An 88-page easy-to-read summary of budgeting, credit, good money management.

Money Sucks! Money Strategies for Real Life, 2nd Edition

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Praise for Money Sucks!

The tag line for this terrific little book captures the essence of Gordon's message: Money Strategies for Real Life. *Personal finances can be scary – especially for young people newly (or nearly) headed out on their own, or for anyone that finds themselves "in over their heads." The logical progression and simple clarity offered in these pages calms the nerves and brings the heart back to a normal rhythm. If you're anxious about any part of personal money management, or know someone who is, hope has arrived!* **Leo Muller, Executive Director, CHOICES Education Group**

Another name for this book could be "an ounce of prevention is worth a pound of cure." The best way to avoid bankruptcy is to stay out of trouble in the first place. This book is a great starting point for doing that; follow the tips, learn to budget, pay attention to your money and avoid credit cards and payday loans!! **Ruth Nelson, Bankruptcy Attorney, Seattle, WA**

A great quick guide to managing your finances; accessible to all ages. **Karen Altus, Career Counselor, Seattle Pacific University**

Money Sucks! *(I couldn't agree more!) is a great little volume on its subject. Young people just starting out on their own will find much of value here, as will parents who want to talk to their children about their new financial responsibilities and don't know where to begin. The illustrations are priceless (excuse my pun), and make the book seem more inviting and accessible; qualities that help offset the potentially intimidating or boring subject matter. Indeed, the greatest strength of the book is the little ways it makes itself a book that can be read for pleasure and in small doses.* **Judge, Writer's Digest contest**

Reviews on **Amazon.com (5 Stars)**:

Winning, Wise, Witty

This is a fabulous read for those of us who are still bummed out by our calculators. or hate the idea of budgets in general or just need somebody like Gordon to whip us — kindly but firmly — into shape. It's painless and fun at the same time. I glumly laughed at the cartoons and truly appreciate the neat ways she works out the interest payments for us. I recommend Money Sucks! *heartily, and think it's the perfect gift for graduates, whether from high school, college, or some of the more crocked ladders of life.* **Pat Hurshell, artist, writer, poet**

What we need to know...or simply take for granted

Money Sucks! *is an approachable and informative look at the practical ins and outs of money. The author is writing to young people who are just entering the world of work, saving and spending — offering what many of us wish we'd known back then.* **E. Burke, CPA**

Seven copies for seven children!

As the mother of seven children, I am thankful for this book! It is packed with the wisdom that every parent should instill in their child for life-long success — in a convenient, fun package! Ms. Gordon's book should be a part of every high school's Economics curriculum and every family's library. **Ms. Wright, parent**

Money Sucks!

Money Strategies
for
Real Life

Miryam Gordon

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CHAPTER 3

Keeping Track of Your Money

Believe it or not, many people don't know how much money they have. They don't know how much cash is in their purse or wallet, they don't know how much money they have in the bank, and they don't know how much they spend on their credit cards.

Keeping track of your money is very important to your financial health and even your peace of mind. If you know how much money you have, when you want to buy something, you'll instantly know if you can afford it or not or if you have to **Plan** for it first. You won't have to worry about bouncing checks and you will know if your credit cards are properly paid and cared for.

What a Bank Does

Do you know how a bank makes money? The simplest explanation is that the bank makes money by having people save their own money at that bank and then the bank loans out the saved money to other people (for a fee) who have to pay it back and pay interest on the loan. But that's not the only way banks make money. These days, banks have many fees they collect, many of which can catch you off guard if you're not looking.

One bank can be very different from another in the kinds of fees they will charge. One bank will allow you to use their ATM (automatic teller machine) for free, if it's at a bank location, but will charge a fee if you use an ATM in a grocery store. That fee can be $1.50 or more for one transaction. Another bank will charge you for every ATM activity, each time. One bank will charge $6.95 a month for you to have a checking account there, another will give you free checking if you only write 20 checks or less a month. Many times one bank will have several different kinds of checking accounts with different services available and different fees for each. Make sure to ask about each kind, so you choose the best for you.

Another kind of fee, which gets very expensive and is a huge waste of money, is the late fee. If you have a loan and make a late payment, you might incur very large late fees; much larger than you think they should be. The banks like that late fee money. It adds up to a huge part of their income from people who don't pay on time.

Then, there are fees for "bouncing" checks. "Bouncing" a check is to write a check for money that really isn't sitting in the bank. Then the check arrives at the bank to be paid and gets "bounced" back to the person who was given that check. So, the bank charges you - even when they don't pay out any money - fees of $20.00 or even more. The person or business to whom you wrote the check might also charge you late fees or "bounced check" fees of $20.00 or more. You might not even be the one writing the check — you may deposit a friend's check and your friend's check bounces. **Even though it is not your fault, you may be charged bank fees.** You might as well throw money out a window for all the good it's doing you when paying these fees.

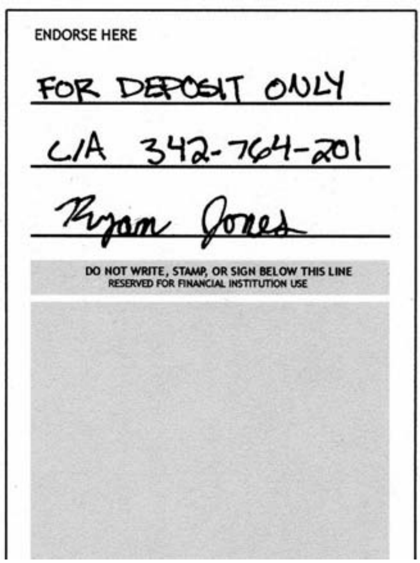
Depositing Checks

After opening a checking account by putting some money in the bank to write checks against, you'll be replenishing the money in the bank by depositing checks and cash. There are two key pieces of information that you need to manage your checking account money.

First is how to "endorse" a check you receive. To "endorse" it is to sign it on the back. If there is no signature on the back of a check, technically, the bank should not be able to deposit it into your account. For that reason, do **not** make a habit of endorsing a check the minute you get it. If you lose the check or it gets stolen, if it is **not** endorsed, it should technically not be able to be used by anyone else. If you do sign your name, make sure you include the account numbers, as shown below, so that someone can't put it into another account.

So, you've hung on to the check and now you're ready to endorse it and deposit it immediately into the bank or ATM machine. What do you write on the back?

You write your endorsement on the back where most checks say "Endorse Here." You have about one inch of space to write. The most protective thing to write on the back is: "For deposit only" and then your checking (or savings account) number and then sign your name. If you wish, you can reduce the "for deposit only" into "FDO." Placing your account number on the check helps insure that the money actually goes into YOUR account and not someone else's. The endorsement looks like this:



The C/A means checking account. If you put S/A, that will be for savings account deposits.

The second important piece of information you need to remember is that once you make a check deposit, that money is **not yet** all yours to spend. Many banks will impose about a two day period where they make sure that the check is cashed from the account it's written on and actually landed in your account. Many people will write checks the day they deposit money or take out cash from their account, before the check has "cleared" (meaning before the bank gets the cash).

"Clearing" the other bank the check was written from is what confirms that you've got the money. What if the check someone wrote **you** bounces? Well, your bank would be out the money you've given someone else and not yet have the money from the check you've deposited. So now, **you** will bounce a check **and** pay fees.

Using ATM machines often means the time in between a deposit and the bank allowing the money to be used is **longer** than going to a teller, by about a day. I know it seems contrary to think that using an electronic machine that can instantly tally your money transactions would take longer than standing in front of a teller, but actually, the machines are emptied and the paper checks are verified less frequently per day and so might take a day longer.

What this really means is that you're best off to **deposit** your money **earlier** and **write checks** on it **later**. Deposit money and give about **two business days at least** before you spend it. That may be a great hardship, but it will save you from any bounced check fees every time. It's worth not throwing $20.00 to $40.00 away for nothing to find ways to make sure the check you're writing doesn't get to the bank too early and bounce.

There is a way to access money faster than two business days, and that would mean going to the bank that the check was written from. If the check is written on a Bank of America account, you can go to a Bank of America location and "cash" the check. That means that you endorse the back of the check with just your name, and the bank teller can give you cash in the amount on the face. Some banks may charge a fee for this if you are not an account holder at their bank.

Balance Your Checkbook

Making sure that you don't waste your money on bounced checks leads to the mandate to keep track of the "balance" (the amount actually left) of money in your account that you have ready to spend. If you don't know what should be in your account at all times, many things can happen — most of them not good for **you** and maybe good for the bank.

Banking, even electronically, is not infallible. Machines can make mistakes, tellers can make mistakes. Mistakes can be in your favor or in the bank's favor. What if the bank charges you a fee that they shouldn't? If you never balance your account, you'll never know that you're missing money. What if the bank thinks you don't have money in your account and bounces a check you write? That's an expensive mistake, but it can be fixed. You can get your money back, if you communicate immediately with the bank and make sure you have facts to back you up.

So, how do you balance your account? To many people, this somehow gets confusing when really it's a pretty simple concept. The concept is "What does the Bank Know?" and "What Do You Know?" If you keep track of everything you do in your checking account, **you** are going to know **more** than the bank, every time. What you do, then, is determine what the bank does **not** know, to make sure you know exactly how much money you have to spend.

Here's an example:

Your checking account has $400.00 in it. You put a check in for $600.00 on March 1. On March 4, you write a rent check for $1000.00 and give it to your landlord. If you went to your bank on March 4 and checked your bank balance, it would be $1000.00. That's what the bank would say you still have in your account, because the bank **doesn't know** you already wrote a check. If you depend on **that** information and write another check for groceries for $45.00, and March 5 both of these checks try to clear your bank, then one or both of those checks will bounce and you'll owe huge fees to the bank for all that activity, because your account did not have $1045.00 in it to spend.

People who don't pay attention to their checking activity and just depend on the bank and what the bank thinks their bank balance is will likely bounce checks frequently and throw away money on bank fees. Banks give you little booklets called check registers — for free — for you to write down all the activities in the book and add and subtract every activity.

Here's a sample of an up-to-date check register:

■ **AD**-Automatic Deposit ■ **AP**-Automatic Payment ■ **ATM**-Teller Machine ■ **DC**-Debit Card ■ **T**-Tax Deductible ■ **TT**-Telephone Transfer

NUMBER OR CODE	DATE	TRANSACTION DESCRIPTION	PAYMENT AMOUNT $	✓	FEE	DEPOSIT AMOUNT $	$ BALANCE
	3/1	Balance forward (from last page)					400 00
	3/1	Paycheck deposit				600 00	1000 00
1042	3/4	Mr. Smith (rent for March 2006)	1000 00				0 00
	3/4	Gift from Mom				100 00	100 00
1043	3/5	Groceries	45 00				55 00
1044	3/7	Coffee Shop	5 50				49 50

Knowing this, writing this down, you would be able to figure out that before you could write Check #1045 for $45.00 for groceries, you would have to deposit more money into the account (and maybe wait a day to use it).

Good money management takes Planning. ***Planning can save you money.***

By the way, if you do have a checking account that charges a monthly fee, you should never let your account get all the way down to $0 dollars, unless you also take out that month's fee

first. The bank **will bounce** your check if they take out your bank fee of $6.95 and that leaves you with negative money in your account. If you think the bank will "see" that you don't have the fee in your account and will wait until you deposit more, you'll be very mistaken and it will cost money in fees. You're probably getting the point, by now.

Is that "balancing your account?" Not quite yet. Balancing the account means that every month, when the bank sends you a statement of the activities it "knows" about, you check the bank statement with your check register and check off what the bank "knows" about and what activities are still left for the bank to find out about.

Taking the above example, the bank statement on March 4 might look like:

United Bank

Ryan Jones
4444 Somewhere Ave.
Town, WA 12121

Bank Statement Account Number 342-764-201

If you have any question about your statement, call us at 800-123-4567

Account Summary for March 1 through 7

Posting	Balance
February Ending Balance	400.00
March Deposits	600.00
March checks	0.00
Balance as of March 4	1000.00

The bank has an ending balance of $1000.00. You have an ending balance of $49.50. Balancing is making sure that you can make your numbers and the bank numbers the same. How do you do that?

1) Check off all the bank transactions in your check register which are the same. (See the little check mark area in the picture?)
2) Starting with YOUR ending balance ($49.50), add to that any checks you wrote after the bank statement activities, subtract from that all the deposits that you have made that the bank has not yet recorded and you have your balance.

49.50
5.50
45.00
+ 1000.00
1100.00
1100.00
- 100.00
1000.00

It would look like this:
$49.50 + 5.50 + 45.00 + 1000.00 = $1100.00

$1100.00 - 100.00 = $1000.00 (bank's ending balance)

That's it. You'll match the bank! One side "balances" with the other.

What if the bank has an entry you don't, like a monthly fee you forgot? If it's something you really do owe the bank, you'll have to subtract it from your ending balance. The bank took it out and you have to take it out as well. If it's a mistake, you can immediately call the bank, have them check it out and get your money put back in. If you never balance your account, the bank will never know about the mistake — nor will you — and you'll lose money.

What about a check you wrote a month ago that the bank still doesn't know about? Can you just forget about it and spend the money? You probably already know the answer is "no."

In that example, if you wrote a $1000.00 rent check in February, but the bank statement doesn't show it getting taken out of your account ("cashing"), and you start spending that $1000.00 on other things, and your landlord puts that check in his/her bank in March along with your March rent, you will bounce checks.

Checks are presumed to be good for up to 6 months. The only way to assure yourself that a check cannot be cashed once you have given it to someone else is to a) get the physical check back and tear it up or b) to pay the bank a $20.00 (or more) fee to "Stop Check" and prevent the person from getting the face value on that check. Sometimes, banks will cash checks that are older than 6 months and even then, there isn't much you can do about it if it was not a fraudulent check. That's another really great reason to make sure you know what the bank knows and that you keep track of checks that you wrote that are floating around out there somewhere, not yet cashed.

You can even call that landlord and ask him/her to cash that check so you don't have to worry about it, anymore. Calling can sometimes allow you to find out that the check was lost in the mail or stolen or lost in someone's desk drawer. If your landlord were the one to actually lose your check, then your landlord should be the one to pay that $20.00 stop check fee so you can write another check and not have to double pay.

CAUTION: Even if you pay a stop check fee, that stoppage is still only good for 6 months. There are rare occasions where a check will get paid from your bank account after those 6 months is up, but the bank should be willing to give you your money back, if that happens, hopefully.

NOTE: Sometimes, if you keep very little money in your account and the bank takes some money out that you believe is a mistake, you will bounce checks and get charged fees. However, if the bank realizes that it's a bank mistake, a bank employee should be willing to a) take away any fees you owe and b) communicate with anyone who received that bounced check, like the grocery store and pay them back for the fees you might owe them, too. Don't forget to ask the bank to pay those store fees if the bank is at fault.


12 MONTHS SAME AS CASH!
E-Z CREDIT
TAKE
IT HOM
TODA
CONTRACT
You will be tricked with small print
23% interest