

Get a Grip on Your Money during 2011



1

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2

Packet



- Provides tools & techniques that can help you become a more effective financial manager during 2011 & beyond

3

Provided by

- MSU Extension 
- Montana Credit Unions for Community Development 
- First Interstate BancSystem Foundation 

4

MSU Check Register Tracking System

Tool # 1



5

Register System

- Use to track expenses
 - Checks
 - Cash
 - Debit Cards
 - Credit Cards



6

Front Cover

MSU Check Register
Tracking System



Transform your ordinary
checkbook into a handy tool for
tracking expenses—checks, cash,
credit cards and debit cards.



7

Back Cover

MSU Check Register Tracking System

Beginning date from _____ to _____

Check numbers from _____ to _____



Additional copies of this item are available from Montana State University Extension Publications. Please call (406) 994-3273 for current prices and ordering information.

8

Category Descriptions

Typical Expense Category Descriptions

Housing	Food	Trans.	Clothing/ Pers. Care	Medical	Recr.	Gifts/ Contri.
rent/ mortgage	groceries eating out	gasoline insurance	clothes makeup	doctor dentist	movies trips	gifts cards
electricity	snacks	oil	cleaning	glasses	hobbies	donations
trash removal	lunches	repairs	shoes	medicine	sports	
gas	breaks	license	haircuts	insurance	club dues	
telephone		parking				
water						

9

Blank Page for Your Expense Categories

My Expense Category Descriptions

10

Planned spending amounts (p. 2)

• Categories

- Food = \$300
- Housing = \$590
- Transportation = \$360
- Clothes Personal care = \$120
- Medical = \$100
- Recreation = \$80



11

Balance at a glance

• Far right column

• Checking account balance

➤ \$300



12

Example 1:

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT									
NUMBER	DATE	FOOD	HOUSING	TRANS.	CLOTHES	PERS. CARE	MED.	REC.	BALANCE
TOTAL	1530	300.00	590.00	360.00	120.00	30.00	50.00	80.00	\$ 300.00

Example: Before applying adhesive labels

13

Example 2: Recording Expenses

MAY RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT									
NUMBER	DATE	FOOD	HOUSING	TRANS.	CLOTHES	PERS. CARE	MED.	REC.	BALANCE
TOTAL	1530	300.00	590.00	360.00	120.00	30.00	50.00	80.00	\$ 300.00
511	5/1					-9.06			9.06
K-MART	5/11					20.94			290.94
DEPOSIT									1022.98
CASH	5/15								1313.92
WITHDRAWAL									50.00
									1263.92

14

Example 2: Record Expenses

- Check 511 to K-mart
- \$9.06 listed twice
 - Under personal care
 - Checking account balance



15

Example 2: Expenses

- Personal Care Category:
 - \$20.94
- Checking Account Balance
 - \$290.94



16

Example 3: Circle=Cash Box=Credit

MAY RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT									
NUMBER	DATE	FOOD	HOUSING	TRANS.	CLOTHES	MEDICAL	REC.	CREDIT CARD	BALANCE
		125.00	680.00	150.00		50.00		1500.00	\$ 300.00
5/11									1600.00
DEPOSIT	5/1								1900.00
501	5/1		-550.00						550.00
HOUSE PAYMENT	5/2		130.00						1350.00
502	5/2	-51.00							51.00
GROCERIES	5/4	7.00							1299.00
PENNEYS	5/4								1299.00
5/5									1299.00
CLINIC	5/5								1299.00
5/5									1299.00
AUTO REPAIR	5/5								1299.00
5/5									1299.00
TACO JOHN'S	5/3								1299.00
503	5/3								60.50
OBSCO	5/3								1238.50

Example 3: Cash/Debit Card

- Items are circled
 - \$3.75 food
 - \$24.00 clothes
 - \$15.00 medical



18

Cost \$1.00



- No charge in packet thanks to sponsorship of:
 - MSU Extension
 - Montana Credit Unions for Community Development
 - First Interstate BancSystem Foundation

25

Track'n Your Savings Goals

Tool # 2



26

Handy tool



- Shows how to track progress towards achieving specific savings goals
 - All in one place

27

Front Cover

TRACK'N Your Savings Goals



Use your savings register as a tool for setting, tracking and achieving your savings goals



Back Cover

Track'n your \$avings Goals

Beginning date: from _____ to _____

Made available through gifts from

- First Interstate BancSystem Foundation
- Montana Credit Unions for Community Development



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What are you saving for?

Savings Goals

Fix-It	Get-Away	Vehicle	College	Gifts	Retirement
Car Repair	Vacation	Truck	Tuition	Birthday	Travel
Appliance	Summer	Automobile	Books	Baby	Living Expenses
Repairs	Winter	Motorcycle	Room/Board	Holidays	
Remodeling	Weekend	Snowmobile	Computer	Anniversaries	
		Bicycle	Supplies	Wedding	

Fig. 1. Savings goals

Decide on Amount Needed

Figure 2

My Savings Goals					
Write Goals Here -->	Fix-It	Vacation	Car	College	Retire
Date Needed	2003	2004	2005	2021	
\$ Needed	\$ 1,000	\$ 1,000	\$ 2,000	\$???	\$???
\$ Already Saved	- 0.00	- 0.00	- 0.00	- 0.00	- 0.00
\$ Still Needed	= 1,000	= 1,000	= 2,000	= ???	= ???

Write the amount still needed for each goal on the top of the first register page

My Savings Goals

Figure 2

My Savings Goals					
Write Goals Here -->					
Date Needed					
\$ Needed	\$	\$	\$	\$	\$
\$ Already Saved	-	-	-	-	-
\$ Still Needed	=	=	=	=	=

Write the amount still needed for each goal on the top of the first register page

2

Goal Categories & Amounts

Figure 3

Total \$ Needed	Fix-it	Vacation	Car	College	Retirement	Savings Balance
\$4,000						
Description/Date	\$ 1,000.00	\$ 1,000.00	\$ 2,000.00	\$ 0.00	\$ 0.00	\$ 0.00

Recording a Savings Deposit

Figure 4

Total \$ Needed	Fix-it	Vacation	Car	College	Retirement	Savings Balance
\$3,900						
Description/Date	\$ 1,000.00	\$ 900.00	\$ 2,000.00	\$ 0.00	\$ 0.00	\$ 0.00
Auto Dep 1/11	+50.00					+50.00
Balance	50.00					50.00
Paycheck 1/29	+75.00					+75.00
Balance	125.00					125.00

Recording a Deposit -- Split Among Goals

Figure 5

Total \$ Needed	Fix-it	Vacation	Car	College	Retirement	Savings Balance
\$3,900						
Description/Date	\$ 1,000.00	\$ 900.00	\$ 2,000.00	\$ 0.00	\$ 0.00	\$ 0.00
Auto Dep 1/11	+50.00					+50.00
Balance	50.00					50.00
Paycheck 1/29	+75.00	+55.00	+20.00			+150.00
Balance	125.00	55.00	20.00			200.00

Recording a Savings Withdrawal

Figure 6

Total \$ Needed	Fix-it	Vacation	Car	College	Retirement	Savings Balance
\$3,900						
Description/Date	\$ 1,000.00	\$ 900.00	\$ 2,000.00	\$ 0.00	\$ 0.00	\$ 0.00
Auto Dep 1/11	+50.00					+50.00
Balance	50.00					50.00
Paycheck 1/29	+75.00	+55.00	+20.00			+150.00
Balance	125.00	55.00	20.00			200.00
Withdrawal 2/25	-80.00					-80.00
Balance	45.00					120.00

Audience Question

- What percent of credit card holders say they hardly ever pay the balance in full?



43

Hardly ever pay in full



35%

44

Audience Question

- What percent of college students have a credit card balance between \$3,000 & \$7,000?



45

Balance Between \$3,000 & \$7,000



21%

46

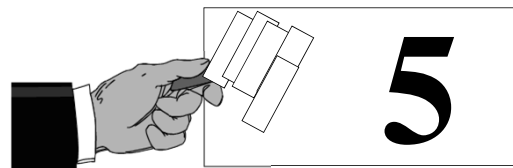
Audience Question

- How many credit cards does average American household use?



47

Credit Cards the average household holds



5

48

Audience Question



- What is the average annual credit card interest rate?

49

Average credit card interest rate

- 14.73%: New offers
- 13.67%: Those with balance



50

Credit Card Smarts Calculator

Tool #3



51

Credit card annual interest rate assumed by Credit Smarts Calculator

18.0%



52

Credit card monthly interest rate assumed by Credit Smarts Calculator

1.5%



53

Orange Side--Side 1

- **Paying Just 3% on Your Credit Card Debt**
–Check the REAL cost

54

Blue Side: Side 2

- Pay **MORE** than 3% and Save a **LOT**

55

Matt & Julie



- \$10,000 Credit Card Debt
 - *What if they pay the minimum?*

56

Orange Side--Side 1

- Pay back
 - \$19,421
- Interest Charges
 - \$9,421
- Years to pay off \$10,000 debt
 - 20 years

57

Blue Side: Side 2

- \$10,000 debt minimum payment
 - \$300 first payment
 - 20 years in debt
 - \$9,421 interest paid



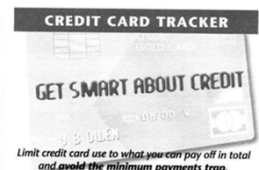
58

\$10,000 credit card debt

Payment	\$300	\$400	\$600
Years in Debt	20	13	8
Interest	\$9,421	\$5,738	\$3,226
Savings	0	\$3,368	\$6,195

59

Credit Card Tracker



Tool # 4

60

Ask yourself questions:



- Do I really need the item now?

61

Fees



- What are the additional fees or interest I will pay?

62

What to Give Up?



- What will I have to give up to pay this debt?

63

Personal limits for using credit:

?????
?????
??????



64

Record of Card Expense

- Date
- Description of charge
- Amount charged



65

Schedule of Non-monthly Living Expenses

Tool #5



66

Purpose

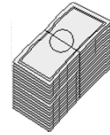


- Provide clear picture of how your non-monthly payments are distributed throughout a 12-month period

67

Example--page 3

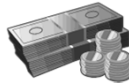
- Car insurance is due?
- Property taxes are due?
- Total payments in Nov?
- Yearly cost for newspaper?



68

Non-monthly Expenses

- Total yearly cost of non-monthly expenses?
–\$5,153
- Monthly set aside amount?
–\$429.42



69

Back of MontGuide

- Blank form for you to use



70

Eastern Montana Couple

*“Line 1 is our family fixed expenses,
Line 2 is our family income,
The difference is the fix we’re in.”*



71

MSU non traditional student

“I tried living within my income once & got claustrophobia.”



72

Question often asked

- How much “*should*” be spent for family living expenses?



73

Marsha’s Response



Well,
It depends..

74

Factors

1. Available Income
2. Number of Family Members
3. Stage in Family Life Cycle
4. Rural vs. Urban
5. Family/Individual Values



75

Developing a Spending Plan

Tool #6



76

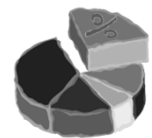
Guidelines from Bureau of Labor Statistics



77

Consumer Expenditure Survey – 2008

Percentages by category



78

Annual Income

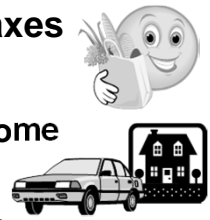
- Across top
 - Less than \$5,000
 - \$70,000 & over



79

Average Expenditure Categories, after taxes

- Food at home
- Food away from home
- Housing
- Apparel & services
- Transportation



(con'd)

80

Average Expenditure Categories, after taxes

- Health Care
- Entertainment
- Education/Reading
- Contributions
- Personal Care
- Other



81

Question:



What % does family with income of between \$40,000 & \$49,999 spend on transportation?

82

\$40,000 - \$49,999 Transportation

18%



83

Question:



What % does family with income between \$50,000 & \$69,999 income spend on food at home?

84

\$50,000 - \$69,999 Food

8%



85

Using a Homestead Declaration to Protect Your Home From Creditors



Tool #7

86

Question



- What is the \$\$ amount of equity in your home that a Montana Homestead Declaration (*if recorded*) protects against most creditor claims?

87

Montana Homestead Declaration



\$250,000

88

What is a Homestead?

- House, condo, townhouse, manufactured or mobile home
- Land on which it sits (if owned)
- Any improvements, fences, etc.



89

Married Couples

- Both spouses should sign the declaration
- Must be notarized



90

Record



- Clerk and Recorder's office:
 - In the county where the home is located

91

No Protection

- Against liens



92

Doesn't protect

- Equity in home if owner's cost of care
 - Were paid by Medicaid



93

Standard Form

- State of Montana Law Library:

- www.courts.mt.gov/library/topic/bankruptcy.mcpx



94

Montana Medical Care Savings Accounts

- Tool #8



95

What is an MSA?

- An account that can be used for paying eligible medical expenses not covered by a Montanan's health insurance policy, Flexible FSA, Federal Health Care Savings Account (HSA)



96

MSA Contribution Amounts: *Maximum*

- \$3,000 for each taxpayer
- \$6,000 married couple



97

MSA Saves on Montana Income Taxes

- Contributions:
 - Not subject to Montana income tax
 - Taxes saved depend on tax bracket



98

Taxable Income

Adjusted income	\$ 29,000
MSA deposit	- <u>\$3,000</u>
Taxable Income	\$26,000

99

Tax Brackets & Rates Montana- 2010

At Least	But less Than	Then your tax is:
\$0	\$2,600	1%
\$2,600	\$4,600	2%
\$4,600	\$6,900	3%
\$6,900	\$9,400	4%
\$9,400	\$12,100	5%
\$12,100	\$15,600	6%
\$15,600 or more		6.9%

www.mt.gov/revenue

100

Tax Savings with MSA Deposit: \$3,000

- Taxable income more than \$15,600
 - 6.9% tax bracket

MSA Deposit	\$3,000
Tax Bracket	<u>x .069</u>
	\$207 Tax Savings

101

Regular savings account Deposit: \$3,000

- Taxable income more than \$15,600
 - 6.9% tax bracket

Savings Deposit	\$ 3,000
Interest Rate	<u>x .0001</u>
	.30 earnings

102

Reduced Income for Taxes

- Total deposited in MSA
 - Not amount withdrawn



103

Example: Barbara



- January 31
 - \$3,000 deposited in MSA
- Only \$2,000 eligible medical expenses during year

104

Barbara's Montana Income

- Reduced by \$3,000
 - Not \$2,000

Adjusted income	\$ 32,000
MSA deposit	- <u>\$3,000</u>
Taxable Income	\$29,000



105

Reporting



- Schedule II: Montana Subtractions from Federal Adjusted Gross Income
 - Line 18: Exempt Medical Care Savings Accounts Deposits and Earnings

106

Percent of Montanans with MSAs

- **1.4%**



107

Managing Money in Tough Times



Tool #9
Check those you would like to receive

108

Family Financial Management Publications



Tool #10

Other materials that may be of
interest

109

Get a Grip on Your Money during 2011



110