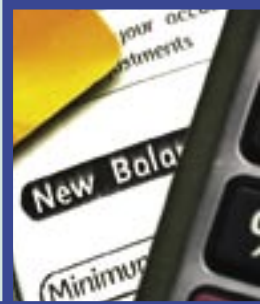


Master Your Money: A How-To Guide For Financial Stability

PIRGIM
Education
Fund



This financial guidebook is brought to you by PIRGIM Education Fund.

The Public Interest Research Group in Michigan (PIRGIM) Education Fund is a nonprofit, nonpartisan organization that works throughout Michigan to protect consumers, preserve the environment and promote good government.

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by PIRGIM Education Fund

Table Of Contents

	Page #
Part 1: Foundation: Reduce Spending	
Project 1: Making A Spending Plan	1-2
Project 2: Tips For Reducing Spending	3-4
Part 2: Framework: Finding Good Partners	
Project 1: Finding An Affordable Bank	5-6
Project 2: Avoiding Credit Card Debt	7-8
Project 3: Taking Control Of Your Credit Report	9-11
Part 3: Upkeep: Preventing Problems	
Project 1: Avoiding Predatory Lenders	12
Project 2: Avoiding Payday Loans	13-14
Project 3: Saving Your Savings	15-16
Project 4: What To Do If You Get Into Financial Trouble	17-18
Additional Resources	19-20

Foundation: Reduce Spending

Project 1: Making A Spending Plan

Taking charge of your money can reduce stress and help make sure you can handle unexpected problems and expenses. Most importantly, managing your money can help you meet your goals and create the life you deserve.

GROUP YOUR SPENDING INTO CATEGORIES

- Housing (include utility bills)
- Car and travel (include insurance, bus fare)
- Groceries
- Eating out (include coffee, snacks)
- Telephone/ cell phone
- Clothes
- Health costs (include co-pays, medicine)
- Child and school costs (include day care, books, classes)
- Loan payments
- Savings
- Entertainment (include CDs, drinks, cable)
- Gifts and donations
- Vacations
- Other (include cigarettes, lotto tickets, pet care and anything else)

Six Steps To Build A Spending Plan:

STEP 1: Set A Goal

Think about what you want most for you and your family, both next year and ten years from now.

Do you want to pay off debts so debt-collectors aren't hassling you? Do you want to take a nice vacation? Do you want to buy a house? Pick a goal and focus on it.

Next, ask yourself: How important is this to me? Am I willing to give up less important things to achieve this goal? If so, you're on your way.

STEP 2: Figure Out How Much Money You Make

In addition to regular paychecks of all family members (after taxes), include other money you regularly receive, like child support or social security. This is your total monthly income.

STEP 3: Figure Out How You Spend Your Money



Write down all the money you spend for a month. Nothing is too small: coffee at work, parking, that fast food burger. Include money you spend a few times a year (Christmas gifts, clothes) and surprise

expenses (car repair, hospital bills).

Divide the total yearly cost of those things by twelve and include them in your list.

STEP 4: Compare Your Income And Spending

To get ahead, you should be spending less than you earn. If this is the case, you're on the right track. Congrats!

You should save your extra income to prepare for unexpected problems (like an illness or lost job), for retirement and for your primary goal.

If your spending is higher than your income, you must either cut your spending or increase your income.

STEP 5: Set Priorities And Make Changes

Now make decisions about what matters most to you. Put stars next to the 3 most important categories.

Starting with the categories without stars, decide what to eliminate or decrease to make your spending less than your income or to increase your savings for your goal. (See pages 3-4 for ideas.)

Think about the goal you set in step 1. Then make the changes to your spending and/or income.

By deciding what's most important, you can make sure you have money for those things by cutting spending on the things that matter less.

STEP 6: Repeat

Spend another month tracking how much you bring in and spend, with the changes you made.

Compare and make sure you're now bringing in more than your spending and moving toward your goal.



A SPENDING PLAN . . .

1. Involves the entire family. Agree on goals, priorities and a spending plan.
2. Picks a few specific changes to make at one time.
3. Becomes part of your daily routine.
4. Builds rewards into your spending plan based on your priorities (e.g., eat out every other week)



Foundation: Reduce Spending

Project 2: Tips For Reducing Spending

There are lots of little ways you can reduce how much you spend. Little savings can add up to big money.

WHERE TO FIND \$1,000

By reducing spending by \$2.75 a day or \$20 a week, you can save \$1,000 in one year.

- Instead of taking the family to the movies weekly, go once a month or rent movies. Save \$1,500!
- Eliminate one family fast food trip per week. Save over \$1,000 per year.



- Eat lunch out once a week instead of every day. Save \$1,200.
- Quit smoking. One pack a day can cost \$1,400 per year.

Five Ideas For Reducing Spending:

STEP 1: Save On Food



- Avoid eating out. Even at a fast-food restaurant, you'll pay three to seven times more than you would if you cooked at home.
- Take coffee or pop to work rather than buying it there.
- Plan meals ahead of time and stick to your grocery list.
- Buy items you use often in bulk at warehouse clubs, discount stores, with coupons or on sale.
- Avoid buying prepared foods and carry-out meals.

STEP 2: Save On Travel

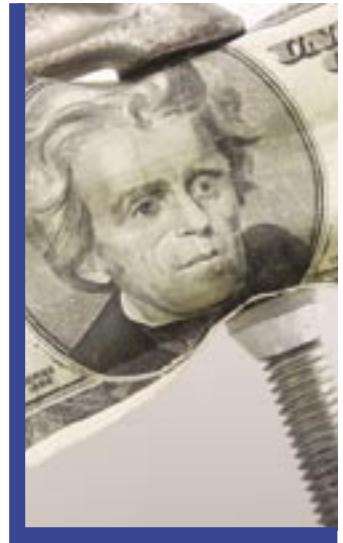


- Share driving or use public transportation.
- Purchase the vehicle with the best gas mileage that will serve your needs.
- Perform regular maintenance on your car. Your car will run more efficiently and you will avoid repair bills.
- Avoid fast start-ups and stops when driving, which waste gas and wear out the brakes sooner.
- Keep the tires properly inflated to save on gas.

- Plan your shopping and errands to avoid running out for just one thing.

STEP 3: Save At Home

- Shut off the lights and television when you leave the room.
- Lower the thermostat at night and while at work.
- Buy Energy Star-rated appliances. You'll save on electricity and gas bills.
- Get discounted prescription drugs through the MiRx program (866-755-6479), the Partnership for Prescription Assistance (888-477-2669) or ask your pharmacist about other discount programs.
- Trade baby-sitting with neighbors, friends and relatives.
- Read magazines and newspapers at the library or from a neighbor when they are finished.



STEP 4: Save On Shopping

- Avoid pawnshops, check-cashers, payday lenders and rent-to-own stores.
- Follow the “rule of three” when shopping: compare at least three similar products to be sure you’re getting the best deal.
- Thrift stores, garage sales and flea markets can be fantastic sources of quality clothes at great prices. **By buying most of your kids clothes at thrift stores or garage sales, you can save \$600 per kid per year.**
- Set up a clothing exchange with friends to trade children’s clothes.

STEP 5: Save On Entertainment

- Go to dollar movies or rent videos. See if your library has free video rentals.
- Do you buy a lot of books? Use the library instead.
- Check out the classes and kids’ activities at the local community center.
- **By switching from premium to basic cable, you can save \$540 each year.**

Framework: Finding Good Partners

Project 1: Finding An Affordable Bank

While banks and credit unions offer a safe place to keep your money and the convenience of checks and ATMs, banking can be costly. The average family who can't meet minimum balances pays nearly \$250 a year for a regular checking account. If you can't afford a bank account (like more than 10 million American families), using check cashing companies and money orders can easily double your fees.

Yet, the banking industry earns over \$120 billion in annual profits. By raising existing fees, inventing new ones, making it harder to avoid fees and raising minimum balances, you may get stuck paying more in bank fees.



✓ **WATCH YOUR ATM USE.**

Use your own bank's ATM or one that has a no surcharge logo.

✓ **AVOID INTEREST-BEARING ACCOUNTS.**

Avoid them if you cannot maintain a high minimum balance.

Four Steps To Pay Less At The Bank:

STEP 1: Shop Around

Know how you use your bank and compare your account to account options at other banks and credit unions based on your needs.

STEP 2: Check On Free Checking

While it can be a good deal, read the fine print to find out what services are included and what services you'll have to pay extra for—like talking to a teller.

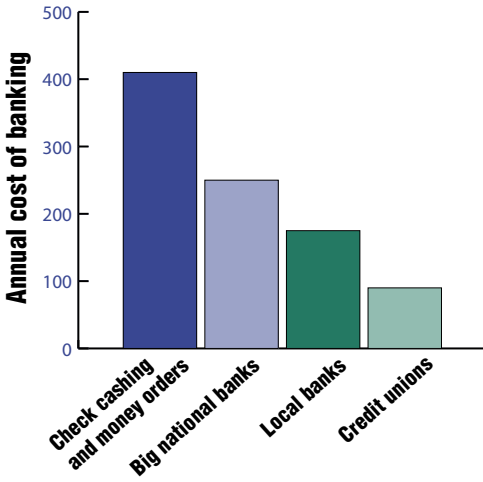
STEP 3: Ask About Direct Deposit

Some banks offer free or lower-cost checking if you have your paycheck or federal benefits directly deposited into your account.

STEP 4: Ask About Linked Accounts

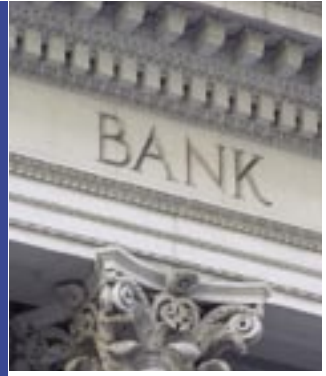
Some banks offer free checking if you have other accounts with them, such as a saving account, mortgage or car loan.

Measuring Your Banking Options



Credit unions offer the same services and protections as banks, but since they are nonprofit and member-owned, they usually have lower fees and better deals than banks.

To find a credit union near you, visit www.lovemycreditunion.org or call 800-474-5646.



Stand Up For Your Rights

If you feel a fee is too high or unfair, complain. Banks may waive a one-time fee. If you are regularly charged outrageous fees, move to another bank, and tell the bank manager why.

What Policymakers Can Do

✓ Lifeline Banking

Ten million families cannot afford bank accounts and an additional 48 million have an average balance below \$1,000 at any given time.

Congress should require banks to offer low-cost lifeline accounts for families who need better access to bank accounts.

✓ ATM Surcharges

Congress should either ban unfair fees such as double ATM fees, or it should allow cities and states to do so if they choose.



Framework: Finding Good Partners

Project 2: Avoiding Credit Card Debt



While credit cards can be convenient, allowing you to make purchases quickly and easily, they can also lead to trouble. Credit cards make it easy to overspend and get into serious debt.

Americans have over \$800 billion in credit card debt, with an average household debt of over \$8,000. Nationally, **we pay \$100 billion a year** in interest on this debt. No wonder credit card industry annual profits are nearly \$30 billion and rising! Credit card companies are still pushing for more—they sent out 5 billion credit card offers last year.

HOW DEBT HAPPENS

When you're 22, you charge \$1,000 worth of clothes and CDs on a credit card with a 19 percent interest rate.

If you pay the minimum of \$20 every month, you'll be over 30 by the time you pay off the debt!

With interest, you'll have paid \$2,000 for those clothes and CDs. And that's if you never charge anything else on that card!

Remember, if you don't pay your entire balance every month, every purchase is a costly loan.

Four Steps To Avoid Credit Card Debt:

STEP 1: Shop Around

Watch out for deceptive marketing that can trick you into high APRs, including penalty APRs which double or triple if you are late on even one bill or introductory APRs that last a few months and then increase. Don't decide based on prizes such as cash back bonuses, store discounts or flyer miles. You'll pay a lot more than you earn.

STEP 2: Pay As Much As You Can Each Month

Remember, if you don't pay your entire balance every month, every purchase is a costly loan. This applies especially to the card with the highest interest rate.

STEP 3: Reduce The Number Of Solicitations

Call 1-888-5-OPTOUT to reduce the number of credit card solicitations you receive in the mail.

STEP 4: Lower Your Interest Rate

Call and ask your credit card company for a lower rate. Consider transferring your balance to get a lower rate. However, avoid continuously "surfing" for lower credit card rates. Credit unions and banks offer loans with steady rates and regular payments.

Find The Credit Card That's Right For You

All credit card applications include a disclosure box like this. Credit card terms and fees vary, so it's important to know how you use credit cards and to compare at least three offers to find the card that is best for you. Visit www.cardweb.com, www.bankrate.com or www.consumer-action.org.

What Does This Mean?

- *The rate you'll be charged if you carry a balance.*

- *The rates charged if you get a cash advance, transfer a balance or make a payment late.*

- *Tells you how the variable rate will be determined (if relevant). More info may be listed outside of the box.*

- *The number of days you'll have to pay your bill for purchases in full without triggering a finance charge.*

- *How a balance is calculated if you carry a balance and will pay a finance charge.*

- *The amount you'll be charged each 12-month period.*

- *Anytime you are charged a finance charge, it will be no lower than this.*

- *The charges you'll pay when you do the things listed.*

Annual percentage rate (APR) for purchases	2.9% until 11/1/06; After that, 14.9%
Other APRs	Cash-advance APR: 15.9% Balance-Transfer APR: 15.9% Penalty rate: 23.9% See explanation below.*
Variable Rate Information	Your APR for purchase transactions may vary. The rate is determined monthly by adding 5.9% to the Prime Rate.**
Grace period for repayment of balances for purchases	25 days on average
Method of computing the balance for purchases	Average daily balance (excluding new purchases)
Annual fees	None
Minimum finance charge	\$.50
Transaction fee for cash advances: 3% of the amount advanced. Balance-transfer fee: 3% of the amount transferred. Late-payment fee: \$25. Over-the-limit fee: \$25.	

Is It Right For You?

✓ *Look at this first if you don't pay your full balance every month.*

✓ *Look at the penalty rate if you don't pay your full balance and if you occasionally send in your payment late or go over your limit.*

✓ *Important if you generally pay your full balance every month.*



TOOL TIPS: If you have financial troubles, you should cut up your credit cards and pay with cash. You can't spend what you don't have in hand.

Framing: Finding Good Partners

Project 3: Taking Control Of Your Credit Report

YOUR CREDIT REPORT DETERMINES HOW MUCH YOU PAY:

On an \$80,000 mortgage:

\$ A very good credit report could get you a 6% loan and paying \$480 per month.

\$ A weak credit report could mean getting an 8% loan, paying \$587 per month.

\$ A bad credit report could stick you with a 10% loan, paying \$702 per month.

What Are Credit Reports?

If someone loans you money, they want to know you're going to pay them back. Credit reports were created to predict if you'll pay money back by tracking how well you've paid back money in the past. Some people also believe that your credit report is a good way of judging how reliable you are.

Your credit report matters when you want to:

- ✓ open a new credit card
- ✓ lease a new car or get a car loan
- ✓ get a new apartment
- ✓ buy a house
- ✓ insure your car or house
- ✓ get a job

A good credit report can mean getting the job, apartment or car loan you want and paying less for loans. A poor credit report can mean paying more or getting turned down for loans, insurance or an apartment. It's that simple.



DANGER



Credit bureaus and other companies will try to convince you to pay \$80 or more a year for credit monitoring services that you don't need.

Don't waste your money.

What Is Your Credit Score?

Your credit report is your financial resume. Your credit score is a numeric summary of your credit report.

A credit score is a number used to summarize your credit report, usually between 300-900.

Moderate use of credit and bills paid on time leads to a high, or good, credit score. Maxed out credit cards or bankruptcies give you a low, bad credit score. Lenders use credit scores to help decide on loans, but the lender makes the decision, not the score.

Find Out What Your Credit Report Says About You:

1. Get A Free Copy Once A Year

Once a year, order your free credit report from all three credit bureaus by:

- Visiting www.annualcreditreport.com or calling 877-322-8228, or
- Writing the Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348.

2. Get A Copy When You Need One

Other times you can get a report free are when you are denied credit, are the victim of identity theft, are on public assistance or are unemployed. Contact each credit bureau separately:

- Equifax: 800-685-1111; P.O. Box 740241, Atlanta, GA 30374; www.equifax.com
- Experian: 888-397-3742; PO Box 2002, Allen, TX 75013, www.experian.com.
- TransUnion: 800-916-8800; P.O. Box 2000, Chester, PA 19022; www.transunion.com.



Watch Out For Mistakes In Your Credit Report!

Unfortunately, credit bureaus don't ensure that credit reports are complete and accurate. In fact, most credit reports have mistakes, some big enough to get you turned down for a loan or job. Common credit report mistakes to look out for:

- Accounts that are not yours—especially if you have a relatively common name or share a name with a relative. This could also be caused by identity theft!
- Positive information, like on-time payments, is missing. Small, local creditors may not report to national bureaus.
- Accurate information is reported twice, so it looks as if you have too much credit for your income: Your mortgage or student loan may have been sold to another lender, but appears twice.
- Old jobs or addresses listed as current.

Take time to correct any mistakes. Write to both the credit bureau and the company. Explain what information you want deleted or corrected and what the correct information is. Send copies of account statements (never send originals). Keep good notes and follow up to make sure they correct it.



Don't get scammed.
Don't trust "credit repair clinics" that:

- Claim that they can remove accurate information from your credit report
- Tell you how to create a new credit report, which is illegal
- Require payment before services are provided
- Won't tell you what you can do yourself for free

Steps To Improve Your Credit Report:

STEP 1: Always Pay Bills On Time

Pay at least the minimum balance.

If you can't pay on time, talk to the creditor and make a plan to pay them.

STEP 2: Pay Old Debts

They won't just go away.

STEP 3: Keep debt as low as possible

STEP 4: Check your credit report

Check your credit report for accounts you don't use. Close accounts that you don't need.

STEP 5: Make Sure Good Credit Is Shown

Ask the credit bureaus to add companies that you have a good credit history with if they are not listed on your credit report.

STEP 6: Recent Information Counts

Most negative information stays on your credit report for 7 years, bankruptcies for 10. But recent information counts more.



What Policymakers Can Do

✓ Personal Control

Right now anyone with a "permissible business purpose" can get a copy of your credit report.

Consumers should have the right to put a "security freeze" on their credit report, controlling who sees their credit report.

✓ Accountability For Accuracy

Credit bureaus and creditors should be held more accountable for ensuring the accuracy and completeness of the information in their files.

Upkeep: Preventing Problems

Project 1: Avoiding Payday Loans

JANE'S TROUBLE WITH PAYDAY LOANS: A COMMON SCENARIO

Following the ads promising quick cash, Jane wrote the payday lender a check for \$300 dated in two weeks, paid \$45 in fees and took home \$255 for car repairs.

But in two weeks, Jane still couldn't pay the \$300, so she had to pay another \$45 to take out another loan. Repeating this for 6 months, she ended up paying \$540 in fees for the \$255 car repair, and still owes \$300 to the payday lender!

Payday loans are cash advances, using a post-dated check for a short-term loan.

Here's How To Get A Short Term Loan Without Getting Ripped Off:

✓ **Get on a payment plan:** Many creditors will negotiate smaller payments over a longer period of time.

✓ **Get a loan from a credit union:** Many credit unions offer affordable small, short-term loans (around 18% annual interest) on an emergency basis that you repay over several months.

✓ **Get a credit card cash advance:** While costly, credit card cash advances, which are often offered at about 30% APR, are much cheaper than getting and continually renewing a payday loan.

✓ **Get help from an emergency assistance program:** Many community organizations provide emergency assistance.

For example, the Low Income Home Energy Assistance Program helps pay the heating bills of low-income families to prevent heat from getting cut off for non-payment.



Most people's financial problems don't go away in two weeks. Despite advertising short term loans, only 1% of payday loans go to one-time emergency borrowers.

Many people take out 10 or more loans in a year, paying fees every two weeks, but are never able to pay the initial loan.

One loan can turn into a nearly endless cycle of debt.

How an average two-week payday loan of \$255 with \$45 in fees compares to alternatives:

Transaction	Fee/ Month	APR
\$255 payday loan	\$90*	391%
\$255 bounced check	\$43	202%
Late fee on \$255 credit card bill	\$30	141%
Late fee on \$800 mortgage	\$32	48%
Late fee on \$300 car payment	\$15	60%

Upkeep: Preventing Problems

Project 2: Avoiding Predatory Lenders

HOW TO SPOT A PREDATORY LOAN

- ✓ High interest rates or multiple or expensive fees.
- ✓ Loans that disregard your ability to repay.
- ✓ High pressure sales tactics, pushing you to act now.
- ✓ Prepayment penalties—a fee or charge for paying off the loan early.



DON'T BORROW TOO MUCH

Borrow only the amount you really need and can afford to pay back. Just because they're offering it, doesn't mean you can afford it.

Remember, if an offer sounds too good to be true, it usually is.

Don't trust it, don't take it.

Predatory lenders promise loans that are “too good to be true” and pressure borrowers to take them on the spot. They then pile on the fees and extra charges, or make it hard for you to pay your debt so you lose your car or house to foreclosure!

Whether a \$200 payday loan or a \$200,000 mortgage, predatory loans push people into serious financial crises and wreck their credit reports.

Four Steps To Avoid Predatory Lenders:

STEP 1: Shop Around

Don't just take the first loan you're offered. Always shop around to at least three banks, credit unions or other lenders to make sure you're getting the best deal.

STEP 2: Watch Out For False Advertising

Don't trust ads promising “No Credit? No Problem!” Never respond to a solicitation that makes borrowing sound easy and cheap.

STEP 3: Don't Feel Pressured

Don't be pressured into acting before you're ready. A loan that won't be available tomorrow isn't one you want.

STEP 4: Read The Fine Print

Take the time to read the fine print on any loan application. And ask questions! It's far better to feel a little foolish now than having it cost you big later.

Get help from someone you trust if you don't understand the terms. Seek assistance from family members, local credit counseling services or others to make sure a loan is right for you.

Predatory Lending's Many Forms:

Mortgage Lending



“Get cash from your house!!”
“Bad credit, no credit? We can get you into a house!”
What the ads don't say is:
“We'll rip you off and take your house!”

By giving loans that people cannot afford and charging huge fees and high interest rates, these loans lead people to lose their home and all the money they put into it.

Instant Tax Refunds

You'll get your money a little faster but it will cost you big. These are actually loans at outrageous interest rates of up to 700% APR.

Instead, have your refund directly deposited into your bank account in just a week or two. Get free help from AARP Tax-Aide or another nonprofit group.

Car Title Loans

Marketed as small emergency loans, these loans often trap borrowers in a cycle of debt.

A typical car title loan has a huge annual interest rate and requires full repayment within one month. These loans are very risky—if you can't pay, you could lose your car!

Rent-To-Own Companies

These rentals of furniture, TVs or other products are really more like loan-shark loans. You could pay \$2,200 over two years to purchase a \$500 TV!

Instead, if you really need it, buy it on layaway or pay for it on a credit card and make regular payments.

A PERSONAL STORY

Helen took out a second mortgage to pay medical bills—the ad promising \$150,000 at just \$400 per month sounded too good to be true for someone living on Social Security.

But the real cost jumped to over \$700 per month and despite careful budgeting, expenses rose and she fell behind on the payments.

The company foreclosed on the house that Helen had lived in for 25 years.

WHAT POLICYMAKERS CAN DO

- ✓ Prohibit Rip-off Loans: High cost short term loans secured by personal checks, tax refunds, or car titles should be prohibited.
- ✓ Ban Unfair Loan Terms: Unfair or predatory lending terms, such as excessive upfront charges, prepayment penalties or mandatory arbitration should be prohibited.
- ✓ Protect Homes: Policymakers should help protect homes from foreclosure resulting from fraudulent or predatory lending practices.

Upkeep: Preventing Problems

Project 3: Saving Your Savings

As soon as you've paid off high interest credit cards, start saving money for you.

Saving money is important for two reasons:

- **Getting Through The Tough Times**

Most people who go bankrupt do so after an unexpected job loss, illness, or divorce.

If you have savings, you can get through tough times without tons of debt and trouble.

- **Saving For What Matters Most**

Do you want to buy a house, send your kid to college, retire comfortably, or even get a new car or go on a nice vacation?

Setting aside a little money every month is the best way to make sure you can achieve what you really want!

How You Can Save Money

When you pay your bills, put yourself on that list of people you owe. Decide an amount you can commit to every month and put it into a savings account.

Here's an easy way to start:



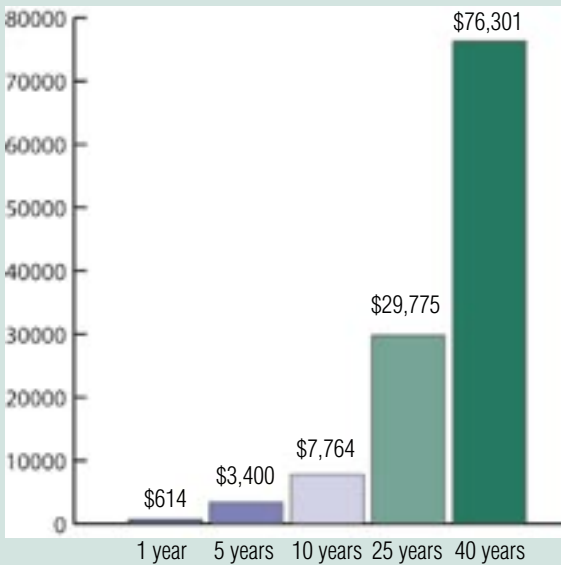
- Put \$1 and your loose change into a jar every day. At the end of the month, you'll have around \$50 to put into a savings account. In one year, you'll have \$600.
- You can also arrange to have a set amount automatically transferred from your checking account to your savings account each month.

The “Miracle” Of Compound Interest

Few people get rich from their wages alone. But by taking advantage of the “miracle” of compound interest—earning interest on your interest—almost anyone can reach long-term financial goals.

By saving as little as \$50 per month, you can build considerable savings.

Save \$50 a month with a 5% yield



Savings Add Up Quickly! Start Now!

If you start now saving \$75 a month, in one year you'll have nearly \$1,000—enough for a family vacation or the down payment on a nice car.

If you save \$60 a month, in 18 years you could have over \$20,000 in your child's college fund. But, if you wait until your child is 10 years old, you'll have to save \$170 a month for 8 years to save that \$20,000 for college.

WATCH YOUR MONEY REALLY GROW

To help lower-income families save money for school, a home or to start a business, Individual Development Account programs match every dollar you save, doubling or sometimes tripling your money!

Here are a few sources:

- Jackson Community Action Agency: 517-784-4800
- Detroit United Way Community Services: 313-226-9418
- Wayne-Metropolitan CAA: 313-843-2550
- Oakland Livingston Human Service Agency: 248-209-2620
- Power, INC.: 734-544-6559
- West Michigan City Vision: 616-451-9140

Visit www.idanetwork.org for a list of all 30 in Michigan.

Upkeep: Preventing Problems

Project 4: What To Do If You Get Into Trouble

Dealing With Debt Collectors

Federal law limits how and when a debt collector may contact you. A debt collector may not call you before 8 a.m., after 9 p.m., or while you're at work if the collector knows that your employer doesn't approve of the calls. Collectors may not harass you, lie, or use unfair practices when they try to collect a debt. And they must honor a written request from you to stop further contact.



Tip 1: Seek help. Remember, you don't have to pay huge fees for financial help! Many credit unions, military bases, housing authorities, universities and Cooperative Extension Services can operate or recommend nonprofit credit counseling programs.

Tip 2: As you pull yourself out of the financial crisis, prevent the next crisis by setting aside money in a savings account for future financial challenges.

Four Steps To Get Out Of Debt

STEP 1: Tell Your Creditors



They'll often let you make smaller payments for a while, if they believe you honestly plan to pay.

- Don't wait until you're far behind in payments or dealing with debt collectors.
- Be honest with your creditors. Don't make promises you can't keep.

STEP 2: Pay Off Highest Interest Loans First

Keep paying the minimum on the rest of your debts.

STEP 3: Consolidate Your Loans

Shift higher-interest loans to a single lower-rate loan.

STEP 4: Stop Buying On Credit

Or keep just one or two credit cards and only use them when you have to. Cut up and cancel the other cards. Paying off debts won't happen overnight, but it can happen if you work at it. Debts won't go away if you ignore them.

Five Steps To Control Your Finances

STEP 1: Spend Less

Don't buy things you don't really need (see page 5-6).

STEP 2: Sell Things You Rarely Use

And sell them yourself—don't use a pawnshop.

STEP 3: Don't Keep Things You Can't Afford

If you can't pay your car loan, mortgage or rent, find a more affordable car or house. It's better to sell your car than have it repossessed!

STEP 4: Increase Your Income

Consider a second job or work overtime.

STEP 5: Consider Other Sources Of Money

Other sources include borrowing from your retirement account or taking out a second mortgage, but only as a last resort.

Getting Help: Credit Counselors

Good credit counselors can help you manage your debts and develop a financial plan to solve your money problems based on your situation. One option is a debt repayment plan, in which you deposit money with the councilor each month and they pay your creditors. Many charge low or no fees for their services.

Look in your own community for in-person counseling:

- National Foundation for Credit Counseling, a network of 1,300 local nonprofit organizations. Call 1-800-388-2227, check the yellow pages or visit www.debtadvice.org.
- GreenPath Debt Solutions (Consumer Credit Counseling Services of Michigan), a national nonprofit agency paid for by the credit card companies. Call 1-800-550-1961 or visit www.greenpath.com.



CAUTION!

Watch out for credit fix scams! Be cautious of seemingly easy, quick fixes. Avoid companies that:

- Guarantee they can erase your credit card debt or pay it off with pennies on the dollar
- Require substantial monthly service fees or upfront fees
- Tell you to stop making payments to or communicating with your creditors

Just because an organization says it's "nonprofit," doesn't guarantee that its services are affordable or even legitimate.

Some credit counseling organizations charge high hidden fees or urge consumers to make large "voluntary" contributions.

Additional Resources

Where You Can Go For Help



Know Your Rights

✓ You have the right to be treated fairly, to be given honest and complete information and to have the product or service you purchase work as promised. If that doesn't occur, you have the right to complain and to have your problem resolved.

✓ If you have a problem with a company, your first step should be to complain to the company. Contact the manager, calmly explain what the problem was and what you

expect them to do about it (refund your money, apologize, etc). If the local office is not helpful, try the regional or national office.

Below is a list of agencies and community organizations and how to contact them:

PIRGIM

Public Interest Research Group In Michigan
734-662-6597
www.pirgim.org

BANKS, INSURANCE, MORTGAGES

In Michigan:
Office of Financial & Insurance Services
877-999-6442
www.michigan.gov/ofis

CONSUMER ORGANIZATIONS

Consumers Union/ Consumer Reports
914-378-2000
www.consumerreports.org

ELECTRICITY, PHONE, GAS

Michigan Public Service Commission
800-292-9555
www.michigan.gov/mpsc

GENERAL

www.consumer.gov

Michigan Attorney General
Consumer Protection Division
877-765-8388
www.michigan.gov/ag

Federal Trade Commission
877-382-4357
(877-FTC-HELP)
www.ftc.gov/ftc/consumer.htm

LEGAL ASSISTANCE

Legal Hotline for Michigan Seniors
800-347-5297

Michigan Legal Services
800-322-4512

Legal Services for Wayne, Oakland, Macomb
Counties
877-964-4700

Legal Services for Jackson and south-central
Michigan
517-787-6111

Legal Services for Kalamazoo and south-
west Michigan
800-819-0773

Legal Services for West Michigan
800-442-2777

Michigan Poverty Law Program
734-998-6100

State Bar of Michigan, Lawyer Referral
Service
800-968-0738
www.michbar.org

National Association of Consumer Advo-
cates, Lawyer Referral Service
202-452-1989
www.naca.net

American Civil Liberties Union Fund of
Mich.
Anyone with constitutional rights issues
313-578-6800

Center for Civil Justice, eastern Michigan
Anyone with public benefits problems
989-755-3120; 800-292-9555
www.michigan.gov/cis

U.S. Comptroller of the Currency
800-613-6743
www.occ.treas.gov/customer.htm

NEEDS ASSISTANCE

United Way and other community groups
who provide food, housing, medicine and
other aid to those in need
Dial 211 (like 911)
www.uwmich.org

Michigan Community Action Agency
Centers
517-484-1353
www.mcaaa.org

POLICE

Michigan State Police
517-322-2521
www.michigan.gov/msp

UNSAFE PRODUCTS

U.S. Consumer Product Safety Commission
800-638-2772
www.cpsc.gov

OTHER

Government Information
Federal Citizen Information Center
800-688-9889 (800-FED-INFO)
www.firstgov.gov

Help buying a house

Michigan Housing Development Authority
800-327-9158
www.michigan.gov/mshda

Stop junk mail

Consumer Credit Reporting Industry
Opt-out of pre-approved credit offers
888-567-8688
888-5-OPT-OUT
www.optoutprescreen.com

Stop telemarketers

FTC Do Not Call Registry
888-382-1222
www.donotcall.gov

Master Your Money Checklist

Top 6 Ways To Take Control Of Your Money

1. Create a spending plan (pages 1-2)
2. Shop around for credit cards and banks (pages 5-8)
3. Order and improve your credit score (pages 9-11)
4. Avoid high cost loans (pages 12-14)
5. Start saving (page 15-16)
6. Get help and resources (pages 17-20)

PIRGIM Education Fund

**103 E. Liberty, Suite 202
Ann Arbor, MI 48104**

**734-662-6597
www.pirgim.org
info@pirgim.org**