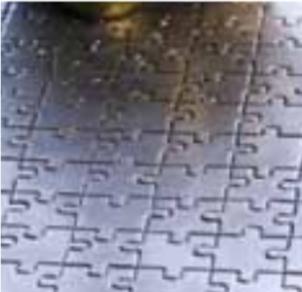


effectively
MANAGING
your
money.





Why budget?

You have an income. You have expenses. In the ideal situation, what you bring in should be greater than what you shell out. In the not so ideal situation, your expenses come close to or exceed your income. And that's how the trouble can begin. How can you avoid the not so ideal situation? With a budget, of course. Budgeting is important to help you:

- Manage your income and control your spending
- Prepare for large purchases or emergencies
- Prepare for quarterly or semi-annual expenses
- Save for vacations, special purchases and occasions
- Avoid those “uh-oh” moments when expenses exceed your income

How do you budget? Where do you begin?

Before you can figure out a game plan, you need to know your financial situation. What are you spending your money on?

- First write down every source of monthly income you have – paychecks, child support, spousal support, etc. Know how much net income you have to work with each week or month.
- Organize your expenses. Make a list of all of your weekly, monthly and quarterly expenses, including what you spend on lunch, gas, haircuts, entertainment, movie rentals, groceries, school lunches, etc.

Your most common monthly fixed expenses might include:

- Rent or home mortgage
- Utility bills (electric, water, trash, cable, land-line phone)
- Cell phone

- Internet service
- Credit card bills
- Car payment
- Department store and gasoline company bills
- Loans from family and friends
- Insurance (car, health, renter's, life)
- Medical bills/prescriptions
- Most unsecured loans (signature loans, credit cards, department store cards, gas cards, etc.)
- Child care (day care, before/after school care)

In addition, you may be paying one or more of the following:

- Federal, state, and local tax claims
- Child support and/or spousal support
- Child sports/extra curricular activity fees
- Real estate taxes/household insurance
- Legal fees
- Club/gym memberships
- Student loans
- Private school tuition
- Residential/neighborhood association fees
- Other secured debts – RV, boat, etc.
- Fines, penalties or punitive damage claims
- Customs duties
- Church contributions
- Veterinarian expenses
- Barber/hair salon
- Parking garage fees
- Bus fare
- Repairs/Maintenance bills
- Newspaper and magazine subscriptions
- Sports registration fees

Once you give your expenses a thorough investigation by reviewing receipts, statements, checkbook registers, etc., add up your monthly debt payments, monthly living expenses and your total miscellaneous expenses. Compare that total number to your total monthly net income (income after taxes). Is there a shortage or surplus?

How to budget successfully

The key to a successful budget is sticking with it and learning to say no. Distinguish between a “want” and a “need” especially if money’s tight. Keep these simple rules in mind:

- Establish goals and keep them realistic and simple
- Plan a budget you can live with that does its job and affords you some “wiggle” room
- Monitor your spending and know how you spend your money
- Bills should take priority over wants
- Save something every payday, even if it’s only \$10
- Limit debt payments to 15-20% of your net income

Track daily expenses

To help you monitor your daily spending, write down everything you spend money on, every day, for a month. This will give you a realistic view of your spending habits and will help you identify areas where you can reduce spending.

Expense tracking tips:

- Keep a pocket sized notepad with you at all times
- Always ask for a receipt
- Record every single purchase, every day, no matter how small

Managing periodic expenses

These expenses are those that are due quarterly or semi-annually. These are usually larger bills, so it’s a good idea to set aside a percentage of these payments each month prior to the due date so you’re not hit with a big bill all at once. To save for a periodic expense, try this:

- Calculate the annual cost
- Divide by 12 months
- Save that amount every month in a special account you don’t touch until that bill comes due

It’s all about the numbers

Once you know how your income compares to your expenses, you need to have a handle on when everything’s due so you don’t miss a payment or are late. Write all of your bills’ due dates on a “bills only” calendar so you can easily track what’s due and when. Circle or highlight your paydays. Write in gift giving days that may result in an additional expense for you.

Once you have a grasp of what's due and when, it'll be easier to plan what you have to do with each paycheck/income source you receive.

Increase your income

If you find yourself in a short-term financial pinch consider the following:

- Work overtime or get a second job to pay off a specific bill
- Adjust your federal withholding (consult your personal tax advisor so that you don't end up with a high year-end tax bill)
- Check with local social service agencies for benefit programs you may be eligible for
- Think of ways to get "easy" money like having a yard sale, doing odd jobs for your neighbors, etc.

Use an online bill payer

Consider using an online bill payer and setting up a recurring payment schedule or contacting your utilities and other creditors and have them automatically debit your account each time the payments are due. Doing this requires very careful planning on your part as you need to make sure the funds are available to cover those bills or you'll be charged with non-sufficient funds fees, late charges and other fees.

Debit Card tips

Debit cards are easy and convenient but for the not so budget-wise, they can be a significant ingredient in the recipe for financial disaster. Undisciplined users may find themselves "swiping" away thinking they have all this money to spend and when bills come due, they forget they used their card for this or that, especially if they have set up automatic payments. Careful receipt monitoring helps. Better yet, keep your "fun money" separate from your "bill money" account. Consider not having debit card access to your main bill account. This way you can use your debit card for your spending money account without worrying about dipping into your bill account.

Maintaining your budget

What will motivate you to keep your budget on track? Goals. Set goals. Make them realistic. Figure out what you need to do to maintain a healthy “debt diet” so that your finances work for you. Budget management tips:

- Make a list of your short-term and long-term financial goals
- Avoid impulse spending
- Make a shopping list and stick to it
- Use coupons
- Leave your credit cards at home
- Avoid applying for additional instant credit in order to take advantage of “at the register” discounts
- Limit playing the lottery or visiting the racetrack or casinos in hopes of getting a windfall “hit”
- Don't be hard on yourself and keep things positive
- Make good choices – say I'd like to have this now, but I'm choosing to pay on bill X
- Make your monthly payments on time.
- If you can't realistically make the payment, don't take out the credit. If you have doubts or find yourself saying, “we'll make the payment work” then you may want to rethink the purchase.
- If you apply for credit cards, watch out for extra fees. Look for ones that offer annual cash-back rebates or airline miles like a Members 1st Visa Credit Card. Be sure you understand the small print and what happens if you're late with a payment.
- Save automatically. Use payroll deduction or automatic transfer to put money into a Holiday Club, Vacation Club, Supplemental Savings or Investment Savings Account.
- If you can't make the minimum monthly payment, send something. Call the creditor and explain your situation. Many times hardship arrangements can be made for a specific period of time. Remember, making a small payment is better than no payment at all.

Monitor your credit report

Order a free copy of your credit report. AnnualCreditReport.com is a centralized service for consumers to request free annual credit reports. It was created by the three nationwide consumer credit reporting companies, Equifax, Experian and



TransUnion. AnnualCreditReport.com provides consumers with a secure means to request and obtain a free credit report once every 12 months from each of the three nationwide consumer credit reporting companies in accordance with the Fair and Accurate Credit Transactions Act (FACT Act). Select the ordering method that best meets your needs:

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- By mail – download the request form from AnnualCreditReport.com, complete and mail it to:
Annual Credit Report Request Service
PO Box 105281
Atlanta, GA 30348-5281

Credit tips for couples

Be sure to discuss managing money with your spouse or significant other before you live together. More couples split due to financial mismanagement. It's important to understand each other's financial personalities and current and past financial obligations, including child and spousal support.

Consider a joint account for household expenses. Use separate accounts for individual bills and spending.

Realistic budgeting

What if your budget failed or you failed your budget?

There may be times when you may find yourself financially challenged due to job loss, medical emergencies, family problems, divorce/death or your own financial mismanagement.

If you find yourself financially challenged, it's not the end of the world. You may simply need to step back and re-evaluate your budget. Before you decide to talk to a credit counselor or consider bankruptcy, keep in mind that there are other options available and steps to take before you take any drastic and long-term measures.

We offer a variety of loans, savings programs and online tools that can help you better manage your money. There are many options available to you and our Loan Center Associates will be happy to advise you.

Free Seminars

Members 1st offers many free seminars throughout the year. Seminars are posted on our events calendar. Follow the link from our home page, www.members1st.org.

For additional budgeting help, visit www.members1st.org
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We offer free access to money management and financial education services through GreenPath, a financial management program. Through comprehensive education and exceptional service, GreenPath has been assisting individuals for more than 50 years. As a member, you can receive assistance with:

- Personal and family budgeting
- Managing your checking account
- Understanding your personal credit report and how to improve your score
- Personal money management
- Debt repayment
- Avoiding bankruptcy, foreclosure, and repossession

GreenPath counselors are available Monday through Thursday 8 a.m. to 10 p.m. (EST), Friday 8 a.m. to 7 p.m. and Saturdays from 9 a.m. to 6 p.m. To use this new service, simply call (877) 337-3399 or visit www.members1st.org > products & services > other services.

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