



## 7 Steps to Better Money Management

**1. Calculate Your Net Income.** Know all your sources of income after deductions, like income taxes and 401k, are removed. This number ultimately determines what you can spend each month.

**2. Create a Personal Budget.** A budget is your roadmap for spending and is a tool to help you achieve your financial goals. Save your receipts and take the time to add up all of your expenses for a month. Subtract your expenses from your Net Income. If the result is a positive number, then you are living within the limits of your income. If the result is a negative number, your expenses are exceeding your income.

**3. Balance Your Checkbook.** The balance in your checkbook is a critical number in money management because it allows you to know exactly how much money currently you have to save or spend. Keeping an accurate checkbook register also allows you to review where you spend your money.

**4. Minimize Your Use of Credit Cards.** Credit Card debt is an easy trap to fall into. The best way to avoid this trap is to avoid using credit cards altogether.

**5. Pay Down Your Debt.** If you have Credit Card debt or other debts, pay the maximum to your highest interest rate debts first and the minimum on lower interest debts to pay debts faster.

**6. Establish Savings.** Pay yourself, first. When you pay your monthly bills, write a check to yourself and put it in your savings accounts. If you get your paycheck deposited automatically, ask your employer about having a portion of your paycheck deposited to your savings account.

**7. Know Your Credit History.** Credit reporting agencies collect data regarding your credit repayment history and sell this information to lending agencies.

If your report shows that you are late paying bills, have maximized lines of credit, or have bankruptcies or other collection activities, this will negatively impact your ability to get credit.

You can request your credit report from the following credit reporting agencies:

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

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

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

If you have been denied credit, you can get a copy of your credit report free. Otherwise, a small fee may be required. If you find incorrect information in your credit report, contact the credit reporting agency. They are required to investigate the information within 30 days and delete the information if it cannot be verified. Your rights are further described in the Fair Credit Reporting Act.