

BUDGET

A budget is an itemized list of estimated or intended expenditures as well as sources of income for a given period of time. It is at the core of financial planning: whether your goal is to liquidate debt or to purchase a home.

Creating a budget will help you track your expenses, to see exactly where your money is going and how much of it. The more specific you are, the better idea you will get about your spending habits, and expenses that can be cut to move income towards your goals.

SPENDING PLAN

Whereas a budget looks at past expenses, a spending plan is forward looking. It helps you plan your expenses through broad categories that allow for a degree of flexibility, but still keep track of costs.



Financial Literacy for the consumer provided by:

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Providing realistic solutions for solving credit and debt problems since 1996.



Financial Tools



Understanding the financial resources available to the consumer

Every day is full of expenses: whether it is a coffee to get you through the morning, or a computer you have been saving for all summer. It is important to understand the different financial resources at your disposal to meet these expenses. There are also things to keep in mind when making purchases to minimize your spending, so you can avoid financial hardship.



CASH:

Cash is quick, convenient, and works well for making small purchases. However, it isn't typically a good idea to use cash to pay larger bills, unless you get a receipt and keep that receipt in a safe place. It is better to keep large amounts of cash in a savings account or in an investment, where you can earn a return on your deposit.

MONEY ORDER:

A money order is a payment order for a pre-specified amount of money, which allows you to keep a receipt of the transaction. It might be favorable to a creditor because it eliminates the chance of default. Unfortunately, money orders are not as convenient as other forms of payment because you must travel to a business that sells them and purchase one each time you need to pay for something. This price will include the amount on the

money order in addition to a fee that ranges from \$0.65 to \$5.00 but must be purchased for an additional fee from a vendor.

CHECK:

Checks can be used to make larger payments directly out of your bank account. Always make sure that your account balance is large enough to cover the amount on the check to avoid overdraft fees. Since checks may be cleared immediately from your account, so you cannot count on a few days' delay when paying with a check.

DEBIT CARD:

A debit card automatically draws the payment out of your checking account and can be used at a variety of businesses. It is a convenient way to pay for your daily expenses and will prevent you from spending beyond your means (given you have overdraft protection).

CREDIT CARD:

A credit card allows its holder to buy goods and services on credit, based on the holder's promise to pay for them at a later date. This can be a great convenience, if you do not have enough money on your checking account today for a purchase, but expect to receive your paycheck next week. Also, maintaining a credit card helps build credit, this will be necessary when buying



a car or a home. It is extremely important to pay your monthly balance on time and in full because debt and interest obligations can lead to severe financial hardship.

SECURED CREDIT CARD:

A secured credit card requires cash collateral that becomes the credit line on the account. This deposit minimum ranges from \$300 to \$500 and is usually 100-200% of total credit limit.

It is extremely important to do a lot of research on the fees and membership liabilities involved with the specific credit card. Some charge high application, membership and annual fees. The benefit of secured credit cards is that they are one of the premier means of establishing credit.

PREPAID CREDIT CARD:

A prepaid card has a certain balance "stored" on it through a prior deposit made by the cardholder or a third party. There is no required minimum deposit for prepaid cards, as there is with secured credit cards, Purchases are deducted from the card balance. Some prepaid cards offer a credit-building component, which may come at a fee.

