50 Ways to Stay Financially Fit Beyond 50

Dean Martin
Arizona State Treasurer
www.AZTreasury.gov

Practical Money Skills for Life™

Stay Financially Fit Beyond 50.

Visa's *Practical Money Skills for Life* program is pleased to present *Stay Financially Fit Beyond 50*, a complete guide on how to live happily within your means, manage budgets and use financial services wisely. Now is the time to make the most of your money and develop a plan for this phase of your financial life. Enjoy your life; love your money.

A Message From Jean Chatzky

Recent research shows that nearly three-quarters of people surveyed wish they had a better understanding of their finances. If the emails flowing into my inbox are any indication, that number should be closer to 90 percent.

All of those people are absolutely on the mark. Understanding and being able to manage your own money has never been more important. The responsibility for funding our own retirement, paying for (much of) our own healthcare, and managing our credit scores has landed squarely in our laps. And we need resources to help us make the right choices where all of those things are concerned.

Stay Financially Fit Beyond 50, designed for everyone over 50 years old, is just such a resource. It contains loads of hands-on tips and tools to help you spend less than you make and ensure your money is working just as hard for you as you are working for yourself. You've worked hard for years — many of you will continue to do so — and you deserve to enjoy, rather than worry about, the fruits of those labors. The time is now to set a course for financial fitness.

Jean Chatzky

Jean is the financial editor for *NBC's Today*, a contributing editor for *More Magazine*, a columnist for *The New York Daily News*, and a contributor to *The Oprah Winfrey Show*.

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Saving

Saving is the Best Way to Love Your Money

Americans spend more than we earn. Consider that the national personal savings rate has dipped to the lowest point since the Great Depression.[1] Today's high energy, home and food prices may make saving seem even more impossible. But the time is now. Especially as you plan for a retirement where cost of living expenses will increase even more.

Saving is crucial for your well being and for weathering the good and bad financial milestones in life – losing a job, getting ready for retirement, leaving a healthy financial legacy and inheritance for loved ones, and affording medical care.

The best way to love your money is to save it. Whether you're already retired or won't be for 5, 10, 15 or even 20 years out, saving should always be part of your financial plan. And starting now can add up to make a big difference tomorrow.

#1 Pay Yourself First

You're probably inclined to pay everyone else first. You may even still be supporting children or other dependents. But it's vital to start paying yourself first by saving money. It's the only way to ensure your financial longevity and well being.

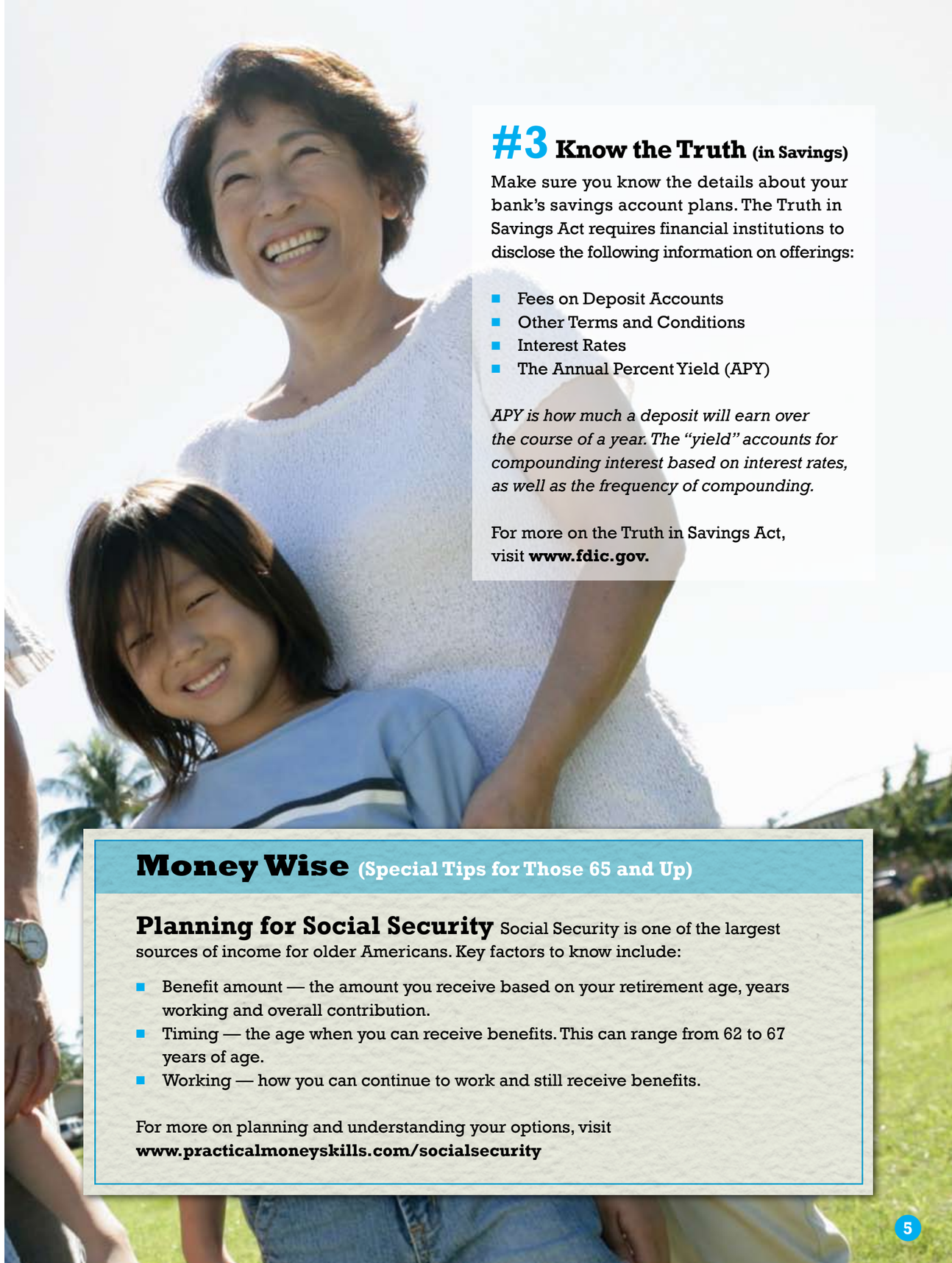
Most banks can automatically transfer funds from your checking account to your savings account, money market, mutual fund and other accounts. Automatic deposit makes the payment a habit you can maintain.

#2 Save Tax Free

Join your employer's 401(k) or other retirement plan immediately and max out the amount you can contribute. Also make sure you're setting aside enough to be eligible for any matching funds – extra money for your retirement fund – given by many employers.

Saving is so crucial, the government even encourages it if you're a low-income worker. If you qualify, you can get a federal tax credit and receive as much as $2,000, depending on your income and how much you put into retirement programs. For more information, read IRS Publication 590, Chapter 5, at **www.irs.gov**.

1 American Savings Lowest Since Depression. *Money News*. February 2006.



#3 Know the Truth (in Savings)

Make sure you know the details about your bank's savings account plans. The Truth in Savings Act requires financial institutions to disclose the following information on offerings:

- Fees on Deposit Accounts
- Other Terms and Conditions
- Interest Rates
- The Annual Percent Yield (APY)

APY is how much a deposit will earn over the course of a year. The "yield" accounts for compounding interest based on interest rates, as well as the frequency of compounding.

For more on the Truth in Savings Act, visit **www.fdic.gov.**

Money Wise (Special Tips for Those 65 and Up)

Planning for Social Security Social Security is one of the largest sources of income for older Americans. Key factors to know include:

- Benefit amount — the amount you receive based on your retirement age, years working and overall contribution.
- Timing — the age when you can receive benefits. This can range from 62 to 67 years of age.
- Working — how you can continue to work and still receive benefits.

For more on planning and understanding your options, visit **www.practicalmoneyskills.com/socialsecurity**

In the Interest of Interest

Saving money means earning interest. Here you can see how money grows with compound interest.

Compound Interest Calculation

Interest is paid on original amount of deposit, plus the interest you've already earned.

Principal x Interest Rate x Time = Amount Earned

Example:

If you had $100 in a savings account that paid 4 percent interest compounded annually, the first year you would earn $4 in interest.

Interest Earned:
$100 x .04 x 1 = $4

Total Savings:
$100 + $4 = $104

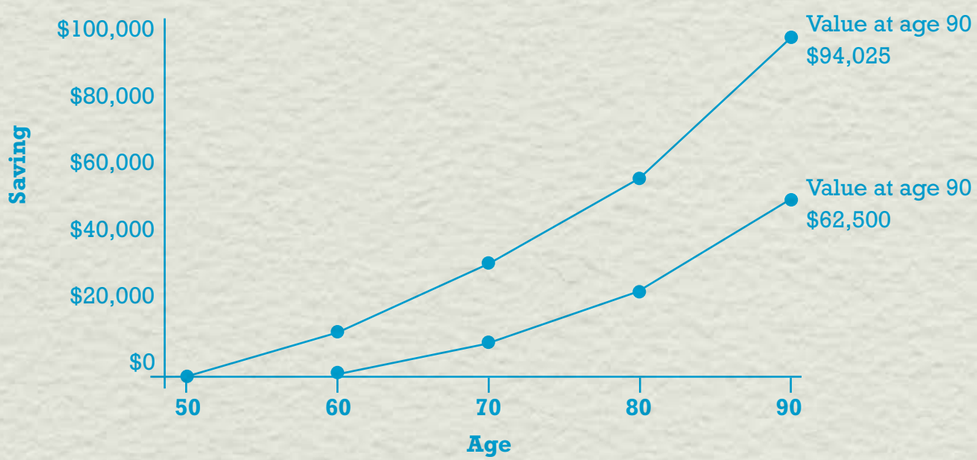
With compound interest, the second year you would earn $4.16 in interest, because you're now earning interest on your interest from the first year as well.

Interest Earned:
$104 x .04 x 1 = $4.16

Total Savings:
$104 + 4.16 = $108.16

Start Saving Early

The chart below demonstrates how compound interest can multiply your money over time.



$1,000 saved each year at a 4 percent annual return

#4 Consider the Future of $80

If you have a credit card balance of $3,000 (with an annual interest rate of 18%), and make monthly payments of $120, it would take you more than 2.5 years to pay off your bill. This includes $788 of added interest within that period.

Now, here's a great idea to save you money. If you pay an additional $80 per month on that debt, for a total payment of $200 a month, you would pay off the debt an entire year earlier and save over $350 in interest payments. That's a great return for just $80 a month.

#5 Delay Before You Pay

This doesn't mean pay bills late. It means stop yourself before you buy. Online shopping has taken impulse buying to new levels. Give yourself a timeframe before you decide to commit to a purchase. Think over that new pair of shoes for two weeks. If after two weeks, you still can't live without them, make room in your budget before you buy.

#6 Sock it Away Somewhere

Once you decide to start saving, you need to determine where you're going to put the money. And remember "under the mattress" doesn't count.

Several common savings options include:

- Savings accounts
- Money market accounts
- Certificates of Deposit (CDs)

Some of the most important considerations in choosing a savings vehicle include:

- Access. How quickly can you access your money?
- Safety. How safe is your money? Is it federally insured?
- Interest. How much money will you earn? What are the interest rates and terms?
- Limitations. Are there minimum balances required? Are there limited checks that can be written per month or penalties for early withdrawals?

For more on savings options visit **www.practicalmoneyskills.com/savings**

#7 Start Now

Even if you can only put aside a small amount at first, the sooner you start, the faster your savings will accumulate. For every five years you delay, you may need to double your monthly savings amount to achieve the same income at retirement. Try setting aside $25 a week and if you don't miss the money, add another $5 each week.

Source: Saving Money. *AARP.org*. 2008.

Budgeting

Live Happily Within Your Means

You want to love your money, right? Then you've got to live well within your means. That's important at any age, but it's especially important when planning for retirement, which often demands that you live on a fixed income. Not to mention that many of us are enjoying longer, healthier lives. Living more years means needing more money and stretching our dollars.

The best way to stretch, save and spend wisely is to build a budget. Only 40 percent of Americans use a budget to plan their spending.[1] But 60 percent of Americans routinely spend more than they can afford. A budget's end goal isn't to punish you, keep you from enjoying your golden years or make you miserable. It's to keep your dreams of the moment and your long-term goals truly alive and golden.

#8 Question Your Needs and Wants

What do you want? What do you really need? Evaluate your current financial situation. Take a look at the big picture. Make two lists – one for needs and one for wants. As you make the list, ask yourself:

- Why do I want it?
- How would things be different if I had it?
- What other things would change if I had it? (for better or worse)
- Which things are truly important to me?
- Does this match my values?
- What will I need to live happily and comfortably in my retirement?

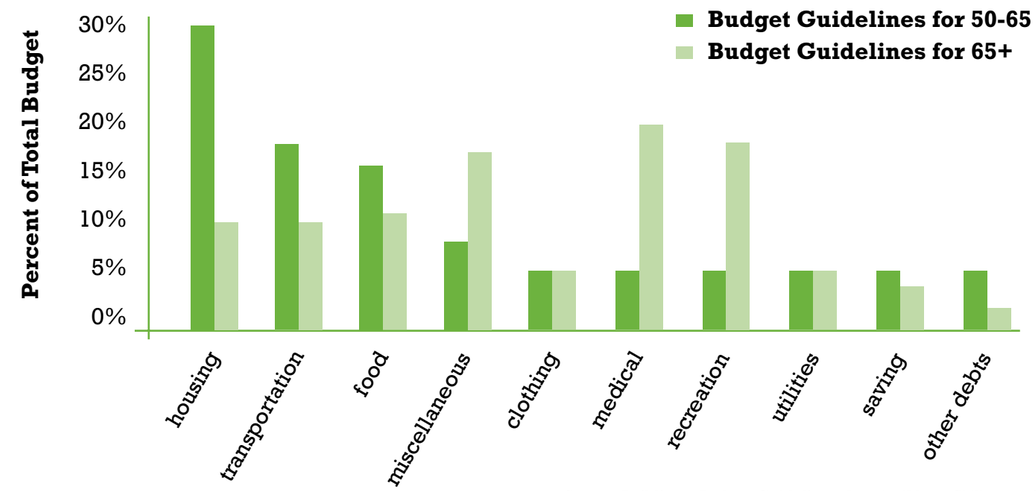
For more on budget building, watch an online video from personal finance expert Jean Chatzky. She offers valuable guidance on how to stop living paycheck to paycheck and to start living on a budget that works.

Visit **www.practicalmoneyskills.com/jean** to see Jean.

1. Chatzky J, Budget Building: Live Happily Within Your Means. *PracticalMoneySkills.com*. 2008

#9 Set Guidelines

We all have different budgets based on our needs and wants. But this chart shows some guidelines on how much should go toward different expenses. It's especially useful as you plan for retirement and living expenses. You may need to make adjustments for a daily latte fix or visits to children living on the other side of the country, but remember to subtract amounts from other areas if you do.



Source: Building a Budget-Guidelines, *PracticalMoneySkills.com*. 2008

Remember that your guidelines might change once you retire. You may downsize your house or give up a commute. Visit ***www.practicalmoneyskills.com*** *for an interactive Retirement Calculator to make sure you have a big enough nest egg to retire comfortably and happily.*

Money Wise (Special Tips for Those 65 and Up)

Talk to a Pro At this stage in life, managing finances is something you've done for a long time. But it's never too late to talk to a certified financial planner for help. A professional can assist you in devising a financial plan and goals and help you stick to them.

To find a certified professional financial planner, contact one of the following:

The Financial Planning Association	1.800.322.4237	www.fpanet.org
National Association of Personal Financial Advisors	1.847.483.5400	www.napfa.org
Certified Financial Planner Board of Standards	1.800.487.1497	www.cfp.net

The financial planning sources are not affiliated with Visa, which offer no opinion on the accuracy or quality of their advice.

#10 Get SMART

Wishful thinking has never made a budget work. Setting a goal for your budget needs to be SMART:

Specific

Smart goals are specific enough to suggest action.

Example: Save enough to visit Rome for your 25th wedding anniversary. Not just "save money."

Measurable

You need to know when you achieved your goal, or how close you are.

Example: A trip to Italy costs $2,000, and you have $800 saved.

Attainable

The steps toward reaching your goal need to be reasonable and possible.

Example: I know I can save enough money each week to purchase that trip to Italy.

Relevant

The goal needs to make sense. You don't want to work toward a goal that doesn't fit your need.

Example: We would like to stay in four-star hotels in celebration of our anniversary.

Time-related

Set a definite target date.

Example: I want to go to Italy by next summer.

#11 Add Up Your Income

To set a monthly budget, you need to know what's coming in. Make sure you include all sources of income such as salaries, interest, retirement accounts, Social Security, pensions, and any other income sources.

#12 Estimate Expenses

The best way to do this is to write down every penny you spend each month. Categorize spending depending on your needs and wants. Use the worksheet on the next page as a starting point.

#13 Figure Out the Difference

Once you've created your budget, keep records of your actual income and expenses. This keeps you aware of the difference between what you budget and actually spend.

#14 Track, Trim and Target

Once you start tracking, you may be surprised to find you spend $50 a month on coffee or long calls to the grand kids. Some expenses are easily trimmed. Cutting back is usually a better place to start than completely cutting out. Be realistic. It will help you to be better prepared for unexpected costs.

Visit **www.practicalmoneyskills.com** to download a free copy of "My Budget Planner" to help you create and maintain your budget. Or, use the budget worksheet on page 12–13.

Monthly Income Worksheet

Write a dollar figure next to each relevant income source. Make sure that the figure you write down is the amount you receive from each income source on a monthly basis.

If you get a salary, be sure to use your take-home pay, not your gross pay. Taxes are usually taken out automatically, but if they're not, remember to include them as another expense. If you receive money from somewhere not listed, enter the source of that money along with the amount under "other income."

INCOME SOURCE	YOUR INCOME	SPOUSE/PARTNER INCOME	TOTAL
Salary/Wages from Employment	$	$	$
Social Security Retirement Benefit	$	$	$
Pension Benefit	$	$	$
IRA Income (Distribution)	$	$	$
Annuity Income	$	$	$
Investment Income (If Same Every Month)	$	$	$
Inheritance/Trust	$	$	$
Other Income	$	$	$
TOTAL MONTHLY INCOME	$	$	$

Monthly Expenses Worksheet

How do you typically spend your money? In other words, how do you live your life every month? The following worksheet divides spending into fixed and flexible expenses. If some of your expenses for one or more category change significantly each month, take a three-month average for your total.

Flexible Expenses These are expenses that can change or adjust in amount.		
Food	Groceries (Average Bills)	$
	Restaurants	$
	Snacks (Coffee, Etc.)	$
	Entertaining (Food and Beverage)	$
	Other	$
Entertainment	Movies, Theater, Concerts	$
	Video Rentals	$
	Cable Television	$
	Sports — Golf, etc.	$
	Vacation, Travel	$
	Other	$
Debt Payments	Debt Payment	$
	Other	$
TOTAL		$

Monthly Expenses Worksheet (continued)

Fixed Expenses These are regular expenses that are roughly the same every month.		
Housing	Rent or Mortgage	$
	Real Estate Tax	$
	Maintenance, Condo/HOA Fee	$
	Lawn and Gardening	$
	Other	$
Utilities	Electric	$
	Gas or Oil	$
	Water/Sewer	$
	Garbage	$
	Telephone, Mobile Phone	$
	Internet Account	$
	Other	$
Transportation	Car Payment or Lease	$
	Gas	$
	Subway, Bus or Train	$
	Other	$
Health	Health Insurance	$
	Regular Prescriptions	$
	Out-of-Pocket Medical Expenses	$
	Fitness Programs	$
	Life Insurance	$
	Other	$
TOTAL		$

Total Flexible Expenses	$
Total Fixed Expenses	$
TOTAL EXPENSES (add flexible and fixed expenses)	$

Total Monthly Income	$
Total Monthly Expenses	$
TOTAL FOR SAVINGS & INVESTMENT (Subtract total monthly expenses from total monthly income)	$

Credit Cards

Take Charge When You Charge

Credit cards can be an important financial asset to you and your family. And like all financial tools, they need to be used carefully. Credit cards offer many features. There is the convenience of being able to buy needed items now and the security of not having to carry cash. You also receive fraud protection and in some cases rewards for making purchases.

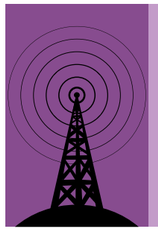
With these features also come responsibilities. You need to manage credit cards wisely by: understanding all of the card's terms and conditions; staying on top of payments; and realizing the true cost of purchases made with credit. Using a credit card is like taking out a loan. If you don't pay your card balance in full each month, you'll start paying interest on that loan.

#15 Choose Wisely

The best way to maximize the benefits of credit cards is to understand your financial lifestyle – your money needs and wants. Once you determine how you'll use a credit card, it's important to understand all of the card's features including:

- Annual Percentage Rates (APRs) and whether rates are fixed or variable
- Annual, late and over-limit fees
- Credit limit on account
- Grace periods before interest begins accruing
- Rewards including airline miles or cash back

You can find more about choosing credit cards and managing credit at **www.practicalmoneyskills.com/creditcards.**



#16 Stay Alert

Some credit card issuers offer free, personalized and automatic alert messages to your phone and email to help you keep track of:

- Available credit
- Balances
- Payment due dates
- Payment histories
- Purchase activity

#17 Compute the Cost

Understand the true cost of your credit purchase. Figure out the total price when you pay with credit based on interest you may pay. Make the largest payments possible on your bill. And know the penalties for missed payments.

Visit www.practicalmoneyskills.com to find resources and interactive tools for managing credit.

#18 Follow the 20-10 Rule

This general "rule of thumb" helps you understand how much credit you can afford. Credit cards are loans, so avoid borrowing more than 20 percent of your annual net income on all of your loans (not including your mortgage). And payments on those loans shouldn't exceed 10 percent of your monthly net income.

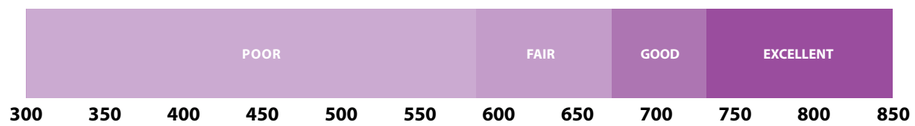
#19 Understand Your Rights

Credit cardholders are entitled to protections:

- Zero liability means you are not responsible for fraudulent charges when you report them promptly.
- In some cases, you have the right to dispute purchases with merchants for unsatisfactory products or services.

#20 Know the Score

We all change over time, and so do our credit scores. These scores are the numerical value used by lenders to assess individuals' "credit risk" at a given time. It changes based on history of payments, amounts owed, new credit and more. Credit scores range in number from 300 to 850. The higher your score, the better.



Credit scores are important because they influence whether you'll be approved for credit cards, mortgages and other loans, as well as the interest rates you're offered. Some of the best ways to keep your scores high are to:

- Pay all of your bills on time.
- Make more than the minimum payment.
- Don't open needless revolving credit accounts.
- Fill out credit applications only when necessary.
- Avoid keeping credit cards at or near the maximum spending limit.

Keep an Eye on Your Credit

For a copy of your free annual credit report visit **www.annualcreditreport.com** or contact one of the three major reporting agencies below:

TransUnion
P.O. Box 2000
Chester, PA 19022
1.800.888.4213
www.transunion.com

Experian
P.O. Box 2002
Allen, TX 75013
1.888.397.3742
www.experian.com

Equifax
P.O. Box 740241
Atlanta, GA 30374
1.800.685.1111
www.equifax.com

The True Cost of Credit Card Purchases

If you don't pay off your credit card balance every month, the interest assessed on your account means you may be paying more than you expect. And if you spend beyond your means, the resulting interest and debt can become significant.

See how much extra you might pay on a $1,000 credit card purchase with varying interest rates.

Total Purchase Amount This is the balance due on your credit card.	$1,000	$1,000	$1,000
Credit Card APR This is the annual interest rate on your credit card.	10%	15%	25%
Monthly Payment This includes paying just the minimum monthly payment, calculated in this example as $40	$40	$40	$40
Number of Months to Pay Off Purchase Amount* This is how long it will take you to pay off the entire balance.	29	31	36
Total Finance Charge This is the total amount of money you will pay just in interest.	$126.02	$206.50	$427.22
Total Cost This is the final amount you will pay for your purchase.	$1,126.02	$1,206.50	$1,427.22

* In general, this assumes that your account has no new charges and that your Annual Percentage Rate does not change.

Visit **www.practicalmoneyskills.com** for a variety of financial calculators.

Money Wise (Special Tips for Those 65 and Up)

Take Credit, Carefully If you retire on a fixed income, it's important to keep debt low. Understand what the minimum payment due on your bill is and always try to pay over this amount. Also, understand if the interest rate on your card is variable and could go up over time, causing the amount you owe and your monthly payments to rise.

#21 Make No Mistakes

Over 13 million people a year find inaccuracies on their credit reports – incorrect late payments, accounts that should have been closed, other people's debt information and more. Report mistakes right away; errors could lower your credit score, costing you money.

You're the one who has to ensure your report is correct. If you find an issue:

- Check the last page of your report — instructions for claim disputes are usually on the last page.
- Contact the credit bureau and report the error immediately.
- Put it in writing – if the issue remains unresolved, provide a letter of explanation and request that it become part of your report.

Personal Identification

This is all the information that uniquely identifies you from another person who may have the same name.

Public Records

These listings show any legal information that may affect your credit ranking.

Collections

Any collection agencies assigned to recover outstanding debts you have will be listed here.

Credit Accounts

Installment loan accounts will be listed here, such as school loans, auto loans and mortgages. Revolving credit accounts will also be listed. These may include credit cards, store cards and gas cards. This gives credit issuers information on your payment history.

Requested Credit Files

This is a list of any companies who have requested information on your credit history. On this example Equifax may have requested information in response to a credit application.

Your Credit Report

Please address all future correspondence to:
Credit Reporting Agency
Business Address
City, State 00000

PERSONAL IDENTIFICATION INFORMATION

Your Name
123 Current Address
City, State 00000

SSN #: 123-45-6789
Date of Birth: July 1, 1958
Telephone Number: (555) 555-5555

EMPLOYMENT DATE REPORTED

Employer Name: Employer 1
Date Reported: 06/2004

Position: Job/Occupation
Hired: 04/2004

PUBLIC RECORD INFORMATION

Lien Filed 03/93; Fulton CTY; Case or Other ID Number-32114; Amount-$26,667 Class-State; Released 07/93; Verified 07/93

Bankruptcy Filed 12/92; Northern District Ct; Case or Other ID Number-673HC12; Liabilities-$15,787; Personal; Individual; Discharged; Assets-$780

Satisfied Judgment Filed 07/94; Fulton CTY; Case or Other ID Number-898872; Defendant-Consumer; Amount-$8,984; Plaintiff-ABC Real Estate; Satisfied 03/95; Verified 05/95

COLLECTION AGENCY ACCOUNT INFORMATION

Pro Coll (800)XXX-XXXX
Collection Reported 05/07; Assigned 09/04 to Pro Coll (800)XXX-XXXX Client-ABC Hospital; Amount-$978; Unpaid; Balance $978; Date of Last Activity 09/04; Individual Account; Account Number 787652JC

CREDIT ACCOUNT INFORMATION

COMPANY NAME	ACCOUNT NUMBER	WHOSE ACCT.	DATE OPENED	MONTHS REVIEWED	DATE OF LAST ACTIVITY	HGH CREDIT	TERMS	BALANCE	PAST DUE	STATUS	DATE REPORTED
Department St.	32514	J	10/96	36	9/08	$950	X	$0	X	R1	10/08
Bank	1004735	A	11/96	24	5/08	$750	X	$0	X	I1	4/08
Oil Company	541125	A	6/96	12	3/08	$500	X	$0	X	O1	4/08
Auto Finance	529778	I	5/95	48	12/07	$1100	$50	$300	$200	I5	4/08

Previous Payment History: 3 Times 30 days late; 4 Times 60 days late; 2 Times 90+ days late
Previous Status: 01/08 - I2; 02/08 - I3; 03/08 - 14

COMPANIES THAT REQUESTED YOUR CREDIT FILE

09/06/08 Equifax-Disclosure
07/29/08 PRM Bankcard
04/10/08 AR Department Store
08/27/08 Department Store
07/03/08 AM Bankcard
12/31/07 Equifax-Disclosure ACIS 123456789

Source: What If You Find Errors in Your Credit Report. *ConsumerReports.org*. 2007

Debit Cards

Money in the Bank

If credit cards mean "pay later," debit cards mean "pay now." These cards are tied to your bank account and work like you were paying with cash.

With debit cards, you've got to have the money in the bank to cover your purchases. These cards look similar to credit cards so make sure you know what type of card your financial institution issued you.

#22 Stay in Check

Always know your current bank account balance and available funds. And don't forget about checks that haven't cleared your account.

If you're comfortable accessing the Internet, consider opening an online banking account that allows you to manage debit card purchases, checks and bill paying all at once. You'll have a one-stop shop for managing all the ins and outs on your account.

When using a debit card don't forget to:

- Always take sales receipts or copies.
- Record your transactions in your check register as soon as possible or check transactions online.
- Remember to account for any bank fees that may apply.
- Review statements carefully. If you suspect a mistake, call your financial institution immediately. And always follow up with a confirmation letter.

#23 Know Your Limits

Many debit cards have daily spending and cash withdrawal limits. These limits are meant to protect you in case your card is stolen. But remember, your card might be declined if you exceed your limits even if you have enough money in the bank. Know your limits and contact your lender if you need to raise or lower amounts.

Also remember to track your spending. When you make a purchase, withdraw money from your account or pay bills that exceed your account balance, you may be subject to "overdraft fees." Some financial institutions offer overdraft protection, and they'll cover your check or debit transaction so it doesn't bounce. But this protection often comes with a price tag, too. You may be charged a fee for each purchase that uses overdraft, as well as an additional fee for being overdrawn. Balance your account regularly to avoid added fees.

#24 Stop Surcharges

Many banks charge a fee if you use another institution's ATM with your debit card, and they usually charge non-account holders to use their ATMs. Instead of paying extra, choose a bank with ATMs convenient to where you live and work or use your debit card to get cash back when making purchases.

#25 Be Secure

For maximum security, remember to take advantage of free alerts for your debit card. Most financial institutions offer the same free, automatic updates by phone or email for debit cards as they do for credit cards.

Receive customized alerts when:

- ATM withdrawals or any debit card activity exceeds your set dollar limits
- Your online ID or passwords change
- Large transactions are made

#26 Keep a Secret

Your debit card will require a Personal Identification Number (PIN) for security. Choose a unique number. Avoid obvious choices like your address, phone number or birth date.

Always keep your PIN private. Memorize it. Don't write it down anywhere. And never tell it to anyone. If you feel your PIN has been compromised or someone may have identified it, change your number immediately by contacting your financial institution.

#27
Hit the Road, Plan Ahead

Like credit cards, debit cards are accepted at millions of locations worldwide. Remember for your protection, usage across state and international lines can cause a fraud or security alert with your financial institution if it's different than normal spending patterns. If possible, let your bank know your travel plans in advance.

#28
Know When They Hold Them

Some transactions — like hotel stays — won't be immediately cleared. Banks place a "hold" on the transaction when the final amount isn't known.

So, when you go to a hotel and your card is authorized before any long-distance phone calls or room service charges are applied, funds are earmarked to cover potential additional costs. This protects you and the hotel owner. Most transactions have a less-than-24-hour hold, and all holds are removed within 72 hours.

Debit Cards – The Extra Protections

Did you know that many of the same features and protections offered by credit cards are also offered with debit cards?

Zero Liability

This generally means you're not liable for unauthorized purchases made on your debit cards as long as you notify your financial institution immediately. Check with your financial institution to make sure Zero Liability applies to your card.

Funds & Fraud

Federal law mandates that financial institutions replace funds for losses resulting from fraudulent card use within ten business days of notification. However, in many cases, you'll have access to funds within five business days of notification– sometimes sooner.

The Right to Dispute

You have dispute resolution options should an issue arise with a purchase.

Prepaid Cards

An Alternative to Cash

A prepaid card is a card you load with your own money to make purchases anywhere a debit card is accepted. It's a safe alternative to carrying cash and paying check-cashing fees. In lieu of traveler's checks, prepaid cards can be good options for traveling. They're also a popular gift-giving idea because recipients can use them for whatever they want, and they're widely accepted.

#29 Go Direct

Prepaid cards can offer security and convenience. With prepaid cards, it's possible to eliminate check-cashing fees, and get immediate access to your funds by directly depositing your paycheck, tax refund or other income on to a prepaid card.

#30 Remember the "Holds"

Just like debit cards, prepaids can have "holds" on your funds. Hotels and some merchants may verify you have enough money on your card for the bill. They may make the amount temporarily unavailable for other purchases.

Money Wise

(Special Tips for Those 65 & Up)

Prepare for Prepaids

When choosing a prepaid card, make sure you:

- Ask if you can put money on the card yourself, how to do that, and what it costs.
- Get information about where and how you can use the card.
- Find out if your prepaid card comes with monthly statements and how you can check the balance over the phone or online.
- Understand all associated fees for services like activation, monthly maintenance and balance reloading.

Managing Debt

Don't Wait, Find Your Debt Comfort Zone

If you're in debt, you're not alone. Consumer debt in America is at an all-time high. It's important that everyone know their own "debt comfort zone" and understand that it can change at different times during your life. It's especially important to take responsibility for our money as we face life events like: retirement; care giving for elderly loved ones and spouses; and changes in our own health and abilities.

No one wants to be retired and deep in debt. There are some basic steps to help motivate you. You may be scared or overwhelmed. That's natural. But don't wait. Taking charge of your finances will make you feel better – you'll have less worry and anxiety.

#31 Admit the Problem

If you feel deep in debt, admitting it may be difficult but it's important to tackle any problem early before it gets out of control. Here are some warning signs…

- Next month's bills are here before you paid last month's.
- You get frustrated when you pay bills – there are more than you thought.
- You know what past-due notices look like.
- You avoid opening letters and answering the phone.
- You rarely keep a running balance of spending.

It's Okay to Ask for Help

There's help available when you're in trouble. If you think you're falling seriously behind, credit counseling resources are available at little or no cost.

National Foundation for Credit Counseling
1-800-388-2227
www.nfcc.org

The Federal Trade Commission
www.ftc.gov/bcp/menus/consumer/credit/debt.shtm

Consumer Credit Counseling Service
1-800-388-2227
www.cccsatl.org

Money Wise (Special Tips for Those 65 and Up)

Don't Deny Debt You're ready to live the good life of retirement, free of work and worries. But don't ignore debt you may be carrying. Now is the time to pay down debt as quickly as possible. Bringing large amounts of debt into retirement when your income is reduced can put your golden years at risk.

For more on managing debt, **visit www.practicalmoneyskills.com.**

#32 Write it Out

Do you actually know how much debt you have? Many people don't. Start by making a list of everything you owe, whether it's a mortgage, a credit card or even student loans you took for the kids' education. Write down:

- The lender name
- The amount you owe
- The term of the loan
- The interest rate and fees

Then total them up. The numbers will probably make you worry, but you've already made a positive step.

#33 Think Three Years

Reducing debt is like losing weight. You're not going to lose 50 pounds in a month. You need realistic goals in reasonable timeframes. Same with debt. Most people take four to five years to become debt free. So aim for three years. It's not too long or too short.

#34 Cut and Heal Spending

The best way to save money is to stop spending it. Cutting spending is the fastest way to reduce debt load. It's literally like a surgical "cut" of your finances. And once you start healing, you'll notice that your attitude, relations with others, emotions and sense of humor get better, too.

#35 Just Walk Away

You don't have to add to your debt load with additional purchases. Remember, you can find a bargain on a new digital camera, but if you don't pay it off for three years, the money you "saved" won't matter. When you feel inclined to buy, just walk out of the store or get up from the computer when the purchase doesn't fit with your budget.

#36 Bring in More

If you can reduce spending, you can also bring in more money. Think about creative ways to retain your income — consider a part-time job with a friend doing something you'd enjoy. Or think about making additional money out of a hobby — market craft talents, cooking skills or home-improvement abilities.

#37 Ask for Help

If you're in over your head and having a hard time making changes, get help. The National Foundation for Credit Counseling (www.nfcc.org) offers information on financial and consumer topics. Their member agencies can help with:

- Reviewing income
- Setting up a realistic personal budget
- Negotiating with creditors to arrange reduced payments on bills
- Planning for future expenses

Identity Theft

Keep Your Identity to Yourself

There's a national identity crisis in the works — and not the existential kind. It's identity theft that's plaguing many Americans. Every minute of every day, 17 people in the United States have their identity stolen.[1] That's as many as 9 million people each year. Identity thieves try to access your personal information in order to steal money from your accounts, open new credit cards, apply for loans and commit other crimes — all using your identity. Learn how to protect yourself.

#38 Refuse, Politely

Give out your personal information on a "need-to-know" basis. Don't be afraid to politely refuse to divulge unnecessary info, like your account or Social Security numbers unless you initiated the contact and know with whom you're dealing.

#39 Be Savvy About Scams

Keep up to date on new ways identity theft is being committed — like "phishing" — and learn how to avoid those traps. Pay close attention to unexpected requests for account information. Never give out your personal information over the phone unless you initiated the call. And never respond to emails saying you've won a contest or for an overseas business proposition or with links that ask you to complete personal information about online accounts.

#40 Get Secure

Bank statements, credit card offers, and anything else that contains account info should be shredded before you recycle it. And consider getting a secure mailbox as well.

#41 Stay in Check

Check your statements and credit report often. The sooner you discover fraudulent charges, the less damage can be done. Ensure your security by taking the following measures:

- Sign up for the "Do Not Call" list to stop getting telemarketing calls. You can register by calling 1-888-382-1222 or visiting www.ftc.gov/donotcall
- Remove your name from mailing lists to reduce solicitations by visiting www.dmachoice.org
- Keep all personal files locked up
- Don't carry your social security card in your wallet or purse
- Inquire about identity theft insurance offerings at your financial institution
- Check your credit reports often for mistakes or fraudulent charges

1. Chatzky J, Help! My Identity's Been Stolen. *PracticalMoneySkills.com*. 2008

Money Wise
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Secure Your Social Security Number

It's important to know that the Social Security Administration can't fix your credit record if someone has misused your Social Security number (SSN) to obtain credit. It's your responsibility to resolve any problems by contacting the institution that unknowingly opened the fraudulent accounts. And you need to contact one of the three credit reporting agencies listed in the Credit section.

For more resources and information on fraud and identity protection, contact the Federal Trade Commisson. Call toll-free at 1-877-IDTHEFT or visit **www.ftc.gov/bcp/edu/microsites/idtheft/**

Suspicious Signs

If your personal information has been stolen or your identity has been compromised, the Federal Trade Commission recommends that you watch for the following signs:

- You may not get certain bills or other mail on time, which could indicate someone has taken over your account and changed the address to cover tracks.
- You receive credit card or other offers you didn't apply for.
- You're denied credit, or are offered less favorable credit terms, like an unexpectedly high interest rate, for no clear reason.
- You receive calls or letters from debt collectors or businesses about merchandise or services you didn't purchase.

For more on identity theft protection and what to do if you think you're a victim, visit the Federal Trade Commission at **www.ftc.gov.**

Caregiving

The Sandwich Generation Squeeze

More than one in every eight Americans aged 40 to 60 is both raising a child and caring for a parent.[1] Many people are "sandwiched" between raising young families and caring for older loved ones, placing some in an unprecedented financial strain.

#42 Have the Talk

Caring for an aging loved one is tough. But if you take a little time to make three simple plans with your loved one, the process can be less stressful:

Financial Plan
Take inventory of everything: your loved one's income, assets and liabilities, and remember to consider interest and inflation rates.

Relocation Plan
Where will you and your loved one live? This decision is based on finances, physical abilities and personal temperaments. Remember to factor in living expenses, taxes, housing maintenance, climate, and proximity to family and a support network.

Estate Plan
Organize your loved one's assets so that when they die they pass on as much as possible. Estate taxes can be costly and complex, so seek advice from estate planning attorneys.

#43 Get a Letter of Instruction

This is not a legal document, but a list of important instructions for the caregiver: contact details for all family and friends, lists of assets and liabilities, insurance policies, and all financial accounts.

#44 Write Wills

This designates who will receive major assets after the person you're caring for dies. And complete a "living will." This expresses the person's wishes regarding medical resuscitation measures and artificial life support. And in stressful times, it ensures that you honor your loved one's requests.

For more on legal issues related to caregiving and eldercare, visit our website at **www.practicalmoneyskills.com/eldercare.**

#45 Establish Power of Attorney

If people under your care can't make decisions for themselves for any reason, you need power of attorney to make decisions for them. There are two kinds: durable power of attorney for legal and financial decisions; and healthcare power of attorney for healthcare and medical decisions.

Money Wise
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Medicare 4-1-1

If you or someone you care for is 65 or older, or disabled, you need the 4-1-1 on Medicare. Medicare is the health insurance program administered by the US government. There are four key parts:

Part A, for hospital insurance. For anyone over 65 or who paid Medicare taxes for at least 10 years, Part A is free and helps pay for hospital stays, nursing facilities and more.

Next is Part B — for doctor, outpatient and clinical services. This is optional insurance that supplements anything not covered in Part A. You have to pay a monthly premium based on your income. A lot of services are covered, but it's always smart to check with Medicare before you visit a new doctor.

Part C is known as Medicare Advantage. Formerly Medicare + Choice, it lets people receive Medicare benefits through private insurance plans like HMOs and PPOs. It's ideal for anyone who needs the flexibility of a private insurance plan.

Finally, there's Part D for prescription drugs. This helps members pay for part or sometimes all of prescription drug costs. It's optional and requires a monthly premium.

For more information on Medicare, visit **www.medicare.org**.

1. Johnson A, et al, A Generation Caught Between Two Others. *MSNBC.com*. 2007

Plan for the Unexpected

Be Ready for What Tomorrow May Bring

You can't predict when tragic events will strike, but you can plan for them. The key to getting through these tough times is to take steps to protect you and your family. Consider that in this country nearly 57 percent of people don't have a will, and an equal number don't have a rainy day emergency fund.[1]

In addition to applying all of the tips found here to your own finances, follow these important steps today to prepare for whatever tomorrow may bring.

#46 Clean House

Get your financial house in order, that is. As if you needed another reason to shore up your financial situation, try this one: It'll give you some breathing room when you most need it. And let your children or trustees know where all important documents are.

Personal finance expert Jean Chatzky offers more useful tips about how to "Organize Your Financial Life" at:
www.practicalmoneyskills.com/jean

#47 Build an Emergency Fund

Set aside money every month for this. You should have at least three months' living expenses available to you. Six months is even better. And make it liquid - your emergency fund isn't like your retirement savings. You should keep it in a savings account or a money market fund—somewhere where you can access it on short notice. Hopefully you'll never need this money. But if you do, you'll be glad it's there.

#48 Lose Work, Find Work

If you lose your job, your first step is to take care of yourself. Hopefully you already have an emergency fund set aside, but you'll want to negotiate the best severance package you can from your former employer, and if it's a layoff, get letters of reference from supervisors.

Your next step is to get back on the horse. Use online job sites, talk to a headhunter or contact an outplacement counselor. Most importantly, keep yourself networking. Go to industry events, put the word out that you're looking for work. Get your name in front of as many people as you can. You never know who has a friend who's looking to hire.

#49 Manage Through Loss

The death of a spouse or partner can be devastating. Sudden losses can be even harder. If your spouse or partner managed the majority of the financial responsibilities, even just paying bills can seem overwhelming. But you can work your way through it. It is manageable.

Try not to make any long-term decisions right away. Take your time. Gathering the proper paperwork is the first step in settling your spouse or partner's affairs. Start with the following:

Death Certificate
The death certificate will be needed for many financial procedures you will encounter.

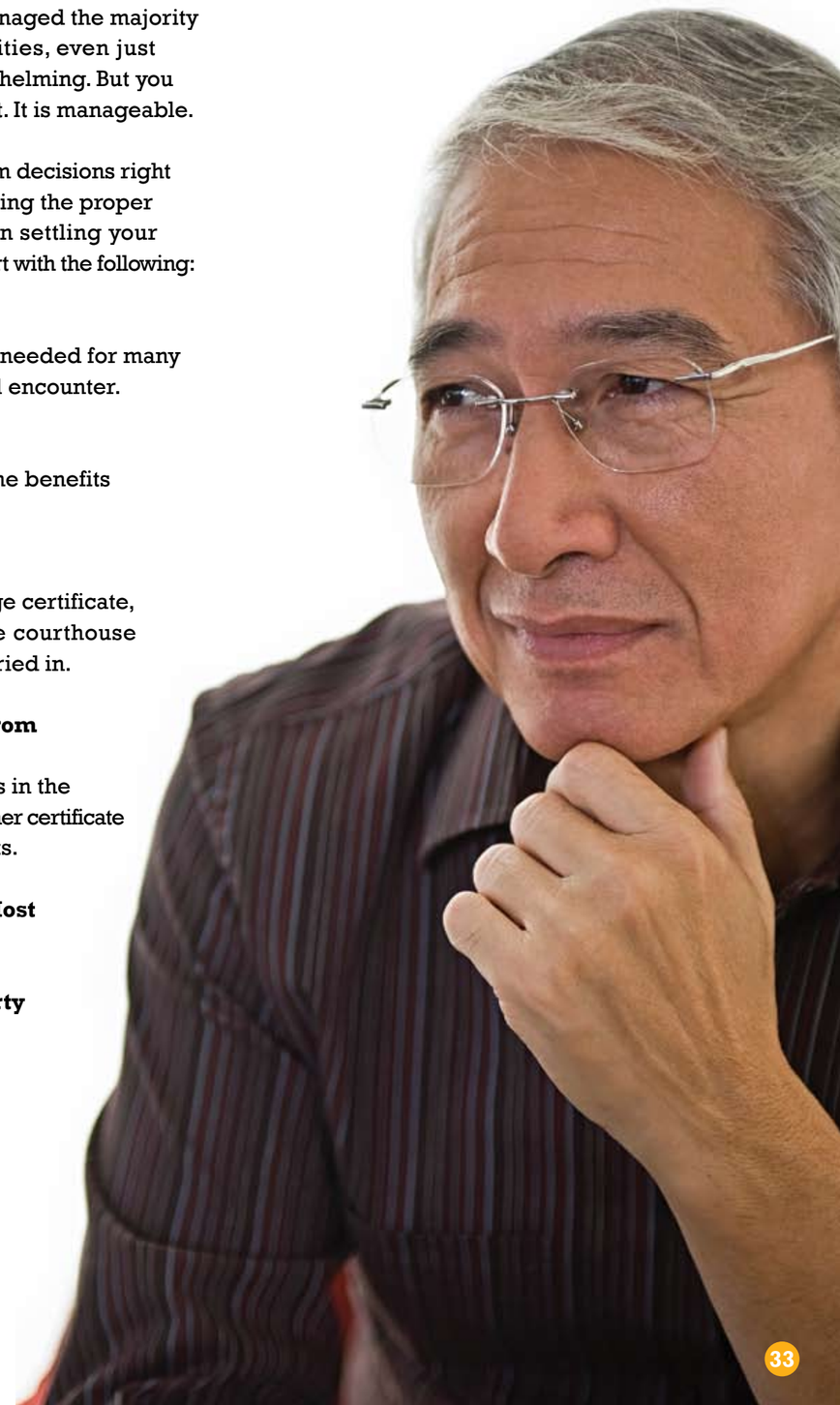
Insurance Policies
These will help you determine benefits you are entitled to.

Marriage Certificate
If you can't find your marriage certificate, you can get a copy from the courthouse of the county you were married in.

Certificate of Discharge From the Military
If your spouse or partner was in the military, you may need his or her certificate of discharge to collect benefits.

Your Spouse or Partner's Most Current Will

Complete List of all Property



1. Chatzky J, Budget Building: Live Happily Within Your Means. *PracticalMoneySkills.com*. 2008

#50 Just Get Yourself Free

This is the time of your life. Free yourself of financial worry. Make a new plan today. Hop on board. You deserve it.

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