

Independent Living Skills Module IV – Money Management

The following questions will help you identify money management skills in which you excel and target those which you need to develop. By yourself or with your team try to answer each of the questions as honestly as possible. After completing this independent living skills assessment, review it with your team and identify those skills you would like to strengthen.

	<i>I do not know how to do this</i>	<i>I need to know more about this</i>	<i>I can do/ have done this</i>
1. Know how to add, subtract, multiply, and divide using a calculator.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Can make purchases using the correct amount of money and can determine when I receive correct change from a purchase.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Know what the basic necessities for daily living are (food, housing, transportation, clothing, etc.) and am aware of their costs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Can set up and follow a monthly budget which includes the basic living expenses.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Can manage unexpected bills or financial emergencies and keep within my budget.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Know how to open a savings account, make deposits and withdrawals, and read a passbook/balance statement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Understand what a money order is and know where and how to purchase one..	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Know how to open a checking account, write checks, make deposits and withdrawals, and accurately record each transaction.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Can read monthly bank statements and balance my checkbook.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Independent Living Skills Module IV – Money Management

	<i>I do not know how to do this</i>	<i>I need to know more about this</i>	<i>I can do/ have done this</i>
10. Am able to regularly put aside some money for savings.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Know how much money I will need for independent living start-up costs and have established a savings plan accordingly.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Know the meaning of the words “gross” and “net” in reference to a paycheck and understand all the deductions, i.e. federal tax, state tax, FICA, etc. that are itemized on my pay stubs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Understand that by law I must file federal and state tax forms and know how to get assistance to complete them.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Know the value of using coupons and looking for sale prices when shopping.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Can recognize deceptive or misleading advertising.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Know the importance of comparing prices by using unit pricing when shopping.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Know when and how to say “no” to friends wanting to borrow money.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Know the basic concepts of credit, loans, and interest.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. Understand how to avoid late payment penalties when making purchases by credit.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Know the general costs of utilities and can make informed decisions about their usage.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Understand what problems are created when a bad credit rating has been established and know how to avoid one.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Personal Budget

In this next section, we will work on establishing a personal budget. Each individual's personal budget will be different, reflecting his/her income, needs, lifestyle, preferences as well as where a person resides. Rents for apartments tend to be more expensive in a city or highly populated area close to the city. On the other hand, rents tend to decrease as you get farther from the city because there is less accessibility to places of entertainment as well as limited public transportation. Before beginning to work on your personal budget, take a look at two examples of financial planning -- Peter and Diana's personal budgets

Peter

Peter, 19, lives in a two bedroom apartment, which he shares with his roommate. They split the cost of rent (\$800 per month) and utilities (hot water is included in the rent). They each pay their own phone bill. Peter has a girlfriend who lives in another town and often calls her long distance. Peter and his roommate keep a phone log and each of them is responsible for the expenses of their calls. They go grocery shopping together and share the cost of food. Peter and his roommate take turns cooking meals. Peter works full-time (40 hours a week) at a gas station and makes \$7.50 an hour, about \$300 a week or \$1,200 a month (\$14,400 a year, before taxes). Based on the expectation that 33% of his salary will be deducted for taxes, Peter will have \$804 to spend each month. Peter's job does not offer health insurance so he needs to pay for all medical expenses out of his income. He enjoys taking his girlfriend to the movies and going out to dinner once in a while. Presently, Peter is saving some of his income to purchase a car. After considering each budget item individually, Peter has set up a budget for himself which looks like the following:

Diana

Diana, 18, lives in a studio apartment by herself in Spencer (a town approximately 15 miles from Worcester, MA). Her rent is \$675 a month, including all utilities except for her phone bill. Diana recently completed a Nurse's Aid Certification course and is presently working at a nursing home full-time (40 hours a week). Diana makes \$12.02 an hour and gets paid bi-weekly. Therefore, she receives \$961.60 every 2 weeks before taxes, which is \$1923.20 per month or \$23,078.40 a year. After taxes, her bi-weekly paycheck equals \$644.27. Through her job, Diana receives benefits including medical and dental insurance as well as sick and vacation pay. Diana bought a car six months ago, which she uses to drive to and from work daily. Diana likes to buy new clothes and is a member of the local health club. She is presently saving some of her income to continue her education at the community college in order to become a nurse. Diana has set up a budget for herself which looks like the following:

Peter's Monthly Budget*Income (After Taxes): \$804***Diana's Monthly Budget***Income (After Taxes): \$1,289*

Rent – one half	\$400	Rent – one half	\$400
Utilities (gas, oil, electric)	\$ 47.50	Utilities (gas, oil, electric)	\$ 0
Phone	\$ 40	Phone	\$ 60
Food	\$100	Food	\$200
Home Care	\$ 18	Home Care	\$ 25
Personal Care	\$ 20	Personal Care	\$ 25
Medical Care (inc. prescriptions)	\$ 10	Medical Care	\$ 0
Insurance (auto, home, renter's)	\$ 0	Auto Insurance	\$100
Transportation	\$ 30	Transportation	\$ 60
Clothing	\$ 30	Clothing	\$ 54
Recreation	\$ 25	Recreation	\$ 10
Savings	\$ 13	Taxes	\$ 0
Additional Taxes	\$ 0	*Cable (luxury)	\$ 55
*Cable (luxury)	\$ 28	*Cell Phone	\$ 0
*Cell Phone	\$ 25	Misc. (Health Club)	\$ 20
Miscellaneous	\$ 17.50		

*These items are not necessities. If you can fit them into your budget, fine; if not, you might have to go without them until you can properly afford them. You can also look at prepaid cell phones as an option to a contract cell phone and buy the least expensive cable package until you can afford an upgraded one.

If you compare Peter and Diana's budgets, it becomes obvious that budgets can be flexible in order to accommodate each person's lifestyle. As stated earlier, some budgeting items like recreation, transportation, and savings are more flexible than rent and utilities. While establishing your personal budget, you need to keep in mind how your preferences and lifestyle might influence your own budget.

In the next section, we will work on establishing a personal budget using a monthly income of \$804.00, the approximate amount you would earn each month working 40 hours a week at \$7.50 an hour. Before you fill out the complete budget below, you will need to complete the individual item sections and place the "final amounts" in the appropriate labeled box on the "My Personal Budget" page.

NOTE: It might be helpful to use a calculator on this next section. If you haven't used one before, ask your social worker, foster parent, or staff to teach you.

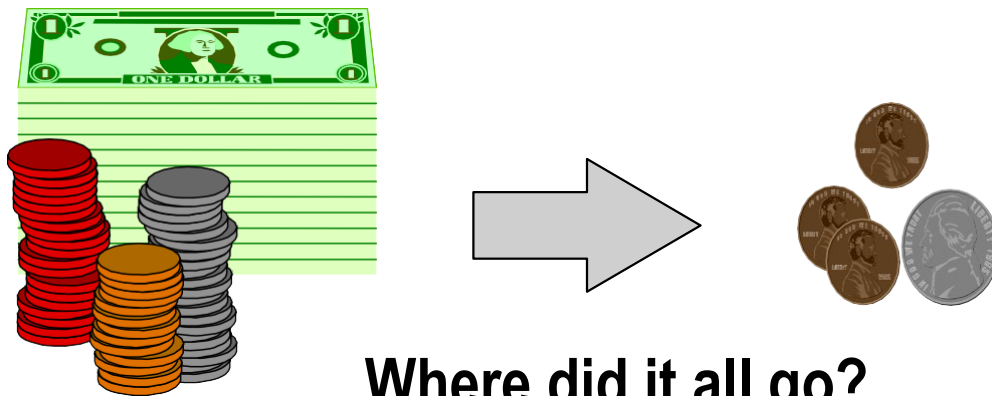
Money Management and Budgeting

Managing money appropriately is probably one of the most important independent living skills. In the following section, we will work on money management and budgeting. Even if you do not have a regular income or live independently at this point, the information will be helpful to you in planning for the future. The way you spend your money now is probably a good indicator of what you will do with your money later on. In the following exercise, evaluate your spending habits. Circle the item which best reflects the way you spend money.

Do You Usually

- | | | |
|---|---|-----------------------------------|
| Save most of your money | - | Spend most of your money |
| Buy things you need | - | Buy things you like |
| Spend most of your income as soon as you get it | - | Budget your money so it will last |
| Plan for purchases | - | Buy impulsively |
| Keep track of your money | - | Don't know where your money goes |

Another step to evaluating your spending is to establish exactly where all your money is going. Some of you may not be aware of where all your money is going. Do you feel as if your income simply disappears? Keeping track of how you spend your money will help you to adjust your spending habits, if necessary. We can divide the things we spend our money on into two groups - necessities and luxuries.





ACTIVITY

Use the following chart to list any appropriate items you can think of in each category

Necessities	Luxuries

The money spent on necessities are usually “fixed cost” items while the money spent on luxuries can be flexible according to income. For example, your rent will generally stay the same from month to month although it is possible for the landlord to raise your rent. Therefore, you will always require the same amount of income. On the other hand, the number of times you can go to the movies in one month or buy new CD’s depends upon how much money you have left after paying for all your necessities.

**ACTIVITY**

In the following exercise, use the chart below to keep track of the things you spend your money on throughout a single week. Differentiate between luxury and necessary items. Be sure to write in the price of each item.

MY INCOME FOR THE WEEK:

	MON	TUES	WED	THUR	FRI	SAT	SUN
NECESSITIES:							
LUXURIES:							

TOTAL AMOUNT SPENT:

MY SAVINGS FOR THE WEEK:

After reviewing the above information, how would you describe your spending habits?

Do you think you need to change some of your spending habits? If so, what might be some things you could do right away to improve the ways you spend your money? How could your social worker, foster parent, or staff help you?

My Strategies are:

Establishing and following a budget will help you develop a good spending habits and will assist you in making the best use of your income. Your budget should be simple and still include all items which you will need to spend your money on.

List all the items you can think of that should be included in the budget of someone who was living independently? List them below.

If you included some of the following items in your list, then you're really thinking ahead:

- Rent
- Utilities (gas, electricity, telephone, water)
- Food (both groceries and restaurant meals)
- Home Care (furniture, cleaning supplies, repairs)
- Personal Care (shampoo, laundry, clothing)
- Medical Care (medicine, doctor's visits, dental care, vitamins)
- Insurance (medical, car, life)
- Transportation (bus fare, car payments, gasoline, oil, repairs)
- Recreation
- Taxes
- Savings

Each of these categories is very important. There are many items within each topic in addition to those listed in parentheses. You can probably think of many more. How much money should you spend in each category? To help you decide, you need a personal budget. A budget will determine in advance where your money will go, so you won't end up with empty pockets before the end of the month.

Personal Budget

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Peter's Monthly Budget

<i>Income (after taxes):</i>	<i>\$804</i>
Rent (Peter's half):	\$400
Utilities (gas, oil, electric):	\$47.50
Phone:	\$40
Food:	\$100
Home Care	\$18
Personal Care	\$20
Medical Care (including prescriptions, etc.):	\$10
Insurance (life, auto, home, renter's):	--
Transportation:	\$30
Clothing:	\$30
Recreation:	\$25
Savings:	\$13
Additional Taxes:	--
*Cable (luxury):	\$28
*Cell Phone:	\$25
Miscellaneous	\$17.50

Diana

Diana, 18, lives in a studio apartment by herself in Spencer (a town approximately 15 miles from Worcester, MA). Her rent is \$675 a month, including all utilities except for her phone bill. Diana recently completed a Nurse's Aid Certification course and is presently working at a nursing home full-time (40 hours a week). Diana makes \$12.02 an hour and gets paid bi-weekly. Therefore, she receives \$961.60 every 2 weeks before taxes, which is \$1923.20 per month or \$23,078.40 a year. After taxes, her bi-weekly paycheck equals \$644.27. Through her job, Diana receives benefits including medical and dental insurance as well as sick and vacation pay. Diana bought a car six months ago, which she uses to drive to and from work daily. Diana likes to buy new clothes and is a member of the local health club. She is presently saving some of her income to continue her education at the community college in order to become a nurse. Diana has set up a budget for herself which looks like the following:

Diana's Monthly Budget

<i>Income (after taxes):</i>	<i>\$1289</i>
Rent:	\$675
Utilities (gas, oil, electric):	--
Phone:	\$60
Food:	\$200
Home Care	\$25
Personal Care	\$25
Medical Care:	--
Car Insurance:	\$100
Transportation:	\$60
Clothing:	\$54
Recreation:	\$10
Savings:	\$5
Taxes:	--
*Cable: (luxury)	\$55
*Cell Phone:	--
Miscellaneous (health club expenses):	\$20

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If you compare Peter and Diana's budgets, it becomes obvious that budgets can be flexible in order to accommodate each person's lifestyle. As stated earlier, some budgeting items like recreation, transportation, and savings are more flexible than rent and utilities. While establishing your personal budget, you need to keep in mind how your preferences and lifestyle might influence your own budget.

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My Personal Budget

My Income:

Total:

\$

Wages:

Public Assistance:

Child Support/Alimony:

Interest/dividends/Social Security:

Other:

My Expenses:

Total:

\$

Fixed Expenses

Rent/Mortgage

\$

Property Taxes/Insurance

\$

Trash Collection

\$

Car Payment

\$

Car Insurance

\$

Other Loan Payments

\$

Credit Cards

\$

Health Insurance

\$

Day Care

\$

Flexible Expenses

<i>Utilities</i>	_____	\$ _____
Gas:	_____	
Oil:	_____	
Electricity:	_____	
Water:	_____	
Telephone:	_____	
Cable:	_____	
<i>Food</i>	_____	\$ _____
Transportation/Gas	_____	\$ _____
Home Care	_____	\$ _____
<i>Car Maintenance</i>	_____	\$ _____
Education	_____	\$ _____
Personal Expenses	_____	\$ _____
<i>Savings</i>	_____	\$ _____
Other	_____	\$ _____
Rent:	_____	

The rent portion of your budget will most likely be the largest. Housing costs are rising all the time and sometimes provide severe obstacles to young people starting out. Prices may vary greatly depending on the size, amenities, and area you choose to live in.

Given your \$804 budget, how much money do you think you can spend on rent?

I can spend _____ because:

Living with a roommate is almost an essential consideration when someone is living on a limited budget. It is an alternative that should be discussed and carefully considered when making long-range plans. The rent of a two-bedroom apartment divided into halves is usually significantly cheaper than a comparable one-bedroom apartment. However, it is not always easy to share expenses and living space with a roommate.

NOTE: For comprehensive roommate and apartment exercises, please refer to Module IV.

Before estimating the costs of rent, it is important that you are aware of some qualities to look for in an apartment. Complete the following exercise by circling the item which reflects your preference.

I Would Like To

- | | | |
|---|---|--|
| Live alone | - | Live with a roommate |
| Pay a higher rent with utilities included | - | Pay less rent with utilities excluded |
| Live in a big apartment in an unsafe neighborhood | - | Live in a smaller apartment in a safe neighborhood |
| Have a small 2-bedroom apartment | - | Have a large 1-bedroom apartment |
| Have a lease | - | Have no lease |
| Have a yard | | Have off-street parking |



In summary, I would like an apartment that:

--

Now that you have determined what is important to you, go through the ads below, and choose the apartment you could afford and which best meets your needs.

APARTMENTS FOR RENT

Medford: 2 bdrm, 1 bath, 5 rm apt, 2 nd fl., off Fellsway, on bus line, w/w, w/d hookups, no pets. Available 4/1. \$1300 plus 1 st , last & \$600 security deposit. 781-987-5481	Hingham: Harbor area, great new 3 bdrm, 2-½ baths, walking distance to town. \$2400 per month, heat & hot water incl. Last month's rent & sec. dep. required along w/ reference. Call: 508-437-8641	Framingham: Large, nice 1 bdrm condo, prime location, great view, no pets. Available 4/1, \$1000 per month. 1 st , last & deposit due at lease signing. Call: 508 487-7834
Cambridge: Study, \$995. All utilities included. Near Red Line, MIT, Harvard. Call: 617-657-5412	Lowell: Loft-like, 2-3 bdrm apts, 1400 sq.ft, starting at \$895 + util. Available immediately. 978-359-7851	Stoneham: Modern 2 bdrm condo, 2 bath, w/d, a/c, pool, tennis courts, \$1250 mo. Call realtor: 617-874-1257
Fitchburg: 2 bdrm, off Rte. #12. \$850, heat & hot water incl. Only security deposit & references required. 508- 579-5492	Boston: Waterfront property, 2 bdrms., \$1100 mo. Utilities not included. Available immediately. Call: 617-555-4739	Swampscott: 3 roommates wanted, M/F, non-smoker for lg. 4 bedroom house near ocean. \$400 plus util. Call Mark: 781-547-5417
Stoneham: Modern 2 bdrm condo, 2 bath, w/d, a/c, pool, tennis courts, \$1250 per month. Call realtor: 617-874-1257	Quincy/Wollaston: Room for rent, furnished. 6 min to T, only allow for single, \$550 utils inc. Avail now. 617-945-7348.	Worcester: College Square , 3 bdrm townhouse, all util inc. \$1550/mo, w/w, w/d hookups, cat OK. 1 st , last & security. Avail 4/1. 508-357-4258

Explain your choice:



ACTIVITY

Research the apartments in your local newspaper. Choose two apartments which you would be able to afford and which meet your needs. Place the ads in the box below.

Explain your choice:

Now you probably have a good idea about the approximate cost of an apartment in your area and what is available to you within your budget. How much would you budget for your apartment, excluding any utilities for which you will be responsible.

Transfer the amount into the Rent category on your personal budget sheet.

Utilities

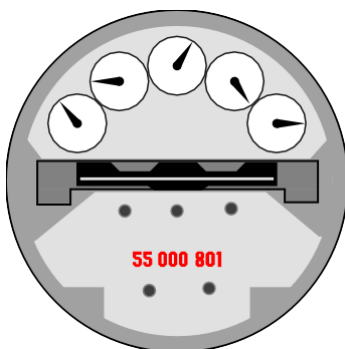
Utilities can also be a substantial part of your budget. Costs of utilities may vary according to use. You need to be aware of the costs and be able to estimate your expenses in order to keep within your budget and avoid over-spending.

Can you list all the utilities you will need when living independently?

_____	_____
_____	_____
_____	_____

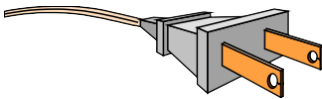
Some utilities (often water, gas, and electric) might be included in your rent. If you rent an apartment which excludes utilities, you will have to pay for them separately. Telephone utilities and additional services like cable television are never included in rent.

NOTE: For more comprehensive information on utilities and start-up costs, please refer to Module IV.



Somewhere in or around your house or apartment building, there are various types of meters (most often for electricity and gas) which detail exactly how much energy you use. Your bills are created by the services based on estimates and actual readings of these meters of these meters, which are checked every two or three months. Make sure that anyone asking to read a meter has the proper identification from the company he or she represents.

Electric



The costs of electricity may vary according to use, number of occupants, types of appliances used, and the area you live in. Before you can estimate your anticipated costs of electricity, evaluate your potentially costly habits.

Circle the item which best reflects your habits:

I Usually . . .

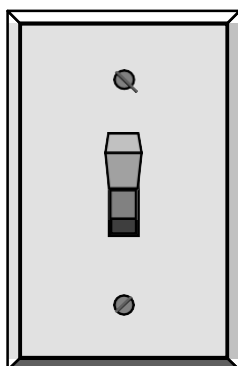
- | | | |
|---|---|---|
| Turn the lights off when I leave my residence | - | Leave the lights on |
| Leave the television on, even when I am not watching it. | - | Turn the television off when I am not watching a program. |
| Close the refrigerator door soon after I open it in order to save energy | - | Take a long time to decide what I want from the refrigerator, and leave the door open while I choose. |
| Use the dishwasher, washing machine, and dryer even when they are not filled. | - | Only use the dishwasher, washing machine, and dryer when they are filled. |

Do you think you are saving energy (and money) by being cautious with electricity use, or do you think you might be wasting some energy (and money) by using electricity unnecessarily?

Refrigerators need a lot of energy and are responsible for as much as 25% of your total electric bill. To save energy (money), close refrigerator doors as soon as you can. Other appliances like dryers, humidifiers, and television sets can use a lot of energy as well. Use them cautiously and always turn lights, radios, and TVs off if you do not need them.

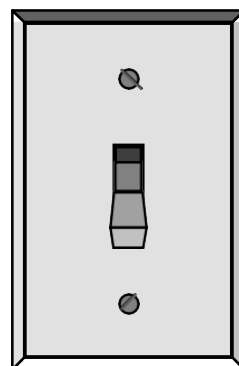
The following chart will give you an estimated range of electric bills according to size and number of occupants. (None of the apartments in our chart are heated by electricity. Electric heat is very expensive.) With your habits and energy conservation tips in mind, utilize the chart to estimate your electricity costs according to your anticipated (or present) living situation.

Number of Occupants	Number of Bedrooms	\$ per Month Range
1	1	\$25.00 to \$55.00
2	2	\$55.00 to \$75.00
3 or more	3 or more	\$75 to \$120.00



Given the size of your apartment and your efforts in saving electricity, how much do you think you will spend on your monthly electric bill?

Write your estimate in the box below.



Note: Keep the weather in mind when estimating heating costs. Also, some electric companies offer a “budgeting” plan. Ask for details when you first call for service.

Water

Unless you rent an entire house or a duplex, water is usually included in your rent. However, you might have to pay for the costs of heating your water. (Refer to the heat section).



Gas

Even if you do not use natural gas as a heating fuel, many ovens and stove-top ranges use gas. Gas stoves normally require a tiny amount of gas to keep the pilot lights lit and, of course, more gas to raise or lower the temperature of the flame on your range or in your oven. If natural gas is not used to heat your apartment, but you do have a gas stove, you will pay about \$8 to \$15 per month depending on where you live.

Heat

Particularly during the winter months, heat can be an expensive portion of your utilities budget if it is not included in your rent. Usually apartments are heated by either oil or natural gas. Rarely will you find apartments which are heated with electricity, which tends to be very expensive and, given your budget limitations, not a good option.

When estimating the cost of your heating service, there are several additional factors to be considered. For example, the position and insulation of an apartment relates to the amount of energy necessary to heat it. The main factor, however, is the temperature you would like to have (and are able to afford) in your apartment. Most apartments have individual thermostats which allow you to adjust the temperature. Again, energy-saving habits can make a big difference in your bill.

Consider the following examples:

Dustin's apartment is heated by gas. Particularly during the cold months, Dustin tries to save heat. He insulated all his windows and doors in the fall in order to contain the heat within his apartment. Dustin usually sets his thermostat at 63° Fahrenheit. When Dustin feels cold while watching television or believes he might be catching an illness, he wears a sweater to keep himself warm. When Dustin leaves to visit his family over the weekend or if he is gone for the day, he turns his thermostat down to 55°.

Dustin's Bill: \$80.00

Lenore has gas heat as well. She likes to keep her apartment very warm, particularly during the winter. Lenore usually sets her thermostat at 70° and often opens the windows for fresh air. Her apartment is not insulated. Lenore does not like to turn her heat down when she leaves because she does not want to come home to a cold apartment.

Lenore's Bill: \$135.00

Which of the two examples given is closer to your habits and preferences? Explain.



ACTIVITY

Call your local gas/oil companies for additional information and energy conservation tips.

With the above examples in mind, consider the following chart and estimate your anticipated costs of heat.

Gas Heat		
Size	Service	Average Price Range
1 Bedroom	Gas heat & hot water service	\$800 - \$1200 per year

Oil Heat		
Size	Service	Average Price Range
1 Bedroom	Heat only	\$600 - \$1000 per year

My anticipated cost of heat is:

Explain your estimate:

Transfer the amount onto the **Heat** line under the **Utilities** category on your personal budget sheet.

Telephone

Telephone bills can be very expensive surprises if you are not aware of the associated costs including the prices of local, in-state and long-distance calls as well as service charges and taxes. You will need to plan and estimate the costs associated with your

telephone use very carefully if you want to stay within your budget. Since there are many telephone companies offering a variety of local and long-distance plans, you will want to find out which company offers the best price for what you need.

Surcharges and Taxes

Telephone companies charge monthly service fees to all customers that include some set charges. Here's an example of a local carrier's *surcharges and taxes*:

- *FCC Line Charge* \$6.45
- *Local # Portability* \$.23
- *Disability Access Fee* \$.85
- *Federal USF Surcharge* \$.65
- *Federal Tax (3% of the bill)*
- *State Tax (5% of the bill)*

If you are renting your own apartment, you may want to consider getting "inside wire maintenance" for \$3.45 a month. You can split the cost with housemates if you have any. If you use directory assistance, you will be charged for each request. Currently it's \$1.25.

Service Options

Telephone companies offer additional service options at additional costs. Below are some examples of options one company offers.

Distinctive Ring	\$4.00 per month
Call Waiting	\$4.00 per month
Three Way Calling	\$4.00 per month + \$.75 each time used
Voicemail (Including Call Forwarding)	\$5.95 per month or \$7.45 with multiple boxes
Caller ID	\$7.50 per month
Call Return (*69)	\$4.00 per month + \$.50 each time used
Call Forwarding	\$4.00 per month
Speed Dial	\$4.00 per month
Call Waiting ID	\$7.50

With your budget limitations in mind, would you choose any of these additional options? If so, which would you choose and why?

Some of the above options may be included in a package plan. You need to carefully evaluate which features you will use and need. It may not seem like a lot of money, but it will add up!!!

Selecting a Telephone Carrier

When selecting a telephone service carrier, you select a carrier for three types of calls: local, regional (local toll) and long distance. You may use the same carrier for more than one type of call or different carriers for each type of call. Calling plans generally offer a discount from the casual or basic rate, which applies if you have no calling plan. Always select a calling plan to avoid being billed at the basic rate. Some telephone carrier options include: AT&T, Sprint, Verizon and Working Assets. Companies often have a number of different plans to choose from.

Local Calls

A local call is any call within your local calling area of telephone exchanges.



ACTIVITY

Refer to the white pages of your telephone directory to find out which towns and areas are included in your local calling area and list them below.

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

How many local calls do you make each month from your home telephone ?

How many local minutes do you use?

Regional Calls

A regional toll call (sometimes referred to as local toll call) is a call to a phone number that is not local, but is also not state-to-state or international. For example, a call from Boston to Worcester is a regional toll call.

Will you be making any regional toll calls? With your limited budget in mind, establish a list of what regional calls you will be making.

My regional calls:

Name	Location	How Often	How Long

My estimate of total minutes per month of regional calls is:

Long Distance Calls

Long distance telephone calls can sometimes be less expensive than regional calls, largely depending on the plan you choose and/or the time and/or days you choose to call.

Weekends and sometimes evenings are less expensive times to make long distance calls.

Determine your long distance usage.

My long distance calls:

Name	Location	How Often	How Long

My estimate of total minutes per month of long distance calls is:



ACTIVITY

Now that you have established your needs, it's time to find out your options. The following will provide examples to give you a general idea of what your telephone budget might be. Evaluate the options below:

INDIVIDUAL PLANS	AT&T	Verizon	Working Assets
Local Unlimited No Features	\$18.95	\$19.30	XXX
Local Unlimited	\$22.95	XXX	XXX

2 features			
Local Unlimited 3 features	XXX	\$24.95	XXX
Local & Regional Unlimited 5 features	XXX	\$39.95	XXX
Regional & Long Distance if you have a local plan	\$.05 per minute	XXX	XXX
Regional & Long Distance Only	\$4.95 per month \$.07 per minute anytime	XXX	\$3.95 per month \$.07 per minute anytime
Regional & Long Distance Only	\$5.00 minimum monthly usage \$.05 per minute		\$4.95 per month \$.05 per minute evenings/weekends

Package Plans

Here are a few examples of package plans various carriers offer:

MCI

\$37.99 per month for unlimited local calling; 200 minutes of long distance calls and \$.05 per minute thereafter. You get call waiting, caller ID, call waiting ID and three-way calling.

\$55.99 per month for unlimited local, local toll and long distance calls. You get call waiting, caller ID, call waiting ID, speed dial 8 and three-way calling as well as personal voicemail and message center.

RCN

If you take a local/long distance package, you get unlimited local calls; for regional calls you choose between unlimited at \$10 a month or \$.08 per minute and for long distance calls, a choice of \$20 per month or \$.08 per minute.

Verizon

\$54.95 per month for unlimited local, regional toll and long distance anytime and anywhere in the U.S and to Canada. You also get a choice of five features.

Would you choose individual companies or a package? Why?

You will need to do additional research to find a telephone company with a plan that is best for you. Prices change frequently as do special offers.



ACTIVITY

Investigate which carrier might be best for you by looking up your options online and then calling representatives from at least two different companies. When you call, ask about installation, switching and cancellation fees.

I would choose the following telephone carrier(s):

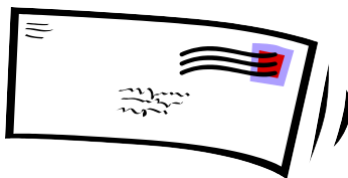
Local: _____

Long Distance: _____

Or

Package: _____

For the cost of five to ten minute minutes of long distance, you can send a letter or a card to a friend or relative.



The Cheapest Long Distance Carrier

Stay away from charge calls to 900- (and some 800- and 888-) numbers. They are very expensive!!!

To estimate your approximate monthly telephone bill, add up each of the sub-sections.

Surcharges and Taxes:

Local Calls:

Regional (Local Toll) Calls: _____

State-to-State Calls billed by a long distance carrier: _____

Or Package _____

Total:

\$ _____

Now that you have estimated the approximate amount of your monthly telephone bill, enter the total amount into your personal budget sheet on the “Phone” line under **Utilities**.

Cable Television

Cable Television is not so much a utility as it is a luxury service. Given the limited amount of your income, you need to evaluate whether or not you can afford any cable services. Keep in mind that you will need electricity and heat, but you will not **NEED** cable. Ten cable companies are licensed to operate in the Commonwealth.. Cablevision and Comcast are available throughout the state while each of the others covers a certain area. Satellite television is another option. If you choose this option, you will have to purchase the dish which could range from \$25-100 (installation is not always included) and you will have to pay extra to receive regular TV channels. Before purchasing this option, call ahead of time to make sure you are able to have this service, sometimes there might be obstructions in the way of the dish, for example: a tree, light pole, etc.

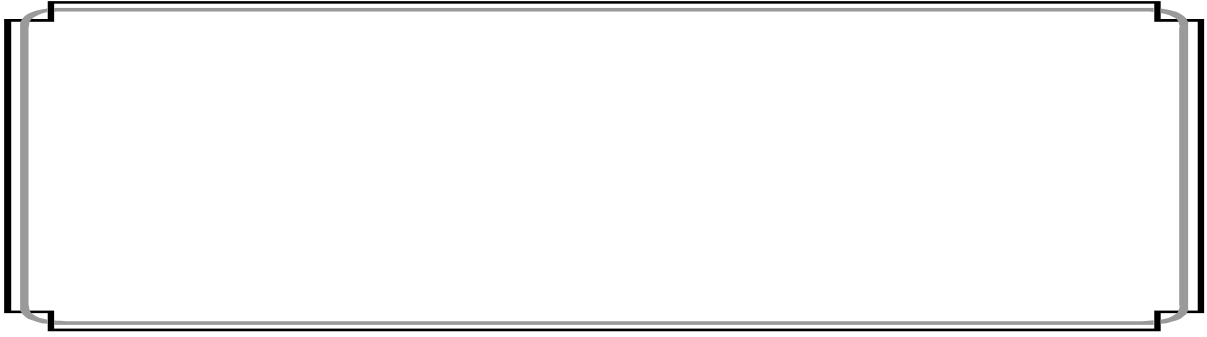
Evaluate the sample costs of cable television listed below to see which option you would be able to afford, if any (remember this is just one company, keep in mind prices may vary).

1. Basic Service: \$11.27 (this just gives you a clear picture for network television)
2. Basic and Expanded Service: \$47.50 (basic cable stations, no movies/sport channels)
3. Analog/digital cable box: \$3.96 per month in the house
4. Remote control: \$0.20 each
5. Digital Complete Basic: \$54.95
6. Digital Complete Basic with Pipeline (pipeline is internet through the cable company, not phone company: (basic cable, no movie channels)
7. Digital MVP package: \$78.95 (includes some movie/sport channels)
8. Digital MVP plus package: \$86.95 (includes an extended amount of movie/sports channels)
9. Digital Leadership package: \$109.95
10. Digital Leadership Plus package: \$117.95

*You can also purchase a la carte, for example you can purchase basic cable and then purchase certain movie packages by themselves, which range from \$3.95 to \$25.95 extra.

Before purchasing cable make sure you find out how much all the packages are and what they include before making your decision.

Would you use/not use any of the cable services offered? Explain.



If appropriate, enter the amount of monthly cable charges onto your personal budget sheet on the “Cable” line under Utilities.

Other Expenses

In addition to monthly costs, some utility companies require security deposits and charge installment fees. For further information, refer to Module IV.

Food

Similar to the varying cost of utilities in the previous section, the cost of food will greatly depend on your living situation, eating habits, and your efforts to save money.

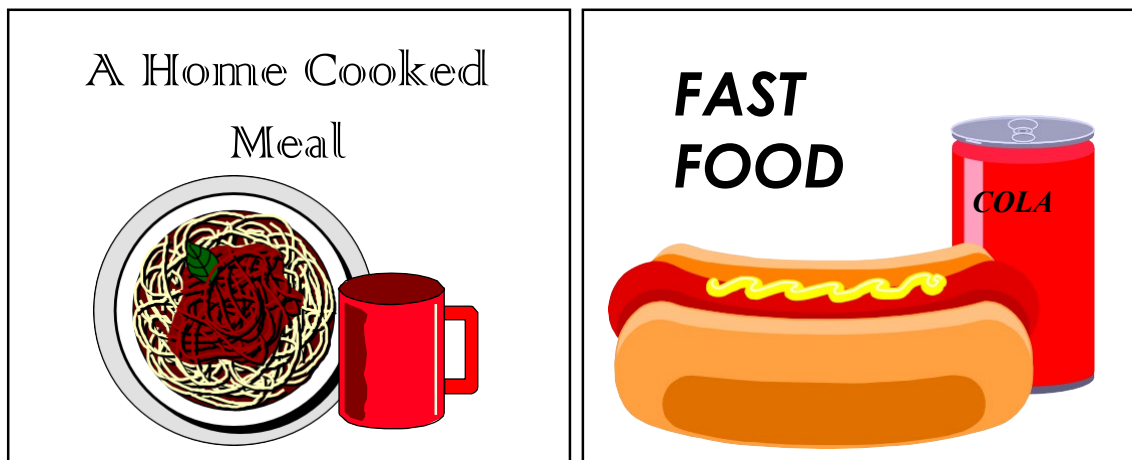
Eating Out

Eating out is always expensive. On a limited budget, you should be careful you are not overspending on what should be an occasional luxury.



ACTIVITY

Compare the price of a fast food meal with that of a home-cooked one using the example below.



Home Cooked

Box of pasta (store brand): \$0.80

Tomato Sauce: \$1.50

Ground Beef: \$1.20

Can of soda: \$0.75

Total

Less than \$4.25 since spaghetti is more than one serving

Fast Food

Deluxe Hamburger: \$2.80

French Fries: \$1.95

Large Soda: \$1.45

Tax: .5%

Total

\$6.51

If you ate at a fast food restaurant ten times per week, how much money would that cost?

If you ate fast food ten times a week for an entire month, you'd eventually spend somewhat more than \$250 or almost one-third of your monthly budget!


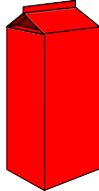
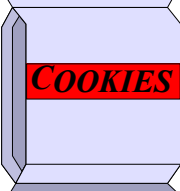
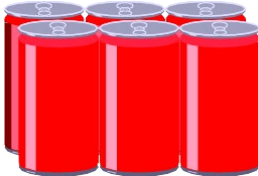


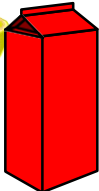
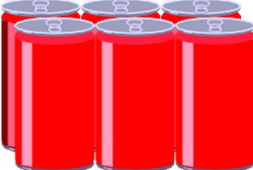
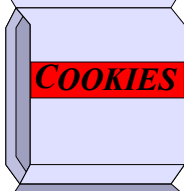

Choosing a Grocery Store

Choosing the right grocery store can help to save money. It is important to choose a store that offers good deals on a range of products. At times, however, the store with the lower prices or larger variety might be not be in your immediate neighborhood.



ACTIVITY

Compare the location and advertised prices of these two grocery stores.

<h2 style="text-align: center;">NEIGHBORHOOD GROCERY</h2> <p style="text-align: center;"><i>(Right Around The Corner From Your House!)</i></p>	<h2 style="text-align: center;">BIG AND SAVE SUPERMARKET</h2> <p style="text-align: center;"><i>(One and a Half Miles from Your House!)</i></p>
<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>10" Frozen Pizza \$3.25</p> </div> <div style="text-align: center;">  <p>Vitamin Enriched MILK One Qt \$1.99</p> </div> </div>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Now \$1.50!!!</p> </div> <div style="text-align: center;">  <p>24Pack of Cola Just \$3.99 !!!</p> </div> </div>
<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Oranges \$0.99 per lb Grapefruit \$1.49 each!</p> </div> <div style="text-align: center;"> <p>GRADE AA Chicken 95¢lb.</p> </div> </div>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>Oranges \$.79 per lb Grapefruit \$.99 each</p> </div> <div style="text-align: center;">  <p>Vitamin Enriched MILK One Gallon \$3.19</p> </div> </div>
<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>6Pack of Cola Only \$2.19 !!!</p> </div> <div style="text-align: center;">  <p>Only \$2.99 !!!</p> </div> </div>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>12" Frozen Pizza 2/\$4.00</p> </div> <div style="border: 1px solid black; padding: 5px; text-align: center;"> <p><i>SPECIAL THIS WEEK ONLY!!</i></p> <p>GRADE AA Chicken 69¢lb.</p> </div> </div>

Which store would you shop in? Explain your choice:

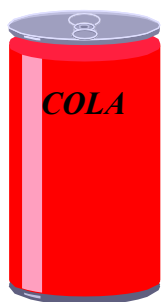
Determining the Best Buy

When on a limited budget, it is important to be an educated consumer and to develop the ability to determine the best value for your money. Comparing prices might take a little extra time but it often saves a great deal of money. One way to shop economically is to compare different brands of the same product. Often, store brand products are cheaper than name brand products, although many people seem to prefer name brands that have fancier packaging and familiarity. Packaging can be deceiving. Many times you may think you are getting a cheaper price when, in truth, you aren't. Another way to determine the best buy is through unit pricing.



ACTIVITY

Evaluate the items listed below and determine which one you would buy.



Name Brand Cola

Or

Generic Cola

12 Cans

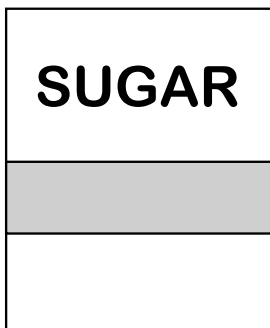
24 Cans

\$3.19

\$3.99

I would buy the _____ cola because _____

_____.



1 Pound of Sugar

Or

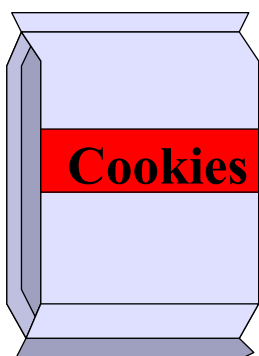
½ Pound of Sugar

\$1.98

\$1.04

I would buy _____ of sugar because _____

_____.



20 oz. Chocolate Chip Cookies

Or

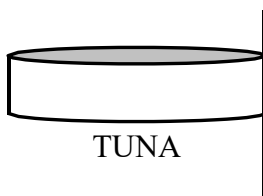
12 oz. Chocolate Chip Cookies

Paper Packaged
\$1.99

Packaged in Decorative Tin
\$2.99

I would buy the _____ of cookies because _____

_____.



Solid White Tuna

Or

Chunk Light Tuna

6 oz.

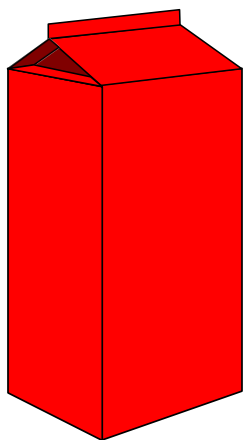
6 oz.

\$1.29

\$.89

I would buy the _____ tuna because _____

_____.



1 Gallon Milk

Or

½ Gallon Milk

\$3.19

\$1.99

I would buy _____ of milk because _____
_____.

At times, price-per-unit shopping isn't always the wisest method. In some cases it depends on the amount of an item you can handle. The larger size of milk may be cheaper in relation to the smaller size, but that doesn't make it a better buy if the milk spoils before you can drink it all! It makes no sense to buy the larger size and have to throw some of it away!

“Economy Size” labels on any particular box do not mean that it is a better value. Also, don't base your decision solely on the size of a package; always look at the quantity written on the label.



ACTIVITY

Visit your local grocery store with your foster parent, social worker, or staff and practice determining best buys.

Coupons

Clipping coupons can save you a great deal. The amount to be saved on each coupon might not seem much, but it will add up!

Look at the coupons below and circle the ones you would use over a period of four weeks.

Save 25¢ on Healthy Butter Substitute Expires 9/15/04	Save 30¢ on 3 Fat Free Yogurts Any Flavor Expires 9/30/04	Buy One Get One Free!!! Choice Frozen Dinners Regularly \$2.35 Expires 6/15/04	Save 50¢ on One Pound package of Perk Sandwich Cookies Expires 7/30/04
Save \$1.00 on Crispy Crunch Cereal Expires 10/1/04	Save 49¢ on Frozen Vegetable Medley Expires 9/31/04	35¢ off Easy Macaroni and Cheese Expires 8/15/04	Get 2 Quarts of Milk FREE when you buy 2 loaves of Natural bread A \$1.75 value!! Expires 6/15/04
Save 39¢ on ten lb. bag Idaho potatoes Expires 9/15/04	Save \$1.25 on two large Presto Frozen Pizzas Expires 7/31/04	\$3 Rebate on one lb. of Roaster's Coffee Expires 9/15/04	75¢ off any 24-can pack of Sparkle Cola Expires 9/15/04

Add up the value saved on each coupon you've decided to use and write the total on the line below.

I would save \$_____ by clipping _____ number of coupons.

Go through the advertising circulars and grocery flyers in your Sunday newspaper and clip the coupons you think you would use. List them in the space below. How much money would you save if you used them all?

Make sure that you obtain a supermarket card to take advantage of the sales as well as bringing any coupons that you may have. They could really save you a lot of money. Remember always to comparison shop, you'll be sure to get the better deal.



ACTIVITY

In Conjunction with the food management section later in this module, develop a grocery shopping list (*of food items only*) for one week.



My Shopping List

**ACTIVITY**

Go to the grocery store of your choice and utilize your comparison shopping skills and coupons to determine the best products and values among the items on your grocery list. Add the prices of all items on your list on your calculator and record your estimate in the box below.

I would spend \$_____ each week on groceries.

Use the above amount to estimate the cost of groceries for 1 month and add costs for eating out if appropriate.

My cost estimate for one
month of groceries is:

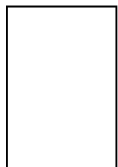
My cost estimate for eating
out is:

My total food budget is:

Record your total in the **Food** section of your personal budget.

Transportation

Depending on the location of your apartment and your workplace or school, you will most likely need some means to get around. On a limited budget, it will be difficult for most of you to afford a car. Aside from the money it will take to obtain a car, there are also costs associated with maintaining one.

**ACTIVITY**

Evaluate the following information to decide whether or not you would be able to afford a car and its maintenance costs.

\$100 - \$300

Minimum monthly rate for car insurance **without** any collision protection or added features for people under the age of 25.

(When obtaining car insurance make sure to shop around before signing a contract. If you took driver's education classes, let the insurance know because there is usually a discounted price. The rates of your insurance will change depending on your driving record, your residence and the type of car that you have).

\$25 - \$35

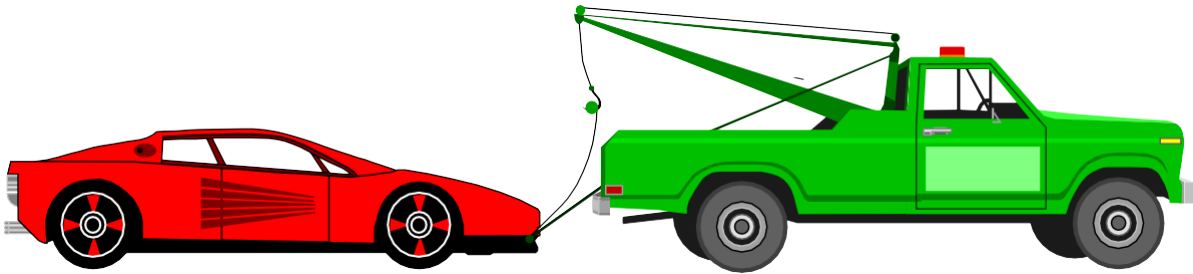
Amount owed in taxes each month (depending upon where you live and the value of the car). Make sure that you set this money aside each month for when you get your "yearly" bill, this way you will be prepared when it comes.

\$40 - \$60

Average range of upkeep per month (gasoline, oil, etc.) depending on the type and age of the car and the mileage driven. This total does not include any repairs that might be necessary. Also, keep in mind the ever increasing price of gas.

\$395.00

Total Average (based on the higher price) per month



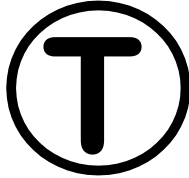
NOTE: For additional information, refer to the "Buying a Car" section in this module.

Do you think that you could afford the upkeep of a car on an \$804/month budget?
Explain your decision:

If a car is not an option for you, public transportation is a good and much less expensive alternative.



ACTIVITY



Think about your transportation needs and list them below.

I would use the subway/bus/train_____times each week to travel to:

It is also important to remember that not every area has access to public transportation. If there is public transportation, you need to look up the schedules to make sure that the subway, train or bus comes and is available when you need it.



ACTIVITY

Research the costs of public transportation in your area and list them in the boxes below, if appropriate.

Single Subway Fare (Inbound or Outbound)

Single Bus Fare (to your most frequent stop)

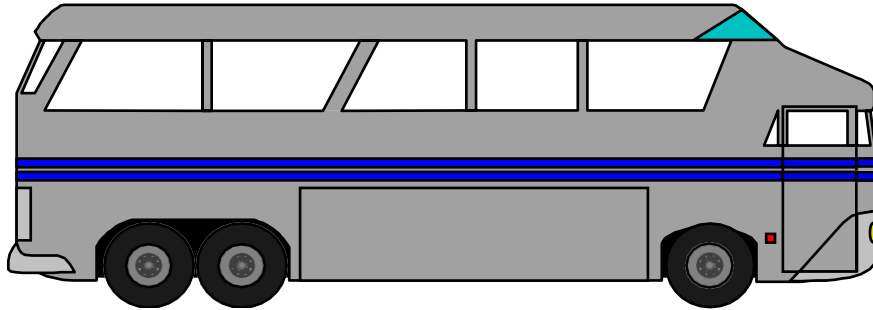
Monthly Pass for MBTA subway or bus

Single train ticket from_____to _____

Monthly Commuter Rail Pass

According to your list of transportation needs and the costs of approximate fares, how much would you budget for public transportation?

I would budget:

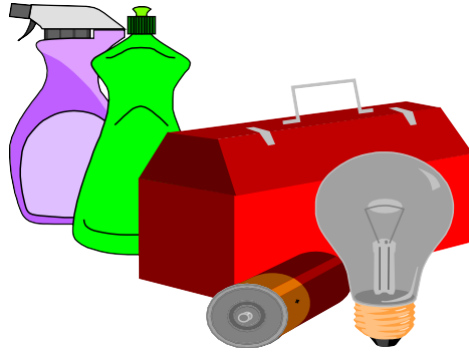


Explain your estimate:

Whether you budgeted for **Car Maintenance** costs or for **Public Transportation**, record the amount on your personal budget sheet in the designed space.

Homecare

In addition to the costs involved with obtaining furniture and household items (covered in the “Start Up” section in this Module and in Module IV), you will have to budget for ongoing home maintenance. This includes expenses such as cleaning supplies, replacement light bulbs, and minor repairs.



ACTIVITY

List all cleaning supplies you would need to clean your apartment in the space below. Research prices at your local supermarket and record them next to each item.

I Would Need

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

Given the fact that these products usually last for more than one month (depending on how frequently they are used), how much would you spend on cleaning supplies during an average month?

I would spend:



ACTIVITY

List the items in your apartment you would have to replace from time to time (such as light bulbs, glassware, small appliances, etc.) and research their costs.

Items To Be Replaced	Times per Year	Costs

How much do you think you would spend in an average month on the items listed above?

I would spend:

Usually the repairs and services your apartment requires in upkeep are considered to be included in your rent payments to the landlord (see “Tenants’ Rights” and “Leases” in Module IV). However, if damage to the apartment is caused by you, **you** will be held accountable for the costs of repairs.

**ACTIVITY**

Research the costs associated with replacing an average size window (i.e., the cost of the glass pane, frame, and installation) or fixing a clogged toilet (if you were unable to do it yourself).

According to the previous exercises and estimates, how much would you budget each month for homecare?

Cleaning supplies \$

Replacement items \$

Possible repairs \$

Total:

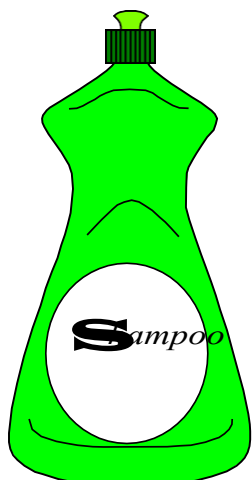
Record your estimate under **Homecare** on your personal budget sheet.

PERSONAL CARE

Personal appearance is important. When planning for personal care items, it is important to differentiate between items you need (basic hygiene products, clean and appropriate clothing, etc.) and items you might like but are not *necessary* (expensive perfumes, aftershave lotions, and fashionable brand name clothing). While completing the following exercises, keep in mind that you have limited funds and a great deal of other financial responsibilities.

Personal Care/Hygiene

Comparison shopping can once again save you a great deal of money. Utilize the skills you have learned in the Food budgeting section to determine the best buy when purchasing personal care items.



Natural Shampoo	High Class Shampoo	Fancy Shampoo
10 oz.	14 oz.	16 oz,
\$2.10	\$2.40	\$4.00

The units that the shampoo is sold in are: _____

The number of units and price
per unit in Natural Shampoo: _____

The number of units and price
per unit of High Class Shampoo: _____

The number of units and price
per unit of Fancy Shampoo: _____

The shampoo with the lowest unit price is: _____

Consumer reports indicate that the price of a product is often not reflective of its quality.
The quality of a cheaper shampoo might actually be better than the quality of a more
expensive one.



ACTIVITY

Make a list of all personal care items and services you would need to purchase each
month:

<u>Item</u>	<u>Price</u>	<u>Item</u>	<u>Price</u>

Go to two different drugstores and price the items listed, making use of your comparison shopping skills. Record the prices next to the respective items on your list.

Also consider other personal care services, such as haircuts, styling, etc. Be sure to consider the cost and frequency of such services in your hygiene budget. There are plenty of places that cut and style hair for \$11 - \$15. For example, Supercuts has haircuts for \$11.99, plus a tip of 15%-20%

Given the fact that personal care items/services can last several months, how much would you budget for this category?

I would budget \$_____per month.

Laundry

Initially, many of you will not have access to a washer and dryer in your apartment and will have wash your clothes either at coin-operated machines in your apartment building or at a laundromat.



ACTIVITY

Estimate how many loads of laundry you would have to wash and dry weekly.

On average, I would wash and dry _____ loads of laundry each week.

Go to a local laundromat to find out the price for washing and drying one load of laundry. Record your findings in the chart on the next page.

<u> </u>	+	<u> </u>	×	<u> </u>	=	
Cost of Washing One Load of Laundry		Cost of Drying One Load of Laundry		Estimated Number of Loads Per Week		Total Cost of Cleaning Laundry for One Week

In addition, whether or not you have access to a washer and dryer to clean your clothes, you will have to purchase detergent.

Compare the two detergents below and determine which one is the better buy.

 <p>DELUXE DETERGENT</p>	<p>Clean Detergent</p> <p>200 FL OZ (1.56 gallons)</p> <p><i>Washes 50 Loads</i></p> <p>\$8.99</p>	 <p>SUPER CLEAN DETERGENT</p>	<p>Super Clean Detergent</p> <p>100 FL OZ</p> <p><i>Washes 25 Loads</i></p> <p>\$6.99</p>
--	---	---	--

I would buy _____ detergent because _____

Be aware of concentrates when purchasing detergents. One detergent may be both smaller and more expensive than another. This doesn't mean that it's a bad value. If a detergent is "concentrated", you will need less detergent for each wash. In such a case, you will need to find the cost per load of laundry, not per unit. To find the cost per load of laundry, divide the price by the number of loads of laundry that can be washed with the container of detergent. This will produce the true value of the product.



ACTIVITY

Comparison shop for a laundry detergent at your local supermarket or drug store.

I would buy _____ detergent at a price of _____ because _____

Based upon your estimates, how much would you budget for laundry and detergent in one month?

Dry-cleaning

Some of your clothes might have to be dry-cleaned (wool, leather, silk). Take an inventory of your clothes which need to be dry-cleaned and list them in the box below.

--



ACTIVITY

Go to your local dry-cleaner and inquire about prices relevant to the clothes on your list. Estimate the monthly cost for dry-cleaning.

Independent Living Skills Module IV – Money Management

To come up with the approximate amount of money you will have to spend on personal care each month, add:

One month's personal hygiene products:

--	--

My cost estimate for one week's worth of clean laundry:

(\$ _____ X 4)	
------------------	--

One month's dry-cleaning

--	--

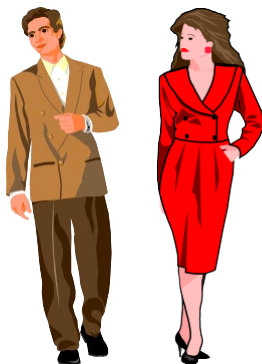
My total personal care budget is:

--

Enter your total in the **Personal Care** box on your budget sheet.

CLOTHING

When on a limited budget, it is important to be an educated consumer, especially when you are planning and shopping for clothes. Besides the price, there are many factors to be considered. The quality is important because your clothes will have to last for a while. The style is important as well. Fads might fade fast, and you probably will not want to wear your once fashionable and trendy clothes after they become “out of style.” The method for cleaning your clothes also needs to be a consideration; as you may have learned in the exercise in the previous section, dry cleaning is expensive. Certain brand name clothing is often extremely expensive and the quality is normally no better than non-brand name or affordable clothing.



Here are some additional questions to keep in mind when shopping.

- What are the return/exchange policies?
- Do the clothes or shoes feel comfortable?
- Does the zipper work? Are all the buttons attached?
- How often will I be able to wear it?
- Will I need to buy other clothes to match?
- Have I read all the labels and tags carefully?
- Will the material shrink or fade?
- Are the clothes or shoes well made?
- **CAN I AFFORD IT???**

Consider the following:

You have been shopping for a new sweater to wear to a friend’s party next weekend and have finally found not one, but two sweaters that seem perfect to you. The both fit well and look great

Sweater A is on sale for \$15.00. It was originally priced at \$30.00.

Sweater B is not on sale. It is priced at \$19.99.

Which sweater would you choose?

Did you have enough information to make a choice? Just in case you’re still undecided, here’s a closer look at each sweater.

Sweater A: Is bright blue, a color that looks great on you.
Is woolen and seems to make your skin itch a little
Must be dry-cleaned only
Is a final sale item which cannot be returned.

Sweater B: Is also blue
Is cotton
Can be machine washed in cold water
Returnable for store credit within seven days with a sales receipt.

With this new information, which sweater would you choose? Why?



Remember, the more information you have about your choices, the easier it will be to make a decision.

Suppose you had \$80 in your budget to buy a pair of sneakers and a winter jacket. Most of your friends wear expensive brand name sneakers. You would really like to buy similar sneakers but they cost \$65, which would not leave you enough money to buy the winter jacket you need.
What would you do?



Independent Living Skills Module IV – Money Management

Suppose your budget allowed you to spend \$47.00 per month on clothing and you have saved \$140.00 up to now. You need sneakers, two pairs of pants, two sweatshirts, 6 pairs of socks, and 3 sets of underwear. How much money would you spend on each item?

I would budget:

Sneakers	<input type="text"/>
2 Pairs of pants	<input type="text"/>
2 Sweatshirts	<input type="text"/>
6 Pairs of socks	<input type="text"/>
3 Sets of underwear	<input type="text"/>

Total:	\$140.00
---------------	-----------------

Some of you might be tempted to buy clothes you like but do not really need. Careful planning helps.



ACTIVITY

Take an inventory of all your clothes and shoes and list them below.

Summer Clothes/Shoes	Winter Clothes/Shoes

Evaluate your list and establish what kind of additional clothing and shoes you need and which items you will have to replace over the next twelve months.

Summer Clothes/Shoes	Winter Clothes/Shoes



ACTIVITY

Go to at least two different stores and comparison-shop for the items needed. Record the prices in the designated spaces on your list. Add up the costs of all items.

My estimated total for clothing over the next 12 months is:

Divide your total by 12 (months) to establish how much your monthly budget for clothing should be.

Enter this amount in the **Clothing** box on your budget sheet.

RECREATION & ENTERTAINMENT

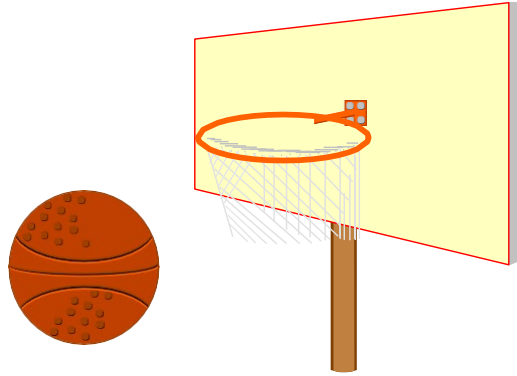
Recreational activities are an important part of our lives, enabling us to relax, socialize, and have fun. However, on a tight budget expensive recreational options might be limited. It's important, therefore, to remember that all communities offer a variety of low cost or free recreational activities. In addition, most libraries offer free passes to museums and other attractions. Volunteering can be a fun recreational activity as well.



ACTIVITY

1. Research low-cost and free recreational activities in your area. Try calling the Park and Recreation Department, City Hall, community action programs, libraries, churches, etc.
2. Develop a list of recreational activities you enjoy. Divide your list into activities you have to pay for (noting their cost) and those which are free.





**Recreational Activities
with a Fee**

Free Recreational Activities

\$ _____	
\$ _____	
\$ _____	
\$ _____	
\$ _____	
\$ _____	
\$ _____	
\$ _____	
\$ _____	
\$ _____	
\$ _____	

After evaluating these options, how much would you budget monthly for recreation and entertainment expenses?

Transfer your estimate to the **Recreation** line on your personal budget sheet.

MEDICAL

In general, budgeting for health care can be difficult. Taking good care of your health is very important! However, health care costs are rising steadily and the cost of medical care for a serious injury or illness is extremely expensive if you are not covered by health insurance. Once you leave the Department's care, you will no longer be insured through Medicaid. You can reapply for Medicaid Services through your local Office of Transitional Assistance, but you have to be income eligible and certain other restrictions apply.

Most people obtain health insurance (coverage for ongoing and unexpected medical expenses) through their employers. (Most often, you will be eligible for employee health insurance if you work full time.)

Most employers require co-payments, depending on the type of coverage or insurance plan. In addition to those monthly co-payments (which range from about \$20 to \$75), insurance providers require co-payments for each doctor's visit and pharmacist's prescription. These usually range from \$5 to \$20 dollars. Emergency room co-payments have an average cost of \$25-50, but it depends on the type of insurance plan you have.

Some employers offer dental insurance, again with co-payments required. Dental insurance often pays for 80% of needs; you would be responsible for the remaining 20%. Colleges will often offer basic health insurance to students, sometimes included in tuition. If you are planning to go to college, inquire about the specific details. You will need some kind of health insurance whether it is through your job, the college or Mass Health, etc...



If you are not eligible for Medicaid, don't go to college, or don't work for full-time for one employer, private insurance is available through provider insurance companies. This might be an option for you. Private health insurance costs an average of \$2500 a year, generally covers 80% of costs, and has deductibles (a certain amount of money you are required to pay before the insurance covers the rest).

You are aware by now that health insurance can be expensive. However, having **no** insurance is very risky and could end up being far more expensive than insurance.

If none of the options listed above are viable possibilities for you at this time, you will have to pay for doctor's visits and health care facilities out of your own pocket.

Thankfully, many communities offer medical care services on a sliding fee basis. That means the fee for services is based on your income. Some even provide free check-ups and emergency care in certain locations.



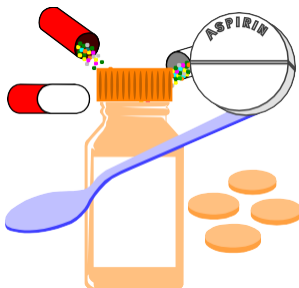
ACTIVITY

Research lower cost or free health care options in your community and list their location and phone numbers below.

Based on the above information, how much would you budget for health care?

Medications and Vitamins

Another part of medical costs you will have to plan for are over-the-counter medications and vitamins.



**ACTIVITY**

List all over-the-counter medications and vitamins you generally use or might need. Go to your local drug store/pharmacy and price the items using your comparison shopping skills.

Product	Purpose	Price

Given the fact that most of these products will last you for several months, how much would you budget for over-the-counter medications and vitamins monthly?

To determine the total amount of medical expenses per month, add:

Monthly health care budget	
Over-the-counter medication and vitamin costs for one month:	

My total medical budget is:

Record the total on the **Medical** line on your personal budget sheet.

INSURANCE

You have already estimated your costs of car and health insurance. In addition to those insurance options, you can obtain some additional ones such as life or home insurance. However, you might not really need these types of coverage, particularly when on a limited budget.

**ACTIVITY**

Evaluate your insurance needs. Even if you decide not to obtain any policies at this point, call representatives from 2 different companies and inquire about different policies for future information

Would you obtain life and/or home insurance?

Explain your choice:

Life:	
Home or Other	

My monthly insurance
budget is:

If you choose to purchase additional insurance, add the costs of the monthly premiums and record the total in the **Insurance** category on your personal budget sheet.

SAVINGS

NOTE: For additional information on savings and startup costs, please refer to the “Savings for Leaving Care” and “Banking” sections in this module.

Some people find it difficult to save money; they seem to spend all the money they have. Storing a little money away each month, if possible, is **always** important, however. Savings will help you to get through the unexpected events that may occur in life such as illnesses or accidents and will help you prepare for things you may want like a car, college or vocational program, vacation, new clothes, etc.



ACTIVITY

Make a list of things (items, events) you would like to save for?

Item/Event	Price
	\$
	\$
	\$
	\$
	\$



How much should you save each month?

I should save :

How long would it take you to achieve your goal?

It would take me _____ months.

Record the amount you will save monthly in the **Savings** box on your personal budget sheet.

MANAGING YOUR PERSONAL BUDGET

Now that you have planned for each item, total the amount of all categories on your personal budget sheet. You may have to re-calculate how much you can afford to spend in certain categories before your budget balances out.

My total is:

Did you have difficulty keeping your budget within \$804? Explain.

Most people have difficulty figuring out their budget. It usually takes several tries before you can establish a usable budget. Below is a list of budget items with suggested percentages.

Rent & Utilities	43% of \$804 = \$345
Food	20% of \$804 = \$160
Clothing & Personal Care	10% of \$804 = \$80
Recreation/Entertainment	10% of \$804 = \$80
Transportation	7% of \$804 = \$56
Medical/Dental	7% of \$804 = \$56
Savings	5% of \$804 = \$40
Household Maintenance	?
Insurance	?

The sample budget above adheres to a method of budgeting that many banks recommend. This does not mean, however, that this method is perfect for you. You can move money from one budget item to another, depending on your personal needs, but the total must always equal \$804.00. You should not overlook setting aside some of your monthly in a savings account in case of an emergency.



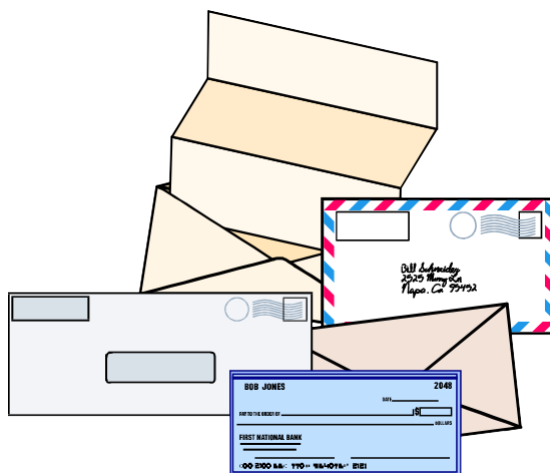
It is difficult to cover all expenses with eight hundred and four dollars. Imagine how your budget and lifestyle would change if you would earn more money. Education can be the key to greater financial success and a better standard of living. For further information about the opportunities of education and the job market, refer to Module III.

FOLLOWING YOUR BUDGET

Sticking to your budget might be difficult for many of you, but it is necessary for financial survival. Although there might be a little room to be flexible on some budgetary items, you will basically have to keep within your budget's limits in order to not end up with empty pockets before the end of the month.

What consequences could straying away from your budget have for you?

Throughout your life, you will have to be prepared to deal with many situations which might tempt you to ignore your budget. Giving in to these temptations will only lead you into a financial crisis.



Consider the following:

Your friend calls you in the middle of a crisis. He tells you that he needs to borrow \$100 for an emergency. He promises that he will give the money back to you within a few days. However, this friend has not always been particularly reliable and the only money you have has already been set aside for next month's rent, which is due in three days. You really want to help your friend but are afraid that you'll get evicted if you don't pay the rent in three days.

What would you do?

It is Friday and you have \$20.00 left for grocery shopping. Your refrigerator is empty and it will be another four days until your next paycheck. Your friends stop by and ask you to go out with them for dinner and the movies. You really don't feel like sitting around your apartment by yourself but by the time you paid for dinner and the movie, there would be no money left for food.

What would you do?



You have lost your monthly bus pass and you are thinking about purchasing a new one. You have no money budgeted for this extra expense although you may be able to use some of the money you set aside for recreation. You aren't sure that you want to use your recreation funds, but you don't want to walk 4 miles to and from work each day either.

What would you do?



You've met a guy/girl through work that you really like, but you only work together once a week. You really want to talk to him/her every day on the phone, but he/she lives in another town and the calls are billed as long distance. You haven't budgeted for the extra expense and know that you can't afford it.

What would you do?



You went clothing shopping and bought a great outfit you had been hoping to find for quite some time. When you arrived home, you found a bill from your dentist in the mailbox which you hadn't expected. The only way you could possibly pay the bill would be to return the outfit you've just bought

What would you do?

Can you think of additional situations that would make it difficult for you to follow your budget? If so, please describe.

Develop strategies with your social worker, foster parent, or staff that would help you to stick with your personal budget.

START UP COSTS / SAVING FOR LEAVING CARE

The personal budget you have established in the previous sections targets ongoing living expenses that you will be responsible for once you are living independently. You will also have to save some money before moving out on your own. The amount of money to be saved depends on your plans for life after care. In the following exercises, we will assume that you will move into your own apartment. However, if you have definite plans to move in with a roommate, you could divide all costs by half.

How much money do you think you will need to move out on your own?

Let's evaluate your estimate by taking a closer look at the startup costs associated with living independently.



Rent and Security Deposit

Landlords usually require the first and last month's rent before allowing a new tenant to move into an apartment. A security deposit is up to the landlord. It is usually the price of one month's rent and occasionally you'll find the security deposit is $\frac{1}{2}$ of one month's rent. (For more information, refer to Module IV.)

I would need \$ _____



Utility Deposits and Initial Service Fees

Some utility companies require security deposits or charge initial service fees. The telephone company, for example, will charge you to initially connect your phone.



ACTIVITY

Call all appropriate utility companies and inquire about security deposits or initial service fees and list them below.

Security Deposits/Initial Service Fees

Phone	\$ _____
Electric	\$ _____
Gas	\$ _____
Oil	\$ _____
Cable	\$ _____
<i>TOTAL</i>	\$ _____



Food, Cleaning Supplies, and Personal Care Items

When you start to live independently, your initial costs for food, cleaning supplies, and personal care items will be somewhat higher for the first few weeks than you estimated in your ongoing personal budget. With that in mind, establish how much you would have to spend for food and household items for the first two weeks when living independently.

To be purchased:

I would need \$ _____



Furniture, Appliances, and Household Items

Before you move into your own apartment, you will need at least basic furniture, household items, and appliances. Some things you might be able to get from relatives, friends, or foster parents while it will be necessary to purchase others. You might choose to buy some items used, although some might only be found in department stores. (For more information, refer to Module IV.)



ACTIVITY

Use the following checklist to estimate the costs of listed items by pricing them in new and used furniture stores, flyers, newspaper ads, and department stores.

Furniture/Appliances/Household Items

Item	Have It	Need It	Cost
Bed	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Couch	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Table	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Chairs	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Lamp	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Bed sheets	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Towels	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Pots & Pans	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Dishes	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Silverware	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Cooking utensils	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Toaster	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Microwave	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Can opener	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Toilet plunger	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Shelf	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Bureau	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____

Item	Have It	Need It	Cost
Dresser	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Television	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Stereo system	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Desk	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
First Aid Kit	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
Curtains/blinds/shades	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
_____	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
_____	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
_____	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____
_____	<input type="checkbox"/>	<input type="checkbox"/>	\$ _____

Total \$

After adding the prices of each individual item, how much would you budget for household items, furniture and appliances?

I would budget \$ _____



Miscellaneous and Emergency Costs

It would be a good idea to budget for some unexpected or miscellaneous costs when first moving out. For example, you should consider the cost of a moving van or rented truck if you are planning to use one.

Are there costs which are not yet covered in your startup expenses? Can you think of situations where some unexpected expense might come up? If so, describe.

How much would you budget for miscellaneous or unexpected expenses?

I would budget \$ _____

To estimate your start-up costs, add up all individual items.

FIRST MONTH'S RENT AND LAST MONTH'S RENT/SECURITY DEPOSIT

UTILITY SECURITY DEPOSITS/INITIAL SERVICE FEES

FOOD, CLEANING SUPPLIES, PERSONAL CARE ITEMS

FURNITURE, APPLIANCES, HOUSEHOLD ITEMS

MISCELLANEOUS AND UNEXPECTED EXPENSES

TOTAL ESTIMATE OF START UP COSTS

Your total estimate of start-up costs might seem like a lot of money to you. As you did with your personal budget, however, you can review each item and evaluate whether or not you can get by with less money. Once you have established your final total, you will need to develop a savings plan.

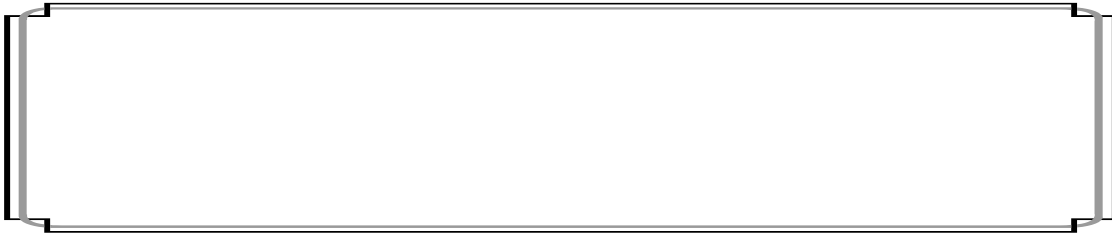


ACTIVITY

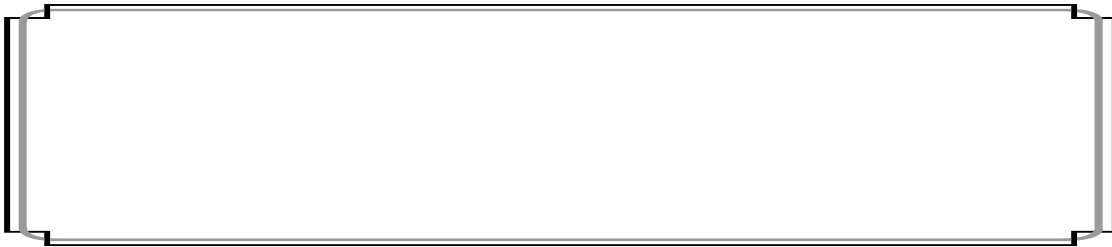
Estimate how much you will have to save each month to reach your goal prior to leaving care.

I would have to save \$ _____ per month.

Will it be easy or difficult for you to save this money? Describe.



What could get in the way of reaching your savings goal?



Develop strategies with your foster parent, social worker, or program staff to help you save for your start-up costs.

My strategies are:



CHECKING AND SAVING ACCOUNTS

You have now figured out how you're going to spend your money. As you probably already know, it's not practical to carry all your cash on you or to leave large amounts of money in your home. It's also not a good idea to send cash through the mail, as it can be stolen. Saving accounts and checking accounts are the most common methods of storing money. These are services offered by most banks and savings and loan associations. However, not all places with names that sound like the names of banks are financial institutions that are regulated by the federal government. When you deposit your money in the bank, make certain that it is protected by the Federal Deposit Insurance Corporation (FDIC). When using a savings and loan, be sure that it is protected by the Federal Savings and Loan Insurance Corporation (FSLIC). The FDIC and the FSLIC guarantee that if a bank or savings and loan goes out of business, your deposit is protected up to \$100,000.00.

It is important to remember that all banks don't have the same interest rates, the same service charges, or the same minimum account balance amounts. A majority of larger banks offer online services to make banking easier. For example; sending bills and checking your account. If you have a computer you should see how you could get on line. Usually it is a free service, but check with your bank first. This could save you a lot of time and it could help you to manage your money more effectively. You must comparison shop for savings and checking accounts like you do for other things in order to get the services that suit you. When choosing either or both types of accounts, it is important to remember your financial goals and needs.

Savings Accounts



As we saw in the budgeting section, it is important to build up some saved money, and even saving just a little bit of money at a time can help you reach your financial goals.

Money in a savings account earns interest. The bank pays you interest for the privilege of holding your money. Savings accounts can also be used to temporarily store money. If you have difficulty with balancing a checkbook or use checks irresponsibly, you can use saving accounts in combination with money orders to pay your bills.

For what purposes would *you* use a savings account?



ACTIVITY

Visit two different local banks and obtain the following information for each.

Bank A	Bank B
Name:	Name:
Address:	Address:
Office Hours:	Office Hours:
Describe at least 2 types of savings accounts:	Describe at least 2 types of savings accounts:
What is the rate of interest on a passbook/savings account?	What is the rate of interest on a passbook/savings account?
What is the minimum amount of money you are required to keep in a savings account?	What is the minimum amount of money you are required to keep in a savings account?

<p>How do you withdraw money from the account?</p> <p>Are there any fees or service charges associated with the account? If so, list them.</p> <p>What happens if you lose a passbook?</p>	<p>How do you withdraw money from the account?</p> <p>Are there any fees or service charges associated with the account? If so, list them.</p> <p>What happens if you lose a passbook?</p>
--	--

If you opened a savings account, which of the two banks would you choose? Why?



ACTIVITY

If you don't have a savings account, open one at the bank which best suits your need.

Checking Accounts



Checking accounts are different from savings accounts. They provide you with an alternative to cash. Instead of paying bills or purchasing items with cash, you can usually write a check for the amount of the bill. The bank will then subtract the amount of the check from your account and give your money to the agency to which you made out the check. You are responsible for keeping a record in the back of your checkbook of the checks you have written and the deposits you have made into your account. At the end of the month you will receive a monthly bank statement which summarizes your account activity and returns your canceled checks. (A canceled check is a check that has been cashed by the payee.) The canceled checks can be used as receipts for your purchases.

Many banks offer a telephone service, which enables you to call in at any time to inquire about your account balance, and have online services. (Some banks will not offer checking accounts to people under 18.)

For what purposes would you use a checking account?



ACTIVITY

Visit two different local banks and obtain the following information for each.

Bank A	Bank B
Name:	Name:
Address:	Address:
Office Hours:	Office Hours:
Describe at least 2 types of checking accounts:	Describe at least 2 types of checking accounts:
How do you open a checking account?	How do you open a checking account?

<p>What does it cost to have a checking account? (Is there a cost per check cashed? Service charges?) What are some of the services the bank will charge you for?</p>	<p>What does it cost to have a checking account? (Is there a cost per check cashed? Service charges?) What are some of the services the bank will charge you for?</p>
<p>Is there a minimum balance you must maintain?</p>	<p>Is there a minimum balance you must maintain?</p>
<p>What is a canceled check?</p>	<p>What is a canceled check?</p>
<p>Should you keep canceled checks? Why or why not?</p>	<p>Should you keep canceled checks? Why or why not?</p>
<p>What happens if a check bounces? What does the bank charge you if they cover the check for you?</p>	<p>What happens if a check bounces? What does the bank charge you if they cover the check for you?</p>
<p>Does the bank have a 24-hour Automatic Teller Machine (ATM)? Is there a fee per transaction or a monthly fee to use the ATM?</p>	<p>Does the bank have a 24-hour ATM? Is there a fee per transaction or a monthly fee to use the ATM?</p>

There are many types of checking accounts. Again, remember to comparison shop for the types of features (service charges, location, and minimum balance) that best suits your needs.

Which of the banks would you choose? Explain.



No matter what type of checking account you open, most have the same kinds of checks. You must take care to write checks properly so that the bank will do exactly what you want. Always follow these rules when you write a check:

1. Always write a check in ink.
2. Date the check the day you write it. Never pre- or postdate it. Write the amount of the check in numbers close to the dollar sign so that no one can insert a number before the amount you have written
3. Write the amount of the check in words starting of the far left side. After the last word, draw a line to fill the unused space.
4. Always sign the check the same way you signed the signature card at the bank.
5. Never sign a blank check.
6. Record each check in your check register *immediately* after it is written.

Types of Check Endorsements

In order to cash a check that is made out to you, you must first endorse it by signing your name on the back of the check. There are three types of endorsements: a) a blank endorsement, b) a restrictive endorsement, and c) a special endorsement.

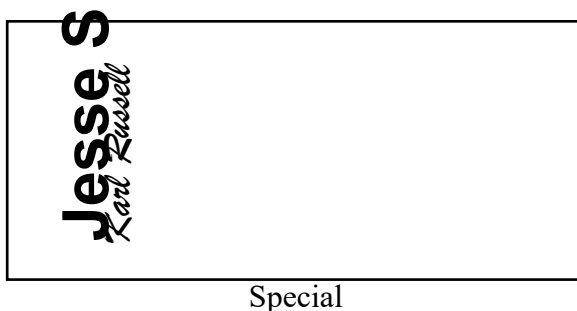


Blank



Restrictive

Use a restrictive endorsement if you are mailing your check to the bank.



Use the special endorsement only when you are signing your check over to another person. These types of endorsements are seldom used. Many places will not accept the signing over of a check to another person (sometimes known as “third party” checks).

Never endorse a check before you are ready to cash it.

The Check Below Is Filled Out Properly

JESSE SMITH 101 MAIN STREET CAMFORD, MA 00031		425 5-595-110
Pay to the Order of <u>David's Department</u>		<u>Order 22nd</u> 20 <u>05</u>
<u>Twenty One and</u> <u>49</u> <u>100</u> Dollars		\$ 21.45
BOSTON BANK Boston, Massachusetts		
Memo <u>Curtains</u>	<u>Jesse Smith</u>	
0:110011897: 1 2090 : 2323 : 1431		

Banking Skills



ACTIVITY

Practice your banking skills by completing the following exercises with the blank check and deposit slips provided.

1. On May 4th of this year, you received a statement from the Boston Bank showing that you have \$116.42 in your checking account. Enter this in the register in the box marked “Balance” on page 79.

Independent Living Skills Module IV – Money Management

2. On May 6th, you went to Honest Auto Repair to pick up your car. The mechanic charged \$45.00 to fix the fender, and you paid the shop with check #101. Write out the check, enter it in your register, and calculate the new balance.
3. On May 7th, you bought \$26.15 in groceries. You paid the Thrifty-Mart Grocery Store with check #102. After you write the check, enter it in the register and calculate the new balance.
4. On May 12th, you received a telephone bill for \$29.68. You pay it with check #103. Write out the check, enter it in your register, and calculate the new balance.
5. On May 15th, you received your paycheck of \$126.33. You put \$30.00 in savings and \$96.33 in checking. Fill out the deposit slips for both accounts. Enter the checking account deposit in the register and find the new balance. (Most check registers have a place to record your savings deposits at the very back of the register. Be sure not to mix up checking account and saving account deposits.)
6. On May 18th, you bought some new clothing from Her/Sir Fashions for \$36.17. You paid with check #104. Write the check, enter it into the register, and find the new balance.
7. On May 22nd, you bought more groceries from Thrifty Mart for \$52.76. You paid with check #105. Write the check and enter it into the register, then find the new balance.
8. On May 25th, you received a \$20.00 check for your birthday from your Aunt Esther. Fill out a deposit slip for your checking account, enter it in the register, and find the new balance.
9. On May 30th, you wrote a check for #106 for \$15.00 cash for the Memorial Day Weekend. Write the check and enter it into the register and find the new balance.

HERE ARE SOME BLANK CHECKS FOR USE WITH THE ACTIVITY.

Your Name	101
Your Street Address	5-595-110
Your Town, MA, Zip Code	
_____ 20 _____	
Pay to the	
Order of _____	\$
_____	Dollars
BOSTON BANK	
Boston, Massachusetts	
Memo _____	_____
0:110011897: 1 2090 : 2323 : 1431	

Independent Living Skills Module IV – Money Management

Your Name	102
Your Street Address	5-595-110
Your Town, MA, Zip Code	_____ 20 _____
Pay to the	\$
Order of _____	Dollars
BOSTON BANK	
Boston, Massachusetts	
Memo _____	
0:110011897: 1 2090 : 2323 : 1431	

Your Name	103
Your Street Address	5-595-110
Your Town, MA, Zip Code	_____ 20 _____
Pay to the	\$
Order of _____	Dollars
BOSTON BANK	
Boston, Massachusetts	
Memo _____	
0:110011897: 1 2090 : 2323 : 1431	

USE THESE DEPOSIT SLIPS WITH THE ACTIVITY.

CHECKING ACCOUNG DEPOSIT Your Name 5-110-595 Your Street Address Your Town, MA, Zip Code _____ 20 _____ BOSTON BANK Boston, Massachusetts 50211 : 9099" 00":98976		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 25%;">Dollars</th> <th style="width: 25%;">Cents</th> </tr> </thead> <tbody> <tr> <td>Cash Total</td> <td></td> <td></td> </tr> <tr> <td>List Checks</td> <td>Check #</td> <td></td> </tr> <tr><td> </td><td></td><td></td></tr> <tr><td> </td><td></td><td></td></tr> <tr><td> </td><td></td><td></td></tr> <tr><td> </td><td></td><td></td></tr> <tr><td> </td><td></td><td></td></tr> <tr><td> </td><td></td><td></td></tr> <tr><td> </td><td></td><td></td></tr> <tr> <td>TOTAL</td> <td></td> <td></td> </tr> </tbody> </table> <p style="text-align: center;">Be Sure Each Item Is Properly Endorsed.</p>		Dollars	Cents	Cash Total			List Checks	Check #																							TOTAL		
	Dollars	Cents																																	
Cash Total																																			
List Checks	Check #																																		
TOTAL																																			

Independent Living Skills Module IV – Money Management

CHECKING ACCOUNG DEPOSIT

Your Name 5-110-595
 Your Street Address
 Your Town, MA, Zip Code
 _____ 20_____

BOSTON BANK
 Boston, Massachusetts

| 50211 |: 9099” | 00”:98976

		Dollars	Cents
Cash Total			
List Checks	Check #		
TOTAL			

Be Sure Each Item Is Properly Endorsed.

SAVINGS ACCOUNG DEPOSIT

Your Name 5-110-765
 Your Street Address
 Your Town, MA, Zip Code
 _____ 20_____

BOSTON BANK
 Boston, Massachusetts

| 20211 |: 9019” | 00”:98576

		Dollars	Cents
Cash Total			
List Checks	Check #		
SUBTOTAL			
Less Cash Back			
TOTAL			

Signature_____

Independent Living Skills Module IV – Money Management

USE THIS REGISTER TO RECORD THE CHECKS WRITTEN AND DEPOSITS MADE IN THE CHECKING ACTIVITY.

CHECK REGISTER

RECORD ALL CREDITS & CHARGES THAT AFFECT YOUR ACCOUNT

[illegible]

REMEMBER TO RECORD ALL X-PRESS 24 & ATM TRANSACTIONS

Independent Living Skills Module IV – Money Management

You will find your checking account statement from the Boston Bank below. It covers your transactions (all deposits and checks cashed) for the month of May, the same transactions listed in the previous activity. Notice that one check did not reach the bank before the statement was printed. Notice also that you have been charged a service charge for using the bank's services.

Boston Bank PO Box 333 Boston, MA 01234		
PERSONAL CHECKING ACCOUNT Statement Period: May 1- 30, 2005 Tax ID# 033-34-6676		ACCT # 0034-7654 Your Name Street Address Town, MA Zip Code
DATE OF POSTING	TRANSACTION	AMMOUNT
		BALANCES Checking Loan
1-May	Previous Balance	116.42
5-May	Check Paid #101	45.00 71.42
7-May	Check Paid #102	26.15 45.27
12-May	Check Paid #103	29.68 15.59
15-May	Checking Deposit	96.33 111.92
18-May	Check Paid #104	36.17 75.75
22-May	Check Paid #105	52.76 22.99
25-May	Checking Deposit	20.00 42.99
29-May	Service Chage	5.00 37.99
30-May	NEW BALANCE	37.99

CHECK SERIAL RECAP

DATE	SERIAL	AMOUNT	DATE	SERIAL	AMOUNT	DATE	SERIAL	AMOUNT
6-May	101	45.00	7-May	102	26.15	12-May	103	29.68
18-May	104	36.17	18-May	105	52.76			

CHECKING ACTIVITY:	CHECKS 5	DEPOSITS 2	DEPOSITED 2 Items
-------------------------------	-------------	---------------	----------------------

Balancing Your Checkbook

You will know that your checkbook register is “balanced,” or correct, by comparing the balance in your register to the “New Balance” shown on the bank’s statement. To balance your checkbook, complete the following steps.

First you must obtain your new checkbook balance:

1. Enter the balance from your register on Line A. **A.** _____
2. Enter the amount of any service charge on Line B. **B.** _____
3. Subtract Line B from Line A. **C.** _____

This is your new checkbook balance.

Now you need to obtain the current bank balance.

Compare the check numbers and amounts on the statement with the checks listed on your register. Below, write down any checks written during the statement period and listed in your register but not in the bank’s statement.

Check Number

Amount

Total: \$ _____

2. Write down the new balance from the statement on Line D. **D.** _____
3. Enter any deposits shown in the register but not in statement on Line E. **E.** _____
4. Add Lines D and E; enter this subtotal on Line F. **F.** _____
5. Enter total amount of checks not shown in statement on Line G. (Total from Step 1 above). **G.** _____
6. Subtract Line G from Line F. Place result on line H. **H.** _____

Line H should agree with your checkbook balance (Line C). If it doesn't, examine it carefully to see that you have correctly added and subtracted all the deposits and checks for the month. Also, make sure you have listed, in your register, all of the transactions (deposits and checks) you've made.

Is a Checking Account Right For You?

Before you decide to open a checking account, you need to evaluate whether or not it is right for you.



ACTIVITY

List all the advantages and disadvantages of having a checking account at this time.

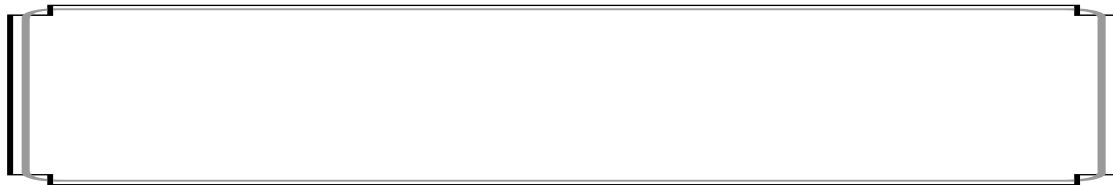
Advantages	Disadvantages

While checking accounts will give you the opportunity to conveniently store your money and pay your bills, they also bear certain risks, particularly for individuals who have difficulty managing money or balancing a checkbook.

Consider the following:

Steven opened a checking account three weeks ago. Although he tries to keep track of his spending and deposits, he is getting confused because he does not take the time to record his transactions properly. Today, Steve gets a notice from his bank in the mail which states that three of his checks have bounced.

What consequences could the bounced checks have for Steven?



What should he do?



Writing “bad checks” can have serious legal consequences!

Sometimes checking accounts can be tempting, particularly if you don’t have your spending habits under control.

Consider the following:

Amy opened a checking account one month ago and has always kept track of her spending and deposits. Today, Amy sees a really nice dress on sale for \$39.99, the only one left in her size. When Amy checks her check register, she discovers that she only has \$21.00 in her account and she won’t get paid for another 4 days. She debates whether or not to get the dress anyway, thinking that she could probably get \$18.99 somehow and deposit it before the check clears. What do you think? What would you do in Amy’s situation?



Can you think of any difficulties you might have with managing a checking account? If so, describe them below.



Can you think of strategies which would help you to handle a checking account responsibly?
List them below.

My Strategies Are:



Remember, if you think that you're not ready for a checking account, you can always pay your bills with money orders. (For more information, refer to the "Money Orders" section in this module.)



ACTIVITY

If appropriate, open a checking account at a bank of your choice.

AUTOMATED TELLER MACHINES (ATMs)

Although ATMs are very popular, convenient, and easy-to-use to both deposit and withdraw money in either checking or saving accounts, they also bear certain risks for those of you who might have difficulty managing money. Because ATM machines allow you access to your money at all times, there may be a greater temptation to spend money in a way you hadn't planned.

Some ATM machines, if they are not affiliated with your bank, will not provide you with your account balance. This makes it difficult to keep track of your money, especially if you forget to record the ATM transaction in your checkbook register. Similarly, many grocery stores now offer customers the opportunity to pay for purchases with their ATM cards, again without giving a balance.

With this in mind, evaluate the advantages and disadvantages an ATM card would have for you.

Advantages	Disadvantages

Would you get an ATM card? Explain your decision.

If you have decided that you will use Automated Teller Machines, here are a few helpful hints you should keep in mind.

- Choose your secret password very carefully. Don't use your name, initials, phone number, or birth date.
- Never write your password on your ATM card. If you lose the card, anyone who finds it would be able to withdraw your money.
- Don't announce your password to others. Remember, once you tell a secret to someone, it's not a secret anymore.
- Remember to take your receipt after each transaction, even when you're in a hurry. You'll need the receipt to help you balance your monthly statement and, if you have any questions about your transaction, you'll need the receipt to speak to the bank personnel.
- Be sure to enter all your transactions (deposits or withdrawals) in your checkbook/savings register so that you'll always know what your balance is.
- Don't forget your ATM card at the machine after you've finished your transaction!

MONEY ORDERS

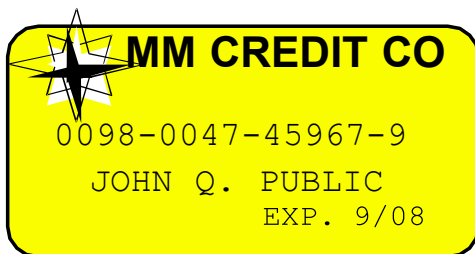
Money orders can be purchased for a fee ranging from \$.75 to \$2.00 at any bank or post office and in many convenient stores. Money orders can be used to pay bills (rent, utilities, etc.) in the same manner as a personal check. The amount of the bill is paid in cash to the teller or salesperson, who then issues the money order in the same amount. The order needs to be signed and dated, and information about the agency you are paying needs to be filled out in the appropriate spaces. After completing your money order, make sure to detach your receipt at the bottom and keep it in a safe place. This is your proof of purchase. If the person/company you were paying states that they never received it, you will have the receipt with its identification number to offer as proof of payment.

SAMPLE:

MONEY ORDER		789-0154-6249
First Federal Bank Boston, MA		VOID IF OVER \$1000
Forty Three dollars and Twenty Five cents		\$ 0043.25
Pay To: _____		
Company Name / Address		
Signature: _____		Date _____
KEEP THE YELLOW COPY FOR YOUR RECORDS		

UNDERSTANDING CREDIT AND CHARGE CARDS


Credit and charge cards are different from checking accounts. Checking accounts use only your money (i.e., you must have enough money in your account to cover any incoming checks), while credit and charge cards are a form of a loan from the credit company to you. While this type of loan seems to make shopping more convenient, keep in mind that it also bears certain risks (like overspending.) In addition, many credit institutions have a yearly membership fee. Some credit and charge card accounts also include an additional “service charge” or interest fee for certain kinds of transactions. It is important to understand how and when these additional fees are included.



In order to get a credit or charge card from a bank, service, or store, you must fill out an application form. Approval will be based upon a number of considerations, including your present income, length of employment, the balance and activity in your checking or savings account, and your credit history (Have you ever had credit/charge cards before? Did you pay your bills on time? Have you bounced checks?). Approval is not automatic. If you have just begun full-time employment or do not have a credit history, your application might not be approved. You can always re-apply, however, at a later date.

A credit card allows you to borrow only up to a certain amount, called your “credit limit.” When you purchase something with a credit card, the credit card company is actually paying for you. At the end of the month, the credit card sends you a statement telling you how much money you owe them. If you have a charge card from a particular store, similar loaning and billing procedures are followed.

This is an example of a credit card statement:

 MM CREDIT CO P.O. Box 008 Boston, MA 02116	<i>Return top portion with your check or money order.</i>								
<div style="border: 1px solid black; padding: 5px; display: inline-block;">Due Date: 6/30/05</div>									
<div style="border: 1px solid black; padding: 5px; min-height: 60px;"> Your Name Street Address City, State Zip </div>	Amount Enclosed: <div style="border: 1px solid black; height: 40px; width: 100%;"></div>								
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="padding: 5px;">Account Number</th> <th style="padding: 5px;">Exp. Date</th> <th style="padding: 5px;">Credit Line</th> <th style="padding: 5px;">Available Credit</th> </tr> <tr> <td style="text-align: center; padding: 5px;">382-792-730-6</td> <td style="text-align: center; padding: 5px;">9/08</td> <td style="text-align: center; padding: 5px;">\$500</td> <td style="text-align: center; padding: 5px;">\$377.67</td> </tr> </table>	Account Number	Exp. Date	Credit Line	Available Credit	382-792-730-6	9/08	\$500	\$377.67	
Account Number	Exp. Date	Credit Line	Available Credit						
382-792-730-6	9/08	\$500	\$377.67						
Total Account Balance:	<div style="border: 1px solid black; padding: 5px; display: inline-block;">\$122.33</div>								
Total Minimum Payment:	<div style="border: 1px solid black; padding: 5px; display: inline-block;">\$40.00</div>								

DETAILED TRANSACTION SUMMARY FOR PERIOD OF 5/01/95 to 5/31/95			
Date	Amount	Merchant ID#	Bank
05/11/05	\$46.12	LA Boutique	458875344
05/21/05	\$76.21	Al Cleaners	842196002
Monthly Percentage Rate 1.5%			

The total balance is the amount of money you owe the credit card company for charging things during a specific period. The total minimum payment is the part of the total balance that **must** be paid by the payment date. The available credit lets you know how much more you can borrow before reaching your credit line. “Credit line” means the same thing as “credit limit,” and you can’t charge more than your limit. If you do, the credit card company may cancel your card. Transaction date, amount, and merchant ID# show when and where you used your card, and how much you charged.

You have two ways to pay off your credit card charges:

1. You can pay the total balance (\$122.33) all at once and be finished with it.
2. You can pay anywhere between the total minimum payment (\$40.00) and the total balance (\$122.33), and pay the rest over several months.

Option 1 is good, but you may not have that much money available. You may only be able to pay a little bit at a time, which is your second option. When you use **Option 2**, however, the credit card company charges interest. They charge you for the privilege of putting off payment until later. In the end, you’re paying for your loan (the things you charged) *and* the interest on the loan, which means that your total payment will exceed the amount of the original loan.

Which option should you use? **Option 1** means you end up paying back only the money you borrowed. **Option 2** means paying only a small amount of money at any given time but paying back extra money on interest.

Try to pay off your loans from the credit card company as soon as possible. If you wait, you can end up paying a lot of excess interest.



ACTIVITY

Go to a department store and a bank to research additional information about credit and charge cards.

As stated in the beginning of this section, although there are advantages to credit and charge cards, they also bear risks.

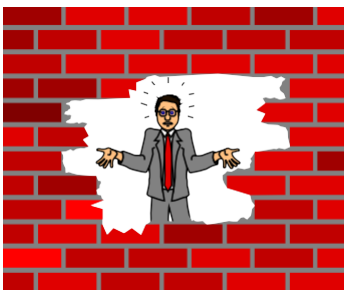
Consider the following:

Susan has been working full-time as a nurse's aide for the past twelve months. She is on a fairly tight budget and, after paying for rent, utilities, food, and transportation, Susan has approximately \$100 a month for miscellaneous expenses. A few months ago, Susan was approved for a credit card with a \$500 credit line. As soon as she got the card, Susan went shopping and charged \$200 for clothes. Two days later, Susan bought a new TV for \$280. When Susan got her statement in the mail three and a half weeks later, she was a little surprised. She had not anticipated that she had to pay for all these items and interest as well. Actually, it almost felt as if the items she charged were free, since charging did not have an influence on her cash flow.

How do you think Susan will pay the money back?

How long do you think it will take her to pay off her credit card balance?

Do you think Susan would have bought the items if she had not had a charge card?



Many people get themselves into dangerous “credit holes,” meaning they buy much more than they can afford because it seems so simple to use the credit card now and pay later. Most of these people can never pay off the debt they owe, and the high interest rate on credit cards makes things worse. Some people spend years paying off debts that they have created through careless charging.

While credit and charge cards can be helpful in establishing a good credit history, necessary to apply for larger bank loans or to finance a car for example, they can negatively impact your ability to get credit if they are misused. You should be aware of the long range effects of bad credit.

Consider the following:

Susan struggled for quite some time to pay off the charges for her purchases. She was late with her payments several times and actually missed one or two. Now, three years later, Susan (who has gotten a promotion and a raise at work) is shopping for a used car. After looking around she finds a car she likes and can afford, with reasonable monthly payments. She then applies at the car dealership for financing. The salesperson checks Susan’s credit history through one of the computerized credit rating companies and informs her that her loan has been disapproved.

What do you think has happened?

After evaluating all the information, do you feel that credit and charge cards are a good option for you now or in the future? Explain your choice.

If you think that credit cards are a good option for you, remember to be very cautious when using them and never charge more than you can afford!

UNDERSTANDING YOUR PAYCHECK

Most employers pay their employees by check and, for many people, receiving that check is a very satisfying experience! Some people, however, are confused about why their check is less than they expected.

To avoid unwelcome surprises, you should know that there are a number of deductions that are taken from your paycheck. Your check stub (attached to your check) will identify your **gross pay**, which is the total amount of money that you earned, and your “take-home pay” or **net income**, the amount that is left for you after all the deductions are taken.

The standard payroll deductions are:

- Federal income tax
- State income tax
- Social Security/Retirement

Other possible deductions:

- Health and hospital insurance
- Life insurance
- Union dues

Keep your check stubs!!! They are an important record of your earnings and deductions.

PAYROLL CHECK	CARSON'S DEPARTMENT STORE 123 Elm Street Anytown, MA 01234	51-42 321 July 10, 2005
<i>Pay to the Order of</i>	<i>JESSE SMITH</i>	
ONE HUNDRED FORTY-FIVE AND SIXTY-TWO CENTS		<div style="border: 1px solid black; padding: 5px; display: inline-block;"> \$ 145.62 </div>
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> BOSTON NATIONAL BANK Boston, Massachusetts 0:075341 2090 : 231112 : 1 </div> <div style="width: 50%; text-align: right;"> <i>Ροβερτ Ω. Χαρσον</i> Robert W. Carson, President </div> </div>		

Below is a sample payroll check stub. Often, a paycheck stub will also include year-to-date totals on all earnings and deductions, a breakdown of the hourly wage(s), and other necessary information.

CARSON'S DEPARTMENT STORE		Date of Issue: 10 July 2005	
NAME: JESSE SMITH		Pay Period: 7/1/05 - 7/8/05	
EMP. #: 504		Check #: 324	
SS#: 001-01-0011			
Regular Hours: 30	GROSS EARNINGS:	\$202.25	
Overtime Hours: 0	Current		
<u>Deductions</u>			
Hourly Rate: \$6.75	Federal Tax	34.38	
Overtime Rate: \$8.00	State Tax	8.10	
	FICA	14.15	
NET EARNINGS		\$145.62	

Jesse's net pay, his take home pay, is \$145.62. Although he earned \$202.25 for the week of July first through eighth, his employer is required to deduct \$34.38 for Federal tax, \$8.10 for State tax, and \$14.15 for F.I.C.A. (Social Security). This leaves Jesse with \$145.62 for himself.



ACTIVITY

Take a look at your paycheck and answer the following questions

What is your gross income?

How much do you pay in Federal taxes?

How much do you pay in State taxes?

How much do you pay to F.I.C.A.?

Do you have any other deductions? If so, describe.

What are your net earnings?

THE W-4 FORM

When you start a job, you are asked to complete a W-4 Form so your employer can withhold the correct amount of Federal income tax. Read the instructions and fill in the sample on this and the following pages. Complete State Form M-4 (see page 92) only if you claim a different number of exemptions for Massachusetts and United States income taxes. If you have questions call, your local Internal Revenue Service Office, or call 1-800-424-3676 (toll free).

FILING TAXES

Everybody who earns money (unless it is tax free) has to file for taxes. If you fail to do so, you might be prosecuted by the IRS (Internal Revenue Service, an agency responsible for tax collection). At the end of each year, your employer will send you a W-2 form, which lists the amount of money you have earned and the deductions taken out of your paycheck during that year.

To file your taxes, you will need to obtain the W-2 form and both a federal and a state income tax form. These are usually available, along with an instructional brochure, at a post office or bank and often mailed directly to your residence. You can either file your own taxes (utilizing the information on your W-2 and by following the instructions provided in the instructional brochure) or seek out professional help. In any event, be aware of the deadlines associated with filling taxes! Depending on your status, you will either get a refund by mail or you may have to pay out additional taxes that were not collected through your paychecks.



ACTIVITY

Obtain an instructional booklet and the appropriate forms and practice filing taxes with your social worker, foster parent, or group care staff. These can be found by going to your local library, Internal Revenue Service office or visit their website at www.irs.gov. They have an entire section on forms that you can download electronically.

BUYING A CAR

Before making such a major purchase as a car, you will have to consider your needs, preferences, and your budget. You will not only have to plan for the purchase and the costs of putting a car on the road, but also for its maintenance.

Purchasing

Evaluate your income, savings, and expenses. How much do you think you could afford to spend for the purchase of a car? (If you are not ready to buy a car yet but are interested in buying one in the future, estimate how much money you would need in order to buy a reliable car and develop a savings plan accordingly).

I could/would spend:

Explain your estimate:

--

If you need to borrow money, where could you borrow it and how much will your down payment be?

How much would you have to pay in sales tax (5% of purchase) ?

In summary, I could spend \$ _____ on the purchase of a car, including sales tax?

Now that you have established how much money you can spend for the purchase of a car, you can determine what kind of car you might be interested in.

**ACTIVITY**

To help you think about what type of car would be best for you, think about the following questions.

1. What Would I Use the Car For?	<i>Almost Never</i>	<i>Sometimes</i>	<i>Most of the Time</i>
a. Riding Alone	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Carrying One Passenger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Carrying More Than One Passenger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Driving Long Distances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Driving in the City	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Transporting Many Things	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Other: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Other: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. What Do I Want In A Car?	<i>I Can Do Without It</i>	<i>It Would Be Nice</i>	<i>I Must Have It</i>
a. Easy Driving	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Easy Parking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Power Steering	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Smooth Ride	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Quiet Ride	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Good Gas Mileage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Front Wheel Drive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Good Looks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Good Radio/Tape Deck	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

j. Storage Space ☐ ☐ ☐

k. Other: _____ ☐ ☐ ☐

l. Other: _____ ☐ ☐ ☐

3. What Really Bothers Me?

*Doesn't
Bother Me
At All* *Sometimes
Bothers
Me* *I Can't
Stand It*

a. Noisy Engine ☐ ☐ ☐

b. Rattles and Squeaks ☐ ☐ ☐

c. Gas Guzzling / Poor Mileage ☐ ☐ ☐

d. Other: _____ ☐ ☐ ☐

e. Other: _____ ☐ ☐ ☐

4. Are There Any Extra Options That I Would Like In My Car? Can I Afford Them ?

Luxuries

Cost

\$ _____

\$ _____

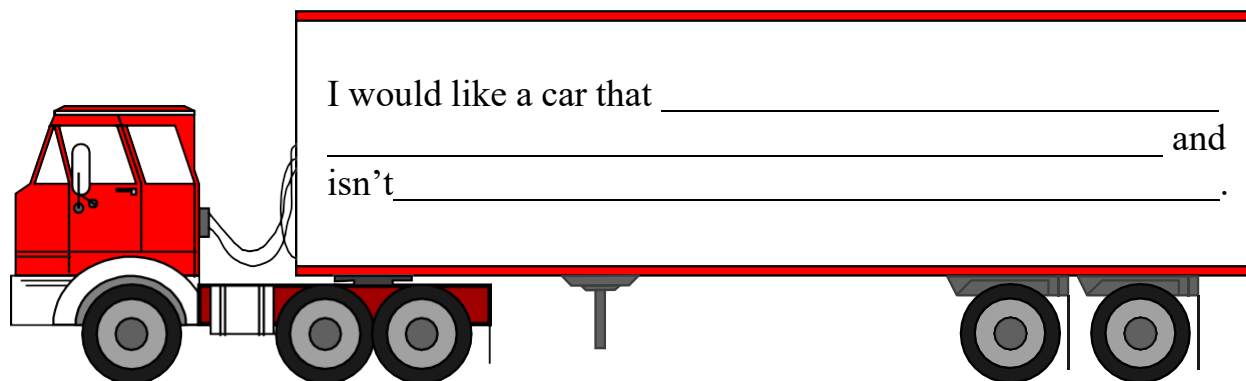
\$ _____

\$ _____

\$ _____

\$ _____

IN SUMMARY



Are there certain types of cars which interest you and meet your needs? If so, list them below.

	MAKE	MODEL	YEAR
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____



ACTIVITY

Using *Consumer Reports* magazine and the *Official Used Car Guide*, familiarize yourself with the quality and price ranges of the cars you are interested in. Record your findings in the chart below.

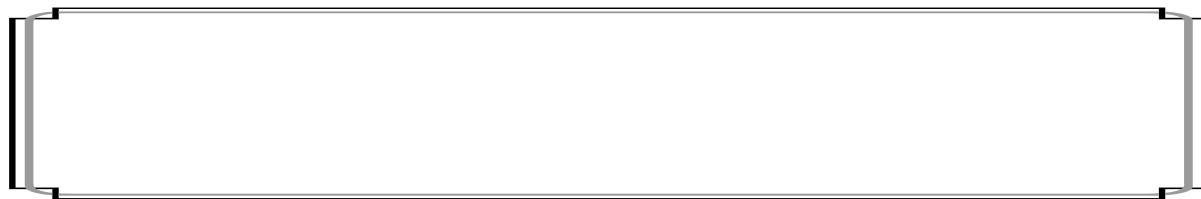
MAKE:	MAKE:	MAKE:
MODEL:	MODEL:	MODEL:
YEAR:	YEAR:	YEAR:
Price Range:	Price Range:	Price Range:
Good Features:	Good Features:	Good Features:
Bad Features:	Bad Features:	Bad Features:

Buying a car will be a major purchase for most of you. To make sure that you stay within your budget and get the most for your money, you will not only need to be an educated consumer, but you must also make good decisions.

Consider the following:

Lyle wants to buy a used car and has estimated that he can spend about \$2000 by putting \$400 down and paying the rest in monthly installments of \$110. While Lyle was at a used car dealership, he spotted a pick-up truck he really liked for \$3200. Lyle knows he can't afford it but debates whether or not he should buy the pick-up anyway.

What would you do in Lyle's situation?

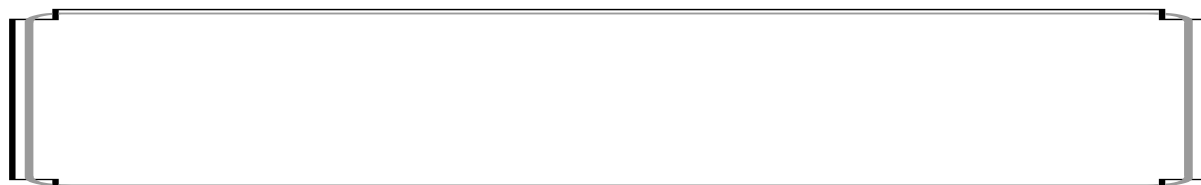


What could the consequences be if Lyle buys the pick-up?



Aaron has saved \$2400 over the past two years toward a car purchase. He plans to pay the full price in cash, since he has no credit history nor a co-signer. Aaron needs a reliable car with good gas mileage because he plans to travel 16 miles to and from work each day. When Aaron arrived at a used car dealership, he saw a great looking black sports car on the lot for \$2350. The car had leather seats, a sunroof, and a tape deck. When Aaron asked about the mileage, the salesperson explained away the car's 186,000 miles, saying that it looked as good as new. When Aaron asked about how many miles the car got to the gallon, the salesperson replied that even though it would use up a lot of gas, Aaron should just think about how he would impress everybody with such a great-looking car. Aaron took the car out for a test drive. It had lots of power and was really fun to drive, but Aaron detected an odd noise in the engine. When he asked about it, the salesperson told him, "It's nothing. If you turn up the stereo, you won't even hear it." Aaron is now debating whether or not he should buy the car.

What would you do?



Does that car have the qualities Aaron was initially looking for?



What do you think will happen if Aaron buys the car?



When you go car-shopping, whether you do it through the newspaper or used car dealerships, keep the following tips in mind:

- **Comparison Shop!!** Check the classified ads, check out used car lots. Don't be satisfied with the first or even the second one you visit. Shop around.
- New car dealerships often sell used cars, too.
- Some dealers offer a limited warranty on used cars. Ask about it!
- Try to shop for a used car with someone who knows a lot about them.
- Test drive the car! Listen for any noise that might warn you about problems.
- Don't allow yourself to be pressured by sales people. Take your time. Ask questions. Remember it's your money!
- Check for signs of rust.
- Check the oil. If it is dirty, the previous owner probably didn't follow the proper maintenance schedule. If there is water in the oil, don't buy the car unless you're prepared for high repair bills.
- Have a mechanic (not the one at the dealership) check out the car for you.
- Check the tires, brakes, and steering.
- Make sure all the equipment is working (the heater, defroster, windshield wipers, etc.).
- Check the mileage. If it's high, repairs might soon be necessary.
- Ask for the owner's care manual.
- Be certain that the papers, especially the title, are in order.

**ACTIVITY**

Evaluate the newspaper listings below and circle the car which best meets your needs and fits your budget.

1984 Volkswagon Rabbit - 150,000 miles Some rust, runs well. \$1000 or best offer Call 593-8905.	90 Honda Civic. 110,000 mi. New parts, lmted warranty. SUPERCAR dlrshp. Call 439-3464	88 Ford Escort. 90,000. Runs great. 5 spd, \$1800 firm. Call 579-5960.	85 black Corvette. 105,000 mi. Leather Interior. POWER. \$5200 or best offer. Call 465-8342
'86 Toyota Pickup. 82,000 miles. Needs some engine work. \$600/BO. Call 620-6640.	89 Mustang, 5 speed 120,000 mi, mostly highway. Extras. \$6000 firm. Financing possible. Call Dealer Motors, 468-0656	87 Nissan, automotive. Needs body work, runs great. \$1000/BO.	92Jeep Wrangler. Soft top, great shape, fun car. \$8200. Financing avail. Call Dealer Motors, 468-0656
91 Hundai. 54,000 mi. New tires, new exhaust. \$3000/BO 897-0431	86 Chevy custom. Runs and looks well. 140,000 miles \$800/BO. 785-0722	91 Pontiac. Only 60000 miles! Very clean. For sale by owner. \$3400. Call 645-3874	82 Caprice. 175,00 miles. Runs OK, some rust. \$575/BO. Call 468-0813.
97 Saturn. 12,000 miles. CD player, A/C, like new. \$10,500. 541-5460	89 Mazda, 125,000 Mi. New brakes, transmission, tires. \$2600 firm. Call 650-7891	Mechanic's Dream! 70 Cadillac. Needs paint, needs overhaul. \$150. 513-4606	85 Dodge Dart. Needs new muffler. Some damage to body, perfect frame. \$500/BO. 498-0415

Explain your choice:



ACTIVITY

Go to several used car dealerships and comparison shop for a car which meets your needs and budget.

Did you find a car you liked? If so, describe below.

--

Even if you are prepared, car shopping can be difficult. Unless you are a mechanic, you may still end up with a “lemon.” However, if you buy a car that needs repairs shortly after the purchase date (approximately 30-60 days), you might be protected by the “Lemon Law”.



Research the stipulations of the Lemon Law and record them in the box below:

--

Note: It is important to remember that you have the right to ask the owner or the dealer to see the paperwork/history of any used car. The car’s history should include a description of all the work that has been done to the car, a record of oil changes, tune-ups or accidents, etc.

Start-Up Costs for Automobiles

Certain costs are incurred when you are putting a car onto the road for the first time, including registration and insurance fees.

Registration

Each car has to be registered with the Department of Motor Vehicles.

**ACTIVITY**

Check with the DMV regarding the registering of a car and record your findings in the box below.

Registering my car would cost:

Insurance

Each car in the state of Massachusetts has to be insured. Driving without insurance is against the law and can have serious legal consequences.

**ACTIVITY**

Research the costs of car insurance by inquiring with at least two different insurance companies. Discuss different options with the agents and record your findings in the chart below.

Insurance A		Insurance B	
	Cost		Cost
Liability		Liability	
Collision		Collision	

NOTE: When you first insure a car, insurance companies will usually require the first three monthly installments up front.

Which insurance would you choose and at what cost?

Explain your choice:

Each car must also pass an initial Safety and Emissions inspection. If your car does not pass, it may require some costly repairs and replacement parts before your car can legally be on the road. Check with a garage that provides Safety and Emissions inspections to find out the price.

\$ _____

Complete the following:

In addition to the costs related to purchasing a car and providing that my car passes the Safety and Emissions inspection, I will have to add a minimum of to put my car on the road.

	Registration
+	
	Insurance
	Total

Car Maintenance Costs

How much will you spend on the upkeep/maintenance will greatly depend on the number of miles you plan to drive.



ACTIVITY

Estimate how many miles you can expect to drive per week and record your findings below.

I would drive miles each week.

How many miles can your car run on one gallon of gas?

My car gets miles to the gallon.

Use the figures above to estimate your average anticipated monthly cost for gasoline.

	÷		=		×	4	=		×		=	
Miles per Week		Miles per Gallon		Gallons per Week		Weeks		Total Gallons per Month		Price of One Gallon of Gas		Total Amount for Gasoline per Month

If you want your car to last as long as possible, you will have to take good care of it. And although you will have to invest some money into car maintenance, it will help you to avoid expensive repairs.

Consider the following:

Kim bought a used car five months ago and has been driving a lot. She has never checked her oil and has never had the oil changed because she thinks that her car is still “new” and shouldn’t have any problems yet. Today, while she was driving on the highway, Kim’s car suddenly overheated and began to smoke.

What do you think happened?

How could she have prevented this problem?



ACTIVITY

Research the prices of an oil change and a tune up. List them in the appropriate boxes below.

How often does the average car need an oil change? _____

Cost of an Oil Change

How often should a car have a tune up? _____

Cost of a Tune Up

In addition to the above maintenance costs, it is helpful to budget additional money for unexpected repairs or replacements, i.e. new tires, headlights, etc.

Independent Living Skills Module IV – Money Management

Utilize the work space below to estimate you total monthly cost relative to the upkeep of a car.

Average cost per month for maintenance (oil change, tune up, etc.)

Monthly insurance payment

Average cost of gas

Money budgeted for unexpected repairs/replacements

Total Maintenance/Upkeep Cost per Month

SHOPPING SKILLS
Comparison Shopping

You’ve probably worked hard to earn your paycheck or allowance. Therefore, you want to get the most for your money. Nothing is more frustrating than finding an item you have purchased selling for a lower price at another store. Checking the price of an item takes a little time but often saves a great deal of money. If you know exactly what you want in advance (which brand, which size), you can do a price check by scanning newspaper advertisements or calling several stores.

Utilize the comparison shopping skills you learned in the budgeting section to complete the following exercise.

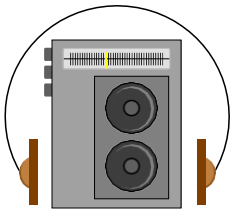


ACTIVITY

Do a price check on an item that you are thinking of buying (a stereo, bicycle, record, pair of jeans, etc.) Compare the price for exactly the same item at 3 different stores and list the results below.

	Item	Price
Store 1:		
Store 2:		
Store 3:		

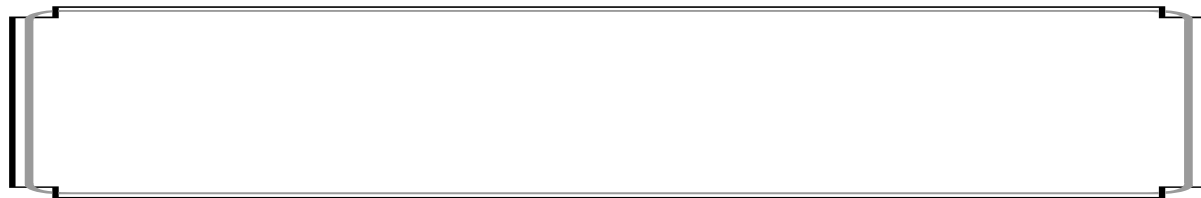
Keep in mind that there are additional factors to consider when you want to determine the best value, such as the quality of the product, warranty, and style.



Consider the following:

Richard and Ariel both want to buy a new Walkman. Richard finds one at a drug store for \$14. It has an auto-rewind tape player, a radio, and headphones. Ariel finds a Walkman at a department store for \$28 which is a different brand name but has all the same features as Richard’s. Is the cheaper Walkman necessarily the better buy? What do you think?

Aside from price, what other factors should be considered when purchasing an item like a Walkman?



The cheapest item might not always be the best buy. The quality and durability has to be considered as well. Additionally, as in the Walkman example above, you would have to ask yourself how many batteries each Walkman uses, what the warranty is, etc. And while the cheapest item may not be the best bargain, the opposite may also be true: the most expensive items are not necessarily better quality!

Checking the Warranty

Since January 1, 1977, federal law requires that warranties on consumer products costing more than \$15.00 must be available for you to look at before you buy the product. Read the warranty very carefully; it, not what the salesperson tells you, describes what type of service you can get when you have bought a defective product.

There are two types of warranties. A full warranty usually means that a defective product reported within a specific period of time will be fixed or replaced at no cost to you. A limited warranty means that some feature provided by the full warranty is missing. For example, it may only cover the cost of parts, not labor, or it may cover only certain parts of the product.

Make sure that you understand exactly which services are covered by the limited warranty.

Understanding Warranty Information

Carefully read the warranty that is printed below and then answer the questions that follow.

FULL ONE YEAR WARRANTY

Rituchi Stereo warrants that this stereo compact disc player will be free from defects for a period of one year from the date of purchase. This warranty does not cover damages resulting from accident, abuse or misuse.

If your stereo CD player system fails to operate properly under normal conditions within the warranty period, return it to one of the twelve Rituchi Repair Centers in the United States. If the stereo CD player system is found to have defective parts or workmanship, Rituchi will repair or replace it, free of charge. Send your name, address, copy of sales receipt and the reason for the return along with the CD player. Allow 8-10 weeks for mailing and servicing.

Rituchi Stereo Systems.
Sakawa, Japan

Questions:

1. Under what conditions will the CD player be repaired free? _____

2. Where does the CD player have to be sent to be repaired? _____

3. Who must pay for mailing the CD player to be repaired? _____

4. Are there any service or handling charges? _____

5. What do you have to send with the CD player? _____

6. How long do you have to wait for the CD player to be repaired and returned? _____

7. What can you do if you broke the CD player by dropping it while you were setting it up? _____

Reading the Fine Print

Read the advertisement below and answer the questions which follow.



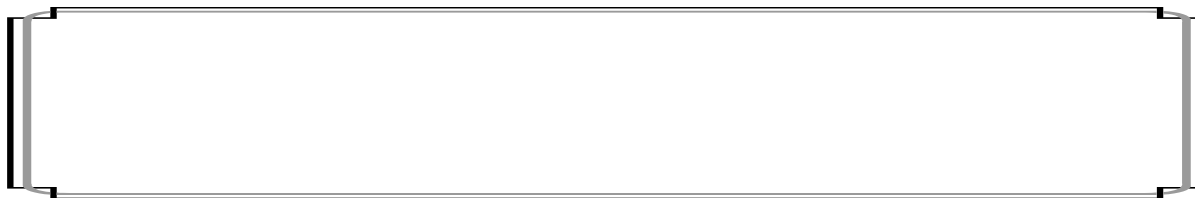
TEN CDs FREE!
(A \$120 Value!)

Yes, get 10 CDs free!
All you have to do is sign up with the Music Fan CD Club and buy an additional 12 CDs at full club price during the next year.

Allow 8-10 weeks for delivery.

Music Fan Club
123 Downtown Street
Boston, MA.

Would you sign up with the Music Fan CD Club?



Do you think it's a good buy? Why or why not?



You've probably seen advertisements like this one in magazines and newspapers. It seems to offer you 10 CDs free. But, read the fine print in the ad and find out what you are obligated to do before you sign up.

On the surface, the Music Fan Club might seem like a good idea. But remember, you must buy 12 CDs during the next year. If you don't listen to CDs frequently, then this may not be the right deal for you. What if you cannot find 12 CDs on their sales lists which interest you? Well, that's too bad; you promised to buy 12 CDs, no matter what. Also, it is not mentioned in the ad, but frequently you have to pay the cost of having the CDs mailed to your home, which can add up to quite a bit.

These mail-order offers are not necessarily bad, but they do involve many obligations. Therefore, be very careful and check out everything (cost, quantity, penalties, etc.) before signing up. Sign up only if the purchase is one you planned to make anyway. Don't forget to consider the quantity of the items as well as the price.

Unethical/Deceptive Practices

Most business people are honest. They value their reputations and want customers to return. Unfortunately, there are a few companies that will try to trick you into buying merchandise that is more expensive than you want or need. If you are alert, you will not fall into these traps:

Bait and Switch occurs when you enter a store to buy an advertised item, only to have the salesperson steer you to a different, more expensive item. For example, you go to a store to buy house paint that has been advertised for \$6.99 a gallon, and the salesperson immediately tells you that the advertised paint is poor quality and tries to convince you to buy paint which is selling for \$20.00 a gallon. If you decide for yourself that you don't like the advertised item after you have seen it and ask to be shown another, you are not involved in "Bait and Switch." In this instance, the salesperson is only doing his/her best to show you something that will satisfy you.

Lowballing occurs when a business doesn't sell an item, like a car, at the advertised price. A dishonest car dealer, for example, tells you that "luxuries," like window and tires, are not included in the sales price and will cost extra.

The following practices are not unethical, but they are common ploys used to attract customers:

Loss Leaders is a situation that occurs when a store sells only a few items at a very low price to attract customers. The store owners hope that customers will purchase more expensive items while they are there, rather than comparison shop for a better value. Be wise. Buy only the sale items. Wait to comparison shop for other purchases. It will be worth it.

Conditional Purchases are also common. This occurs when you are required to purchase a non-sale item to get another item at sale price, or when you must purchase more than one of the sale items in order to pay the sale price (such as "Buy One, Get One Free" sales). This is not a bad thing as long as you want or need all the items you purchase.

Remember, according to the law, you have these rights:

If you are shopping by mail, you have the right to cancel your order if the merchandise does not arrive within the stated time.

If a warrantor does not honor a written or implied warranty on merchandise purchased after 7/4/75, you have the right to sue the warrantor under the Warranty Act.

Smart Shopping

To shop wisely and make your money last, keep the following in mind:

- Replace things only when they wear out.
- Check several stores to compare prices.
- Check newspapers and flyers for sales.
- Examine quality, quantity, and durability.
- Decide what you will buy and buy only that item.
- Save money, rather than borrow, to buy a costly item.
- Try to buy things while they are on sale.
- Read all labels and tags carefully.
- Never buy clothing without trying on each item. Sizes may vary.
- Compare warranties.

- Always read the fine print.
- Evaluate any obligations.
- Always save sales slips, receipts, and warranties.
- Before you buy, you should ask yourself these questions:
 - ◊ Am I certain the merchandise is exactly what I want?
 - ◊ Will the store give a refund? Remember, some stores (such as factory outlets) have a policy that all sales are final.
 - ◊ Do I need the sales receipt and/or price tag to get an exchange or refund?
 - ◊ Is this a “Final Sale” item?
 - ◊ Does the item have a written warranty?
 - ◊ Before signing a contract: Do I fully understand it? Will I have a copy to keep?

If you know your rights, avoid traps, and follow the advice in this section, you’ll be a very smart shopper indeed. Being a smart shopper, like anything else, takes some practice, but it’s well worth the money you’ll save.



ACTIVITY

Choose a fairly major item you plan to purchase within the next 12 months (clothing, furniture, stereo equipment, bicycle, etc.) Comparison shop at three different stores and list your findings below.

Store One:

<i>Item</i>	<i>Brand</i>	<i>Quality/ Durability</i>	<i>Warranty</i>	<i>Exchange Policies</i>	<i>Other things to be considered:</i>

Store Two:

<i>Item</i>	<i>Brand</i>	<i>Quality/ Durability</i>	<i>Warranty</i>	<i>Exchange Policies</i>	<i>Other:</i>

Store Three:

<i>Item</i>	<i>Brand</i>	<i>Quality/ Durability</i>	<i>Warranty</i>	<i>Exchange Policies</i>	<i>Other:</i>

In which of the three stores would you be likely to purchase your item? Explain your choice.

Independent Living Skills Module IV – Money Management