	\$	
Interest on savings	\$	
Social Security or Supplemental Security Income (SSI)	\$	
Gifts	\$	
Investment Dividends	\$	
Annuities	\$	
Other Investment Income	\$	
Tax refund	\$	
Public assistance	\$	
Food stamps	\$	
Housing assistance	\$	
Disability income	\$	
Other income	\$	
	Total Monthly Income	\$

Expenses Chart

Expense Item	Your Family Monthly Expense Amount
FINANCIAL GOALS (Remember: pay yourself 1st)	
Debt Reduction (List balances with interest rates)	
1. _____ (%)	\$ _____
2. _____ (%)	\$ _____
3. _____ (%)	\$ _____
Emergency Fund Savings contribution	\$ _____
Retirement/ 401K contribution	\$ _____
HOUSING	
Mortgage/Rent	\$ _____
Home Insurance	\$ _____
Property Tax (if you own your home)	\$ _____
Home Improvement or Repairs	\$ _____
Homeowner Fees	\$ _____
UTILITIES	
Electricity/Water/Trash Service	\$ _____
Gas Services	\$ _____
Phone (Local, Long Distance, Cell)	\$ _____
Internet	\$ _____
Cable/Satellite TV	\$ _____
FOOD	
Groceries	\$ _____
Dining Out	\$ _____
School/Work Lunches	\$ _____
Snacks	\$ _____
Other	\$ _____
CHILD CARE	
Care Provider	\$ _____
Activity Expenses	\$ _____
Other Program Expenses	\$ _____
TRANSPORTATION	
Car Payment	\$ _____
Auto Insurance	\$ _____
Car Repairs & Maintenance	\$ _____
Fuel & Oil	\$ _____
Toll Roads	\$ _____

EDUCATION

Tuition/Fees	\$
Books	\$
Other	\$

HEALTHCARE

Health Insurance	\$
Dental Insurance	\$
Vision and/or Other Insurance	\$
Doctor Visits (not covered by insurance)	\$
Dental Visits (not covered by insurance)	\$
Prescriptions (not covered by insurance)	\$
Medical Supplies (not covered by insurance)	\$
Other	\$

PERSONAL

Life Insurance	\$
Hair Cuts and Salon	\$
Grooming and Beauty Supplies	\$
Clothing	\$
Shoes	\$
Wellness (Gym Fees, Chiropractic, etc.)	\$
Cleaning?Laundry Supplies	\$
Pet Care/Food	\$

ENTERTAINMENT

Movies, DVD Rentals	\$
Admissions (Clubs, Amusement Parks)	\$
Concert Tickets	\$
Hobbies (Musical Instrument, Sewing, Etc.)	\$
Other	\$

SOCIAL

Gifts (Wedding, Baby, Birthdays, etc.)	\$
Travel/Vacation (including gas and meals)	\$

OTHER PAYMENTS

Alimony/Child Support	\$
Bank Fees/Charges	\$
Money given to family and friends	\$
Charitable Contributions (church offerings and donations to nonprofit organizations)	\$

Totals \$

Expenses Chart

Expense Item	Your Family Monthly Expense Amount
FINANCIAL GOALS (Remember: pay yourself 1st)	
Debt Reduction (List balances with interest rates)	
1. _____ (%)	\$ _____
2. _____ (%)	\$ _____
3. _____ (%)	\$ _____
Emergency Fund Savings contribution	\$ _____
Retirement/ 401K contribution	\$ _____
HOUSING	
Mortgage/Rent	\$ _____
Home Insurance	\$ _____
Property Tax (if you own your home)	\$ _____
Home Improvement or Repairs	\$ _____
Homeowner Fees	\$ _____
UTILITIES	
Electricity/Water/Trash Service	\$ _____
Gas Services	\$ _____
Phone (Local, Long Distance, Cell)	\$ _____
Internet	\$ _____
Cable/Satellite TV	\$ _____
FOOD	
Groceries	\$ _____
Dining Out	\$ _____
School/Work Lunches	\$ _____
Snacks	\$ _____
Other	\$ _____
CHILD CARE	
Care Provider	\$ _____
Activity Expenses	\$ _____
Other Program Expenses	\$ _____
TRANSPORTATION	
Car Payment	\$ _____
Auto Insurance	\$ _____
Car Repairs & Maintenance	\$ _____
Fuel & Oil	\$ _____
Toll Roads	\$ _____

Weekly Spending Diary

Item	Mon	Tue	Wed	Thur	Fri	Sat	Sun	Total
Financial Goals								
Housing								
Utilities								
Food								
Child Care								
Transportation								
Education								
Healthcare								
Personal								
Entertainment								
Social								
Other Payments								
Weekly Totals								

Weekly Summary

Income _____ - Expenses _____ = _____

Monthly Spending Summary

Item	Week 1	Week 2	Week 3	Week 4	Week 5	Total Month
Financial Goals						
Housing						
Utilities						
Food						
Child Care						
Transportation						
Education						
Healthcare						
Personal						
Entertainment						
Social						
Other Payments						
Weekly Totals						

Monthly Summary

Income _____ - Expenses _____ = _____



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