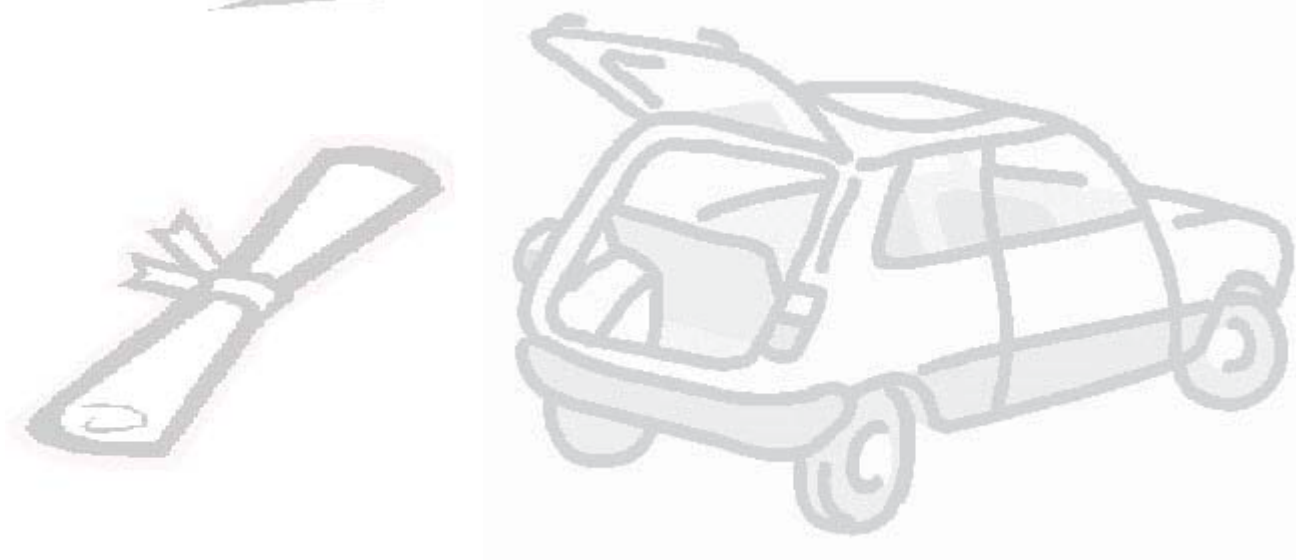


Your Family's Money

Simple Ways to Build a Better Future

A Handbook for Windham County Families



Connecticut Association for Human Services



Connecticut Association for Human Services
110 Bartholomew Avenue – Suite 4030
Hartford, CT 06106
(860) 951-2212

The Connecticut Association for Human Services (CAHS) works to reduce poverty, strengthen families, and reconnect communities through advocacy supported by outreach, research, and education.



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Published by
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Hartford, CT

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Foreword

Your Family's Money: Simple Ways to Build a Better Future is a new addition to CAHS' series of handbooks devoted to Family Economic Security. This new Windham County handbook focuses on building assets, education, credit, money management, and planning. CAHS would like to thank the Liberty Bank Foundation for its commitment to Connecticut's families and for its support of the development of this handbook.

CAHS has published two additional books in the Family Economic Security series: **Your Family's Money II: Managing Debt & Credit** and **Your Client's Money: Practical Tools to Promote Family Economic Success**. Additional copies of these handbooks are available by contacting CAHS at (860) 951-2212, ext. 222 or info@cahs.org.

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What Are The Important Parts?

1) Building assets – Assets are different from income.

Income is how much you or your family earns. Assets are things such as a home, car, retirement account, or savings account. Assets are used to measure the wealth of people or families. Two families can have the same income but the family with assets is said to have more wealth than the family without assets even though they make the same money.



2) Education – A good education is the best investment of all.

Education is the key to getting a good job. The time spent studying and the money spent on education will come back to families as better jobs and better opportunities.

3) Using your money - Think smart when you use your money.

Every time you spend your money you make a choice. Knowing what's a smart way to use your money and what's not will help you and your family to have more money left to build assets. Some of the parts of thinking about your money include:

- \$ Why it is important to save – even if you think you can't.
- \$ Making your credit work for you.
- \$ Why using check cashers and rent-to-own stores is not a good idea.
- \$ Other ways you can be in control of your money.

4) Planning – Making a plan can help you reach your goals.

Take the time to write down what your goals are and to figure out what you will need to do to reach your goals. Making a written plan will also help you decide what things you need to do right away and what things can be done later. Putting things in writing can also give you a clear picture of what you spend and make it easier to see where you can cut back so you can save.

Libraries can help you find books or internet sites that can give you more information on the topics in this book.



Building Assets -

Assets can be left to your children as an inheritance.

Assets are something you can borrow against when you need money.

Assets can be money, a home, or investments.



Saving For Your Future -

Why is it important to save?

- Saving money can give you and your family a “cushion” when you have unplanned bills or if you lose a job. It’s a good idea to save enough money so that you can pay your bills for three months.
- If you save money to buy something, such as new furniture, you will be able to buy at a store that has furniture on sale and end up with more money for your family.
- Regular saving can give your family the chance to own a home, buy a car for work, get a better education, or start a business.

What kinds of savings are there?

- Many banks and credit unions now have starter savings accounts.
- You can buy U.S. Savings Bonds at any bank. They take several years to earn all they will be worth but they are a safe way to save.
- Some community agencies or employers have new savings plans called “Individual Development Accounts (IDAs).” These plans can only be used for certain things, like buying a house or saving for school. The great thing about IDAs is that your savings are matched. For example, if you are in an IDA program with a 2 to 1 match, every \$1 that you save earns another \$2. Plus, you go to class about how to handle your money.
- Some employers offer savings plans called 401(k) plans to save for retirement or you can put money in an “IRA” plan at your bank. You might even be able to take an income tax deduction.

Who needs savings? EVERYBODY!

- Just a few dollars saved every week will add up.
- Having savings makes you less dependent on others.
- Having savings lets you make more choices.
- Saving can change your family’s life.



Before you pay everybody else, pay YOURSELF first by saving.

Check out your local bank or credit union – compare their savings plans.

Get some good information at your public library.

Start a regular savings plan and stick to it.

Windham County Neighborhood Banks and Credit Unions

How should you choose a bank or credit union? First, figure out what kind of services you need and check the prices. Shop around and think about your future needs. After you know what you need, then think about things like location, number of ATMs, and branch hours. Call or visit your local bank or find out about them on the internet.

Bank of America (800) 841-4000 (All Branches) www.bankofamerica.com
1589 West Main Street, Willimantic
304 Main Street, Danielson
1085 North Main Street, Killingly
28 Main Street, Moosup

Charter Oak Federal Credit Union www.charter oak.org
1315 Main Street, Willimantic (860) 962-3237 x102
589 Hartford Pike, Dayville (860) 446-8085

Membership is open to persons who live, work, worship and attend school in New London and Windham County.

Citizens National Bank www.cnbct.com
182 Main Street, Putnam (860) 928-7921
835 Riverside Drive, N. Grosvenordale (860) 923-9559
148 Route 171, Woodstock (860) 928-6581
3 Central Street, Danielson (860) 774-7733
13 Canterbury Road, Brooklyn (860) 779-5025

Citizens Bank of Connecticut www.citizensbank.com
16 Railroad Avenue, Plainfield (860) 564-3378

Eastern Federal Bank www.eastern-savings.com
14 Lathrop Road, P.O. Box 192, Plainfield (860) 564-0006

Jewett City Savings Bank
490 Providence Road (Route 6), Brooklyn (860) 774-8558

Liberty Bank www.liberty-bank.com
1703 West Main Street, Willimantic (860) 456-5928
679 Main Street, Willimantic (860) 456-5900

New Alliance Bank www.newalliancebank.com
Rte. 198 & County Road, Eastford (860) 974-6012
Killingly Plaza,
1078 North Main Street, Dayville (860) 779-2065

Windham County Neighborhood Banks and Credit Unions

People's Bank

www.peoples.com

Super Stop& Shop,
60 Providence Pike, Putnam (860) 928-3737
Super Stop& Shop,
1391 Main Street, Willimantic (860) 450-0087

Putnam Savings Bank

www.putnamsavings.com

40 Main Street, Putnam (860) 928-6501
100 Averill Road, Pomfret Center (860) 928-0545
125 Wauregan Road, Danielson (860) 779-5880
11 Pratt Road, Plainfield (860) 564-1930

Savings Institute Bank & Trust

www.savingsinstitute.com

803 Main Street, Willimantic (860) 423-4581
60 Cantor Drive, Shaw's, Willimantic (860) 450-0748
9 Proulx Street, Brooklyn (860) 779-0530
180 Westminster Road,
(Route 14), Canterbury (860) 546-9441
563 Hartford Pike, Dayville (860) 779-1863
344 Prospect Street, Moosup (860) 564-3328
Walmart,
474 Boston Post Road, North Windham (860) 450-7037

WestBank

www.westbankonline.com

203 Main Street, Danielson (860) 774-8501
163 Providence Street, Putnam (860) 963-2265
7 Providence Pike,
Stonewall Common, Putnam (860) 928-0855
Route 171, Woodstock (860) 963-4663

Using Your Neighborhood Bank

Start with a savings account

Many area banks and credit unions offer starter savings accounts that don't have to have a minimum amount in them. Set up a savings plan such as \$1 or \$5 a week and stick with it. You can also try ways to save extra money by putting in money you won't miss:

- \$ At the end of each day put all your loose change in a jar. Once a week add the loose change to the amount you already planned to save.
- \$ Bring your lunch to work more often and put the savings in your account.
- \$ Make coffee at work or get a thermos bottle and bring it with you – put the savings in your account.



Checking accounts don't cost as much as you think!

Most banks and credit unions have starter checking accounts that are either very low-cost or free. These accounts cost less than check cashers as long as you're careful. Any bank will show you how to use a checking account. If you are careless with a checking account it will cost you extra fees, but if you carefully log everything in and balance your account every month, you will save money. You also will not have to spend time and money going to check cashers and it costs a lot less to write checks than it does to buy money orders. PLUS, you will get to know the people at your bank and they will know you.

Additional Bank Services

Most banks and credit unions provide other services for free or for low cost.

- \$ **Direct Deposit** – You may be able to have your paycheck or benefit check electronically transferred and directly deposited into your savings or checking account.
- \$ **Money Order** – Your bank may be able to send money to banks outside the U.S. and for less money than it would cost to use a company like Western Union or Money Gram.
- \$ **Wire Transfer** – Your bank may be able to send money from one bank to another cheaper than if you used a company like Western Union or Money Gram. Most banks can send money outside the U.S.
- \$ **Telephone Banking** – Using the telephone you can check your account balances, transfer money between accounts, stop payment on a check, or report a lost or stolen ATM, debit or bank card.
- \$ **ATM** – You can use an ATM (Automated Teller Machine) for many services. You can use an ATM to deposit, withdraw, or transfer money 24 hours a day. If you use another bank's ATM, you may be charged a fee.
- \$ **Debit Card** – Sometimes called a "Check Card", you can use a debit card to pay for things just like a credit card. When you use a debit card, remember, the money comes out of your bank account right away, and you can be charged a fee.
- \$ **Loans** – Your bank will charge you fees and interest to borrow money, but it is usually much less than if you bought something from a rent-to-own store. Talk to someone at the bank for more information about loans offered at your bank.



Important Tax Resources - EITC and VITA

Volunteer Income Tax Assistance (VITA) Program www.irs.gov/individuals/article/0,id=107626,00.html

The VITA Program offers free tax help to low- to moderate-income (\$37,263 and below) individuals and households. VITA sites use certified community volunteers to help residents file income tax returns including special credits, such as Earned Income Tax Credit (EITC), Child Tax Credit, and Credit for the Elderly. Sites offer electronic filing (e-filing), which shortens the amount of time it takes to receive a tax return. Individuals who e-file and have their refund deposited directly into their bank account will receive it in 8 to 10 days. VITA sites can be found at community and neighborhood centers, libraries, schools, shopping malls, and other convenient locations. To locate the nearest VITA site dial 2-1-1 INFOLINE or (800) 829-1040.

The following are the items clients need to bring to the VITA sites to have their tax returns prepared:

- Photo identification, Social Security cards for client, spouse and dependents
- Birth dates for primary, secondary and dependents on the tax return
- Current year's tax package, if one was received
- Wage and earning statement(s) Form W-2, W-2G, 1099-R, from all employers
- Interest and dividend statements from banks (Forms 1099)
- A copy of last year's Federal and State returns if available
- Bank routing numbers and account numbers for direct deposit
- Other relevant information, such as, total child care paid per child and child care provider's identification number.
- When filing a joint tax return electronically, both spouses are required to sign forms.

Earned Income Tax Credit (EITC)

www.irs.gov/eitc

The Earned Income Tax Credit (EITC) is a refundable federal income tax credit for low-income working individuals and families. Since its creation in 1975, the federal EITC has been greatly expanded in recent years and is recognized as the single most important policy that provides a path out of poverty. Eligible households could get up to \$4,400 from the EITC (earning less than \$37,263 per year).

Eligibility Guidelines: Individuals and families who work and have earned income in 2005 under:

- \$11,750 (\$13,750 if married filing jointly) if there is no qualifying child
- \$31,030 (\$33,030 if married filing jointly) if there is one qualifying child – eligible for a credit up to \$2,662
- \$35,263 (\$37,263 if married filing jointly) if there is more than one qualifying child – eligible for a credit up to \$4,400
- Must have a **valid social security number**
- Investment income cannot be more than \$2,700 (such as interest from savings, tax-exempt bonds, or dividends)
- Filing status can be any **EXCEPT** "married filing a separate return"
- Cannot be a qualifying child of another person. If filing a joint return, neither the filer nor spouse can be a qualifying child of another person

Refund Anticipation Loans (RALs)












Most paid tax preparers offer clients a loan in anticipation of their Federal tax return. After a client pays to have their taxes prepared they fill out a RAL application, which is typically offered by a local bank. Out of their anticipated refund the bank will deduct fees and interest rate expenses (in Connecticut interest rates on RALs range from 40-60%). As an alternative to RALs, clients who file their tax returns electronically will receive their **FULL** tax return in **10 DAYS** without paying preparation fees and high interest rates!

Renting vs. Buying







Should I keep renting or buy a house?



There are good and bad sides to both:




	The Good Side	The Bad Side
Buying a House	<ul style="list-style-type: none">  You own something that has value after you make your monthly payment.  You can make changes to the house or yard whenever you want.  You don't have to depend on a landlord to take care of the property.  You might get a tax deduction. 	<ul style="list-style-type: none">  You could lose your house if you don't make the payments or pay the property taxes.  You are responsible for taking care of the property.  It's not as easy to move.
Renting	<ul style="list-style-type: none">  You don't have to take care of the house or yard. 	<ul style="list-style-type: none">  You don't get any tax deductions.  You don't own anything of value after you pay your monthly rent.  Your rent can be raised and you can be evicted.

Is my family ready to buy a home?

-  Is my family's income steady?
-  Have the people in the family who will need the loan been working for 2-3 years?
-  Does our family have good credit?
-  Are we able to pay our bills?
-  Can we afford the mortgage AND all the other things like insurance and repairs?
-  Do we have any money saved for a downpayment?

**If you said "yes" to these, you may be ready to buy a home.
If you said "no" to any, you need to work on getting better on those.**

First steps:











-  Get a copy of your free credit report so you can correct errors or work on weak spots. (See the page called "Credit Repair" for addresses and phone numbers.)
-  Visit a local bank. They have a way for you to see how big a loan you can pay for.
-  Visit the library for more information. Use their computers to visit helpful web sites like www.fanniemae.com

Buying a House

You've made the decision to buy a house. If you've spent some time planning and saving, you probably have put together a downpayment. If you don't have much saved for a downpayment, there still may be ways you can buy a house. If you've decided you're ready to start looking, here are some tips and some places to get good information.



What are some of the words you'll need to know? These are just a few:

-  **Broker** – A mortgage broker is in business to help a buyer find financing. A broker can be a lender or a real estate agent. A broker wants to make money and is not necessarily looking out for the best deal for the buyer, so choose a broker carefully.
-  **Closing costs** – The charges for the actual transfer of the house from one person to another. These costs have to be paid when you sign the papers, are not part of the monthly mortgage payment, and can be quite costly.
-  **Conventional Loan** – A mortgage loan that can be “conforming” or “non-conforming.” “Conforming” conventional loans adhere to strict federal guidelines, while “non-conforming” loans have no set guidelines and lenders have control of requirements.
-  **Downpayment** – The downpayment is the part of the home's price that the buyer pays. The larger the downpayment, the less money has to be borrowed.
-  **Fixed Rate Loan** – A mortgage loan that has a payment amount and interest rate that stays the same for the term of the loan.
-  **Mortgage Payment** – Your monthly mortgage payment usually has four parts: principal (the amount you actually borrowed), interest (the monthly finance charge for the loan), taxes (most lenders ask you to pay your property taxes as part of your monthly mortgage payment), and insurance (insurance on the property that is paid as part of your monthly mortgage payment).
-  **Point** – A point is a dollar amount that equals 1% of the loan. It is a fee that is paid to the mortgage broker or the lender and is often tied to the interest rate. For example, 2 points on a \$50,000 mortgage is \$1,000.
-  **Pre-Approved** – A lender has already agreed to a mortgage. You will know how much you can spend and sellers will know you're serious.
-  **Pre-Qualified** – A lender gives an informal, basic idea of what you might be able to afford, if all information is verified. It is not the same as being pre-approved.
-  **Variable Rate Loan (sometimes called Adjustable Rate Mortgages)** – This kind of mortgage loan has an interest rate that might change during the term of the loan.

There are several websites that have “mortgage calculators”. These calculators will allow you to figure out a monthly mortgage payment you can afford. Try www.fanniemae.com, <http://houseandhome.msn.com/homes/homesoverview>, or www.hud.gov/buying/index. These web sites will also give you lots of useful information. Your bank or credit union will also give you this information. You might consider taking a home buyer education course. After all, this is probably the biggest purchase you'll ever make so it's smart to get as much information as you can.



Home Buyer Education

Why would I need home buyer education? Buying a house isn't easy.

There are contracts, mortgages, special terms (like "points"), lawyers to be hired, inspectors to be hired, real estate people to deal with, deadlines, and lots of other likely headaches. Your best weapon in this battle is to come armed with education so you'll know what the steps are and be able to make smart choices. Making the wrong choice on a mortgage can cost you a lot of money so spend some time on home buyer education. Some programs also offer special deals - plus you get to ask questions!

Home buyer education classes for the Windham County area:

Catholic Charities

115 Ash Street, Willimantic
860-423-7065
331 Main Street, Norwich
(860) 889-8346

Services: pre-purchase/home buyer education, credit, default/foreclosure, landlord, and mortgage delinquency, default resolution counseling, renters assistance, and money/debt management

Consumer Credit Counseling Service (CCCS) of Southern New England

290 Salem Turnpike, Norwich
(800) 208-2227 Language: English, Spanish

Services: HECM Counseling, Default/Foreclosure, Rental, and Pre-Purchase

People's Bank

(800) 772-1090
www.peoples.com

Services: free home buyer education programs

Shiloh Development Corporation

3 Garvin Street, New London
(860) 443-4462

Services: post-purchase/home buyer education , and renters assistance

In addition to these counseling services, there are several online home buyer education tools available: Bank of America, www.bankofamerica.com, Fannie Mae, "homepath" at www.fanniemae.com, and the "homebuyer" section at the Dept. of Housing and Urban Development (HUD) at www.hud.gov.

Special Programs For Home Buyers



There are several programs available to help low- and middle-income home buyers. Some are available statewide and others are special programs designed for people interested in buying a home in Windham County.

- ✦ **Willimantic Housing Authority** – Provides programs for residents of Windham County. For Homeownership and Family Self-Sufficiency programs contact Lori Villorio at (860) 456-2601.
- ✦ **Connecticut Housing Finance Authority (CHFA)** – Low-interest rate loans to assist first-time homebuyers of low to moderate incomes. CHFA may have a special program available that fits your needs. The Downpayment Assistance Program (DAP) is also available to certain borrowers. Call (800) 571-4230, Spanish speakers (860) 571-4352 or www.chfa.org.
- ✦ **Fannie Mae HouseConnecticut** - Fannie Mae offers a range of loan programs including: Flexible 97 and Flexible 100 programs, HomeStyle Renovations Program and the Community Solutions program for teachers, police officers, firefighters, and healthcare workers. Call (860) 244-1240.
- ✦ **Habitat for Humanity of Windham Area** – Offers interest-free loan to qualifying families to purchase a home. A 1% down payment and 150 hours of sweat equity (labor relating to Habitat projects) are required to obtain the loan. Average expenses for a Habitat house are \$500-550 a month. Interested persons should call (860) 423-7142.
- ✦ **Individual Development Accounts** – Special “matched” savings accounts geared for homeownership are available through: Access Agency, 1315 Main Street, Willimantic, (860) 423-2733

These are only some of the programs available. The Connecticut Housing Finance Authority (CHFA) website at www.chfa.org or the Fannie Mae website at www.fanniemae.com are two of the best sources of information.

Education -

A good education is the key to getting a good job.

Everybody can afford to improve his or her education.

If you improve your education, your children are more likely to succeed in school.

Higher Education Is For Everybody!

Do you mean everybody should go to college? No, what everyone needs is higher education! Higher education isn't just college, it's getting the skills for a better job. There are lots of higher education programs in or near Willimantic. Higher education includes college, nurse's training, learning to be a plumber, or other technical jobs.



How do I find out about different kinds of training and how I can pay for school?

If you're still in high school, talk to your guidance counselor. Most guidance offices have loads of information on colleges, technical schools, and training programs. Guidance offices also will have computers so you can visit many of the helpful web sites. If you're going back to school, go to your local public library. They have lots of information and computers you can use.

Killingly Public Library - 25 Westcott Road, Danielson - (860) 779-5383

Putnam Public Library - 225 Kennedy Drive, Putnam - (860) 963-6826

Willimantic Public Library - 905 Main Street, Willimantic - (860) 465-3079

Places you can get more information:

www.ctdhe.org/EEIC - Connecticut Dept. of Higher Education – Education and Employment Center contains information for older and younger students. The web site has many links including links to all colleges and universities in Connecticut. You can also reach them by calling (860) 947-1810, weekdays between 9 a.m. and 4 p.m.

www.cttech.org - Connecticut Regional and Vocational-Technical School System - This web site is good for both high school and adult students interested in technical or vocational schools. You can also reach them toll-free at (800) 822-6832.

www.finaid.org - The Smart Student's Guide to Financial Aid – This is one of the best sites for information about financial aid.

www.students.gov - U. S. Dept. of Education - This is a great site for all types of general information for students. There is also a Spanish language link available.



www.back2college.com - Back to College – General information web site for returning or non-traditional students.

www.ed.gov/finaid.html - Federal Student Financial Aid Information Center - U. S. Dept. of Education (Spanish available). You can also call toll-free at (800) 4-FED-AID.

www.fafsa.ed.gov - FAFSA on the Web – Federal financial information and on-line application forms.

Can My Family Afford College?



But doesn't college cost \$30,000 a year?

SOME colleges can cost a lot of money BUT high-priced schools are not the only place you can go. There are ways to find a way to pay for almost ANY kind of education you want after high school. It's not easy, but any student who is willing to work hard can go to school.

College can cost less money than you think!

Most private schools give the most financial aid to the students who need it the most. Also, Connecticut has excellent state university and community college systems. Fill out the "FAFSA" form for the U. S. Department of Education and you may qualify for a Pell Grant (which doesn't have to be repaid) or low-interest student loans. It doesn't cost much to apply to school and you might be surprised about the amount of aid you can get.

How can anyone ever pay off student loans?

It's not easy, but the amount you might have to borrow for school should be more than paid back because you will be able to earn more money. Also, the federal student loan program gives many kinds of help to meet the needs of almost anyone who needs a loan. If you have a hard time with your loan payments, lots of lenders will work with you to work on a payment plan – after all, they want you to be able to pay back your loans, too.

Who can I ask about school?

Lots of people! If you're still in high school, talk to your guidance counselor. Call a college that you might be interested in and ask them what kind of classes they would like you to take in high school to improve your chances of getting into their school. Ask your librarian. If you have a computer or can use one at the library, try going to the U. S. Department of Education's web site at www.students.gov for all kinds of facts. If you've been out of school for a while, there are lots of new programs for returning adults – check it out!

Windham County Area Education Programs



There are many places where adults can go to improve their education. There's no reason why you can't find something to fit your needs!

Literacy – If you know someone who doesn't know how to read or who only reads a little, there are free reading classes in the area:

<p>Windham Family Resource c/o North Windham Family Literacy Program 112 Jordan Lane Willimantic (860) 465-2596</p>	<p>Putnam Family Resource Center 33 Wicker Street Putnam (860) 963-6940</p>
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English as a Second Language (ESL or ESOL) – English classes for adults whose first language is not English. These classes can help you get ready to start school, get a better job, or just make communication easier.

Adult Basic Education (ABE) or General Educational Development (GED) – Basic high school skills leading to a GED diploma.

There are lots of places in Willimantic for ESL, ABE, or GED classes:


<p>East Conn/Community Learning Center 21 Valley Street Willimantic (860) 423-2591</p>	<p>ABE ESL GED</p>	<p>Plainfield Family Resource Center 651 Norwich Road Plainfield (860) 564-6411</p>	<p>ABE GED</p>
<p>East CONN Adult Education 111 Connecticut Mills Avenue Danielson (860) 779-3770</p>	<p>ABE ESL GED</p>	<p>Killingly Family Resource Center Goodyear Early Childhood 22 Williamsville Road Rogers (860) 779-6770</p>	<p>ABE GED</p>
<p>EastConn-Moosup Learning Lab 18 Village Center Circle Plainfield (860) 564-0155</p>	<p>ABE GED</p>	<p>Quinebaug Valley Community College 742 Upper Maple Street Danielson (860) 774-1160</p>	<p>ESL</p>
<p>Norwich Adult Education 182 Cedar Street Norwich (860) 823-4299 x116</p>	<p>ABE GED</p>		

Windham County Area Education Programs

Computer classes – Learn the basic computer skills to help get a better job or go to school. Free classes are available in Willimantic at:

<p>East Conn 21 Valley Street Willimantic (860) 423-2591</p> <p>111 Connecticut Mills Avenue Danielson (860) 779-3770</p>	<p>Town of Thompson Public Library 934 Riverside Drive North Grosvenordale (860) 923-9779</p>
<p>McSweeney Regional Senior Center 47 Crescent Street Willimantic (860) 423-4524</p> <p>Age 60 and older</p>	<p>Town of Windham Willimantic Public Library 905 Main Street Windham (860) 465-3079</p>
<p>Town of Killingly Public Library 25 Westcott Road Danielson (860) 779-5383</p>	<p>Quinebaug Community College 742 Upper Maple Street Danielson (860) 774-1160</p>
<p>Town of Putnam Board of Education 126 Church Street Putnam (860) 963-6900</p>	

Vocational Schools – Offered either through local schools, trade unions, the Department of Labor, or through many job-training programs. Contact these Willimantic programs:

<p>CT Works One Stop Career Center 1320 Main Street, Tyler Square Willimantic (860) 465-2120</p>	<p>Norwich Regional Technical High School 590 London Turnpike Norwich (860) 889-8453</p>
<p>H.H. Ellis Technical High School 613 Upper Maple Street (800) 822-6832 Killingly (860) 774-8511</p>	<p>Windham Technical High School 210 Birch Street Willimantic (860) 456-3879</p> <p>Serves 13 and older</p>
<p>Killingly High School Regional Vocational Agriculture Center 79 Westfield Avenue Danielson (860) 774-8511 (800) 822-6832</p>	

Windham County Area Education Programs

Colleges, universities, and technical schools – Offer a wide variety of programs ranging from non-credit certificate programs to advanced degrees:

<p>Charter Oak State College (Offers on-line & independent studies) 55 Paul J. Manafort Drive New Britain (860) 832-3800 www.cosc.edu</p>	<p>Three Rivers Community College 7 Mahan Drive Norwich (860) 886-0177 www.trctc.commnet.edu</p>
<p>Eastern Connecticut State University 83 Windham Street Willimantic (877) 353-ECSU www.easternct.edu</p>	<p>University of Connecticut 352 Mansfield Road Mansfield (860) 486-2000 www.uconn.edu</p>
<p>Quinebaug Valley Community College 742 Upper Maple Street 729 Main Street (860) 774-1160 Willimantic (860) 423-1824 www.qvctc.commnet.edu</p>	

This is only a partial list of the many education programs available in and around Windham County. Your local branch of the public library has computers for visiting the websites listed above and can give you other information on education or training programs.



Using Your Money -

It is important to build and keep good credit.

You can be in control of your money instead of your money controlling you!

Building and Keeping Good Credit

Having bad credit can mean you can't buy important things like a house or a car. It can also mean that if someone will loan you money, to buy a car for example, it will cost you a lot more money than someone with good credit will pay. The first step toward building good credit is to get a copy of your credit report. The addresses for the credit reporting agencies are on page **22**, titled "Credit Repair." Once you have gotten your credit report and made sure that all the information is correct, you can plan ways to rebuild your bad credit or to keep your good credit. Here are some things that will help:



- ➊ **Pay your bills on time!** This is the single most important thing you can do to build and keep your credit. Pay your bills as early as you can. The credit companies keep track of whether you pay your bills early or at the last minute.
- ➋ If you have no credit and you need to build credit, try putting a large down payment on a purchase and financing the rest of the cost. You could also open checking and savings accounts at a bank and then apply for a small personal loan. Apply for a secured credit card. These work something like the loan described above: You deposit a certain amount at a bank, and in return you're given a Visa or MasterCard with a credit limit about equal to the amount you deposited. You can find a list of secured cards at Bankrate.com. A department store might be more willing to give you a credit card than a national company. Try asking a lender to look at your history of making rent and utility payments as a "credit history" for a small loan.
- ➌ Making no payments on a bill, until you save enough money to pay off a past-due balance, will hurt your credit more than contacting the lender and trying to set up a payment plan. If you are having trouble doing this or you have many problems to be straightened out, consider credit counseling.
- ➍ Identity theft has ruined many people's credit and is a growing problem. When a thief gets your Social Security number, bank account, or credit card information, he or she might make purchases or open accounts in your name. Never give your personal information to someone you don't know or are not sure about. Be extra suspicious of people who ask for information over the telephone if they are not someone you called. For more information, check out the Federal Trade Commission's website at www.consumer.gov/idtheft.
- ➎ No one can have correct information taken off your credit report and **no** one can create a new identity for you. A credit counselor who will do these things is not honest.
- ➏ Always shop around for the best prices or loan rates. Be very careful before you take out any loan that uses your house for security. You could lose your house.
- ➐ Don't apply for every credit card you're offered. Too much available credit will be counted against you if you apply for a mortgage.

Good credit can be the difference between buying a house and living in an apartment.



Credit Cards – What’s All The “Fine Print”?

What you don’t know can cost you! Are credit card companies sending you lots of offers for cards? Wow! They say you’re pre-approved for a high credit line and all you have to do is mail in the reply form?

What’s important? Why?

- ▶ **Annual Percentage Rate (APR)** – The cost of credit written as a yearly rate. Many cards charge different rates when you buy something than they do when you take out cash (a cash advance). Be sure to read the rate **AFTER** you receive a credit card. You might send in a reply for a credit card but be given a card at a higher APR so check the rate before you activate the new card. If it’s not what you want – send it back and cancel the account. If the card is offering an introductory rate be sure to check how many months the rate lasts and check what the APR will be after the introductory period. Some credit cards charge a very low rate for the first 6 months and assume that either you won’t notice the new rate when it goes into effect or you’ll charge so much that you will have to carry a balance regardless of the rate.
- ▶ **Annual fee** - Some credit cards charge you once a year (usually \$25 to \$75) just to have the card. This cost needs to be included in the overall price of the card when comparing offers.
- ▶ **Late-payment fee** – The price for paying your bill late. Not only will you get charged a high price (usually \$25-35) each time you are late but the company might also raise your APR if you are late.
- ▶ **Over-the-credit-limit fee** – The price for letting your balance go over your credit card limit. You should not allow your balance to get close to your credit limit. You will get charged a high fee (usually \$25-35) each time you go over the limit and the company might also raise your APR. **DON’T** assume that the credit card company will not ok a purchase that brings your balance a little over the limit because they make a lot of money by approving purchases and then charging fees and raising rates.
- ▶ **Penalty rate** – The APR charged if you make late payments or go over the credit limit on your account.
- ▶ **“Other”**- Don’t sign up for something you don’t understand or haven’t read. It can cost you lots of money!

Example: The cost of 1 year of credit for an account paid on time and not going over the limit.

	Card 1	Card 2	Card 3	Card 4
Annual fee	\$ 00	\$00	\$50	\$50
Average balance	\$1500	\$1500	\$1500	\$1500
Introductory rate	0%	None	0%	None
#Months intro rate	3 months		3 months	
Final APR	19%	6%	19%	6%
1st Year Card Cost	\$214	\$90	\$264	\$140
Net Interest Rate*	14.25%	6%	17.58%	9.33%

* What the APR would be if some of the extra costs were included (higher if you counted late fees or over-limit fees!)

Making Credit Work for You



Think before you charge it. Is this something I really need or can I wait until I have money? Putting something on a credit card is really just taking out a loan. Is what you were going to buy something you would take out a loan for?

Pay as much as you can every month. Lots of people think they just need to make the minimum payment on a credit card bill. That's what credit card companies WANT you to do because they make lots of money!

Look what you pay if you only make the minimum payment:

Item	Price	APR	Interest Paid	How Much You Really Pay for the Item	Total Years to Pay Off
TV	\$500	18%	\$439	\$939	8
Computer	\$1,000	18%	\$1,899	\$2,899	19
Furniture	\$2,500	18%	\$6,281	\$8,781	34

Source: FDIC Money Smart

- Pay your bills on time - you won't get charged late fees.
- Pay off the cards with the highest interest first.
- Don't carry your credit card if you don't need it.
- Cancel cards you don't need – extra credit will count against you on your credit report if you want to buy something big like a house.

Credit Repair



Remember! There is NO quick fix for credit problems! If you are told that someone can fix your credit if you just pay them \$50 or \$1,000, **don't believe it!** Only time and hard work can repair your credit.

A credit-reporting company keeps your credit history. Credit-reporting companies hold most information for 7 years, 10 years if you've had a bankruptcy. The 3 biggest credit-reporting companies are:

Equifax

P.O. Box 740241
Atlanta, GA 30374
www.equifax.com
(800) 685-1111

Experian

P.O. Box 2002
Allen, TX 75013
www.experian.com
(888) 397-3742

Trans Union

P.O. Box 2000
Chester, PA 19022
www.tuc.com
(800) 888-4213

You can get a free credit report

As of September 2005, you can get one free credit report each year from each of the three credit reporting companies listed above. To get the report for free, go to www.annualcreditreport.com. You also can get a free credit report if you:

- 1) are unemployed and will be applying for a job in the next 60 days,
- 2) receive public welfare assistance,
- 3) have reason to believe that you are a victim of fraud, and
- 4) have been denied credit. If you have been turned down for credit, you **MUST** be given the name of the credit-reporting company.

What if the credit report says some things that are wrong?

The credit reporting company will tell you to send a letter to them telling them which items you think are wrong. **NEVER** send original papers, always send copies and keep a copy of the letter you write. It takes about 30 days for the company to check into your letter. If anything is wrong, the credit reporting company **MUST** correct your credit report and tell all other companies and you can ask them to tell anyone who has asked for your report in the last six months about the changes.

A complete list of state-licensed credit/debt adjusters is available through the Department of Banking. You can call:

Consumer Credit Counseling Service of Southern New England, Inc.

Offices in Cromwell, Danbury, East Hartford, Groton Sub Base, Milford, Norwich, and Stamford
All locations call (800) 208-2227

Using Your Money In Smart Ways Will Give You More Money To Spend!

Shop around for the best deal before you buy.

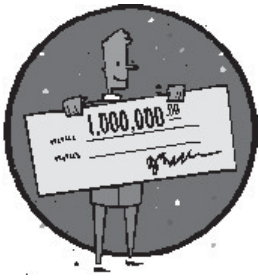
You can save a lot just by reading sale flyers. Try to stick to stores that have familiar names – if you're not sure, call the Better Business Bureau of Connecticut at (203) 269-2700 or visit their web site at www.connecticut.bbb.org to see if the business has any complaints filed against it. You can also contact the Department of Consumer Protection at (860) 713-6300 or on-line at www.state.ct.gov/dcp. This is very important if you are buying something from someone who must have a license. If you're not sure, ask someone you trust if they know about the store.

These are some easy rules to remember:

- ✘ Read all the fine print.
- ✘ Don't buy something just because it's on sale unless it's something you use all the time.
- ✘ Check to make sure what a store's return policy is in case you need to return an item.
- ✘ Watch out for hidden charges like delivery or set up.
- ✘ If a deal sounds too good to be true, it probably is.
- ✘ Beware of salespeople who try to get you to decide fast.
- ✘ Extended warranties are usually not worth the cost.
- ✘ Don't let salespeople talk you into expensive "extras" you don't need.



Do your homework. If you are buying an appliance or other expensive item, see if you can find out about the different brands from a testing agency. For example, Consumer Reports is a magazine that tests items and reports on which items are the best to buy. Consumer Reports also has a web site at www.consumerreports.org. Take the time to go to a public library and see what the consumer magazines say or check the item out on the Internet.



Check-Cashers: A High-Cost Way To Get Your Money!

What's a check-casher?

- ✗ A check-casher is a store that **charges money** to cash checks or money orders.

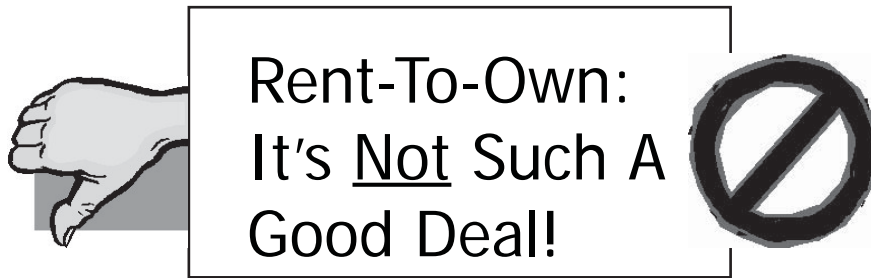
How much can they charge?

- ✗ The State of Connecticut tells check cashers how much they can charge.
- ✗ Most checks and money orders will be cashed for 2% of the total that is on the check. It isn't supposed to cost more. This means all checks from people, the place you work, and U.S. government checks like Social Security. So, it costs \$6 to cash a check for \$300.
- ✗ Check-cashers can only charge 1% to cash a State of Connecticut welfare (TFA) check. So, it costs \$3.00 to cash a welfare check for \$300.

Is there a better way? Yes! Go to a bank!

- ✗ You can cash a welfare check for **free** at Bank of America. Be sure to bring your I.D.
- ✗ **Open your own checking account!** Most banks have low-cost or free checking. Most banks have people that speak Spanish, if you need them, and they all have ways that you can find out how to use your checks. You can get many kinds of checks, like pay checks, welfare checks, Social Security checks, and others put into your checking account (it's called direct deposit). You will save money and not have to stand in line to buy money orders. Having a bank account can help you in other ways, too, like building savings or getting a loan.
- ✗ **Take a money class!** There are free classes at banks and other places that will teach you how to use your money in smart ways. Call your bank to see if they know of any classes near you.





What is rent-to-own? A rent-to-own business rents mostly home goods like furniture, appliances like microwaves or washers and dryers, other home things like TVs or stereos, and jewelry. Often the rent-to-own will let you rent without a down payment or a credit check.

How does rent-to-own work? Rent-to-own businesses rent home goods for weekly or monthly rental prices. A customer can rent an item for a short period of time or can buy the item after renting it. The rent-to-own store delivers and picks up the items.

How much does it cost? If you are planning on buying or renting something, rent-to-own is a high cost way to buy. When you use rent-to-own stores, you have to sign a rental contract (a lease) for the items you are renting, even if you plan on buying them in the future. People pay a much higher rental interest rate at a rent-to-own store than they would if they were buying at a department store or a discount store. Dealers may charge a “processing fee” to sign up (not over \$10). Rent-to-own dealers also will try to get customers to buy a “liability damage waiver” which is just another name for insurance on the thing you’re renting and you probably don’t need it. All these extra fees add up to make the lease cost even more.

Are there laws that cover rent-to-own stores? Connecticut has laws that just cover rent-to-own stores. If you have problems, call the CT Department of Banking, Consumer Credit Division in Hartford at (860) 240-8200. These are only some important parts of the laws:

- ▶ The rent-to-own paper must be written in simple words and you can cancel any time for free.
- ▶ All charges must be listed one-by-one and be easy to read. The total price **MUST** have ALL the charges in it, and the cost to bring the item to your home. The store can’t add things on later. The store must also write how much the payments are and when they’re due.
- ▶ The papers also have to say what the difference is between the price to rent the item and the price to buy it from them. The price to rent something **cannot** be more than 2 times what it would cost to buy it from the rent-to-own store. But, the price to buy an item at this store is probably higher anyway.

Are there better ways to buy? Sure! Start saving at a bank or credit union. If you save every week, you will spend less money than you would if you paid a rent-to-own dealer. You also will be able to buy things when they are on sale and have money left over. You can also start a savings plan for bigger things like a car or a home with the money you save. Many banks and credit unions now have starter savings accounts. If you begin saving money now, the money will be there when you need to buy something and you won’t have to wait. Even if you take out a Consumer Loan, the cost will still be lower. For example:

Consumer Loan	Rent-to-Own
Advertised price = \$500	Advertised price = \$15 per week
10% APR for 1 year	Rented for 1 year (52 weeks)
\$43.96 x 12 months = \$527.52	\$15 x 52 weeks = \$780.00
Savings \$252.48!!!	

Source: FDIC Money Smart

Buying a Car

New Car? Used Car?

- ☛ If you plan on keeping a car for just a couple of years, it is probably best to get a new car because the resale value will be much higher. If you're going to keep a car for a long period (such as 8-10 years) you are probably better off getting last year's model.

Should I Lease or Buy?

- ☛ There are lots of things to weigh so you need to do your homework ahead of time.
- ☛ If you drive a lot of miles every year, you should look at the lease mileage limits.
- ☛ It usually costs more for insurance on a leased car so get a price before you decide.
- ☛ The down payment and the monthly payments on a leased car are lower BUT you don't own the car at the end of the lease.

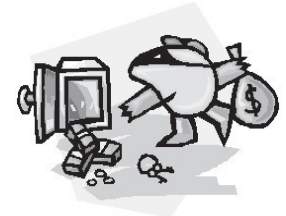
Tips to Save Money:

- ☛ Get a copy of your credit report a few months ahead of time and correct any errors.
- ☛ Arrange for financing before you look for a car. Spending time looking for the best rates will really pay off in the end. Don't assume that dealer financing is the cheapest. Usually you have to have excellent credit to get the low or 0% rates.
- ☛ Figure out what things you really need in a car ahead of time (like 2 or 4 doors).
- ☛ You can find out about different kinds of cars on the Internet. If you don't have a computer, you can get pricing books at the library and you can use their computers. It will save you money if you know what kinds of cars fit your needs, are the safest, and are the best value.
- ☛ Make the biggest downpayment you can. The less you have to borrow and the shorter the payback time, the less money you will end up spending.
- ☛ Get everything in writing. Don't accept verbal promises!
- ☛ Don't be pressured to make a choice. If the salesman won't let you think or read the terms, go somewhere else. Chances are you'll get a better deal.
- ☛ If you leave a deposit, make sure you find out if it can be refunded.
- ☛ Don't buy extras you don't need like service contracts, extended warranties, credit insurance, and other options that are not required and just raise the cost of your loan.

Do your car buying homework and save money!



Beware of Predatory Lenders



Many lenders are honest business people but there are others who are waiting to take advantage of families. The best way to avoid being taken advantage of, and perhaps losing your home, is to know how dishonest lenders work and to stay away from them. Use extra care on home equity loans or debt consolidation loans.

Avoid any lender who:

- ❶ Offers you a “bargain loan”, takes applications over the phone, guarantees you a low-interest loan, or asks for fees up-front to get you a loan.
- ❷ Pressures you into signing papers you don’t understand or asks you to sign blank papers to be filled in later.
- ❸ Tells you that a loan offer is only good for a short time to keep you from shopping around.
- ❹ Shows up at your house or calls you with offers unless you called them first. Most good lenders don’t do business this way.
- ❺ Won’t answer all your questions or tells you “don’t worry about it” when you ask a question or won’t give you copies of things that you’ve signed.
- ❻ Tries to get you to borrow more money than you need or sets payments higher than you can afford to pay back.
- ❼ Tells you to write false information on a loan application because you’ll have a better chance of getting the loan.
- ❽ Has you apply for one set of loan terms but gives you another set when it’s time to sign.
- ❾ Packs your loan agreement with lots of extra fees and tells you they are all “required.”

What steps can help find a good lender?

- ❶ Do some homework. Visit the Fannie Mae Foundation’s website at www.homebuyingguide.org for free information to guide you through the lending process and define all the terms you will hear. The publications are available in several languages and can be downloaded off the computer or ordered through the mail. The library can help you find good books on buying or renovating homes.
- ❷ Shop around because loan costs can vary widely. The best places to start are local banks. Compare the types of loans and the costs. There are different kinds of mortgages and the homeowner needs to find the right type of loan for their own circumstances. Ask lots of questions!
- ❸ Ask trusted friends if they have had a good experience with a lender. Consider taking a trusted friend with you to the bank or finance company, especially if you are concerned about how well you might speak or understand English.

The bottom line is you can’t be too careful and a good lender will not try to rush you into making a decision. Be prepared so you won’t be sorry!

Planning -

Goals aren't just for the wealthy.

Planning will help you spend less money.

Planning will help your children learn good money skills.

Planning For The Future -

No business would do well without planning. The kind of planning that successful business people do is a lot like the planning that a family needs to do. Family economic security rarely happens by accident.

What are the kinds of things you need to plan for?



Retirement
Higher Education
Buying a Home
Starting a Business
Taking a Trip
Buying a Car



Here are some ideas to help you plan:

- ✓ **Plan as a family.** Talk together about what is important to everyone.
- ✓ **Set realistic family goals.** “We’re all going to be millionaires” is not a realistic goal. “We want our children to go to college” is a realistic goal.
- ✓ **Set your time frame.** How soon do you want to meet your goal? Remember to be realistic; some goals will take longer than others.
- ✓ **Write it down.** Don’t just talk; write down your family’s goals and the plan for reaching them. It will be more important to everyone.
- ✓ **Take a financial literacy class.** Access Agency, Catholic Charities and Consumer Credit Counseling Services offer some classes. If you can’t find a class, contact the Willimantic Public Library or your local community center about putting on a program.
- ✓ **Make the whole family part of the plan.** Have each family member make a spending diary for a week or longer so there is a clear picture of how much money your family really spends. Have each family member find ways they can spend less money.
- ✓ **Make a budget.** A budget is your plan for spending. It is also your plan for meeting your family’s goals.
- ✓ **Have family meetings.** Let the whole family check out how the plan is going. Make needed changes to the budget.

Setting family financial goals will give your family more control over its future. There are many good books and many websites that can help you. CNN and Money Magazine have a useful site at www.money.cnn.com/pf/101 and VISA sponsors an easy-to-use site at www.practicalmoneyskills.com.



Retirement – Start Saving Now!

If you think that the government will pay you enough money to live on comfortably in your old age, you're wrong. Most people trying to live on Social Security alone will tell you that it's almost impossible. Every dollar you can save for your retirement is important. There are many ways to save for retirement, and most are tax-deductible. Also, saving for your children's college education instead of retirement is a bad idea. There is lots of financial aid available for school but not for retirement, so if you can only save for one thing, save for your retirement. Here are some good things to know:

- ✓ You need about 70% of what you earned before you retired in order to keep the same standard of living. You will need up to 90% if your wages were low in the first place.*
- ✓ Social Security will pay about 40% of what you earned before you retired. You can get a copy of "Your Social Security Statement" that tells you about your personal benefits by calling (800) 772-1213 or going on-line at www.ssa.gov/mystatement.*
- ✓ Find out if your employer offers a retirement plan. Get a benefits statement and be sure to think about retirement plans if you are thinking about changing jobs.
- ✓ If your employer offers a retirement savings plan, like a 401(k), sign up for it and put as much money in it as you can. Some employers will match the money you put in and you will save tax money.
- ✓ Open an Individual Retirement Account (IRA). There are two kinds of retirement IRAs. One is called a Traditional IRA and the other is a Roth IRA. Your local bank or credit union can give you information on the differences between these accounts and how to set one up. Some people will qualify for an income tax deduction for money they put in an IRA. The interest earned in an IRA is not taxable unless you take it out early.
- ✓ The amount of money you can put in an IRA has gone up and will continue to go up.
- ✓ Don't touch your retirement savings! You will lose money and you will have to pay taxes on money you take out early. If you change jobs, you can "roll" money from your old plan either into an IRA or your new employer's plan.
- ✓ The sooner you start saving, the more money you will have. Make a retirement savings plan and stick to it.

* Source: American Savings Education Council

There are many good places to get information about retirement. Your public library branch can help you find information. There are also good websites where you can get information such as the AARP website at www.aarp.org, the Social Security Administration at www.ssa.gov, and the American Savings Education Council at www.asec.org.

Why Budget?



What is a budget? A budget is a written savings and spending plan.

Why does my family need a budget? A budget will help you to be in charge of your money. When you are in charge of your money, you end up with more money. For example:

- ✓ A budget will let you see where your money is going.
- ✓ People with a budget don't worry as much about having money to pay bills.
- ✓ Budgeting will help you save and might help you buy a home or a new car.

How do I make a budget? Start by writing down everything you buy for a week. Then take a piece of paper and put a line down the middle. Write "IN" on the top of one side and "OUT" on the top of the other. Put all the money you earn on the "IN" side and all the money you spend on the "OUT" side. Be sure to put rent, car payments, credit card payments, phone, food, insurance, and all other bills on the "OUT" side plus the other items you listed the week that you wrote things down. Add the totals. If the "OUT" side is more than the "IN" side, you need to spend less money.

What are good ways to spend less?

- ✓ Only bring small amounts of cash with you so you won't spend it.
- ✓ Use a grocery shopping list and coupons and don't shop when you're hungry.
- ✓ Sign up for direct deposit into a checking account so you don't carry your money.
- ✓ Don't buy things on your credit card that you don't need.
- ✓ Take your lunch to work.
- ✓ Before you buy something, shop around for the best price.
- ✓ Make a chart for paying your regular bills so you'll be on time & won't have late charges.

Set a savings goal and stick to it! Pick a dollar amount you want to save or pick an item you're saving for. Write your goal down and carry it with you. Look at it when you're thinking about buying something. EVERYONE buys things they don't need. Keep writing down what you buy until you have a good idea of the easiest place to cut back BUT don't spend that money, save it.

Having a budget can help you to pay yourself first!

Sample Budget-

Change this form to make it fit your needs.

Monthly Income How much money comes in	
Your Pay (after taxes)	\$
Other Family Member's Pay (after taxes)	\$
Child Support , Alimony, or Other Payments	\$
All Other Kinds of Income	\$
Total Monthly Income	\$

Monthly Expenses What is spent	
Rent or Mortgage	\$
Utilities: (Gas, Oil Water, Electricity)	\$
All Telephones: House & Cell	\$
Cable TV & Internet	\$
Food	\$
Loans	\$
Rent-to-Own	\$
Home Maintenance	\$
Clothing	\$
Child Care	\$
Medical/Dental	\$
Insurance (car, life, home, renter)	\$
Transportation (bus, car loan, gas, taxi, car repair, parking)	\$
Laundry & Dry Cleaning	\$
Property tax	\$
Church, other donations & Gifts	\$
Pet Food & Care	\$
Restaurant & Take-Out	\$
Meals (coffee, too)	\$
Credit Card Debt	\$
Recreation (vacations, health or sports clubs)	\$
Entertainment (CDs, movies, video rental, lottery tickets, etc.)	\$
Personal items (smoking)	\$
Other	\$
Total Monthly Expenses	\$

Total Monthly Income \$ _____

Subtract your Total Monthly Expenses \$ _____

Equals What's Left for Savings \$ _____

