

It's Your Money

Summer 2004

Produced by the New York City Financial Network Action Consortium

Article No. 2

Start Using Your Money Wisely

You probably often ask yourself, "Where does all my money go?" You are not alone, since a lot of people ask themselves this same question. For example, Mary asked herself this question. Mary wants the most from her money and she is learning how to take control of her financial life. As you work toward a better financial future you might be faced with many of the same things Mary is facing.

Mary didn't know where her money went at the end of each day. Her paycheck was gone at the end of the month and she still had bills to pay. She was afraid her financial situation would get so out of her control that she wouldn't have enough money to pay her rent. Mary wanted to gain control of her finances, so she visited her local credit union for guidance.

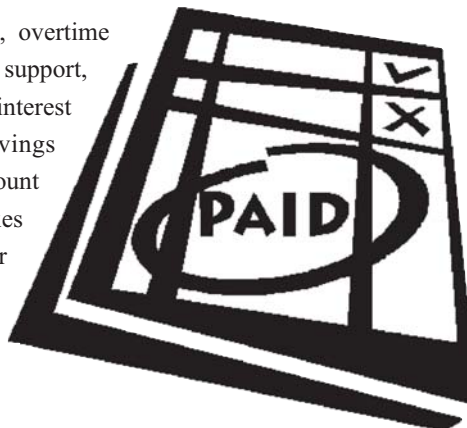
A good start for Mary was to keep track of how much money she makes each month and how much she spends. By knowing where your money goes and how to set some aside for savings, you are taking the first step to control your financial life.

In keeping track of how you spend your money, you'll find the following words useful. **Income**, or the money you receive, can be

your monthly wages, overtime pay, alimony, child support, public assistance, or interest earned on your savings account. The full amount you earn, before taxes are taken, is your **gross income**. The amount left after taxes are taken is your **net income**.

The money you spend each month, your **expenses**, includes fixed, adjustable and discretionary expenses. **Fixed expenses** or those expenses that do not change from month to month, include the cost of transportation to and from work, child care, rent, insurance, and possibly, certain loan payments. **Adjustable expenses** are those that can change from month to month. These may include your grocery bill, laundry, and phone bill. Those expenses you can control, such as going to the movies or a club, cable TV, soda and other snack foods, and vacations are **discretionary expenses**.

You always want to make sure that your income is greater than your expenses; that



what you earn is more than what you spend.

Mary realized that keeping track of her money was a helpful way to start controlling her finances. She used a worksheet, like the one attached, to keep tabs on what money she spent each day and how she spent it. This is how she created a budget.

A budget is a savings and spending plan for a certain time period. Her budget helped Mary understand where her money went. It made her careful not to spend more money than she had and also helped her to start saving for unexpected expenses.

The attached worksheet can help you track your expenses. Include everything you buy with cash and with your credit cards. Keep track of all of the money you earn or receive.

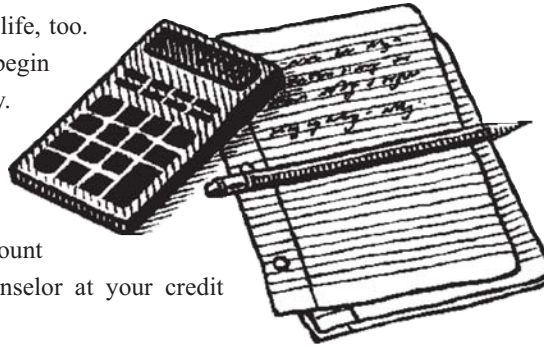
When you have completed the worksheet, you will have a good idea of how you spend your money every month. Once you know this, you can make better decisions and start trying different ways to lower your expenses. An easy way to reduce your expenses is to pay your bills on time, to avoid paying late-payment fees.

Make changes to your budget so that you can save a target amount each month, while still being able to afford your fixed expenses. Mary learned that saving a little regularly or "paying herself first" is a key part of taking control of her financial life. She sets aside 10%, or one dime for every dollar, of what she earns. She pays her expenses with what she has left.

By keeping track of your expenses and income, and then making a household budget,



you can start to control your financial life, too. When you pay yourself first you will begin to make your dreams a reality. Remember, most wealthy people did not become rich over night. You will need to save regularly. A way for you to start saving is to open a savings account at your credit union. A financial counselor at your credit union would also help you get started.



These Community Development Credit Unions welcome you:

UPPER MANHATTAN

Homesteaders Federal Credit Union

2052 Clayton Powell Jr. Blvd.
(between 122nd & 123rd Street)
New York, NY 10027
Tel: 212-222-0328
Monday to Friday 10:00am - 4:00pm
Thursday 4:30pm - 6:00pm
Saturday 10:00am - 1:00pm

Union Settlement Federal Credit Union

237 East 104th Street
(between 2nd & 3rd Avenue)
New York, NY 10029
Tel: 212-828-6061/6062
Mon., Wed. & Fri. 8:30am - 3:30pm
Thursday 8:30am - 3:30pm &
4:30pm - 6:00pm

LOWER MANHATTAN

Lower East Side People's FCU

37 Avenue B
(at the corner of East 3rd Street)
New York, NY 10009
Tel: 212-529-8197
Tues., Wed. & Fri. 10:00am - 3:00pm
Thursday 10:00am - 3:00pm &
4:00pm - 7:00pm
Saturday 10:00am - 1:00pm

BROOKLYN

Bushwick Cooperative FCU

1475 Myrtle Avenue
(between Bleecker St. & Menahan St.)
New York, NY 11237
Tel: 718-418-8232
Tuesday - Thursday 9:00am - 4:00pm
Friday 9:00am - 6:00pm
Saturday 9:00am - 3:00pm

Credit Unions typically provide:

- Low-fee savings and checking accounts
- Free tax preparation
- Low-cost loans

Call the Credit Union nearest you for more information

MARY'S WEEKLY EXPENSES

DATE	EXPENSE	CASH/CHECK	CHARGE
Sept. 2	Lunch	\$ 6.75	
Sept. 3	Metro card		\$ 21.00
	Lunch	4.25	
	Coffee	0.75	
Sept. 4	Groceries		17.50
	Magazine	3.95	
Sept. 5	Lunch	6.25	
	Laundry	8.00	
Sept. 6	Coffee	1.50	
	Lunch	5.95	
Sept. 7	Newspaper	0.50	
	Video rental	3.50	
TOTAL		\$ 41.40	\$ 38.50

This article was written and designed with the help of volunteers from The McGraw-Hill Companies Writers to the Rescue Program.



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