Minding Your Money

June 2011 Monthly Bulletin

Overcoming Overspending

When money rules

Whether the economy is struggling or going strong, it’s essential to manage money wisely. For those who struggle with overspending, it’s important to understand the factors behind it, and find ways to take control. More...

Worklife Balance

Protecting and repairing your credit

Whether you find yourself in need of credit repair, or just want to keep your good credit, read on. The following tips will help you repair or improve your credit rating. More...

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Teaching children to manage money

Children can begin to learn about money starting at a very early age. They can learn the basics of saving and spending. In addition to the tips below, remember they also learn by watching how parents manage their money! More...

Financial Check-up

It’s more than just money

Evaluating your financial health is like going to your doctor for a yearly physical. You learn ways to maintain or improve your current standing. Read on for some helpful tips when reviewing your financial health. More...
When money rules

Whether the economy is struggling or going strong, it’s essential to manage money wisely. The goal is to cover the bills and build a safety cushion for tough times. Yet, some people can’t stop spending. For those who struggle with overspending, it’s important to understand the factors behind it, and find ways to take control.

Understanding the game — how did we get here?

Strike 1: It’s hard to resist the constant call of consumerism. Our society provides lots of incentive for spending — and less for budgeting and saving.

Strike 2: Emotional needs can contribute to overspending. Some people buy gifts to feel loved. Others purchase the latest gadget to boost their self-image. Some find spending makes them feel more powerful or less stressed. In most cases, people aren’t even aware of possible underlying motives for buying.

Strike 3: Overspending can become a way of life. But living on credit means future income is already spoken for. Overspenders may be just one paycheck away from serious problems. One unexpected event — an illness or job layoff — and they’re out!

The costs of overspending

Whether it’s you or your partner, the result can be great financial and emotional stress. Relationships suffer. Dreams of a special trip or owning a home may never materialize. People affected by overspending can feel anger, hurt, guilt and low self-esteem.

Game-winning strategies

If you tend to overspend, take heart — and take action. The following are several strategies to help.

- **Keep a money diary.** Write down not only what you spend, but what you were feeling before you made the purchase — and after. This can help you learn more about the motives behind your spending.

- **Deal with the issues.** Learn what triggers your urge to buy, and use your awareness to help you make sound decisions.

- **Take a time out.** If you see something you must have, commit to thinking it over for 48 to 72 hours before you buy it. After that time, you may understand your need for the item more clearly, or it may have lost its luster.

- **Declare a break.** Take two weeks or better yet, a month, and only purchase what you truly need. It takes self-discipline, but you’ll be amazed at what you may learn about yourself.

Getting Help

For help with personal or workplace issues, contact your Employee Assistance Program (EAP). These confidential services are available 24/7 to employees, their eligible household members and adult children under age 26.
Protecting or repairing your credit

Whether you find yourself in need of credit repair, or just want to keep your good credit, read on. The following tips will help you repair or improve your credit rating.¹ If you have a checkered credit history, remember credit ratings involve many factors. So it will likely take some time for your score to improve.

- **Consistently use your complete name and not any aliases.** It is important to provide complete, accurate and consistent identification on your applications. This helps set up your credit history correctly from the start.

- **Make monthly payments on time.** Many lenders look at the most recent information on a report first. Having a history of on-time payments is a strong indicator you are likely to pay your debts and do so on time.

- **Set up a budget, and stay with it.** Keeping a budget allows you to see clearly where your money is going. Having this information helps you make wise decisions — and can help keep you from overspending.

- **Avoid applying for too much credit at any given time.** It is usually better to apply for credit in moderation. This avoids appearing as if you’re opening several accounts due to financial difficulties.

- **Keep your credit account balances low.** Keeping your credit accounts at or below 30 percent of your available limit is recommended. Going above this limit may increase your interest rate on future loans.

- **Allow yourself time to build a strong credit history.** When trying to decide if you should close an account it is usually best to keep your older accounts open. This will help to lengthen your period of active credit use.

- **Remove incorrect information from your credit reports.** It is a good rule of thumb to review your credit reports at least twice a year. Doing so leaves no surprises later when you consider a major credit purchase. You can also better protect your personal information from possible fraud. It is recommended you check reports from all three major credit bureaus: TransUnion®, Experian® and Equifax®. This is because some companies only report to one or two of them. You are entitled to free credit reports once a year — or if you have been turned down for a loan recently. Visit [www.annualcreditreport.com](http://www.annualcreditreport.com) to order all three reports at once. You can dispute incorrect information online or by phone. The credit bureaus will help you do so with a step-by-step guide.

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**Getting Help**

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Contact information for credit bureaus:

Equifax: [www.equifax.com](http://www.equifax.com)

TransUnion: [www.transunion.com](http://www.transunion.com)

Experian: [www.experian.com](http://www.experian.com)

¹Information adapted from [http://credit.about.com](http://credit.about.com). Accessed 5/13/11
Teaching children to manage money

Children can begin to learn about money starting at a very early age. They can learn the basics of saving and spending. And they can start to develop healthy attitudes about money. In addition to the tips below, remember they also learn by watching how parents manage their money!

As kids become more mature, parents can present more advanced ideas. The following three rules can help parents begin to tackle teaching their children sound financial values.

**The golden rule:**
Children will spend your money faster than they will spend their money. It’s natural to want to give children everything. But it’s important to let kids earn certain things they want. For instance, parents may give an allowance for completing small household chores. This helps children feel the satisfaction of working and achieving.

**The silver rule:**
Today’s economic times show that living paycheck to paycheck can be risky. So the second rule is: if children get a dollar and spend a dollar, they’re learning to live paycheck to paycheck. Instead, have them divide their money before it’s spent.

Out of every dollar they receive, ask them to:
- Contribute 10 cents to a charity
- Put 10 cents in their piggy bank for later use
- Save 10 cents for the long term in a bank account

Now they’ve given back to the community, saved for the future AND still have 70 cents left to spend!

**The bronze rule:**
The final rule is to help your child make wise spending decisions. Before they make a purchase, teach them to ask themselves:
- Is this something I need or want? (Learning the difference between these two is huge!)
- Is this something that will last?
- Is there something else I’d rather have instead?
- Is it a good deal?

Use these three rules and you’re off to a solid start in helping children learn to manage money wisely for the rest of their lives.

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Evaluating your financial health is like going to your doctor for a yearly physical. You learn ways to maintain or improve your current standing. This can give you peace of mind for the rest of the year. In reviewing your financial health, ask yourself:

- Have I made timely payments on outstanding debt?
- Do I have enough income to meet current and future needs?
- Do I save 10 percent of my income in a rainy day fund?
- Have I planned for retirement?
- Do I have enough savings to cover expenses for three to six months?

- Do I have enough insurance to cover me and my family should I become disabled or need long-term care?

Give yourself lots of credit for any “yes” answers. You are being proactive in taking care of your financial health. If you have any “no’s,” think about how you can plan differently. Consider consulting with a financial advisor no matter how you responded. You may learn even more ways to improve your financial health.

Getting Help

For help with personal or workplace issues, contact your Employee Assistance Program (EAP). These confidential services are available 24/7 to employees, their eligible household members and adult children under age 26.
All EAP calls are confidential, except as required by law (i.e., when a person’s emotional condition is a threat to himself/herself or others, or there is suspected abuse of a minor child, and in some areas, spousal or elder abuse).

Information is believed to be accurate as of the production date; however, it is subject to change.