

Wisconsin Nutrition Education Program

# Planning to Stay Ahead

*Dollars and Cents*



# Planning to Stay Ahead

## *Dollars and Cents*

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# A spending plan

A spending and savings plan (sometimes called a “budget”) is a way to divide your available money for the expenses to meet your needs and wants.

## Why have a spending plan?

Families say that making a spending and savings plan helps them feel as if they’re more in charge of their money. They say that it helps them:

- Stretch dollars and get more for their limited money.
- Work toward their goals with the amount of income that they have.
- Spend wisely.
- Set aside a little money each month as savings, or for emergencies.

## Would a spending plan help you?

If you answer “yes” to any of these questions, you can benefit by developing a spending plan.

Check ✓

**YES**  **NO** Is your money gone before the next check?

**YES**  **NO** Do you often wonder where your money was spent?

**YES**  **NO** Do you run out of food or gas for your car before the next check?

**YES**  **NO** Do you receive collection notices for past due bills?

**YES**  **NO** Do you dream about buying something, but think you can never afford it?

**YES**  **NO** Do you pay some of your bills late each month?

**YES**  **NO** Do you borrow money or food from family, friends or agencies to make ends meet each month?

# Getting started

Developing a spending and saving plan for your family may take some time, but it is worth it.

## You can make a spending plan by following these steps.

1. Know how much money you have coming in each month.
2. Find out how you usually spend your money.
3. Make a plan for how you will spend your money in the future.
  - Your spending plan might include ideas for how to meet your needs and wants for less money.
  - A spending plan includes a way to put some money aside for unexpected expenses.
  - A spending plan for your family should include ways to meet goals your family has made.

### Family goals

A goal is something you are willing to work for. Some goals cost money (example: “buy a new TV”), some goals take time or effort (example: “spend more time with children rather than buying a video game”).

Some goals can be reached quite soon, like buying new shoes or opening a savings account. Other goals take more time — months or years. Examples of longer term goals are buying a washing machine or paying off a large bill. When saving money for your family goals, keep it in a safe place so you won’t be tempted to use it for another purpose.

### Our goals:

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# What money and other resources do you have?

Planning starts with knowing how much money you have.

## I. Regular money income

How much money do you have each month from each of these?

- \$\_\_\_\_\_ Wages and salaries
- \$\_\_\_\_\_ Wages and salaries
- \$\_\_\_\_\_ Wages and salaries
- \$\_\_\_\_\_ Tips, commissions or overtime
- \$\_\_\_\_\_ Social Security and pensions
- \$\_\_\_\_\_ Child support and alimony
- \$\_\_\_\_\_ Unemployment Compensation
- \$\_\_\_\_\_ TANF (Temporary Assistance to Needy Families)
- \$\_\_\_\_\_ SSI (Supplemental Security Income)
- \$\_\_\_\_\_ Veterans' benefits
- \$\_\_\_\_\_ Children's wages
- \$\_\_\_\_\_ Other: \_\_\_\_\_

**\$**  **TOTAL MONTHLY INCOME**

## 2. Resources other than money

Certain programs help you and your family to get needed food and other services. Place a check  by the programs you are using.

### Check

- \_\_\_\_\_ Medical Assistance/Medicaid
- \_\_\_\_\_ EIC (Earned Income Credit)
- \_\_\_\_\_ WIC coupons for food for women, infants and young children
- \_\_\_\_\_ Food Stamps
- \_\_\_\_\_ Free or reduced price School Lunches or School Breakfasts
- \_\_\_\_\_ Meals at Head Start or Child Care Feeding Program at day care
- \_\_\_\_\_ SHARE program
- \_\_\_\_\_ Commodity foods program
- \_\_\_\_\_ Food from a food pantry or free meal site
- \_\_\_\_\_ Food from a garden, or from friends or relatives who have extra
- \_\_\_\_\_ Free clothing, furniture or baby goods
- \_\_\_\_\_ Day care assistance
- \_\_\_\_\_ Energy assistance
- \_\_\_\_\_ Housing assistance
- \_\_\_\_\_ Other: \_\_\_\_\_

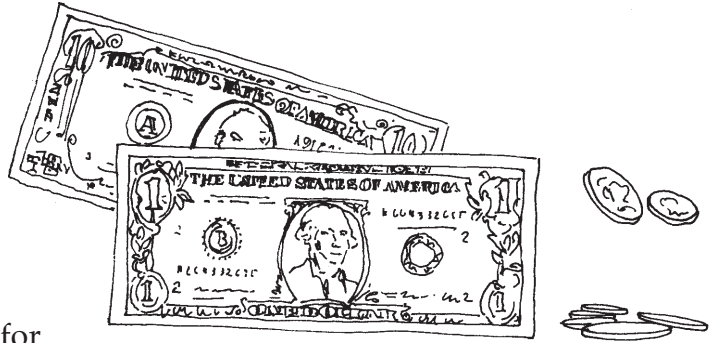
# Where does the money go?

## ✓ Tracking your monthly expenses

Do you ever wonder where your money goes? If you want to get a more complete picture of where your money goes, you can track your expenses.

In a notebook or on loose paper, keep track of all the money you spend for a month. See the example, below.

At the end of the month, add what you spent for each of the categories and write the totals on the following pages.


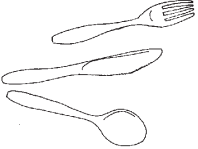




Education & recreation		
DATE	ITEM	\$
3/2	Video rental	2.00
3/3	School carnival	7.50
3/7	Movie — family	16.00
3/10	Roller-skating — kids	7.50
3/11	Field trip — kids	2.50
	<b>MONTHLY TOTAL =</b>	

# Where does the money go?

## ✓ Worksheet

Write in the amounts you spend monthly.

<h3>Housing &amp; utilities</h3>  <p>\$ _____ Rent or house payment</p> <p>\$ _____ Electricity, gas, oil</p> <p>\$ _____ Phone</p> <p>\$ _____ Home maintenance, cleaning supplies</p> <p>\$ _____ Garden and lawn supplies</p> <p>\$ _____ Water/sewer</p> <p>\$ _____ Furnishings, appliances</p> <p>\$ _____ Property taxes</p> <p>\$ _____ Other: _____</p> <p><b>\$</b> <span style="border: 1px solid black; display: inline-block; width: 60px; height: 20px; vertical-align: middle;"></span> <b>TOTAL</b></p>	<h3>Food</h3>  <p>\$ _____ Groceries</p> <p>\$ _____ Eating out or snacks</p> <p>\$ _____ School lunches</p> <p>\$ _____ Infant formula</p> <p>\$ _____ Special occasions</p> <p>\$ _____ Other: _____</p> <p>\$ _____ Other: _____</p> <p>\$ _____ Other: _____</p> <p>\$ _____ Other: _____</p> <p><b>\$</b> <span style="border: 1px solid black; display: inline-block; width: 60px; height: 20px; vertical-align: middle;"></span> <b>TOTAL</b></p>
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<h3>Transportation</h3>  <p>\$ _____ Car/truck payment</p> <p>\$ _____ Bus pass/cab</p> <p>\$ _____ Tires and repairs</p> <p>\$ _____ Gas, oil, etc.</p> <p>\$ _____ License and insurance</p> <p>\$ _____ Parking</p> <p>\$ _____ Other: _____</p> <p><b>\$</b> <span style="border: 1px solid black; display: inline-block; width: 60px; height: 20px; vertical-align: middle;"></span> <b>TOTAL</b></p>	<h3>Medical &amp; dental</h3>  <p>\$ _____ Insurance</p> <p>\$ _____ Doctor</p> <p>\$ _____ Dentist</p> <p>\$ _____ Eye care</p> <p>\$ _____ Prescriptions</p> <p>\$ _____ Hospital</p> <p>\$ _____ Other: _____</p> <p><b>\$</b> <span style="border: 1px solid black; display: inline-block; width: 60px; height: 20px; vertical-align: middle;"></span> <b>TOTAL</b></p>
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### Clothing & personal care



- \$ \_\_\_\_\_ Clothing
- \$ \_\_\_\_\_ Diapers
- \$ \_\_\_\_\_ Shoes and boots
- \$ \_\_\_\_\_ Laundry
- \$ \_\_\_\_\_ Hair cuts
- \$ \_\_\_\_\_ Personal products
- \$ \_\_\_\_\_ Child(ren)'s allowance(s)
- \$ \_\_\_\_\_ Other: \_\_\_\_\_
- \$ \_\_\_\_\_ Other: \_\_\_\_\_

**\$**   **TOTAL**

### Education & recreation



- \$ \_\_\_\_\_ Tuition, school supplies
- \$ \_\_\_\_\_ Lessons (sports, music, etc.)
- \$ \_\_\_\_\_ Books, papers, magazines
- \$ \_\_\_\_\_ Cable TV
- \$ \_\_\_\_\_ Video rentals
- \$ \_\_\_\_\_ Vacations, weekend trips
- \$ \_\_\_\_\_ Hobbies, sports
- \$ \_\_\_\_\_ Movies, plays, sporting events
- \$ \_\_\_\_\_ Other: \_\_\_\_\_

**\$**   **TOTAL**

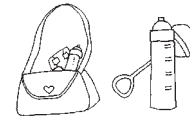
### Contributions & gifts



- \$ \_\_\_\_\_ Contributions
- \$ \_\_\_\_\_ Gifts/birthday, holiday
- \$ \_\_\_\_\_ Other: \_\_\_\_\_
- \$ \_\_\_\_\_ Other: \_\_\_\_\_

**\$**   **TOTAL**

### Child care



- \$ \_\_\_\_\_ Child care/day care
- \$ \_\_\_\_\_ Baby-sitting
- \$ \_\_\_\_\_ Child support
- \$ \_\_\_\_\_ Other: \_\_\_\_\_

**\$**   **TOTAL**

### Credit payments



- \$ \_\_\_\_\_ Payment: \_\_\_\_\_
- \$ \_\_\_\_\_ Payment: \_\_\_\_\_
- \$ \_\_\_\_\_ Payment: \_\_\_\_\_
- \$ \_\_\_\_\_ Payment: \_\_\_\_\_
- \$ \_\_\_\_\_ Payment: \_\_\_\_\_
- \$ \_\_\_\_\_ Other: \_\_\_\_\_
- \$ \_\_\_\_\_ Other: \_\_\_\_\_

**\$**   **TOTAL**

### Other expenses

- \$ \_\_\_\_\_ Savings, emergency fund
- \$ \_\_\_\_\_ Checking account, money order fees
- \$ \_\_\_\_\_ Life insurance
- \$ \_\_\_\_\_ Stamps, postage
- \$ \_\_\_\_\_ Union, work expenses
- \$ \_\_\_\_\_ Pet food and care
- \$ \_\_\_\_\_ Other: \_\_\_\_\_

**\$**   **TOTAL**



# Where does the money go?

## ✓ Monthly totals

From pages 6 and 7, write the total amounts for each monthly spending category. Add those numbers to get your monthly **TOTAL EXPENSES**.

SPENDING CATEGORY	TOTAL AMOUNTS SPENT
Housing & utilities	\$_____
Food	\$_____
Transportation	\$_____
Medical & dental	\$_____
Clothing & personal care	\$_____
Education & recreation	\$_____
Contributions & gifts	\$_____
Child care	\$_____
Credit payments	\$_____
Other expenses	\$_____
<hr/>	
<b>TOTAL EXPENSES =</b>	<b>\$</b> <input type="text"/>

## Is there enough money to go around?

Your **TOTAL MONTHLY INCOME (FROM PAGE 4)**:

\$

Your **TOTAL EXPENSES (FROM ABOVE)**:

\$

If your **TOTAL EXPENSES** are greater than your **TOTAL MONTHLY INCOME**, you need to make some changes. A family spending and saving plan can help you balance your income and expenses so you come out even each month.

# A family spending plan

There are three ways to make income and expenses balance. You can increase income, decrease expenses, or do both!

## Increasing family income

- Additional family members may look for short-term, part-time or full-time jobs.
- Family members who are already employed may decide to work more hours.

**Note:** Consider the increase in income balanced against the extra cost of day care, transportation, and clothing, etc.

- You can turn a hobby into a money-maker.
- You may want to sell some items you no longer need.

## Decreasing expenses

If you would like to get more for the money you have, look at ideas on pages 25 to 31.

## Our family spending plan

For each spending category, decide on an amount of money you will plan to spend each month.

SPENDING CATEGORY	TOTAL AMOUNTS PLANNED
Housing & utilities	\$ _____
Food	\$ _____
Transportation	\$ _____
Medical & dental	\$ _____
Clothing & personal care	\$ _____
Education & recreation	\$ _____
Contributions & gifts	\$ _____
Child care	\$ _____
Credit payments	\$ _____
Other expenses	\$ _____
Saving for emergencies and family goals	\$ _____
<hr/>	
<b>TOTAL EXPENSES =</b>	<b>\$</b> <input style="width: 100px; height: 20px;" type="text"/>

# Expenses that change each month

Most families have expenses that go up and down from month to month. As you look at your expenses, you may see some examples of “budget busters!”

- School supplies
- Recreation or vacation costs
- Children’s clothing & activities
- Taxes — Property, income
- Insurance — House, car, disability, health, life, other
- Heating bills
- Holiday, birthday, wedding and other gifts for family & friends
- Car/truck license
- Telephone — Long distance
- Medical

Think of some ways you could try to meet these changing expenses in the months when you have more expenses than income.

For example:  
If you find that you have more expenses than usual during August —

- Could you **save up money** over the summer to buy clothes and school supplies in August?
- Could you **change the car insurance payment** to October instead of August?

## Planning for emergencies



Sometimes the unexpected happens. It may be a car accident, something is stolen, someone gets sick, or a car needs repair. Set aside a special emergency fund. Even \$2 a week will add up to \$100 in a year, and could pay an unexpected bill.

**Diane:** “I keep a certain amount so that I’ve got it. I’ve got it in case I need emergency money to get me through till the next check. But other than that, it’s hard to get money saved up.”

**My plan:**

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# Paying bills

## ✓ Hints

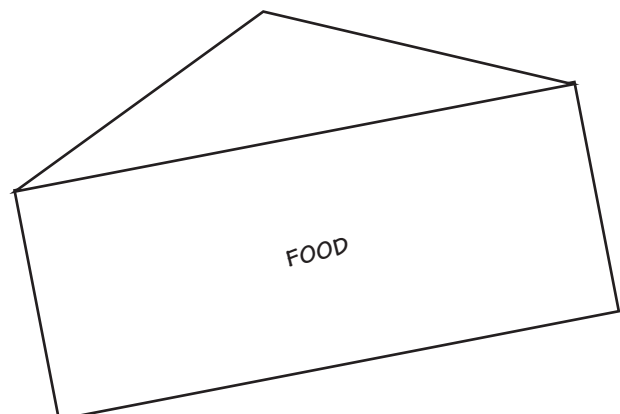
An important part of making a spending plan work is keeping track of bills that you have and paying them on time. Here are some hints:

- **Decide who will pay bills**, and choose one place to keep records and bills.
- **Open a bill as soon as it comes.** Look at the due date. Write it on your calendar. Then put it in a safe place with other bills.
- **Pay bills on time** to avoid late fees and interest costs. Have a regular time each week to check the bills that need to be paid.
- **When paying bills by mail**, use personal checks or money orders. Do not send cash. Some banks offer free or low cost checking accounts.
- **Get a receipt** when you pay in person with cash.
- **Keep receipts** for large expense items, or items that you may need to return.

There are two methods for keeping track of and paying bills that have worked for other families — the **envelope method** and the **calendar method**. These two methods are described on the next two pages. Choose the method you think will work for you.

Month: \_\_\_\_\_

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	TANF Check \$451 1	2	3	4	5	6
7	8	9	10	11	Electric \$36.37 12	13
14	Telephone \$42.25 15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	Rent \$375 30				



# Paying bills

## ✓ Calendar method

You can use a calendar to keep track of income and bills. Here's how this works.

1. Write in income when you get it (use a pen),
2. When a bill arrives, look at the due date. Find that date on the calendar, and write the amount and type of bill on that date. Circle bills.
3. As you pay each bill, cross it out on your calendar.

**Sheila:** "I have a calendar. On [the calendar], I write down everything that's needed. And I'm not saying that it's perfect, because this month I've fallen through. In fact, I just looked at it yesterday, and I thought 'Hmm, well, good thing car insurance wasn't due this month.'"

Here's a sample.

Month: “Sample”

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	
	TANF Check \$451	1	2	3	4	5 Cable bill \$22.50	6
7	8	9	10	11	12 Electric bill \$36.37 Gas bill \$100.00	13	
14	15 Food Stamps \$189.00	16 Telephone bill \$42.25	17	18	19	20	
21	22	23	24	25	26	27	
28	29 Rent bill \$375	30					

# Paying bills

## ✓ Envelope method

Some families like to put a set amount of money in envelopes each month for each of their expenses or bills.

**1.** Look back at your **Family spending plan** on page 9, and make an envelope for each of your monthly spending categories. On each envelope, write the type of expense, such as “FOOD” or “TRANSPORTATION.”

**2.** At the time you receive your income, put enough money in each labeled envelope to meet the expected expenses for a month (use the totals you have written for each monthly spending category on page 9).

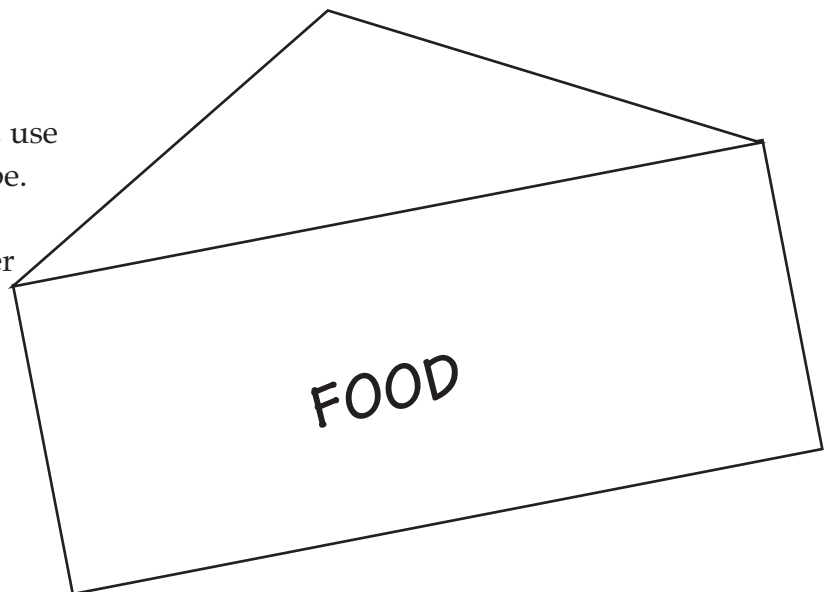
**3.** When a bill or expense comes up, use money from the appropriate envelope. Pay bills right away so you’re not tempted to spend the money on other things. Return the change to the envelope you took the money out of.

**Note:** *Cash sent through the mail to pay for a bill may get lost or stolen.*

**4.** You can keep track of exactly where your money goes by putting all receipts in the envelopes. If you don’t have a receipt, write the amount spent and the purpose on a piece of paper and put it in the envelope.

**Or**

**5.** Keep all receipts for payments and purchases in a safe place.



### Possible problems with the envelope method:

- Sometimes it can be risky to keep cash in the house. Be sure to keep the money in a safe place.
- If you are often tempted to use money from an envelope for non-envelope expenses, this method may not be good for you.

# Children and money

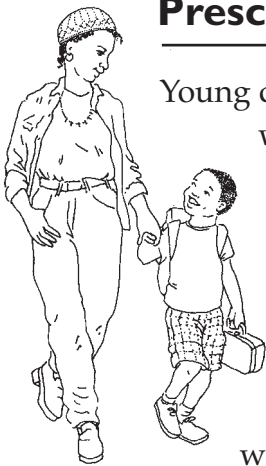
When you involve children in your spending and savings plan, you help them learn how to handle money. They begin to know about how the world of money works.

Children benefit from learning about earning, spending, saving, borrowing and sharing. They learn by watching their parents and also practicing with some of their own money. It is never too early to start talking with children about money — how to save, spend and share.

If you decide to give your children allowances, be consistent. Set rules — guidelines on the use of this money.

For example:

Children can use allowances for lunches, bus fare, fun and savings. An allowance is one way to help your child gain experience in handling money and making decisions about spending it.



## Preschoolers

Young children learn by watching their parents use money.

Let preschoolers make some choices on what to buy with their money.

For example:

- “You can buy the toy car or the toy plane.”
- “You could buy the candy or you could save.”

Start saving in a jar or “piggy” bank at home in a safe place.

## School age children

School age children can help with shopping by making a list, deciding how much to spend, and making some choices.

Discuss and explain reasons for buying **and** not buying.

Give children additional chores to earn money. Help them develop simple records for their income and expenses.

Set up a savings account at a local bank where they can make deposits.

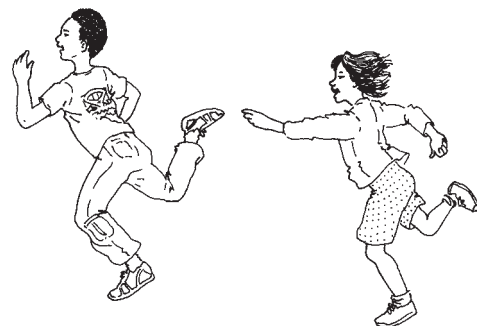
## Teens

Talk with teens about their goals and use of money.

Help teens think about their own wants and needs, not their peers’.

If teens have a job, help them develop good work habits that improve their ability to earn money.

Encourage teens to save for future goals and major purchases.



# Children and money

## ✓ Case study

*“But Mom, it’s just \$\_\_\_\_ and everyone else has some.”*

Again, Lucy’s 10-year-old son David came home from school asking to buy something. This time, he wanted \_\_\_\_\_.

Lucy had to say they didn’t have the money for that right now.

She could see David was disappointed. Lucy let him know she understood by saying, “I’m sure you would have lots of fun with that. I wish I could say, ‘Here’s the money, go have fun.’ But I’m concerned about having enough gas in the car until I get paid.”

David looked down and mumbled, “I never get to do anything.” Lucy felt terrible. She pulled out their spending plan, and motioned for David to sit by her at the table. They had looked at the numbers before, but this was a good time to look again.

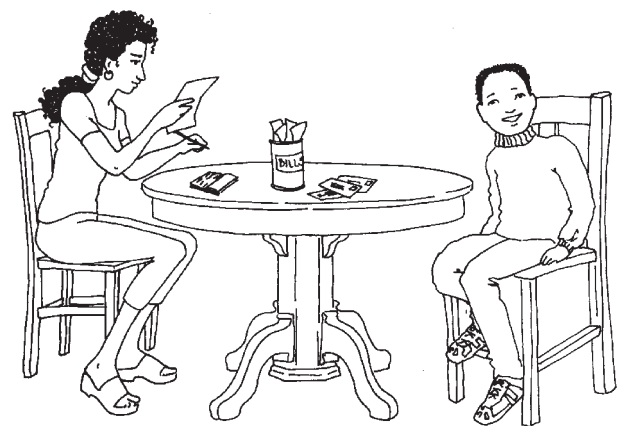
This is what they saw in the spending plan. Every Friday, Lucy deposited most of her paycheck. That was just enough to pay the monthly rent, water, electricity, cable TV and telephone bills. She kept \$75 in cash to buy groceries. She put \$5 in an envelope for unexpected expenses (last week, she had to buy oil for the car). She put \$5 worth of gas in the car, and gave herself and each of her three children \$1.

As they looked at how the money was spent, David agreed that he didn’t want the family to give up food or cable TV.

Lucy asked David to draw a picture of the \_\_\_\_\_ he wanted. She put his drawing with the spending plan with other pictures after a page titled “Things we want to buy.” Lucy and David talked about how he could save for what he wanted.

### Questions to think about:

1. What were some of the ways Lucy showed she listened to David?
2. How did Lucy help David learn how to handle money?

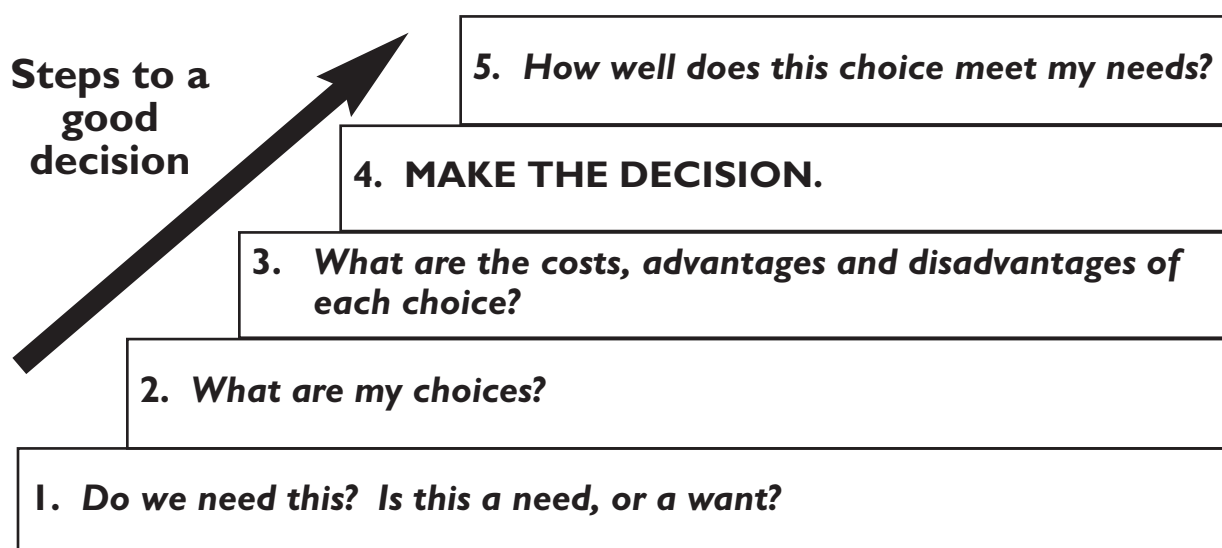




# Consumer alert

## ✓ Making consumer decisions

We all wonder what to do when faced with consumer decisions. Decision making becomes easier and more successful when following five basic steps.



### An example

Cherie Brown believed she needed a television. Here are the steps she followed and the questions she asked herself as she made her decision.

Step 1. Do I need a television right now?

Step 2. What are my choices when buying a TV?

- Should I buy a new or used TV?
- What size and features do I want?
- Where could I buy a TV?
- Should I rent to own, buy on credit, or layaway, or save up money to pay cash?

Step 3. What are the costs, advantages and disadvantages of each choice?

Step 4. *Cherie made her decision.*

Step 5. How well does this choice meet my needs?

- Cherie believed the TV she purchased was just what she needed, and she got it for a good price.
- Cherie saved her receipts and important papers related to the TV so she could follow-up with the seller or company if she had problems later.

# Consumer alert

## ✓ Getting credit

### How do I get credit if I want it?

- You start to build a credit record when you use credit. Payment of telephone and utility bills is also part of your credit record.
- Taking out a small secured loan from a bank, credit union, or savings bank can get you started. **Secured** means you have the amount of the loan in your savings account.
- Pay back the loan as agreed to build your credit record.
- You might try a secured credit card with a low credit limit.
- Lenders will look at your credit record, and judge if you are a good risk.

### What does credit cost?

- Paying back debt costs money. You pay interest or finance charges.
- Using credit means you get something now, but you tie up money you will earn in the future. Making payments for things bought on credit means you will have less money for other purchases.

### Use credit wisely:

- Find out the final cost of an item. Add all payments and interest.
- Think about whether you can afford the payments if your income changes.
- Save first, for part or all the cost.
- Shop around to save money. Compare the APR (annual percentage rate), and pick the lowest one.
- Take a loan for the shortest time workable — making larger monthly payments saves money.

**Sonya:** “I went in and agreed to pay so much [on the overdue debt] — the current bill plus so much a month towards the back bill until my taxes come in — and when my taxes come in, I’d pay it off.

“I figured if I went before they asked me to come in, it would be a little better on me. They’d be more likely to agree with my terms if I initiated it.”

# Consumer alert

## ✓ Getting credit (continued)

### What if I'm in over my head?

It's easy to over-spend with credit. When you have trouble making payments:

- Don't ignore the problem. Contact creditors right away.
- Tell your creditors why you fell behind, and what your plans are for the future.
- Make a realistic payment plan and see if they will agree.
- Get the name and title of the person you talked to, and make a note of the date and time.
- Put changes in writing, and follow through on the agreement. Use the following example as a guide.

*Sample credit  
repayment letter*

Your complete address
Date
Company Name
Company Address
Attention: Delinquent Account Representative
Subject: Your name and your account number
<p>The purpose of this letter is to inform you that I am having some budgeting and debt problems. I am having trouble making my monthly payment as a result of</p> <p>_____.</p> <p>(List reason — recent job loss or seasonal unemployment, etc.)</p> <p>I hope we will be able to agree upon an acceptable debt repayment plan.</p> <p>I have taken a careful look at my financial situation. I have set up a realistic minimum budget for my living expenses and have developed a debt repayment program. I am hoping you will accept a reduced payment of \$_____. Amounts will be increased as soon as possible until the \$_____ debt is totally repaid.</p> <p>(Specify amounts)</p> <p>I hope you find this plan acceptable. I look forward to your letter of acknowledgment. Thank you.</p> <p>Sincerely,</p> <p>(Sign your full name here.)</p>

# Consumer alert

## ✓ Rent-to-own

A rent-to-own payment for a new television of \$12.49 per week may not seem like much. But you might end up paying two to four times the original cost of the TV! Often, shoppers pick rent-to-own because they don't need to put down a cash deposit. But the contract costs a lot more cash in the end.

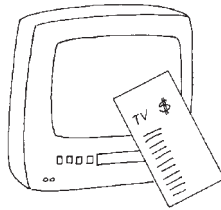
**Let's look at two ways to buy a \$300 television.**

### Rent-to-own

\$ 12.49/week  
x 72 weeks  

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**\$899.28 TOTAL COST**



### Buy-on-credit (18% APR)

\$ 27.50/month  
x 12 months  

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**\$330.00 TOTAL COST**

### Consumers must beware! Ask questions:

- **What will the total cost of the item be?** To find out what you will pay to own the item, multiply the number of payments by the monthly or weekly fee. Add extra fees such as insurance, handling, and delivery or service charges.
- **When do you own the item?** In most cases, you do not own the property until ALL payments have been made.
- **Will the rented item be new or used?** Will you have the benefits of a manufacturer's warranty and owner's manual?
- **What is your responsibility for loss or damage of the item, and what about repair costs?**
- **What happens if you make a late payment?**

As a consumer, you should know that saving first or using layaway to buy the item will save you money. Watch the costs of rent-to-own and credit interest charges.

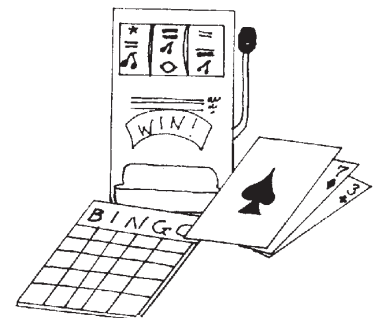
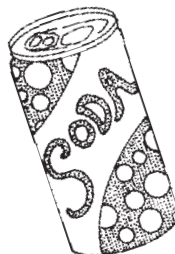
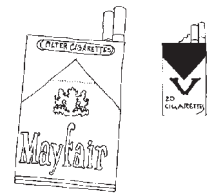
# Consumer alert

## ✓ Adding up the extras

Little extras can add up to big amounts of money. Keep track of what you spend on extras for a month. You may be surprised at how much you could reduce expenses for these items.

Write the price for each item that you commonly buy. Write how much of each item you buy in a month, and figure out how much it costs in a month.

Item	Price	Amount purchased	Cost in a month
Soda or candy bar	\$ _____	_____	\$ _____
Cigarettes	_____	_____	_____
Donuts	_____	_____	_____
Beer/liquor	_____	_____	_____
Lottery tickets or gambling	_____	_____	_____
VCR/video rental	_____	_____	_____
Long distance and collect phone calls	_____	_____	_____
Delivery charges	_____	_____	_____
Other extras	_____	_____	_____
_____	_____	_____	_____



# Consumer alert

## ✓ If you have a problem

If you have a problem with something you have purchased, you have the right to make a formal complaint.

- Start by talking with the salesperson or department where you bought the item. Take your receipt with you.
- Explain the problem clearly and calmly.
- If the salesperson cannot help you with the problem, ask to speak with the manager.
- If you do not get help locally, call the “headquarters” or regional office. Toll-free 800 numbers are sometimes available; call (800) 555-1212 for help.

**OR**

Write a letter similar to the one on this page. Never send original receipts, contracts or labels. Send copies.

### *Sample complaint letter*

Date

Manufacturer's Name  
Manufacturer's Address

Dear Sir/Madam:

On \_\_\_\_\_, I bought \_\_\_\_\_ from \_\_\_\_\_ at  
(date) (item) (store)

\_\_\_\_\_. The \_\_\_\_\_ purchased is  
(store's address) (item)

\_\_\_\_\_  
(Describe clearly— name, style, size, brand, model or serial #, price paid)

I am not satisfied with this purchase because \_\_\_\_\_  
(Give clear and accurate

\_\_\_\_\_  
description of your complaint; tell the manufacturer about contacting the store for help, and the results you did or did not obtain.)

I would appreciate your help in resolving my problem  
with \_\_\_\_\_. I would like a \_\_\_\_\_.  
(item) (refund, repair, or replacement)

Sincerely,

(Sign your full name here.)

Your Full Name  
Your Complete Address

**Attachments** (copy of receipts)

# Earned Income Credit (EIC)

## What is Earned Income Credit?

Earned Income Credit (EIC) provides money for certain people who work. EIC is available from both the federal and Wisconsin state governments by filing the right income tax forms — even if you do not owe any tax.

## Who can get the Earned Income Credit? \*

- Single parents or couples with children and earned incomes under the 2002 tax year's **income ceiling**
  - \$33,178 with more than one qualifying child, or
  - \$29,201 with one childcan receive federal and Wisconsin credits.
- Some people age 25 to 64 without dependent children but who earn \$11,060 or less can receive a federal credit.

## Will you lose other benefits if you get Earned Income Credit?

The Earned Income Credit does not affect W-2, Medical Assistance (Medicaid), SSI, Food Stamps or low-income housing assistance. Money you get from Earned Income Credit is not used in figuring eligibility for these other programs.

## How much money could you get?

- In 2002, the most a family could get from the federal government EIC was \$4,140. The amount is scheduled to increase each year. In 2002, the maximum benefit for childless workers was \$376.
- The Wisconsin EIC is a portion of the federal credit, based on the number of children. In 2002, the largest Wisconsin EIC benefit was \$1,780.

**\* Note:** The dollar amounts shown are for the 2002 tax year. Updated amounts for later years become available from UW-Extension in January the following year. For example, EIC dollar amounts for the 2003 tax year are available in January 2004. If you need EIC amounts updated for the current tax year (also in Spanish), print the revised page 22 from this web site: <http://www.uwex.edu/ces/eic>

# Earned Income Credit (EIC) (continued)

## How do you get the Earned Income Credit?

### Get a check from the U.S. government:

- Fill out a "Schedule EIC."
- Fill out tax "Form 1040" or "Form 1040A." Do not use 1040EZ unless considered a childless worker.
- File with the Internal Revenue Service (IRS).

### Get a check from the Wisconsin state government (must be residents for one year and have a child):

- Fill out Wisconsin tax "Form 1" or "Form 1A."
- Complete the EIC-W Form in 1 or 1A packets sent to taxpayers.
- File with the Wisconsin Department of Revenue.

## What counts as earned income?

### YES, these count.

- \$\_\_\_\_\_ Wages, salaries, tips
- \$\_\_\_\_\_ Net earnings from self-employment
- \$\_\_\_\_\_ Union strike benefits
- \$\_\_\_\_\_ Long-term disability
- \$\_\_\_\_\_ Pay earned in combat zone
- \$\_\_\_\_\_ Military basic quarters and subsistence allowances

**\$**  **Total Amount in our Family**

### NO, these don't count.

- Interest and dividends
- Social Security, pensions, annuities
- Child support and alimony
- Unemployment Compensation
- Worker's Compensation
- Veterans' benefits
- Welfare benefits (W2 or TANF, SSI, Food Stamps, low-income housing payments)



# Earned Income Credit (EIC) (continued)

## How do you get the Earned Income Credit? (continued)

### Get advance credit —

To receive a portion of your federal credit with each paycheck throughout the year:

- File a Form W-5 each year with your employer. At year end, file your federal tax forms as well and receive the remaining portion of the federal credit. Advance credit is not available for childless workers.

**Note:** *Advance payment may not be right for you if you think your income or family situation may change, or you work more than one job. You must file a new W-5 to cancel advance credit if you no longer qualify for the Earned Income Credit, or you could end up owing money at tax time.*

### Get Earned Income Credit payments for past years:

- File amended forms for state and federal EIC, up to three years back.

## Where can you get help related to EIC?

### For questions and help related to filing federal EIC:

- **IRS Hotline**  
(800) 829-1040  
(800) 829-4059 (TTY) \*
- **One-on-one tax help**  
VITA (Volunteer Income Tax Assistance) is available at many local libraries and other locations from January to April 15. Details are available from the IRS hotline.
- **IRS publication 596: Earned Income Credit**  
For a free copy, call:  
IRS Forms and Publications  
(800) 829-3676 — Allow two weeks
- **On the Internet:**  
<http://www.irs.gov>  
If you do not have a computer, try your local library. Most libraries have a computer connected to the Internet.

### For help with Wisconsin EIC:

- **Contact the Wisconsin Department of Revenue**  
office near you (see “Revenue” under state government in your telephone directory).

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\* TTY — Tax help over a text telephone (TTY), for those who may be deaf, hard of hearing or speech impaired.

# Getting more for your money

## ✓ Have fun for less money

### Recreation can be inexpensive.

- Check local papers for free activities in your area. Look for youth activities, craft classes and sport teams at local community centers and recreation departments.
- Watch for special free or reduced price days at museums, movie matinees, or zoos.
- Think about how you can save on what you pay for television service. If you have cable TV, the basic plan is much less expensive.
- Borrow books, videotapes, music, and sometimes even games and toys, from the public library.
- Plan parties at home with friends. Pot-lucks can be inexpensive.
- Play games together as a family instead of going to the mall or to a movie.
- Grow a family garden. This can be fun and produce food for the family, too.

### Eating out doesn't have to ruin your food budget.

- Plan an occasional meal at a family restaurant or fast food place as part of your food budget.
- Watch for coupons and specials for the restaurant you plan to visit.
- Grocery store delis often have ready-to-eat meals at prices much lower than restaurants.



### My ideas:

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# Getting more for your money

## ✓ Save money on cleaning supplies and paper products

### Use fewer expensive cleaners.

- Buy one good all-purpose cleaner to use for floors, walls, woodwork and appliances.
- Make inexpensive glass cleaner. Mix  $\frac{1}{3}$  cup vinegar in 1 gallon of water; spray on and wipe dry.
- Clean soap scum in the bathroom by wiping fixtures with a cloth wet with white vinegar.
- Clean sinks and counter tops with baking soda. Sprinkle baking soda on wet surface, and scrub with a wet cloth or sponge. Rinse well.
- Disinfect your kitchen cutting boards by wiping with a weak mixture of 1 Tablespoon of bleach in 1 gallon of water.
- Buy fewer unnecessary products, such as air fresheners, toilet bowl colors, laundry softeners, carpet deodorizers.

- Use only the amount of cleaner you need to do the job. Cut down on waste.

**Warning:** *Always keep cleaning supplies out of the reach of children. Read labels, and do not mix cleaners, especially those with ammonia and bleach.*

### Use fewer expensive paper products.

- Cut up old towels and flannel shirts to make cleaning rags for dirty jobs. Save money by using fewer paper towels.
- Use reusable plastic plates and cups for picnics and parties.

**Angie:** *“I’m always looking for better cleaning things. I’ve found that I can use baking soda just as well as I can use cleanser. I use vinegar to clean other things; it’s better for the environment.”*

### My ideas:

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# Getting more for your money

## ✓ Keep transportation costs down

### Use other ways to get around.

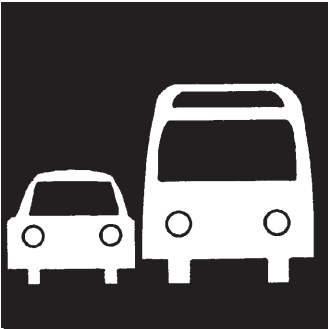
- Take the city bus whenever possible.
- Buy monthly bus passes if you use the bus a lot.
- Walk or ride a bike for shorter trips.
- Join a carpool; share the costs for gasoline.

### If you have a car, take good care of it.

- Wash your car yourself; a clean car will rust less.
- Remember to do regular maintenance such as oil changes.

### Reduce costs for your car.

- You will get better gas mileage if your car is tuned up and tires are properly inflated.
- Plan your trips and errands so you drive fewer miles.
- Talk to two or three insurance agents about lower cost insurance for your car or pickup.
- Watch for sale prices on motor oil, anti-freeze and windshield washer fluid.



**Sheila:** *“I budget my trips. I know that if I have to take my daughter to Head Start and my son to a ball game, I’ll go to the grocery store at the same time.”*

### My ideas:

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# Getting more for your money

## ✓ Take good care of your family's health

### Work at staying healthy.

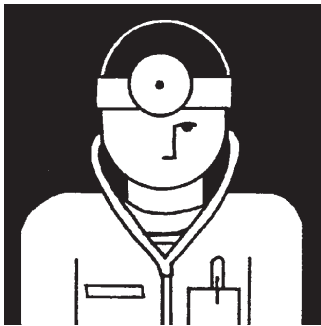
- Set a good example for your children by taking good care of yourself.
- Encourage regular exercise by all family members.
- Have children fully immunized. Find out about free immunization clinics in your area.
- Get regular medical, dental and vision checkups. Check with your local health department for free or low cost checkups. Ask about Healthy Start.

### Make wise health care decisions.

- Find out about all health care benefits you are entitled to.
- Ask your doctor if generic brands are available for prescription medicines.
- Compare costs of over-the-counter medicines to find the best buy.
- Ask questions about medical tests and treatments. What is the cost?

### Feed your family well for good health.

- Plan and fix good meals for your family.
- Find out if you are eligible for Food Stamps, free or reduced-price school lunch and breakfast, and WIC programs.



### My ideas:

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# Getting more for your money

## ✓ Trim education and child care costs

- Ask about reduced fees or scholarships for youth activities, clubs, sports and recreation programs for your children. Many activities and programs will have ways to let children enroll, even if they are unable to pay.
- Talk to your child’s teacher or principal about reduced fees for field trips and school activities.
- Trade baby-sitting with another family.
- Enroll children in Head Start summer school and summer day camp offered by school and community groups. Fees are usually less than child care.
- Ask human services staff about special child care programs that might work for you.



**Sonya:** *“I’ve got a girlfriend who has a 3-year-old; I’ve got a 4-year-old. We do a lot of baby-sitting for each other.”*

### My ideas:

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# Getting more for your money

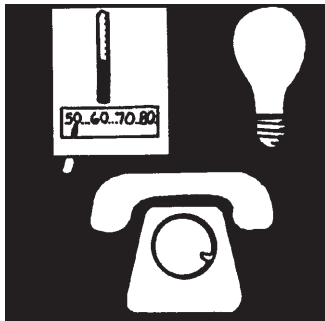
## ✓ Reduce your utility bills

### Cut heating costs.

- Look for a program in your community that can help you winterize your home.
- Add weather-stripping and caulking where necessary. Put clear plastic over leaky windows.
- Talk to your landlord about ways you can work together to cut heating costs.
- Set thermostat at 65 degrees F or less in winter. Wear layers of clothing to keep warm.
- Turn your thermostat down at night and when you are away from home all day. Pull drapes and blinds closed tightly.

### Spend less for electricity, hot water and telephone.

- Cut telephone costs by looking for a long distance plan that meets your needs. Use less long distance.
- Use fewer optional custom calling services (like “Call Waiting”).
- Use less electricity by buying low wattage light bulbs, except for reading or study areas. Use “night lights” instead of regular room light.
- Turn off lights in unused rooms.
- Turn off the radio and television when no one is using them.
- Use hot water wisely — use cold water to rinse laundry. Keep your water heater set at 120°F or less.
- Use your oven efficiently by cooking two or three things at the same time.
- Defrost your refrigerator freezer often to keep ice from building up.



**Maria:** *“You have to learn how to budget, not just on money, but on your utility bills — not having TVs on all day, radios on all day, lights on all night.”*

### My ideas:

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# Getting more for your money

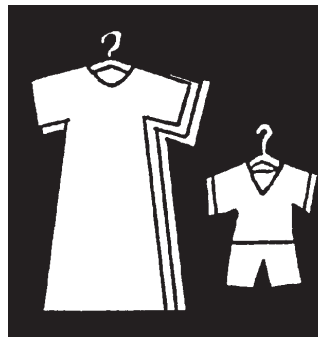
## ✓ Looking good doesn't have to be expensive

### Keep clothing costs down.

- In spring or fall, watch for sales on winter coats and boots. Consider buying winter coats on layaway.
- Look for good used clothing at resale shops and garage sales.
- Buy clothes that go with items you already have. Mix and match outfits.
- Trade clothes or "hand-me-downs" with other families, especially children's outgrown clothes.
- Decide how much you are able to spend for older children's clothes. Teenagers can often earn money to help buy their own clothes or shoes if they want more expensive items.
- Wash out-of-season clothes and store them carefully to avoid damage by insects and mildew.

### Spend less on hair care and cosmetics.

- Learn to trim your children's hair yourself.
- Shop around for lower cost haircuts. Look for a beauty college near your home where haircuts cost less.
- Watch for sales and specials on shampoos, soaps and cosmetics.



**Dora:** "I try to give my kids nice stuff and explain to them, 'Look, this is what we have, so I can't pay \$80 for tennis shoes.'"

### My ideas:

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# Getting more for your money

## ✓ Help from other agencies and financial institutions

Use the telephone book and ask your nutrition educator for the numbers of places to call or go for help.

- Clothing  
\_\_\_\_\_  
(resale shop, thrift store)
- Emergency food  
\_\_\_\_\_  
(food pantry, meal site)
- Housing assistance  
\_\_\_\_\_
- County Extension Office  
\_\_\_\_\_
- Consumer Protection Office  
\_\_\_\_\_
- Debt counseling services  
\_\_\_\_\_  
(help with money problems)
- Employment services  
\_\_\_\_\_  
(job openings)
- Legal aid  
\_\_\_\_\_  
(free or low-cost legal advice)
- Credit reporting agency  
\_\_\_\_\_
- Health care and information  
\_\_\_\_\_
- Other useful numbers  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### **Toll-free numbers**

#### **Telemarketing fraud:**

National Fraud Information Center  
(800) 876-7060

#### **Credit and dept:**

Wisconsin Department of Financial  
Institutions  
(800) 452-3328  
In Madison: 264-7969 (TTY: 8818)

#### **Lost credit cards:**

Contact the issuing company. If you do not know the phone number, you can get the issuer's toll-free number by calling: (800) 555-1212 .

#### **Wisconsin Telecommunications Relay System (WTRS) dial 711:**

- Allows a text telephone (TTY) user who may be deaf, hard of hearing or speech impaired to call anyone using a voice telephone.
- Provides direct-dial TTY access to voice-only phone numbers listed in this booklet, or anyone else you wish to reach with one end of the call in Wisconsin.

Calls may be placed 24 hours a day, 7 days a week. All calls are confidential. To use WTRS, dial 711.

ASCII: (800) 727-1773

Speech to speech: (800) 833-7637

Spanish to Spanish: (800) 833-7813

## Acknowledgments

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Graphics on pages 25, 27, 28, 30 and 31 reprinted with permission from Planning Ahead, Staying Ahead by Suzanne Knight, University of New Hampshire Extension.

Information about programs and services is available from many sources, a few of which are listed in this booklet as a convenience to readers. This is not an endorsement by University of Wisconsin-Extension, nor does it cover all issues. Some programs have specific income, disability and/or age requirements. Prices and availability are subject to change.

**Note:** Earned Income Credit (EIC) amounts on page 22 are for the 2002 tax year, and will be updated each January. For current EIC amounts that qualify, print the revised page 22, also in Spanish, from this web site: <http://www.uwex.edu/ces/eic>

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