

# FINANCES

## YOUR IDENTITY

You need to know about YOUR Identity.

When you are released, take steps to understand if your identity is in trouble:

**Do you have any pending warrants? Get a copy of your RAP sheet to review.**

**Do you have any outstanding fines or payments?**

Do you have any outstanding charges associated with child support or court rulings to pay damages or restitution, and/or court or defense costs? Uncover this information with the help of your probation or parole agent.

**Do a “Background Check” on yourself.**

Understand what employers or landlords may learn about you when they do a criminal or civil background check. Online background check resources include, Net Detective, Reverse-Records.org and CourtRecords.org. There is a \$29 fee for a 3-year membership.

**Do a Credit Background check on yourself.**

The Fair Credit Reporting Act (FRCA) requires several nationwide companies to provide you with a free copy of your credit report, at your request, once every 12 months.

You can order a free credit report online:

- [www.Annualcreditreport.com](http://www.Annualcreditreport.com)
- [www.FreeCreditReport.com](http://www.FreeCreditReport.com)

## YOUR FINANCES

### BANKING

Start “Banking” your money. Keep your money safe in an account. STOP WASTING YOUR MONEY ON FEES AT CHECK CASHING PLACES. Earn interest.

Learn about how to become a “Banked San Franciscan.” Go to [www.bankonsf.org](http://www.bankonsf.org)

To open an account, you will need:

- Government issued photo ID like a State driver’s license
- A utility bill or other official piece of mail that proves your address.

- If you have it, also bring your social security card/number (You do not need a social security number to open a checking account, but you will need it to open a savings account.)

Be aware: the interest you earn on a savings account will be reported to the IRS. During tax time, your bank will send you a 1090-INT form that shows how much interest you have earned. You must report the interest you earn as income when you file taxes.

There are a lot of people who are nervous about opening accounts because of prior financial problems – bounced checks or overdrawn fees. BANK ON SAN FRANCISCO is a San Francisco service to help people deal with past banking obstacles and to help you understand the value of “banking” your money.

To open an account, you can go to a variety of places that are PARTNERS in San Francisco’s “Bank On San Francisco” program:

- Bank of America
- Bank of the West
- Citibank
- Mission Area Federal Credit Union
- Mission National Bank
- Northeast Community Federal Credit Union
- Patelco Credit Union
- San Francisco Federal Credit Union
- Spectrum Federal Credit Union
- Sterling Bank and Trust
- United Commercial Bank
- Union Bank of California
- US Bank
- Washington Mutual
- Wells Fargo

**GO INTO ANY ONE OF THESE PLACES AND ASK TO TALK TO SOMEONE ABOUT THE BANK ON SAN FRANCISCO PROGRAM AND HOW TO OPEN AN ACCOUNT**

By opening an account, you reduce check cashing fees and keep your money safe. This helps you to keep more money in your pocket – by saving money you are building your assets.

There is another program to help you build your assets.

**ASSET BUILDING**

SF Earn  
235 Montgomery Street, Suite 300  
San Francisco, CA 94104  
phone: 415.217.3660  
info@sfearn.org

EARN breaks the cycle of poverty by matching the savings of low-wage workers and helping them invest in assets that build wealth, creating a cycle of prosperity across generations. When you invest money in an EARN account, they will match your money so that your money “your assets” grow more quickly.

#### EARN’s ACCOUNT CHOICES

**Individual Development Account (IDA)** – EARN will match your savings 2:1 (If you save \$2,000, EARN will match your savings by \$4,000 so you have access to \$6,000.

IMPORTANT NOTE -- When you withdraw this money it MUST be used for school, to buy a home or to open a business. Be sure to talk to an EARN representative about how IDA funds can be used.

#### **There are 3 steps to opening an IDA:**

- 1.) Learn about the IDA – as part of learning about the IDA, you must complete 8 hours of EARN's Basic Financial Management Training, 6 hours of asset-specific training related to the savings goal, at least 2 Saver Workshops per year and 1 Withdrawal Orientation.

Find out if you qualify:

# of people household income :

1	\$20,800
2	\$28,000
3	\$35,200
4	\$42,400
5	\$49,600
6	\$56,800
7	\$64,000
8	\$71,200

- 2.) Sign up for an orientation. If you think you qualify, call 415.217.3660

**Savings Accounts for Education (SAFE)** – This account helps you to save together with your child for his or her higher education.

#### **There are 3 steps to opening a SAFE account:**

- 1.) In the Savings Account for Education, also called the SAFE Account, youth between the ages of 10 and 17 and their parents can save up to \$500 and receive \$1,500 in match dollars from EARN. They can then invest their \$2,000 in the youth’s higher education or in college prep – SAT classes, tutoring costs or books, to name a few.

Qualifying families -- youth and at least one parent -- must complete an orientation and 8 hours of money management training before they begin to save. The training includes break-out sessions for youth and adults, as well as activities for the family to complete together.

Participants in the SAFE Project will also have access to ongoing workshops, on topics ranging from how to save for higher education costs to how to access financial aid and scholarships.

2.) Find out if you qualify

# of people household income :

2 \$62,300

3 \$70,050

4 \$77,850

5 \$84,050

3.) If you think you qualify, sign up for an orientation. Call 415.217.3669

When you get released, make sure you start to clean up your identity through background and credit checks, and learn how to make your money “work for you” by opening up bank or EARN accounts.

Here are some additional tips to help you better manage your finances:

**Now that you are working and making money again, here are some important tips to help you stay on your feet and enjoy your paycheck at the same time.**

**Take control of your money!**

When you know where your money goes, it's easier to pay your bills on time, save money each month and find financial freedom.

To get started, think about your money. Money should go towards things you need, things you want and towards your debts or into savings. Use the buttons on the circle below to see how you can have all the things you want and need and still have money left over to enjoy your life!

**Some expenses are required every month.** A place to live, a way to get around, and nutritious food to eat are things you can't live without. Every month you make rent or mortgage payments and spend money on utilities as well as transportation. Many people pay for different types of insurance and some pay for school fees and loans.

These expenses are things you can't do without. **This is half of your budget.** If you lose your job, or have an unexpected emergency expense, these are the things that you will still have to spend your money on.

However, some things, like a great cup of coffee every day or 999 channels of television, are things you want.

### **Do you collect stamps, comic books or little spoons?**

Do you enjoy watching satellite television or eating in restaurants? While these aren't things you need, it's your life and you should enjoy it with a budget that fits you best.

Every month, **spend no more than thirty percent of your income** on these expenses and there will be plenty of money for you and your family to enjoy. Your cable bill, your hair and nails and your fishing expenses go here. Put these expenses in this category and you will have plenty left over to save for a great future!

### **Take control of your savings!**

The best budget includes money to meet your needs and your wants as well as save for your future. When you put money into your savings, you can better plan for your retirement or education for your family.

Credit cards, payday lenders, and rent-to-own furniture stores charge very high interest rates. It's important to pay down these debts first so that your savings can go farther.

**Twenty percent of your money goes to debt repayment or savings.** If you need help getting started, build a budget with our free credit counselors to take control of your money!

### **What are the benefits of having a checking account?**

It's safe - It's much safer to write a check than to carry cash. If, for example, you lose your checkbook, you can tell the bank to cancel your checks and no one else can spend your money.

It's convenient - Checking accounts are also convenient for paying bills. Paying by check is much easier and cheaper than buying a money order (and you'll have proof that you've paid your bills). In addition to writing checks to make purchases, you can use an ATM or debit card at any bank machine, grocery store or drug store to make a purchase. You can also use a check debit card, which can be used for purchases anywhere credit cards are accepted.

Some banks also offer online banking, which allow you to check how much money you have in your account and pay bills online.

It saves you lots of money - Compared to cashing your paycheck and using money orders to pay for things, a checking account can save you more than \$1,000 every year!

### **If you're thinking about saving, here are six ideas to get you started:**

**1. Set goals.** If you want to succeed, you need something to save for. Figure out how much money you'll need to get what you want.

**2. Pay yourself first.** Before you spend any of your hard-earned money, put a set amount aside every month. Think of it as paying yourself.

**3. Make a budget.** Write down your spending plan. You will need a road map for how you want to spend your money.

**4. Keep track of your spending.** This is part two of your budget. It's not enough to write down your goals. You have to make sure you're following them. If you keep receipts and write down the money you spend every day, you can compare this to the budget you set.

**5. Avoid debt.** If you're already in debt, start to pay it off as soon as you can. Stop using your credit cards and focus on catching up.

**6. Take advantage of tax savings plans.** If your company offers a 401(k) savings plan or other matched savings account, try to put in as much money as you can. Remember that you could be making a free dollar (or more!) for every dollar you deposit. Why turn down free money?

### **What is saving and why is it important?**

Saving is a short-term way to plan for a purchase. It's one of the best ways to prepare for emergencies, unexpected expenses or buying an item without having to use credit.

#### **Saving:**

- **Is short-term:** The time you start saving from when you spend it is usually 6-24 months.
- **Stops you from spending:** Don't think of saving as putting away money that you will never use. Saving is money you put away NOW to spend LATER.
- **Gives you security:** Using savings vehicles (such as banks and credit unions) is less risky than hiding the money under the mattress or in the freezer. Banks and credit unions have government backed insurance so that you know your money is safe.

### **Why is saving important?**

Saving is important because having it (whatever the amount) brings you peace of mind and the ability to pay for things without using credit.

#### **Start Saving Now.**

Even if you think you can't afford it.

Even if it is only a few dollars out of each paycheck.

### **What's next?**

If you're going to start saving, you'll need to have a budget. Use these **seven steps** to make a successful financial plan:

1. **Start as early as possible**
2. **Set goals (short- and long-term)**
3. **Tell your family members**
4. **Support your plan with a practical, working budget**
5. **Do your homework – think about your options and be flexible**
6. **Put your plan in writing**
7. **Review your plan every month or two**

Budgets are just the beginning. Your plan won't make much sense unless you also learn to build credit, save and invest wisely.

The best way to make a budget for the future is to figure out how you spend your money now. First, look at where your money comes from and where it goes. Track all of your income and expenses for one month before creating your budget. You'll need to keep track of all of your purchases - from a cup of coffee to movie tickets - by writing them down in a notebook or holding on to receipts.

Write down how much you spend in each category every month. Don't forget to include money that you save each month to help you meet your future goals. Be realistic about your budget, so that it's easy for you to follow.

### **Step One: Calculate Income**

Your income is the most important part of your budget—it allows you to take care of your family and yourself. You can put that money into a budget to figure out how you spend your money now and how to make the most of it in the future.

Here's what you will need to fill out the income section:

Pay Stub(s)

Government Benefit Check(s)

### **Step Two: Calculate Expenses**

It is also important to know where you spend your money. Keeping track of your receipts and watching your statements is the best way to see how much you spend. If you already have a way of recording daily expenses, like a diary, use that information to fill out this section.

**Here are some things you might need:**

Grocery bills

Utility Bills

Bank Statement

Credit Card Bills

Mortgage Bills

Car or Student Loans

### **Step Three: Calculate Assets**

There are many ways to look at your personal finance. You may own some things that are worth money that you never even considered. Think about things like electronics, jewelry or even your home. These things, plus the money in your savings or investment accounts, are part of your assets.

Here's what you will need to fill out the Assets section:

Bank Statement

Blue Book \*(if you have a car)

\* The Kelley Blue Book is a company that tells you how much your car is worth. Click here to check your car's value with the online Blue Book.

### **Step Four: Calculate Debt**

If you are struggling with debt, you can help yourself by making a plan. You might owe money to many people or companies, but you can make a big difference by writing down those numbers. Be honest with yourself about how much you owe. Once you know how much you have to pay, your budget plan can help you figure out how to get rid of your debt.

Do not enter any account numbers in this section. You will only need to write the amount of money you owe.

**Here's what you will need to fill out this section:**

Credit Card Statements

Loan Statements

**\*\*Go to [beehive.org](http://beehive.org) and the Budget Wizard will calculate this budget for you.**

### **Prioritizing Your Budget**

If your budget shows you have more expenses than income, there are many ways to get out of trouble. Remember, everyone has different priorities. You will have to make the decisions that are right for you.

#### **What payments should I make first if I don't have enough money to pay for all my bills?**

1. First, pay off your necessary household expenses, such as rent or mortgage, utilities, and food, first. You need to pay your rent or mortgage to ensure you don't get evicted or have your property foreclosed upon. Think about the health and safety of your family when making these types of decisions.
2. Many utilities, such as the telephone company, electric company, and gas company, have programs to lower your bill if you qualify. If you think you need assistance, contact your utility company.

**What should I do if I can pay off my monthly household expenses, but am having trouble paying off my loans?**

1. Pay off the loan with the highest interest rate first to save on interest payments.
2. Talk to your creditor. Your creditor may be willing to reduce your payments or change the terms to accommodate your situation. Some creditors might offer extensions, smaller payments over a longer period of time. Some creditors might accept partial payments.
3. Get a debt consolidation loan. Be cautious of this option. If loan fees and interest rates are too high, it may not be the best option for you.
4. Get professional advice. Reputable credit counselors can help you deal with your financial problems. Some organizations charge little or nothing for their services.
5. Be cautious of companies that promise to fix your credit problems right away. Credit repair can be a long process that might take several years.

**Budget Box System**

- The budget box is a small box with dividers for each day of the month, with one divider for each day of the month.
- When you receive a bill, check the due date and place it behind the divider that represents the bill's due date.
- As you receive income, pay all bills that are due.

**Computer System**

- If you have access to a personal computer, you can create your own spreadsheet.
- You may also want to purchase a personal finance program. They are available for less than \$75.
- Using a computer to manage your finances is relatively simple. Once you set up the system, updating information is quick and easy. It is important to enter transactions frequently to truly understand your financial position.

**Expense Envelope System**

- This tool is useful if you pay your bills in cash each month.
- Make an envelope for each expense category, such as rent, gas, electricity, and food.
- Label the envelope with the name of the category, the amount, and the due date.
- When you receive income, divide it into the amounts to cover the expenses listed on the envelope.
- Pay bills right away so you will not be tempted to spend the money on something else.

**Sample Daily Spending Diary Worksheet**

Use this budgeting tool to track where your money is going. You are far more likely to save your money when you see how much small, miscellaneous purchases, such as coffee and soda, can add up.

Day	What did I spend my money on today?
Sunday	
Monday	
Tuesday	
Wednesday	
Thursday	
Friday	
Saturday	

### Monthly Payment Schedule

- Transfer your income sources and amounts from the Income and Expense worksheet to the income column below.
- Record the date the income amount is expected.
- Transfer your expenses, the date due, and amount due into the appropriate columns below.
- When the expense has been paid, enter the date in the Paid column.
- Use one color ink for income and a different color for expenses.
- See your instructor for additional worksheets.

Month \_\_\_\_\_

Income	Expenses/Bills	Pay or Due Date	Amount Due	Paid
Wages		April 2	\$2,000	
Child Support		April 5	\$ 800	
	Savings	April 2	\$ 100	
	Personal expenses	April 2	\$ 150	
	Food	April 2	\$ 400	
	Transportation	April 3	\$ 160	
	Rent	April 6	\$1,000	
	Telephone bill	April 16	\$ 40	
	Credit card payments	April 20	\$ 200	
	Child care	April 28	\$ 500	