

# ¢CENTS & \$SENSIBILITY



A Guide to  
Money Management





**LOOK FOR THESE ICONS THROUGHOUT THE GUIDE AS A QUICK REFERENCE.**



**MONEY MAPPING  
ZONE**

When you see this map pin with a dollar sign, you will know that this has to do with your personal money map.



**TIP**

Insider information or advice.



**RESOURCE**

A reliable source that can be tapped for additional information on a subject.

# Table of Contents

About Pennsylvania Assistive Technology Foundation	2
1 Let's Get Started	3
2 Money Mapping: Get Ready to Budget	7
3 My Personal Money Map	22
4 My Lifelong Saving Commitment	27
5 Where Should I Keep My Money?	37
6 Investing for My Future	44
7 Borrowing Money	52
8 Identity Theft	65
9 Living Independently	69
10 Decision-Making	85
11 Are You Ready To Go?	91
Additional Resources	94
Glossary	99



## A Note to the Reader:

This book was created to respond to a need for financial education in the disability community. However, we have learned that everyone can benefit from this information. Our goal is to provide you with the tools needed to make informed decisions about your financial future and take control of your financial journey. You will find all the Activities from this book on [StudyMoney.us](https://www.study-money.us). They are downloadable, fillable, and printable. You can also save them to your computer for easy access and to use as a resource. As part of our commitment to financial education, we also created the *Educator Companion Manual* and the *Family Companion*.

**Disclaimer:** The websites, apps, organizations, companies, and resources referred to throughout this book are for informational purposes only. Their inclusion does not imply a recommendation or endorsement by PATF. In addition, PATF has not received any compensation for mentioning any of the aforesaid.

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**On the web:**  
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**Additional Financial Education Resources:**

*Educator Companion Manual to Cents and Sensibility*



*A Family Companion to Cents and Sensibility*



## About Pennsylvania Assistive Technology Foundation (PATF)

PATF is a statewide non-profit organization with a mission to provide financing opportunities, education, and advocacy for people with disabilities and older Pennsylvanians, helping them acquire assistive technology devices and services that improve the quality of their lives. Originally funded by the federal Assistive Technology Act as Pennsylvania's Alternative Financing Program (AFP), PATF has also become a Community Development Financial Institution (CDFI).

### **PATF PROGRAMS**

#### **Information and Assistance**

PATF staff provides information at no cost about assistive technology funding sources, and tips on how to access public and/or private resources.

#### **Financial Loan Programs**

PATF has two loan programs that are designed to help individuals with disabilities, including older Pennsylvanians, and their families purchase the AT they want:

1. **Mini-Loans:** The Mini-Loan is a credit-building loan for amounts ranging from \$100 to \$7,000 at 0% interest with no fees. The maximum loan repayment term is 48 months. Repayments are conveyed to the three primary credit reporting bureaus so that borrowers have an opportunity to improve their creditworthiness.
2. **Low-Interest Loans:** For devices that cost more than \$7,000, PATF offers Low-Interest Loans up to \$60,000 with a fixed interest rate of 3.75% (as of 2024) with no fees. The repayment terms are based on the useful life of the AT device. If an applicant's overall credit does not meet conventional lending standards, PATF may guarantee a Low-Interest Loan up to \$45,000.

#### **Financial Education**

PATF staff provide financial education coaching and counseling to applicants and borrowers in an effort to increase their understanding of money matters as well as improve their overall creditworthiness. PATF also provides financial education opportunities to the disability community through trainings and access to the first-of-its kind, comprehensive financial education book, *Cents and Sensibility: A Guide to Money Management*. This book is available online and in print in both English and Spanish.

Learn more about PATF at [www.patf.us](http://www.patf.us).

**PATF makes every effort to ensure that materials are accessible, including for non-English speakers. Please contact us if you would like this guide in another format: call 484-674-0506 or email [patf@patf.us](mailto:patf@patf.us).**

# Chapter 1

# Let's Get Started

## Is This Book for You?

Are you a resident of Pennsylvania? Do you want to learn about managing your money? If you said yes to both questions or yes to just the second question, this book is for you.

Managing your money is not just about getting rich, it is about your relationship with money. It is about the present and the future and the confidence and financial skills to make informed decisions about money. It is about your **financial well-being**.

When you first start to manage your own money, there are some important things that you need to know. The goal is to be sure you can get what you need to live independently and with security and the freedom of choice.

The key is to learn how to manage your money, instead of letting your money manage you.

### IN THIS BOOK WE WILL COVER:

- Looking at how you spend your money now,
- Developing a livable money map (budget) that includes a plan for spending *and* saving,
- Learning how to save (even if you are a recipient of government benefits),
- Deciding where to keep your money, and
- Learning the best way to borrow money if you need to.

The activities in this book provide a step-by-step process to 1) organize your money, and 2) manage your money. Getting a handle on your finances is not something you learn in a couple of hours. The organization step alone may take weeks to learn! But the skills you learn will stay with you for the rest of your life.

### Financial Well-Being

The ability to meet all financial needs, today and over time; feel secure in the financial future; absorb a financial shock; and have the financial freedom to make choices to enjoy life. (source: [bit.ly/CFPB\\_financialwell\\_being](https://bit.ly/CFPB_financialwell_being))



**Growing Together Aquaponics employees work on *Cents and Sensibility*.**

At the end of this book, you will find a list of words (a glossary) to explain many of the terms used in this book. Go to page 99 to look up terms you don't understand.

### YOU WILL ALSO LEARN ABOUT ASSISTIVE TECHNOLOGY (AT):

- What is AT and why is it important?
- How you can obtain the AT you want.

#### RESOURCE

For the full-page version of each activity contained in *Cents and Sensibility*, go to [StudyMoney.us](https://www.studymoney.us). Each activity is downloadable, fillable, and printable. You can complete the activities online; however, you will want to save them to your computer or to the cloud to save your answers.

#### Need

Something you must have to survive, like a place to live, food to eat, and quality healthcare.

#### Want

Something you might like to have, but don't need to survive and you don't have to have right away.

#### Values

Those ideas and beliefs that really matter to each of us and impact our money behaviors.

## Activities in this Chapter

 **ACTIVITY # 1**    **WHAT I NEED AND WHAT I WANT**

 **ACTIVITY # 2**    **MY MONEY HABITS**

 **ACTIVITY # 3**    **SMART MONEY HABITS**

## The Difference Between Needs and Wants

Here's a good rule about money: It is very important to put your needs first. That's why it is important to know the difference between your needs and your wants. Before you start planning how to use your money, let's be clear about the difference between needs and wants.

- A **need** is something you must have to survive, like a place to live and enough food to eat.
- A **want** is something you might like to have, but not something you must have to survive. You also don't have to have a want right away. You can save to have it later.

## What Are Your Money Values?

Your **values** are those ideas and beliefs that really matter to you. Your values will determine what you will do with your money. Asking yourself, "How do I use my money now?" will tell you a lot about *your* money values.

People use money two ways:

1. To *buy* things they need or want *now*.
2. To *save* for things they may need or want *later*.

It's not about how much money you have, but how you use your money. It is all about the choices you make.

### Meet Finn

Hi! I've got some good ideas that can help you understand the concepts in this book. Follow me as I guide you through the chapters. I'll also provide helpful resources that give you more information.



## **ACTIVITY #1: WHAT I NEED AND WHAT I WANT**

List your needs in the spaces below. Think of things you need (must have) to survive, like a place to live, food to eat, or clothes to wear. And, don't forget healthcare! Next, list some of the things you want (tickets to a concert, going out to dinner, or a new TV).

My Needs
1. _____
2. _____
3. _____
4. _____
5. _____

My Wants
1. _____
2. _____
3. _____
4. _____
5. _____

## Money Habits

Once you've developed a plan for your financial future, you'll feel more in charge and in control of your money. Before starting on your plan, look at what your money habits are today.

### **ACTIVITY #2: MY MONEY HABITS**

Read each line below and circle the response that sounds like you.

- |  |     |    |
|--|-----|----|
| 1. I have a spending plan or budget.                       | Yes | No |
| 2. I track my spending every month.                        | Yes | No |
| 3. I pay my bills on time or before the due date.          | Yes | No |
| 4. I have money in a bank, credit union or ABLE Account.   | Yes | No |
| 5. I pay my credit card balance in full every month.       | Yes | No |
| 6. I know the total amount of any debts I have.            | Yes | No |
| 7. I have reviewed my credit report in the past 12 months. | Yes | No |
| 8. I save money every month.                               | Yes | No |
| 9. I could pay for an unexpected expense today if had to.  | Yes | No |

Are there any NO answers above that might make it hard for you to achieve your financial goals? Take some time to think about this.



#### TIP

Here's a good rule about money. When you are spending money, *it is important to put your needs first*. That's why it helps to know the difference between your needs and your wants.



#### FINN SAYS...

Changing your money habits takes time. Don't get discouraged.



### FINN SAYS...

Sometimes it's difficult to save for things you need, but once you try saving, it may be easier than you think.



## ACTIVITY #3: SMART MONEY HABITS

Most people would say that the habits listed in Activity #2 are good ones to have. Make a list of any money habits from #1 – 9 that you don't have now, but would like to develop. Make a promise to yourself to start right now.

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Keep these ideas about money values and habits in mind as you move to the next chapters.

**Raul and Lucy love hanging out at the bookstore in the mall.**



### Realizing the Benefit of Saving

Winter was coming and Raul needed a new pair of boots, but he was having a hard time figuring out where he would get the money.

Raul and his friend, Lucy, loved to go to the mall on Saturdays. They would take the bus and meet at the food court. Raul realized they were spending \$10 or more on sodas, burgers and fries. "Hey Lucy," he said, "I'm going to eat before leaving home. That way, I can save money for a new pair of winter boots."

Raul loved eating at the food court but his winter boots had holes in them. He realized that if he started saving the money that he spent on fast food he could easily achieve his goal of buying new boots in a month or two.

# Money Mapping: Get Ready to Budget

## Chapter 2

Our goal in this chapter is to learn how to create a money map. **Money mapping** captures many activities involved in money management. It includes understanding your income and tracking your expenses, establishing short and long-term savings and spending goals, and building good credit so that you can be more in charge of your future.

Money mapping is all about forward thinking, setting the direction of your money goals. It is a more positive way to think about “budgeting.” Money mapping encourages a more fluid process, allowing you to always be thinking about the next step in your forward moving plan.

To make a **money map** you need to know your **income** (money coming in) and your **expenses** (money going out). The difference between your income and expenses over a specific period of time is called cash flow. **Cash flow** can be either positive or negative. If you have a positive cash flow, that means you have more money coming in than you spend. (This is also called a surplus. See page 26.) If you have a negative cash flow, you have more money going out than you have coming in. (This is also called a deficit. See page 26.) A negative cash flow is not a good thing! Many people who have negative cash flows are able to fix the problem through monthly money mapping...you can too!

### Money Mapping

Money mapping is a financial road map. Using your income, expenses, debt, and savings to plan your route.

### Income

The money coming in. It can come from a job, Supplemental Security Income, a pension, and government benefits.

### Expenses

What you spend money on, whether you pay in cash or with a check or charge to a credit card.

### Cash Flow

The difference between your income and your expenses. Think of it as the flow of money coming in and money going out.

 **Get in the Zone!**  
When you see this pin point, you'll know you're in the Money Mapping Zone — the activity you're working on is helping you take the next step along the path of your personal money map!

## Activities in This Chapter

-  **ACTIVITY #4**    **CALCULATE MY MONTHLY INCOME**
-  **ACTIVITY #5**    **TRACK EXPENSES: KEEP RECEIPTS**
-  **ACTIVITY #6**    **ORGANIZE MY CASH EXPENSES**
-  **ACTIVITY #7**    **ORGANIZE MY RECURRING MONTHLY EXPENSES**
-  **ACTIVITY #8**    **ORGANIZE MY CREDIT/DEBIT CARD PURCHASES**
-  **ACTIVITY #9**    **BRING IT ALL TOGETHER!**
-  **ACTIVITY #10**    **COMPARISON SHOPPING**

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## RESOURCE

211 has a team of trained specialists available 24/7 to help you access the best local resources and services to address any of your needs. Examples include supplemental food programs, access to health care, and emergency information. Just call 211!

**NOTE:** You will find many resources throughout this guide.

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### Earned Income

The money you receive from employment.

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### Hourly Wages

This is what you earn when your job pays you by the number of hours you work or for each piece of work you complete.

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### Unearned Income

The money you receive that does not come from employment.

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### Benefits

Many people need help paying for food, housing, utilities, medical care, and other basic items. The state and federal governments have developed programs that can help pay for these things. These programs are called government benefits.

Examples of completed worksheets are included after each activity for you to use as a reference. The worksheets will help you:

- First, figure out how much money you receive each month,
- Then, know how you are currently spending your money, and
- Finally, work out how much money you have left over each month.

## My Monthly Income and Spending

Three things happen when you use a money map:

1. You understand how and where you spend your money.
2. You become more aware of your cash flow.
3. You control your finances and your future.

### ***Speaking of Income***

There are basically two types of income: earned income and unearned income.

- **Earned income** is **hourly wages** or salary you receive from a job. You may be paid weekly, every other week, bi-monthly, or monthly.
- **Unearned income** is money you receive that does not come from a job. It may come from **benefits** or gifts, such as:
  - ➔ Supplemental Security Income (SSI),
  - ➔ Social Security Disability Insurance (SSDI),
  - ➔ Workers' compensation,
  - ➔ Veteran benefits,
  - ➔ Supplemental Nutrition Assistance Program (SNAP or food stamps),
  - ➔ Gifts from family or friends, or
  - ➔ Interest earned on savings.

You might even have a source of unearned income that's not on this list.

If you have earned income, you already know that you don't get to keep all that you make because you have to pay taxes!

**Kimiko is holding her paycheck.**



## Gross Earnings

The term **gross earnings** means the total amount of money received before taxes and other deductions are taken from your paycheck. Many workers can figure out their gross earnings by taking the number of hours they work and multiplying by their hourly pay rate. For workers who receive a salary, they earn a fixed amount regardless of the hours they work.

## Net Earnings

The term **net earnings** means the amount you take home after taxes and other deductions have been taken out of your gross earnings.

Let's look at some common deductions:

- Federal income tax: this money goes to the federal government to pay for things like national defense, health care, roads, and parks.
- State income tax: this money goes to the Commonwealth of Pennsylvania to pay for things like schools, health clinics, museums, and libraries.
- Local wage tax: this money goes to your city or township where you live, to pay for things like the fire department, the police, and community projects.
- Social Security tax: this money goes to pay for retirement, disability, and survivorship benefits.
- Medicare tax: this money supports health care for seniors and some people with permanent disabilities.
- Health insurance premiums: this money pays for your health care benefits if offered by your employer.
- Retirement benefits: this money goes into a separate fund that pays you benefits when you retire.

**When figuring out how much money you have to spend each month, always use your net earnings.**

## Gross Earnings

The total amount of your earned income.

## Net Earnings

The amount you take home, after taxes and other deductions have been taken out of your total (gross) earnings.



### TIP

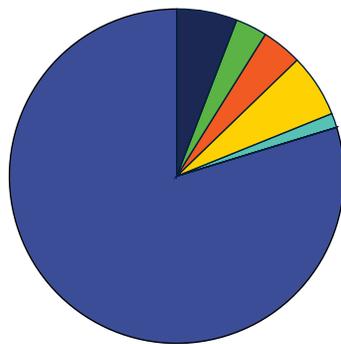
You don't have to pay taxes on SSI, SSDI, or disability benefits for Veterans.

### Assume an individual had a gross monthly income of \$2,600\* in 2024 (\$15/hour) and filed taxes as a single person living in Philadelphia, Pennsylvania.

Annual gross income:  
\$31,200

Annual net income:  
\$24,800.88.

\* To get to \$2,600, we calculated 40 hours of work in a week x \$15/hour = \$600/week. Multiplied \$600 by 12 = \$7,200, and divided by 12 months = \$600.



- Net Monthly Earnings \$2,066.74 (79.49%)
- Federal Income Tax \$155.22 (5.97%)
- PA Income Tax \$79.82 (3.07%)
- Local (Philadelphia) Wage Tax \$97.50 (3.75%)
- Social Security Tax \$161.20 (6.20%)
- Medicare Tax \$37.70 (1.45%)
- PA Unemployment Insurance \$1.82 (.07%)

Sources: Turbo Tax ([turbotax.intuit.com/](https://turbotax.intuit.com/)) and City of Philadelphia ([phila.gov](https://phila.gov))

## **ACTIVITY #4: CALCULATE MY MONTHLY INCOME**

### **RESOURCES**

To find out if you are eligible for government benefits, check out COMPASS, [compass.state.pa.us](https://compass.state.pa.us), or call 1-800-692-7462.

Make sure that you have the correct amount of Federal income tax withheld from your paycheck. The IRS has a withholding calculator that can help determine how much tax should come out of the money you earn at [irs.gov/Individuals/IRS-Withholding-Calculator](https://irs.gov/Individuals/IRS-Withholding-Calculator).

You can increase the amount of your tax refund through tax credits and deductions. The Volunteer Income Tax Assistance (VITA) program offers free help to people who need assistance in preparing their own tax return, including for:

- People who generally make \$60,000 or less
- Persons with disabilities; and
- Limited English-speaking taxpayers

VITA sites can be found in community centers, libraries, shopping malls, and other convenient locations. To find VITA assistance in your area call 1-800-906-9887 or go to [irs.gov/individuals/find-a-location-for-free-tax-prep](https://irs.gov/individuals/find-a-location-for-free-tax-prep).



### **TIP**

Take all the tax credits for which you are eligible, like the Earned Income Credit ([bit.ly/tax\\_credit\\_EIC](https://bit.ly/tax_credit_EIC)).

In this activity you create a list of where your income comes from.

Step 1: Write down the name of each type of income you get each month. Remember to use your net income.

Step 2: Enter the total monthly amount for each one.

Step 3: Add up your total monthly income.

### **My Monthly Net Income for the Month of \_\_\_\_\_**

Income Description	Amount
1. _____	\$ _____
2. _____	\$ _____
3. _____	\$ _____
4. _____	\$ _____
5. _____	\$ _____
<b>Total Monthly Income</b>	<b>\$ _____</b>

### **EXAMPLE: Monthly Income for SEPTEMBER**

Income Description	Amount
1. Supplemental Security Income (SSI)	\$600.00
2. SNAP (food stamps)	\$150.00
3. Part-time job (net income)	\$200.00
<b>Total Monthly Income</b>	<b>\$950.00</b>

NOTE: You have 12 months to spend down your refund without it impacting your eligibility for needs-based benefits. You can also deposit it into an ABLE Account (see page 32) and the refund will not impact your federally-funded benefits.

Now it's time to organize the things you spend your money on! Expenses are what you spend money on, whether you pay in cash or with a check, use a credit card or a debit card.

Don't get discouraged if you can't figure out exactly what you spend your money on every month. It may take several months to get a really good picture of your spending.

 **ACTIVITY #5: TRACK EXPENSES: KEEP RECEIPTS**

To figure out how you spend your money, begin by tracking your spending for at least one month. Use the tracker below to keep a record of your purchases. At the end of the month, gather all your receipts and sort them into categories (groceries, personal care items, takeout food, transportation, clothing, entertainment, or health insurance co-pays).



**FINN SAYS...**

There are lots of ways to track your expenses to help you create a monthly budget. *Sort Your \$hit Out: Simple Monthly Budget Planner & Paycheck Bill Tracker* by Briar Budget Planners is a book that will carry you from January through December, with a week-by-week breakdown of every month and questions to help you reflect along the way.



**Expense Tracker for the Month of \_\_\_\_\_**

Date	Description	Amount	Need	Want
1. _____	_____	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
2. _____	_____	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
3. _____	_____	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
4. _____	_____	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
5. _____	_____	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
6. _____	_____	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
7. _____	_____	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
8. _____	_____	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>
9. _____	_____	\$ _____	<input type="checkbox"/>	<input type="checkbox"/>

 **TIP** You can keep your receipts in a file. It's important that you keep every receipt for any purchase, not just those made with cash.

Add up the amount of money you spent in each pile of receipts. Now that you have categorized your cash receipts, go to Activity #6.

## **ACTIVITY #6: ORGANIZE MY CASH EXPENSES**



### **TIP**

You can check the glossary at the back of the book to learn unfamiliar terms.

In this activity, list your cash expenses and decide whether each one is a need or a want. You'll use this information later when you put together your money map.

Step 1: Name each expense category and check either need or want for the expense.

Step 2: Write the amount you spent in each category next to the item.



### **My Cash Expenses for the Month of \_\_\_\_\_**

Expense Description	Need	Want	Amount
1. _____	_____	_____	\$ _____
2. _____	_____	_____	\$ _____
3. _____	_____	_____	\$ _____
4. _____	_____	_____	\$ _____
5. _____	_____	_____	\$ _____
6. _____	_____	_____	\$ _____

### **EXAMPLE: Cash Expenses for SEPTEMBER**

Expense Description	Need	Want	Amount
1. Personal care items from drug store	X		\$ 7.65
2. Takeout meals		X	\$ 9.20
3. Groceries	X		\$150.00
4. Doctor visit co-pay	X		\$ 25.00

Activities #7 and #8 create two more lists: "Monthly Expenses" and "Credit/Debit Card Purchases." The good news is that you don't have to wait a month to create these lists.



## ACTIVITY #7: ORGANIZE MY RECURRING MONTHLY EXPENSES

Make a list of your fixed recurring monthly expenses and decide whether each expense is a need or a want. Recurring expenses are expenses that keep happening in the same way month after month. You'll use this information later when you put together your money map.

Step 1: List each expense and whether it is either a need or a want.

Step 2: Write the amount you spent next to the expense.



### My Fixed Recurring Monthly Expenses for the Month of \_\_\_\_\_

Expense Description	Need	Want	Amount
1. _____	_____	_____	\$ _____
2. _____	_____	_____	\$ _____
3. _____	_____	_____	\$ _____
4. _____	_____	_____	\$ _____
5. _____	_____	_____	\$ _____
6. _____	_____	_____	\$ _____
7. _____	_____	_____	\$ _____

### EXAMPLE: Fixed Recurring Monthly Expenses for SEPTEMBER

Expense Description	Need	Want	Amount
1. Rent	X		\$400.00
2. Utilities*	X		\$ 74.00
3. Phone	X		\$ 20.00
4. Student loan payment	X		\$ 50.00

\* Utilities are services such as electricity, gas, water, and heating oil.



## ACTIVITY #8: ORGANIZE MY CREDIT/DEBIT CARD PURCHASES

### Credit Card

A plastic card issued by a bank or business that allows you to purchase items now and pay for them later. We'll be talking more about credit cards in Chapter 7.

In this activity create a list of **credit card** and checking/debit account purchases. You'll use this information later when you put together your money map.

Don't put anything on this list that you included in your Recurring Monthly Expenses. If you don't have a physical receipt, you can check your bank account and credit card activity online or from your paper statement

Step 1: List each purchase and check whether it is either a need or want.

Step 2: Write the amount you spent next to the purchase.



### My Credit/Debit Card Purchases for the Month of \_\_\_\_\_

Purchase Description	Need	Want	Amount
1. _____	_____	_____	\$ _____
2. _____	_____	_____	\$ _____
3. _____	_____	_____	\$ _____
4. _____	_____	_____	\$ _____
5. _____	_____	_____	\$ _____
6. _____	_____	_____	\$ _____

### EXAMPLE: Credit/Debit Card Purchases for SEPTEMBER

Purchase Description	Need	Want	Amount
1. Groceries	X		\$10.00
2. Birthday gift for Mom		X	\$45.00
3. Concert tickets		X	\$50.00
4. Audio books		X	\$26.50

## **ACTIVITY #9: BRING IT ALL TOGETHER!**

The information you use to build your “Personal Statement of Monthly Income and Spending” comes from the lists you made in Activities #6 on page 12, #7 on page 13, and #8 on page 14. The worksheet is on page 16.

- Step 1: Copy all of the items checked “need” onto the list with the amount spent on each need.
- Step 2: Add up each expense in this category to determine the total amount spent on your needs.
- Step 3: Copy all of the items checked “want” onto the list with the amount spent on each one.
- Step 4: Total the amount spent on your wants.
- Step 5: Add your total needs to your total wants.
- Step 6: Enter the amount of your monthly income from Activity #4.
- Step 7: Subtract the total of your needs and wants (Step 5) from your monthly income (Step 6) to determine your cash flow.



### **FINN SAYS...**

You can also use online resources to help you track your income and spending. One example is [creditkarma.com](https://www.creditkarma.com).

## Calculating an Alternate Route

DJ’s son, Sergei, was ready to move out on his own. But he wasn’t sure he could afford it. DJ and Sergei sat down to create a money map. They found that, with Sergei’s current income and expenses, adding the expense of a new apartment would mean he would have a negative cash flow — he would be spending more on his expenses than he was receiving in income.

Sergei figured he could either reduce his spending by making his own food and eating out with friends less often, or try to find a roommate to help cover the extra expenses. He



decided he could make his meals at home and hang out with his friends after he had eaten. But after a month of the new routine, he realized he really missed eating out with his friends. He resolved to find a roommate who could help contribute to rent and household expenses.

By decreasing his monthly expenses, Sergei has a positive cashflow, and he is becoming fast friends with his new roommate.

**DJ creates her own money map to plan for her monthly expenses. She makes a shopping list using her Amazon Echo to help her avoid making impulse purchases at the grocery store.**



**My Personal Statement of Income and Spending for the Month of \_\_\_\_\_**

**Step 1: My Needs**

Description	Amount
1. _____	\$ _____
2. _____	\$ _____
3. _____	\$ _____
4. _____	\$ _____
5. _____	\$ _____
6. _____	\$ _____
7. _____	\$ _____

**Step 2: My Total Needs** \$ \_\_\_\_\_

**Step 3: My Wants**

Description	Amount
1. _____	\$ _____
2. _____	\$ _____
3. _____	\$ _____
4. _____	\$ _____
5. _____	\$ _____
6. _____	\$ _____

**Step 4: My Total Wants** \$ \_\_\_\_\_

**Step 5: My Expenses (Total Needs + Total Wants)** \$ \_\_\_\_\_

**Step 6: My Total Monthly Income** \$ \_\_\_\_\_

**Step 7: My Cash Flow (Income - Expenses)** \$ \_\_\_\_\_



## EXAMPLE 1: Personal Statement of Income and Spending for SEPTEMBER

### Step 1: Needs

Description	Amount
1. Personal care items from drug store	\$ 7.65
2. Groceries from supermarket	\$160.00
3. Healthcare expenses	\$ 25.00
4. Rent	\$400.00
5. Utilities	\$ 74.00
6. Phone	\$ 20.00
7. Transportation	\$ 50.00
8. Student loan payment	\$ 50.00

**Step 2: Total Needs** \$786.65

### Step 3: Wants

Description	Amount
9. Birthday gift for Mom	\$ 45.00
10. Takeout meals	\$ 9.20
11. Events tickets	\$ 50.00
12. Audio books	\$ 26.50

**Step 4: Total Wants** \$130.70

**Step 5: Expenses (Total Needs + Total Wants)** \$917.35

**Step 6: Total Monthly Income** \$950.00

**Step 7: Cash Flow (Income - Expenses)** \$ 32.65

*Do you make more than you spend, OR do you spend more than you make?*

In the example above, after expenses (spending) of \$917.35 are subtracted from income (money in) of \$950, there is \$32.65 left over (a positive cash flow). If this were your real statement, it would be great news! You would have \$32.65 to use for saving for some of your other needs or wants. What would happen to your cash flow if you bought a second pair of sneakers that cost \$90? You can find out on the next page!



#### TIP

Some expenses will remain the same from month to month, such as rent payments. These expenses are called fixed expenses. Other expenses will change from month to month; these are referred to as variable expenses.



## EXAMPLE 2: Personal Statement of Income and Spending for SEPTEMBER

### Step 1: Needs

Description	Amount	
1. Personal care items from drug store	\$ 7.65	
2. Groceries from supermarket	\$160.00	
3. Healthcare expenses	\$ 25.00	
4. Rent	\$400.00	
5. Utilities	\$ 74.00	
6. Phone	\$ 20.00	
7. Transportation	\$ 50.00	
8. Student loan payment	\$ 50.00	
<b>Step 2: Total Needs</b>		\$ 786.65

### Step 3: Wants

Description	Amount	
9. Birthday gift for Mom	\$ 45.00	
10. Takeout meals	\$ 9.20	
11. Events tickets	\$ 50.00	
12. Audio books	\$ 26.50	
13. A second pair of sneakers	\$ 90.00	
<b>Step 4: Total Wants</b>		\$ 220.70

**Step 5: Expenses (Total Needs + Total Wants)** \$1,007.35

**Step 6: Total Monthly Income** \$ 950.00

**Step 7: Cash Flow (Income - Expenses)** (- \$ 57.35)

NOTE: The only difference between this example and Example 1 (page 17) is that this example includes an expense for a second pair of sneakers. After expenses (spending) of \$1,007.35 are subtracted from income (money coming in) of \$950, there is a shortage of \$57.35 (a negative cash flow)!

If you're spending more than your total income, you need to go back and look at your spending. Where can you reduce your spending? Start with your wants. Could you spend less on clothing? Could you eat out less often?

# To Spend Or Not To Spend? Now, That's A Really Good Question!

The pressure to spend your money is all around you — ads are on TV, at the movies, on social media, and at the grocery store. Your money has to be used to pay for ALL of your needs, and SOME of your wants, so it's really important to be a smart spender. Here's some advice:

- Plan your meals for the week.
- Take a shopping list with you and try to stick to it.
- Use coupons and look for sales.
- Don't go food shopping when you're hungry.

Stores and advertisers don't want you to STOP and THINK before spending, but you MUST! Ask yourself these questions before making a purchase:

- Do I really need this? Will I wear it or use it?
- If I buy this, will I be able to pay my bills?
- Should I wait a day or two and think it over?
- Should I wait until it goes on sale?
- Could I find it for a better price someplace else?



## FINN SAYS...

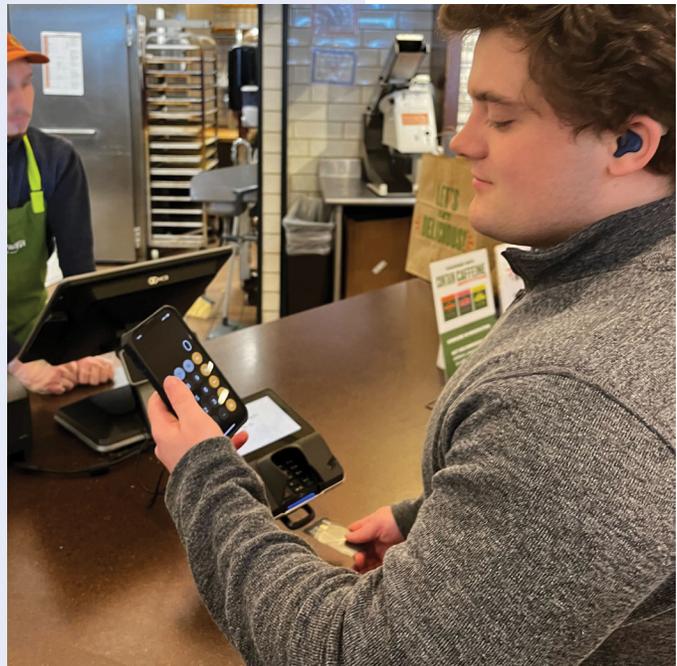
### There's an App for That!

Mobile devices, such as smart phones and tablets, offer a variety of apps for your convenience. To find apps to help you with comparison shopping and/or calculating tips, search "Comparison Shopping" or "Tipping Calculator" in your device's app store and see what's available. A good app can make it quick and easy to find a bargain or figure out how much to tip.

## Tipping

What is a tip? A tip is a small amount of money given to someone for providing a service, whether they're serving you a meal in a restaurant, cutting your hair, or carrying your bags up to your hotel room. In many places the federal minimum wage for adults is around \$7.25 per hour. In establishments like restaurants, though, employers are legally allowed to pay their staff wages as low as \$2.83 an hour (in PA), with the assumption that they'll make the rest of their earnings in tips.

So, before you think about not leaving a tip, remember that the waiter is working hard to make your experience as enjoyable as possible. American custom suggests that you should leave a tip of 15% to 20% of the full amount before tax is added, depending on how satisfied you were with the service.



**Clark consults his phone to calculate the tip on his bill.**

## **ACTIVITY #10: COMPARISON SHOPPING**

Ready to shop? Don't forget to compare! A good way to spend wisely is to get in the habit of comparison shopping. Comparison shopping means comparing the quality, price, and convenience of the products or services you want before buying them. In addition to saving you a lot of money, comparison shopping also gives you information about what is available in your area, and allows you to use the shopping method that is most convenient and efficient for you. See the example below and use the blank chart to help you the next time you comparison shop.

### **EXAMPLE: Comparison Shopping for Jeans**

Store:	GAP (at the Mall)	Discount Store (Marshalls)	Internet	Thrift Store
Price:	\$50	\$35	\$30	\$10
Location:	Far away	Close	My home	Very close
Hours:	Convenient	Convenient	Convenient	Only open until 4:30 p.m.
Extra Costs:	\$10 for paratransit	None	\$7 for shipping	None
Other:	Fun to visit!	None	Can't try them on	Don't have my size



# Making Your Decision with Comparison Shopping

In our example, we took the following into consideration:

- The jeans cost \$15 less at Marshalls than they did at the mall.
- Marshalls had the right size jeans, unlike the thrift store.
- Marshalls is easy to get to.
- The online list price for the jeans is \$5 less than Marshalls, but when you add shipping it's actually \$2 more. This price might be worth the convenience of shopping from home, as long as you don't mind not trying on the jeans first.



### FINN SAYS...

Comparison shopping means comparing the quality, price, and convenience of what you want to purchase.

## Comparison Shopping for \_\_\_\_\_



Store:	Store #1	Store #2	Store #3	Store #4
Price:				
Location:				
Hours:				
Extra Costs:				
Other:				

# 3

## My Personal Money Map

### Activity in This Chapter

#### **ACTIVITY #11 COMPLETE MY PERSONAL MONEY MAP**

 **TIP**  
Money mapping includes budgeting and much more.

**Matt and Chris set aside money each month so they can buy brunch at the diner.**



A money map is your most important tool for controlling your finances. It's your plan for saving *and* spending money. It's a good idea to make a money map for each month of the year.

How do you begin to make a money map? The money map is just a copy of your "Personal Statement of Income and Spending" with a few adjustments that will reflect your plan to use surplus monies or address a deficit.

What is the next step? In the last chapter we figured out what your actual spending looked like for one month. (In our example, we used September.) Now you are going to turn your "Amount" column into your "Planned Spending" column for the next month. (In our example, it will be October.) This way you will plan your future spending based on amounts from the previous month. Add one more column called "Actual Spending" to record how much you actually spend that month.

Each month when you record your spending, fill in the "Actual Spending" column and then start the next month's "Planned Spending" column with those numbers. You should make adjustments to your plan for the next month to account for extra money or shortfalls. It's very important that you not simply copy actual spending from the month before without addressing what you really want to do with your cash flow. The easiest way to understand how this works is to look at the example on the next page.



## EXAMPLE: My Personal Money Map for October

### Step 1: Needs

Description	Planned Spending	Actual Spending
1. Personal care items from drug store	\$ 7.65	
2. Groceries from supermarket	\$160.00	
3. Doctor visit co-pay	\$ 25.00	
4. Rent	\$400.00	
5. Utilities	\$ 74.00	
6. Phone	\$ 20.00	
7. Student loan payment	\$ 50.00	
<b>Step 2: Total Needs</b>	<b>\$736.65</b>	

### Step 3: Wants

Description	Planned Spending	Actual Spending
8. Birthday gift for Mom Halloween party supplies	\$ 45.00	
9. Takeout meals	\$ 9.20	
10. Events tickets	\$ 50.00	
11. Audio books	\$ 26.50	
<b>Step 4: Total Wants</b>	<b>\$130.70</b>	
<b>Step 5: Expenses (Total Needs + Total Wants)</b>	<b>\$867.35</b>	
<b>Step 6: Total Monthly Net Income</b>	<b>\$950.00</b>	
<b>Step 7: Cash Flow (Income - Expenses)</b>	<b>\$ 82.65</b>	
	$\$950.00 - \$867.35 = \$ 82.65$	

Notice under “Step 3: Wants,” there is no planned spending for Mom’s birthday gift because her birthday happened in September. There is, however, planned spending for Halloween party supplies because that will happen in October.

## Complete the Actual Spending Column

At the end of the month, record your actual spending for each of the items in your money map. Our next example now shows a completed money map.



## EXAMPLE: My Personal Money Map for October

### Step 1: Needs

Description	Planned Spending	Actual Spending
1. Personal care items from drug store	\$ 7.65	\$ 0
2. Groceries from supermarket	\$160.00	\$150.00
3. Doctor visit co-pay	\$ 25.00	\$ 25.00
4. Rent	\$400.00	\$400.00
5. Utilities	\$ 74.00	\$ 74.00
6. Phone	\$ 20.00	\$ 30.00
7. Student loan payment	\$ 50.00	\$ 50.00
8. Car repair	\$ 0	\$100.00
<b>Step 2: Total Needs</b>	<b>\$736.65</b>	<b>\$829.00</b>

### Step 3: Wants

Description	Planned Spending	Actual Spending
9. Halloween party supplies	\$ 45.00	\$ 0
10. Takeout meals	\$ 9.20	\$ 20.00
11. Events tickets	\$ 50.00	\$ 30.50
12. Audio books	\$ 26.50	\$ 0
<b>Step 4: Total Wants</b>	<b>\$130.70</b>	<b>\$ 50.50</b>

**Step 5: Expenses (Total Needs + Total Wants)      \$867.35      \$ 879.50**

**Step 6: Total Monthly Net Income      \$950.00      \$950.00**

**Step 7: Cash Flow (Income - Expenses)      \$ 82.65      \$ 70.50**  
 $\$950.00 - \$879.50 = \$70.50$



#### TIP

Although not listed under “Expenses” in either Needs or Wants, getting onto the habit of setting aside savings each month is important and should be included as a monthly expense. We cover saving in more detail in Chapter 4.



#### FINN SAYS...

Spending for some items in this example changed from what was planned to what was actually spent. There was nothing spent on audio books or the Halloween party supplies. The actual phone was higher than you planned. There was an unplanned car repair. Income stayed the same. Fortunately, total spending for needs and wants was still less than income.



## ACTIVITY #11: COMPLETE MY PERSONAL MONEY MAP

Now you're ready to go! Use the blank worksheet for your "Personal Money Map." Additional copies can be made from page 98.



### My Personal Money Map

Month: \_\_\_\_\_

My Needs Descriptions	Planned Spending	Actual Spending
1. _____	\$ _____	\$ _____
2. _____	\$ _____	\$ _____
3. _____	\$ _____	\$ _____
4. _____	\$ _____	\$ _____
5. _____	\$ _____	\$ _____
6. _____	\$ _____	\$ _____
7. _____	\$ _____	\$ _____
My Total Needs	\$ _____	\$ _____
My Wants Descriptions	Planned Spending	Actual Spending
1. _____	\$ _____	\$ _____
2. _____	\$ _____	\$ _____
3. _____	\$ _____	\$ _____
4. _____	\$ _____	\$ _____
5. _____	\$ _____	\$ _____
My Total Wants	\$ _____	\$ _____
My Expenses (Total Needs + Total Wants)	\$ _____	\$ _____
My Total Monthly Net Income	\$ _____	\$ _____
My Cash Flow (Income - Expenses)	\$ _____	\$ _____

## To Review: Understanding Your Money Map

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### Surplus

Money left over after all expenses have been paid.

### **Spending Less Than Your Income**

Spending less than your income is good! This is called a **surplus**. It means you have money left over. You're in good shape.

When you plan a money map at the beginning of the month, plan to spend less than your expected income. At the end of the month, compare your Total Spending for needs and wants to your actual Total Monthly Income.

The difference of \$70.50 in our example is money that you can put toward savings.

### **Spending More Than Your Income**

Spending more than your income is not so good! This is called a **deficit**. It means you have overspent and it is time to look at where you are spending too much.

What should you do if your actual spending is greater than your income? You may have to make up the difference by using your savings or by borrowing.

You will get yourself into financial trouble if you keep spending more than your income. Your monthly money map will help you clearly see this so that you can avoid over-spending.

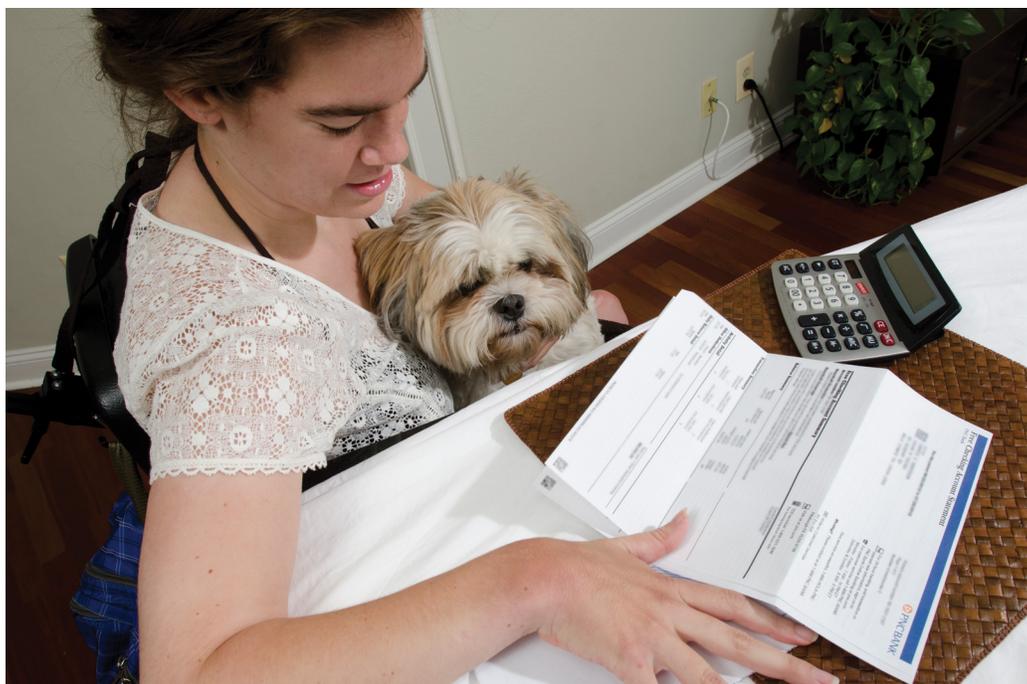
If you find yourself spending more than you had for the month, don't panic. Take a look at where you over-spent. Can you cut spending for entertainment? Could you stop eating out? In your money map, commit to spend less on your wants and try to stick to the plan. This is how you control your finances.



### TIP

If your spending is more than your income, you need to figure out how you can cut some spending before you complete your money map.

**Lauren is reviewing her bank statement so that she knows how much she spent last month.**



# My Lifelong Saving Commitment

## Chapter 4

### Activities in This Chapter

 **ACTIVITY #12** WHAT AM I SAVING FOR?

 **ACTIVITY #13** WHAT WILL I DO TO SAVE?

In the past, you may have planned to save money at the end of the month. But, in reality, you probably didn't have much left over. You probably spent it on all of your need expenses and on some of your want expenses.

You can change that. Rather than saving money *only* if you have any left over, you can put some aside — no matter how small the amount — into savings right at the beginning of the month. This is called *paying yourself first*. Remember, though, you should pay your rent or your mortgage on time, every month, before all other expenses.

Save \$5, \$10, or \$20 a month, whatever amount you decide. Ideally, aim to save 10% of your income. For example, if your income every month is \$800, 10% would be \$80. The most important thing is to start saving now and make it a lifetime habit.

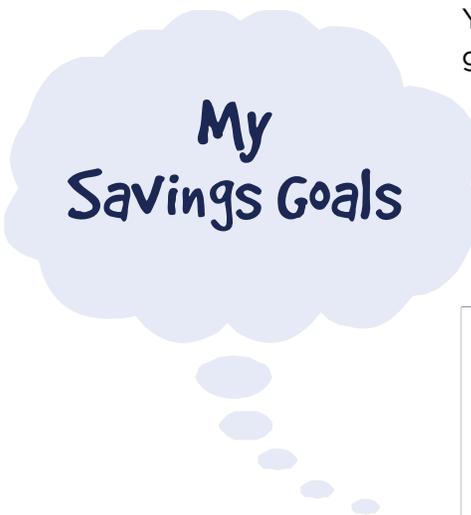


**Depositing money from a job into a savings account.**

## **ACTIVITY #12: WHAT AM I SAVING FOR?**

You save money for the future. It's a great idea to create some savings goals for yourself. Some examples of things you might save for are:

- Special occasions like a birthday or a vacation,
- An unexpected emergency like a broken or lost cell phone, tablet, or computer,
- A long range plan like an apartment or an adapted vehicle.



My  
Savings Goals

List some things you plan to save for:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_



### **TIP**

If your bank or credit union doesn't have a coin-counting machine, count your spare change at a Coinstar machine. You may be charged a small fee if you don't want to use the eGift card option. You can go to [coinstar.com](https://www.coinstar.com) for more information and find a kiosk (coin-counting machine) near you.

## Tips for Successful Saving

If you think that paying yourself first is easier said than done, here are some ideas to get started:

- Begin by looking at your “want” spending. Are there some “wants” you could do without?
- Include “savings” as part of your spending plan. Make “saving” an expense in your money map. Make it come before spending for things you want but may not need.
- Try putting \$1 a day, plus your pocket change, into a large envelope or jar. *Keep it in a safe place.* At the end of the month, deposit that money into your savings account. This can REALLY add up! (Save one dollar each day, just seven dollars each week, and you can save \$365 in a year!)
- When you shop for items like food and clothes, look for things that are on sale.
- Try shopping at thrift stores or garage sales. You can pick up some great bargains this way.
- Shop at dollar stores to get a lower price.
- Break expensive habits, such as excessive clothes-buying, drinking, or smoking, and save the difference.
- Try a savings app on your smart phone like Acorns or Digit to save automatically.

- When you purchase a product, send in any **rebate** forms. Most people forget to take advantage of this savings tool.
- If possible, have your employer automatically deduct money from your paycheck and deposit it into your savings account. What you don't see, you won't miss. Even if the amount is small, you'll be amazed how fast your savings grow.
- Another option is to have your bank or credit union automatically deduct a set amount from your checking account each month and deposit it in your savings account.
- Put any tax refund, raise or bonus you receive into savings rather than spending it.

## Rebate

A rebate can be an additional discount when you purchase a product or it can be a partial refund if you have paid too much money for taxes, rent, or a utility, such as electricity, gas, or water.



## ACTIVITY #13: WHAT WILL I DO TO SAVE?

Make a list of what you will do to save for your goals.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

## Saving Limits for People Receiving Government Benefits

If you receive financial assistance from Supplemental Security Income (SSI) or services from one of Pennsylvania's Home and Community-Based Services (HCBS) waiver programs, make sure that your total resources (that includes the total of your checking and savings accounts) are within the program guidelines. For example, if you receive SSI, the total for your **countable resources** cannot be more than \$2,000. You can own your own home and one vehicle — the value of these items does not count as an asset.

The waiver guidelines are a little more flexible, but there are still strict limits on how much you can earn each month as well as the total amount of countable resources you may have and still maintain your services.

For information about Pennsylvania's waiver programs, visit the Department of Human Services' website, [dhs.pa.gov/Services/Assistance/Pages/Home-and-Community-Based%20Services.aspx](https://dhs.pa.gov/Services/Assistance/Pages/Home-and-Community-Based%20Services.aspx).

You can also call toll-free, 1-800-753-8827.

## FINN SAYS...

**PA HCBS Asset Limit** Financial eligibility:

- Individuals...countable income below \$2,829/month (2024) (for an individual) and countable resources ("assets") below \$8,000 (includes savings accounts, stocks, and bonds).
- Individuals who are employed can qualify with higher incomes under a special eligibility category called Medical Assistance for Workers With Disabilities (MAWD).

## Countable Resources

Certain assets are not counted when Social Security determines eligibility for SSI or the state determines eligibility for Medical Assistance (Medicaid). For a complete list of assets that are not counted, go to: [ssa.gov/ssi/text-resources-ussi.htm](https://ssa.gov/ssi/text-resources-ussi.htm).

## A Question Everyone Has ...

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### Social Security Disability Insurance (SSDI)

An earned benefit for people with significant disabilities who are no longer able to work. SSDI is funded through payroll taxes, so the amount you receive is based on how long you worked and how much you paid into the system. SSDI is also available to some people with disabilities who don't have a work history of their own but have a specified relationship to people who are disabled, retired, or deceased. For example, SSDI may be paid to a person who has a developmental disability whose parent is retired.

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### Supplemental Security Income (SSI)

A federal (unearned) income benefit for adults and children with disabilities, and adults 65+, who have limited income and resources. SSI is funded by general tax dollars and provides a cash benefit that pays for basic living needs.

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### RESOURCE ABLE is National!

If you would like to see what other states offer, you can compare ABLE accounts from different states at [ablenrc.org/](http://ablenrc.org/). The National Association of Treasurers also offers lots of information on ABLE accounts at [nast.org/able/](http://nast.org/able/).

### What's the difference between **Social Security Disability Insurance (SSDI)** and **Supplemental Security Income (SSI)**?

That's an important question! The initials of the programs are so similar that it's easy to confuse the two.

- **SSDI** is an earned benefit (cash) provided for individuals with significant disabilities because their disability or health condition keeps them from engaging in their normal occupation or any other work. Individuals must be between 18 and 65, and must have worked a certain number of years to be eligible. The spouse of the person with the disability, and any dependent children, may also be eligible to receive partial dependent benefits. These are called auxiliary benefits.

SSDI is funded through payroll taxes, so the amount you receive is based on how long you've worked and how much you've paid in Social Security taxes. After receiving SSDI for two years, a person with a disability will also become eligible for Medicare.

- **SSI**, meanwhile, is an unearned benefit that pays cash on a monthly basis to people with limited income and resources who are 65 or older; to adults who have a disability (based on the same definition used by SSDI) or are blind; and to children who have a disability or are blind. This program is only for people who have very limited income and assets. Individuals who receive SSI are also eligible for Medical Assistance.

For more information about SSI, go to the Social Security Administration website, [ssa.gov](http://ssa.gov).

## There Are Ways to Save Money and Not Lose Benefits

There is good news. It may be possible for you to save money and be able to keep your SSI payments and waiver services. The four most common ways to save money are with an ABLE account, a Special Needs Trust, an Individual Development Account, and a PASS account. We will discuss PASS accounts in great detail on page 34 of this chapter.

### ***Achieving a Better Life Experience (ABLE) Accounts***

People who have acquired a disability prior to the age of 26 and who receive, or are eligible to receive, SSI or SSDI may be eligible to set up an ABLE account. Effective 1/1/2026, the age of eligibility for an ABLE account increases from prior to age 26 to prior to the age of 46. The monies in these accounts do not count as an asset and Community-Based Services Waiver programs. These funds are not taxed and can be used for assistive technology, transportation, medical expenses, utilities, housing expenses, as well as saving for long-term goals. You can access your ABLE account with a debit card, checks, and

automatic payment transfers, just like a bank account. It is easy to sign up through the Pennsylvania Treasury Department at [paable.gov](http://paable.gov), or call 855-529-ABLE (2253).

### Special Needs Trusts

A Special Needs Trust is a specially-designed account that can be very helpful if you receive government benefits (like SSI, Medical Assistance or SNAP) which limit how much you are allowed to save in your bank or credit union accounts. If the Trust is created in the right way, the money in the Trust won't be counted against the limits the government has set up for how much money you can save. Trusts are complicated, and there are important things to know:

- A family member or friend may establish a Trust on your behalf.
- Family members or friends can deposit money into the Trust.
- A Trust can be used to pay for big expenses, like a trip to visit family, a new computer or a TV.
- A Trust cannot be used to pay for regular, recurring expenses, like food, rent or utility bills.
- A Trust can be a good way to plan for your future.
- To find out more about Trusts, speak with a lawyer who has experience with Trusts. NOTE: It is important to remember that you can set up both an ABLÉ account and a Special Needs Trust.



#### TIP

The money you set aside in an ABLÉ account will not affect your eligibility for SSI or the amount of your SSI check. For more information, go to [paable.gov](http://paable.gov).



#### RESOURCE

The Pennsylvania Bar Association has a referral service if you are looking for an attorney to help you set up a Special Needs Trust. The website for the Pennsylvania Bar Association is [pabar.org/site](http://pabar.org/site).

## A Tale of Two Sisters



Joy and Jill are professional musicians who care about being involved and making a difference in their community. Music, particularly Swing Era music, has always been important to them. A few years ago, they started a non-profit to promote disability awareness, offer art therapy, and preserve history through their music.

Diagnosed with limb-girdle muscular dystrophy at the age of 7, both women use a variety of assistive technology, including an adapted van to get around. It's important to be at appointments on time, and Joy and Jill need reliable transportation to run errands, go to gigs, attend church, and take care of their aging mother. Joy and Jill used a few different funding resources to pay for their new van. The Pennsylvania Office of Vocational Rehabilitation paid for the accessible modifications, and the sisters used a combination of monies from their ABLÉ accounts as well as their



Special Needs Trusts to cover the cost of the van itself. Now Joy and Jill are using their ABLÉ accounts to save for retirement. They love that they can save their own money and not be penalized for it.



## Comparison of a PA ABLE Account and Special Needs Trusts

	ABLE Account	Special Needs Trusts			
		First Party		Third Party	
		Pooled	Individual	Pooled	Individual
<b>Set Up By</b>	An Eligible Individual who is an adult with legal capacity to enter into contracts can open the account for themselves but may also choose to have any other person open and manage the account (“Authorized Individual”). If the Eligible Individual is a minor or an adult without the legal capacity to enter into contracts, accounts must be opened by an Authorized Individual. Enrollment available at <a href="https://paable.gov">paable.gov</a> .	Person with a disability, parent, guardian or a court		Anyone <i>except</i> the individual with the disability	
<b>Funded By</b>	Anyone (including self). Contributions by other people should be made directly to account.	Individual with the disability (e.g., inheritance, lawsuit)		Anyone <i>except</i> the individual with the disability	
<b>Who is Eligible?</b>	Anyone who has a qualifying disability with an onset prior to age 26. A qualifying disability is one that entitles you to Social Security disability benefits (SSI or SSDI). If not eligible for SSI or SSDI, a person may also self-certify. [Note: Effective 1/1/2026, eligibility increases to before age 46]	Beneficiary meets Social Security Administration’s definition of “disabled” generally. There are no age restrictions for a First Party, Pooled Trust or a Third Party Pooled or Individual Trust. The First Party, Individual Trust must be set up for an individual with a disability prior to the age of 65.			
<b>Who Makes Spending Decisions?</b>	The beneficiary (individual with disability), and/or “Authorized Individual”.	Trustee (not the beneficiary)			
<b>Number of Accounts</b>	One (1) per individual.	An individual may have more than one type of Special Needs Trust.			
<b>Costs</b>	No set-up fee. Initial contribution is \$25.00. The annual fee is \$58 (\$14.50 per quarter); however, if electronic delivery is selected, the annual fee is reduced to \$33. Additionally, there are investment fees ranging from 0.28% to 0.31%, depending on the options selected. For the checking account option (provided through Fifth Third Bank), there is a monthly service fee of \$2.00, which is waived if there is e-delivery of account statements, or the average monthly balance is at least \$250. NOTE: These costs are accurate as of April 2024. Check <a href="https://paable.gov">paable.gov</a> for the most current information.	The costs vary depending on who sets up and administers the Trust(s). Some companies do not charge a fee to set up a Pooled Trust and the annual administration fee can be as low as \$500 a year (for amounts under \$5,000.) The set-up costs for First Party (Individual) and Third Party can be as low as \$2,000 for attorney fees plus a minimum of 1% on assets (\$500 minimum) for annual Trustee fees. Family members or close family friends may be willing to serve as a Trustee without charging any fees. A professional will charge an annual fee based on the account balance. (The percentage of the fee is usually higher on a smaller Trust.)			
<b>Is the Interest on the Account Taxed?</b>	Not when in the account. Distributions for qualified expenses are tax free.	Yes			

	ABLE Account	Special Needs Trusts			
		First Party		Third Party	
		Pooled	Individual	Pooled	Individual
<b>Deposit Restrictions</b>	IRS Yearly Gift Limit (\$18,000 in 2024). Additional contributions may be allowed for employed account owners in certain circumstances.	None			
<b>Balance Restrictions</b>	It's possible to save up to \$100,000 without adversely affecting eligibility for Supplemental Security Income (SSI). Above that, SSI will be suspended but not terminated. Medical Assistance ("Medicaid") will continue.	None			
<b>What Can the Funds Be Used For?</b>	Funds can be used on qualified expenses, including assistive technology, housing, basic living expenses, education, transportation and more. There are penalties if used on unqualified expenses. Funds used for housing or non-qualified expenses may impact taxes and benefits if not used within the same month they are withdrawn. (See <a href="https://paable.gov">paable.gov</a> )	Funds may be used for any expenses the Trustee deems appropriate. However, if Trust funds are spent on food and housing (shelter), this may jeopardize the beneficiary's ability to collect Supplemental Security Income (SSI) or other government benefits and may result in the payment of penalties.			
<b>What Happens After Death?</b>	Funds from the ABLE account may be used to pay for outstanding qualified expenses, including funeral and burial expenses. Any remaining funds are distributed according to the individual's estate plan or according to Pennsylvania's intestacy law. An individual or family can also choose to roll-over the remaining money to an eligible sibling's ABLE account. Estate Recovery rules may apply if the beneficiary dies after turning age 55 and if remaining ABLE account funds are transferred to the estate.	Medicaid payback may be avoided by permitting the trust (non-profit) to keep the assets upon the death of the beneficiary to help other individuals with disabilities.	The trust agreement must grant Medicaid the first right of recovery against the trust assets upon the beneficiary's death.	The grantor can determine how the remaining trust assets are to be disbursed at the death of the beneficiary.	
<b>Pennsylvania-Only Benefits</b>	Contributions to a PA ABLE account are PA state income tax deductible up to \$18,000 per person. Monies remaining in an ABLE account after the beneficiary dies are not subject to PA inheritance tax. The account is protected in state legal proceedings from the beneficiary's creditors and the creditors of others who contributed to the account.	None			

Note: The purpose of establishing an ABLE account and/or Special Needs Trust is to allow individuals with disabilities and their families to save money. The monies in these accounts do not count as an asset. An individual with a disability (i.e., the beneficiary) may have the ability to control the funds that are in an ABLE account; whereas the beneficiary cannot control the funds that are available in a Special Needs Trust.



### FINN SAYS...

#### Do You Work or Attend College?

You may be able to keep your SSI and Medical Assistance benefits while working or attending college. For more information go to the Social Security website: [ssa.gov/disabilityresearch/wi/medicaid.htm](https://ssa.gov/disabilityresearch/wi/medicaid.htm) and [ssa.gov/ssi/spotlights/spot-student-earned-income.htm](https://ssa.gov/ssi/spotlights/spot-student-earned-income.htm).



### RESOURCE

Are you considering working? A great resource that helps explore career paths and how working may impact your benefits, can be found at: [choosework.ssa.gov/](https://choosework.ssa.gov/).

### Individual Development Accounts (IDAs)

Individual Development Account (IDA) programs help people with a lower income save money for things like education, starting a business, or buying assistive technology. For every dollar a person puts into an IDA, the program will add a dollar (often more). Before you can receive this matching amount, you have to agree to the rules of the program, such as making regular contributions to the account or taking free classes on how to manage money. For more information about IDAs, or to find a program near you, you can contact Prosperity Now at [prosperitynow.org/issues/individual-development-accounts](https://prosperitynow.org/issues/individual-development-accounts), or you can contact your local United Way chapter at [unitedway.org/find-your-united-way](https://unitedway.org/find-your-united-way).

### Plan to Achieve Self-Support (PASS)

For people with disabilities who plan to work, or are working, it's possible to set up a savings account, called a Plan to Achieve Self-Support (PASS), through the Social Security Administration, which will allow you to set aside monies for a specific item or service that is needed for a work goal. These monies will not be counted against your resource limit for SSI. A PASS account can make it possible for you to save the money you need for things like a down payment for a car that will help you get to a job, or for a computer that will allow you to start your own business. For more information on PASS, go to [bit.ly/PASS\\_info](https://bit.ly/PASS_info) or [passonline.org](https://passonline.org).

## OVR + PASS + PATF = A Modified Van for Sharrod!



Sharrod and his family enjoy their accessible van.

When Sharrod was 9 years old, he contracted bacterial meningitis, and had to have partial amputations of both arms and legs. He gradually learned how to use his prosthetic limbs and his power wheelchair, which made it possible for him to attend his neighborhood school.

Sharrod worked hard to reach his goals to have a job and a family. He worked at various jobs while attending college, and is now employed full-time at the Internal Revenue Service (IRS). To get to work, Sharrod needed to purchase a vehicle with a ramp and specialized hand controls. Pennsylvania Assistive Technology Foundation (PATF) helped put together a funding package.

Pennsylvania's Office of Vocational Rehabilitation (OVR) paid for the vehicle modifications, Sharrod saved money in his PASS account for the down payment on the van, and a PATF low-interest loan paid for the balance of the van.

## Work Incentives: It Always Pays to Work!

**Work Incentives** are programs that the Social Security Administration (SSA) offers to people with disabilities who are receiving Supplemental Security Income (SSI) and/or Social Security Disability Insurance (SSDI) to help make it possible for people to explore work while still receiving health care and cash benefits. The Work Incentives are slightly different depending on whether you receive SSI or SSDI; however, all the Incentives are designed to encourage you to enter, re-enter or continue in the workforce. Pennsylvania has a new category for individuals who receive Medical Assistance (MA). It is called, Medical Assistance For Workers With Disabilities (MAWD). We will discuss MAWD in greater detail on page 36.

### ***A few examples of SSDI Work Incentives include:***

- The trial work period. This allows you to test your ability to work for at least nine months without losing your Social Security benefits, regardless of how much you earn.
- Extended period of eligibility benefits. After the trial period, you have 36 months during which you can work and still receive benefits for any month in which your earnings aren't "substantial," as defined by the SSA.
- Expedited reinstatement. If you continue working after the trial work period and the extended period of eligibility for benefits, your SSDI will stop. However, if within five years you are unable to continue working because of your disability, you can resume your SSDI benefits without having to file a new application.

### ***A few examples of SSI Work Incentives include:***

- Continuation of SSI. If you begin working, SSA will continue to pay you your SSI benefits unless your earnings exceed the SSI income limits.
- Expedited reinstatement. After SSI is stopped, if within five years, you are unable to work again because of your disability or medical condition, SSA will not require a new disability application.
- Deduction of work expenses related to the disability. Money spent on items and services necessary for work because of your disability (e.g., an adapted vehicle, hearing aids) will be deducted from your earnings before SSA assesses your eligibility for benefits.

You can learn more about Work Incentives by reading Social Security's *Red Book*. To find the 2024 version of the Red Book (also in Spanish), go to [socialsecurity.gov/redbook](https://www.socialsecurity.gov/redbook).

### **Work Incentives**

Work Incentives are programs that the Social Security Administration (SSA) offers to people with disabilities who are receiving Supplemental Security Income (SSI) and/or Social Security Disability Insurance (SSDI) to help make it possible for them to explore work while still receiving health care and cash benefits.



### **TIP**

When you're working and receiving SSI, within the first nine days of each month you must report your wages from the previous month. Avoid the possibility of a mistake or loss of paperwork in the mail by using the SSI Mobile Wage Reporting app, or call toll-free 800-772-1213.

**Michael and Josie are advocates for the #IWantToWork campaign. This campaign will provide paid employment opportunities for people with disabilities.**





### FINN SAYS...

#### Preparing for Retirement

If retirement savings will not put your government benefits in jeopardy, retirement planning is something you should begin as soon as possible. There are a whole set of rules and a lot of thinking that needs to go into planning for retirement. These are some useful websites to help you begin the planning process:

[dol.gov/general/topic/retirement/consumerinfpension](https://dol.gov/general/topic/retirement/consumerinfpension).

### ***Do You Need Help Understanding the Work Incentives Programs and Your Benefits?***

There are three agencies in Pennsylvania that can provide free counseling to people who qualify for SSDI and/or SSI and who are interested in learning how working may affect their government benefits. These agencies are funded, in part, by a federal program called Work Incentives Planning and Assistance (WIPA) program.

Working with a WIPA agency can help you:

- Understand the rules of specific Work Incentives;
- Analyze how work and earnings may affect your Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI), health care, and other public benefits; and
- Understand the services provided by PA's Office of Vocational Rehabilitation.

WIPAs do not make any decisions about a person's benefits. Those decisions are made by the U.S. Social Security Administration (SSA) and other agencies (including PA's Department of Human Services and PA's Office of Vocational Rehabilitation).

Each of the four Pennsylvania WIPA agencies is responsible for specific areas of the state. To find out which agency covers your county, contact one of the agencies listed below.

- AHEDD: 866-902-4333
- Appalachian Regional: 304-293-4692
- Disability Rights Pennsylvania: 800-692-7443 x309
- Full Circle Employment Solutions, LLC.: 888-466-2942 x20

**Medical Assistance for Workers with Disabilities (MAWD)** is a category of Medical Assistance with higher income and asset limits than regular Medical Assistance or Home and Community-Based Services waiver programs. The income limit depends on how much of an individual's income is from employment versus Social Security or other unearned income. The asset limit is currently \$10,000. However new legislation was recently passed, and both the income and asset limits will be raised under a new category of MAWD called "**Workers with Job Success**." To qualify, the individual must have a significant disability or medical condition and must also be employed. There is no minimum number of hours an individual must work to qualify for MAWD. A person who qualifies for MAWD gets full Medical Assistance coverage, and if they meet functional eligibility requirements for a waiver (see page 77), they are also considered to meet the financial eligibility requirements, even if their income and assets are above the regular limits for the waiver. For more information about MAWD visit [phlp.org/uploads/attachments/ck6212upr1fcxoau8ypdwwmsz-mawd-guide-2020.pdf](https://phlp.org/uploads/attachments/ck6212upr1fcxoau8ypdwwmsz-mawd-guide-2020.pdf). Information is also available on PHLP's website in this webinar [youtube.com/watch?v=\\_QAFu6Uqd18](https://www.youtube.com/watch?v=_QAFu6Uqd18).

# Where Should I Keep My Money?

## Chapter 5

### Activity in This Chapter

#### **ACTIVITY #14 \$TASH YOUR CA\$H**

## Information About Credit Unions and Banks

A financial institution is a safe place to keep your money. Look for a bank or credit union that is insured by the federal government through either the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Association (NCUA).

We will talk more about them, but you should compare financial institutions and the financial products they offer:

- Banks
- Credit Unions
- Online-Only (no physical locations)

Financial institutions must make their websites and branches accessible to people with disabilities, such as accessible entrances, teller counters, and easy-to-use ATMs. Never hesitate to ask for an accommodation that will make banking accessible.

## What is a Credit Union?

**Credit unions** are financial membership organizations. You must become a member of a credit union in order to use its services. Often this means that you have to pay a small, one-time-only fee. Most credit unions offer financial education opportunities, credit and debit cards, online banking, and other services. Because credit unions are non-profit organizations, they often charge lower fees than banks and pay higher interest rates on savings accounts, money market accounts, and interest-bearing checking accounts. However, credit unions, because they often cover a smaller geographic area than banks, generally have fewer branches and ATMs (Automated Teller Machines).



### FINN SAYS...

In today's world, you can easily manage your money without physically going to your bank or credit union. But for those who like to, getting to know the tellers and staff can be a good thing. Building a relationship with someone at your bank or credit union can help you to have a sense that people know who you are and care about your well-being.

### Credit Union

A non-profit financial institution that provides its members with checking and savings accounts, loans, financial education, access to debit cards, credit cards, and online banking. You should look for a credit union that is insured by the National Credit Union Administration (NCUA).

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## Bank

A for-profit financial institution that provides its customers with checking and savings accounts, loans, financial education, access to debit cards, credit cards, and online banking. You should look for a bank that is insured by the Federal Deposit Insurance (FDIC).



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## FINN SAYS...

If you close an account without having paid off fees, you may not be able to open a checking account at another bank or credit union or you may have to keep a certain amount of money in your account at all times. But don't worry! There are lots of banks and credit unions that do not charge fees and have a low minimum opening balance. Look for a Bank On partner! Here are links to get you started: [bankonallegheeny.org](http://bankonallegheeny.org) (Allegheny County); [bit.ly/Affordable\\_banking\\_PhilPA](http://bit.ly/Affordable_banking_PhilPA) (Philadelphia County) and Bank On Keystone, [bankonkeystone.org](http://bankonkeystone.org) (for all other PA counties).

## What is a Bank?

**Banks** are for-profit institutions. Their services and products may include debit cards, credit cards, checking and savings accounts, money market accounts, mortgages, home equity loans, online banking, and extended service hours. Banks typically have multiple branches across a large region.

## What is an Online-Only Bank?

Online-only banks do not have physical branches. You manage your accounts online using your computer, tablet, or phone. Access to in-person account help is limited and they may not offer all the products and services that traditional banks and credit unions offer. You should always confirm that funds in deposit accounts are insured by the FDIC or NCUA.

## Compare Your Banking Options

You have a lot of choices for where to put your money. It will pay you in the long run to compare your options.

Banks and credit unions set the minimum age they will consider to open an account without an adult. Some will open up an account for individuals as young as 14. Banks and credit unions also differ on the fees they charge such as annual fees, minimum balance fees, and overdraft protection (we will talk more about fees later in this chapter) and how much they charge. They also differ on the number and location of branches, their hours, and online options. It always pays to compare your options.

A Bank On partner is a great place to start your research. Bank On only approves accounts that are safe, low cost (account fees are \$5 or less), and have no overdraft fees.

To find a Bank On partner: [bankonkeystone.org](http://bankonkeystone.org). Also, the Pennsylvania Department of Banking and Securities ([bit.ly/PA\\_Bank\\_and\\_Securities](http://bit.ly/PA_Bank_and_Securities)) can provide free help to anyone with a question or a complaint, call 1-800-PABANKS.

Activity #14 on page 41 will help you organize your research. The most important factors to remember in choosing where to keep your money are location, hours, online options, fees, and deposit accounts are federally insured by the FDIC or NCUA.

## FEES

When you attempt a withdrawal, debit, payment, or transfer transaction and the amount exceeds the funds that are available in the account, a financial institution might decline the transaction. Currently, financial institutions may charge a fee, often called a nonsufficient funds (NSF) fee.

Overdraft fees are a little different than NSF fees and happen when you don't have enough money in your account to cover:

- ATM withdrawals
- Checks
- Autopay bill payments or withdrawals
- Transfers between bank accounts

Overdraft and NSF fees vary by bank and credit union, but they can cost at least \$25 per transaction. These fees can add up quickly, so make sure you always have money in your account to cover any transaction and keep a record of any time you write a check, use your debit card, or set up automatic payments.

## SERVICES

The following are services that credit unions and banks can offer you:

- **Savings Accounts**

A savings account is a secure place to keep your money for future use. Some people use them to save up for a vacation or for an expensive purchase. In addition, financial institutions pay you for saving money in the form of **interest**. Some pay more than others and fees can vary, so it is important to comparison shop.

- **Checking Accounts**

A checking account is a service that gives customers a way to pay bills by check or online, and a way to deposit money. Checking accounts often don't pay interest, or if they do, the interest they pay is less than what you can earn in a savings account. A minimum balance is sometimes required. Some banks or credit unions charge a monthly fee for checking accounts. Often banks and credit unions offer debit cards that are linked to your checking account.



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### FINN SAYS...

There are a lot of financial technology (more commonly called **FinTech**) companies that offer apps to help you manage your money and save. These apps can be interactive and fun; however, research your options. Make sure you have access to your money when you need it and be sure whichever option you choose that your money is insured by either the FDIC or NCUA.

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### FinTech

A catch-all term for companies that combine traditional financial institutions and technology to create new ways to bank and keep track of your money.

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### Interest

What a bank or credit union pays you to keep money in an account. Interest is also a fee paid when you use someone else's money.

## Opening a Checking or Saving Account

What will you need to open a checking or savings account?

- A Social Security card or your Social Security number;
- Photo identification, like a driver's license or non-driver's identification card;
- Proof of your current address, such as a utility bill; and
- The minimum amount of money needed to open the account.

Because banks and credit unions differ, call and ask what the minimum deposit is and what else you should bring if you want to open an account.



### FINN SAYS...

When deciding where to open a checking or savings account, look for a bank that is FDIC-insured or a credit union that is insured by NCUA so that your money will be protected! Check the glossary on page 99 to learn the full names of these two insurance programs.

- **Debit Cards**

A debit card is a plastic card that is connected to your credit union or bank account. When you make purchases using this card, money is taken from your account to cover the cost of the purchases. Debit cards can also be used for the withdrawal of cash at an ATM. Service fees may be charged, however, if you make the withdrawal from a credit union or a bank ATM that is not your own.

- **ATMs (Automated Teller Machines)**

Almost every bank or credit union has Automated Teller Machines (ATMs) that allow you to skip the teller window and conduct your basic banking tasks at the machine. Your bank or credit union will issue a card for use at its ATMs. This card may also serve as a debit card if you give your permission.

- **Online Banking**

Today it's possible to do nearly all of your banking online. In fact, some banks exist only on the internet and do not have brick-and-mortar stores. Other banks offer online services in addition to in-person services. Online services may include opening a bank account, checking your balance, creating a budget, depositing checks, paying bills, and more! Ask your bank or credit union what services are available to you and how to log on using your computer or the app on your mobile device.



Tracy used Venmo to pay Linzey back for coffee.

## Who Uses Cash and Checks Anymore, Anyway?

These days, people are carrying less and less cash with them, and some people don't even bother ordering checks from their bank. That's because more and more businesses are accepting debit, credit and prepaid cards, and most bills can be paid online. But what if you need to get money to your roommate for your portion of the rent this month, or you need to pay back your friend who covered the bill for dinner last night? Transferring money to friends and family (and sometimes even paying bills, making

purchases, or paying for services) is easier than ever with apps like PayPal, Venmo, Square Cash, Apple Pay, and Google Pay. These apps can connect directly to your bank account to make it easy (and usually free!) to transfer money with the tap of a button on your smart phone.

 **ACTIVITY #14: \$TASH YOUR CASH**

You just started a new job and want to open a savings and checking account. Use the following comparison to decide where you put your money. Make sure you include at least one bank and one credit union in your comparison.

<b>Comparison Shopping for a Financial Institution (Credit Union or Bank)</b>			
Account Features	Option A (Bank):	Option B (Credit Union):	Option C:
Nearby Locations			
Free Online Banking			
Saving Account – Minimum Deposit Amount			
Checking Account – Minimum Balance to Avoid Fees			
Overdraft Protection			
Overdraft Fees			
ATM Fees and When Charged			
Debit Card Fees			
Mobile Check Deposit Fees/Limits			
I would choose to open an account at _____ because:			
_____			

## Prepaid Cards

Reloadable prepaid cards work like debit cards. You choose the dollar amount to put on the card, and as you spend, your purchases are deducted from the total balance. When the balance gets low, you can reload with more money. Prepaid cards can be used almost anywhere, whether it's to buy groceries at the supermarket, buy coffee at Starbucks, or even make online purchases.



These cards, like everything else, have upsides and downsides.

<b><i>The Upsides</i></b>	<b><i>The Downsides</i></b>
<ul style="list-style-type: none"><li>• Prepaid cards are useful for people who don't have a bank account.</li><li>• There is no approval process.</li><li>• You can't get into debt using a prepaid card.</li><li>• A prepaid card could help you budget your expenses.</li></ul>	<ul style="list-style-type: none"><li>• You don't build a credit history using a prepaid card.</li><li>• Some prepaid cards have activation and reloading fees.</li><li>• If the card is not a well-known brand, it may not be accepted everywhere.</li><li>• A store card can only be used at that particular store. For example, a Target card can only be used at a Target store.</li></ul>

**A prepaid card makes it easy to splurge on an afternoon coffee.**



## Check-Cashing Stores

Some people don't have a credit union or bank account and cash their paychecks at a check-cashing store. There are two really good reasons for *NOT* using these stores:

1. It costs you money to cash a check at one of these places. They charge you a big fee, typically 3-7% of the check amount. This means you have less money left to spend on things you need and want.
2. It's not a good idea to have a lot of cash in your pocket or lying around your house. Your money is less likely to get lost or stolen if it's in a credit union or bank.

The safest option is to open an account with a bank or credit union and deposit your checks into that account, or use that financial institution to cash the check for free. However, if you don't have an account and you need to cash a check, it is worth looking into alternatives to check-cashing stores. The bank that issued the check may be your best bet (be sure to ask what their fees are to cash the check), and national retailers and grocery stores like Walmart and Safeway may provide cash checking services for a small fee, or even for free. Prepaid cards sometimes offer the ability to deposit a check to load the card, and if you're not in a rush you can withdraw the funds at an ATM once the check has cleared.



### FINN SAYS...

#### **Keep Your Money Safe!**

Money stored in payment apps like Venmo, PayPal, Apple Pay, and CashApp may not be protected by the FDIC or NCUA.

## Social Security Benefit Deposited Electronically!

The Social Security Administration requires people who receive SSI, SSDI, and other federal benefits to get their monthly benefit payments electronically. If you have a bank account or a credit union account, you can set up a direct deposit by contacting your financial institution. But, you don't necessarily need a bank or credit union account to receive your payments electronically. You can choose to get your benefit payments through a Direct Express® Debit MasterCard® account. This operates similarly to a prepaid debit card. You can use it to make purchases anywhere debit cards are accepted and to withdraw cash from ATMs, up to the amount that has been deposited. Sign up by contacting the U.S. Treasury Electronic Payment Solution Center at 1-(877) 874-6347, or go to [fiscal.treasury.gov/GoDirect/](https://fiscal.treasury.gov/GoDirect/). The Direct Express® card is safe and there are only minimal fees.

# Chapter 6

# Investing for My Future

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## Saving

Setting cash aside.

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## Liquidity

How quickly something can be turned into cash.

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## Interest

What the bank or credit union pays you to keep money in an account.

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## Investing

Using cash to buy something of value.

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## Asset

Generally anything that holds its value or is useful such as a house or a car. It also includes things such as stocks, bonds, and retirement or bank accounts.

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## Profit

Selling an asset for more than was paid to buy it.

## Saving vs. Investing

In an earlier chapter of *Cents and Sensibility*, we've included information about the importance of saving, tips on how to save, and where to save without losing benefits. Now it is time to take the next step with your money: investing. But first, let's look at the difference between saving and investing.

**Saving** is setting cash aside to use now, for emergencies or in the future. Having a Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) insured savings account at a bank or credit union is a safe place to put cash. The bank or credit union guarantees the cash will be there when you need it, and you are able to get it quickly (**liquidity**). In return for that safety and liquidity, you will earn only a small amount of **interest**.

Saving is not investing.

**Investing** is using your cash to buy something that has value (an **asset**) with the expectation that it pays higher interest and/or it increases in value over time, and you can sell it for more than you paid (make a **profit**). There is always a risk that the asset may lose money and be worth less than what you paid for it. Some investments are riskier than others and may be harder to quickly turn into cash. For the rest of this chapter, we will focus on non-physical financial assets such as stocks, bonds, and mutual funds.

You may be asking yourself why should I invest if I may lose money? We invest for the chance to grow our money more than it would by just keeping it in the bank or credit union. Your bank or credit union savings account or ABLE account is best for saving up for a big purchase or an emergency. Investing is for long-term goals and having the life we want in the future.

Before we get to stocks, bonds, and mutual funds, there are two important things to know about investing: time and compounding.

# Time

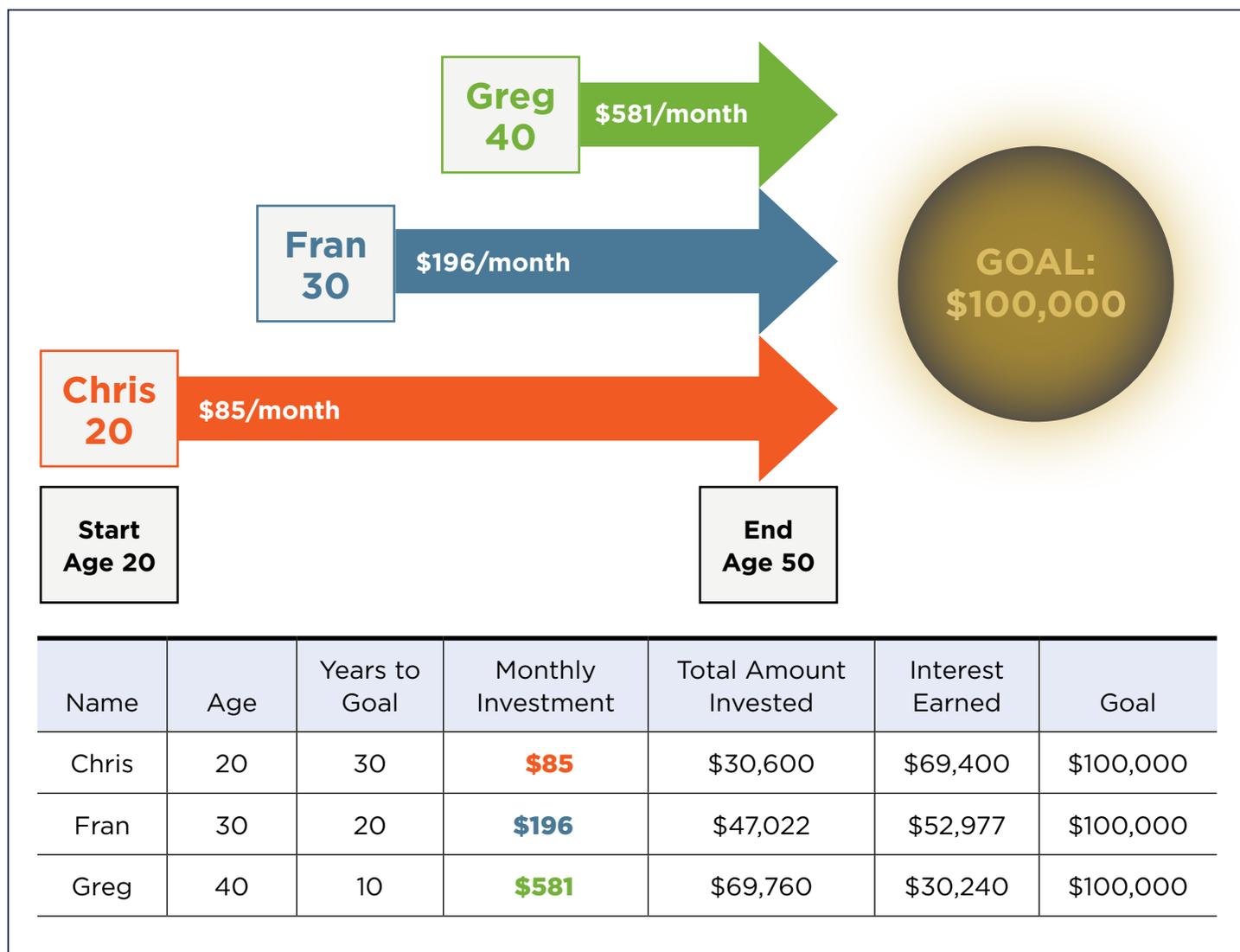
Did you know that your dollar today is worth more than your dollar tomorrow? How is this possible? A dollar is a dollar, right? That is because of the **time value of money**. Here is an example of how the value of a dollar changes. A loaf of white bread cost \$1.99 in 2000. In 2023, that same loaf of bread costs \$3.53. Looking at it another way, it takes more dollars today to buy the same goods as yesterday.

What does this have to do with investing? Due to the time value of money, the dollars you invest today will grow more than dollars invested tomorrow. In other words, don't wait. The earlier you start investing, the fewer dollars it will take to reach your goals.

Here's an example. Say there are three investors that each have a goal of accumulating \$100,000 by the time they reach age 50. If the investment earns an annual interest rate of 7%, look at the difference in how much each will have to invest per month. Greg must invest almost seven times as much per month and more than twice as much overall as Chris to reach the same goal!

## Time Value of Money

A dollar today is worth more than a dollar tomorrow. Dollars you invest today will grow more than the dollars you invest tomorrow.



# Compounding

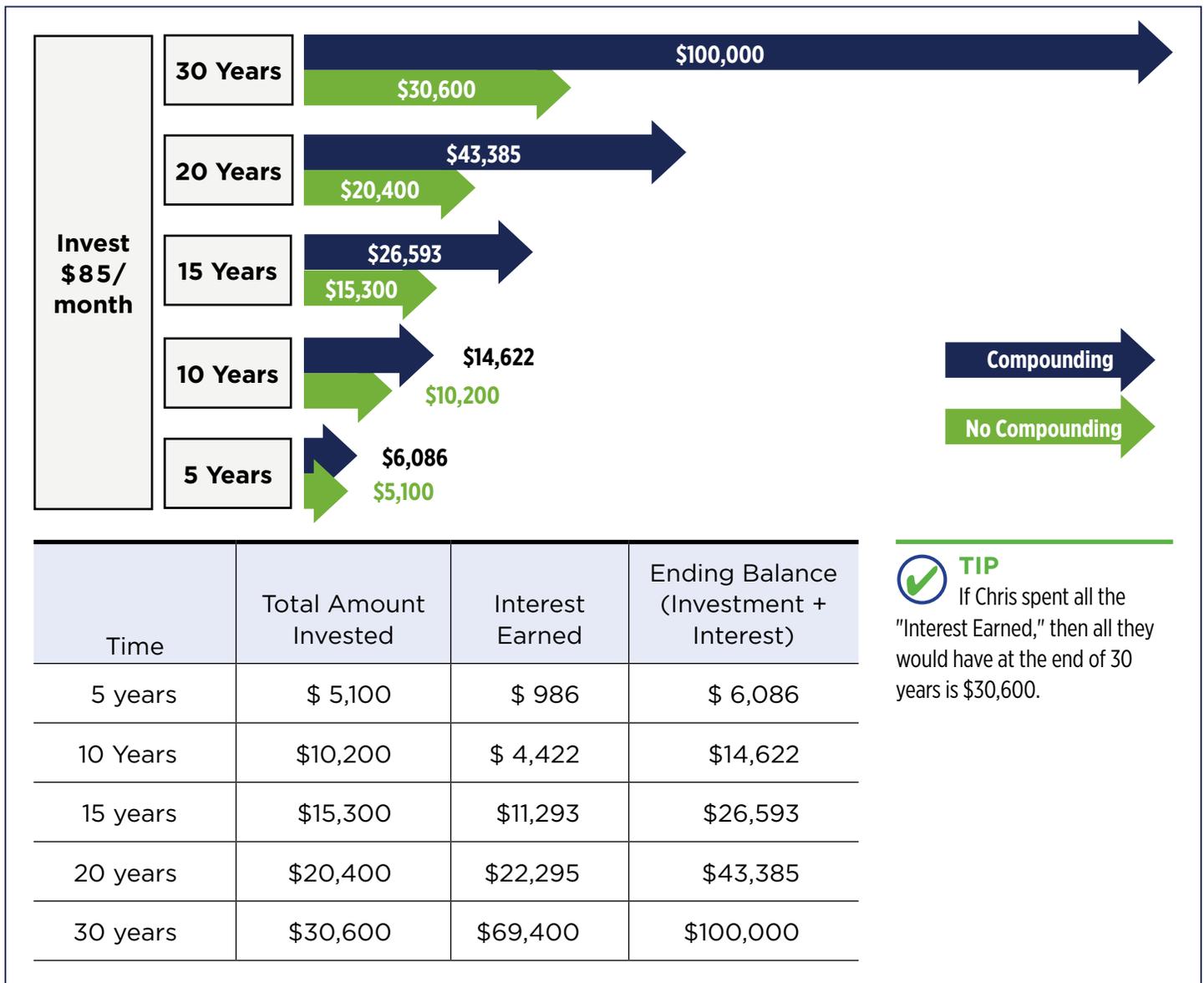
## Compounding

Interest earned on an investment, if kept in the account, will also begin to earn interest.

Ben Franklin famously said, “Money makes money. And the money that money makes, makes more money.” That is **compounding**.

How does compounding work? For the money to make more money (interest), it must stay in the account. The interest earned adds to the amount you invested (principal) and becomes the new balance on which interest is earned in the next year. Year after year the new balance grows, and the amount of interest earned grows as well. Your money is working for you!

Let’s take a closer look at how compounding helped Chris in the visual below. Say they spent the interest earned every year instead of keeping it in the account. They would only have the amount invested (green arrows). See the difference keeping the interest earned in the account makes (navy blue arrows)? In the chart below the visual, you can see how the amount of interest earned grows as well.



**TIP** If Chris spent all the "Interest Earned," then all they would have at the end of 30 years is \$30,600.

# Financial Assets

You can see how the time value of money and compounding make a big difference in growing your money. So does the rate of interest earned or increase in value of the asset over time. This is called **rate of return**. Financial assets such as stocks, bonds, and mutual funds have historically provided better rates of return than basic savings products.

## Stocks

A stock is part ownership of a public company. When you buy shares of stock you become a shareholder in the company. Does that mean that you own part of the building, equipment, products? No. When you buy stock, the company uses the money to help make and sell products. Just like our personal cash flow, if the income received from sales of the products is greater than expenses to make the product, the company may share some of the positive cash flow by paying a cash **dividend** to the shareholders. The process of a company paying a dividend may cause the price of the stock to increase! As a shareholder, if the stock price increases above what you paid for it, you can sell for a profit!

There are risks to buying stocks. There is no guarantee that the stock price will increase or that a dividend will be paid even when there is a positive cash flow. What if the company's product doesn't sell enough to cover expenses? What if the stock price falls and you need cash? You may have to sell at a loss. These are some of the risks of investing in stocks.

## Bonds

Did you know that when you buy a bond, you are lending money to a company or government entity? Bonds are loans that investors make to companies or government entities, such as the federal government. The company can use the money to help make products or for other expenses. The government can use the money for public purposes such as building a school or museum. When you purchase a bond, the borrower (company or government) agrees to pay interest on the loan and pay you back at a certain point in time (**maturity date**). Think of it like when we borrow money from a bank or use a credit card. We agree to pay the money back, at a future date, with interest.

There are risks to buying bonds. Just as with stocks, if the company is not profitable, it may not be able to repay the loan. Government-issued bonds, especially U.S. government bonds, come with a higher degree of safety; if the government is having trouble paying back the bonds, they can increase taxes to repay the bonds.

You may be asking yourself is it better to invest in a stock or a bond of a company? It really depends on what you expect: growth potential, growth and some dividends, or higher rates of interest. Keep in mind that if a company files for bankruptcy, bond holders are paid first before anything will be paid out to shareholders.

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### Rate of Return

The rate of return is a combination of interest or dividends earned and the increase in value of an asset.

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### Dividend

A dividend is a payment to shareholders from a company's positive cash flow.

---

### Maturity Date

The date when a loan must be repaid in full.

Today, there are literally thousands of stocks and bonds available for investing, so how does someone choose? The good news is you don't have to! There are other ways to invest besides buying individual stocks and bonds. For example, when you contribute to a retirement plan at work, open an ABL (A Better Life Experience) account, or invest in a mutual fund, you are still investing but letting a professional make the investment decisions. We include more information in the next sections.

## Mutual Funds

### Diversification

Diversification is a mixture of investments: low risk, medium risk, high risk. By investing in different investment types, the exposure to loss can be minimized while still providing an opportunity for growth in value.



### FINN SAYS...

#### Interest Rate Risk

Interest rates go up and down to keep our economy stable. There is interest rate risk with bonds. Let's say you have a bond paying 4% and interest rates rise to 6%. You are losing potential higher interest by holding the 4% bond. If rates fall, there is a risk that the company will 'call' the bond, meaning pay back the loan and issue new bonds at a lower rate. That saves the company money but costs you lower interest earnings.

A mutual fund is when many people pool their money together and a professional money manager decides what investments to choose and when to sell them. Each investor gets a "share" of the bucket of investments. The advantage of mutual funds is that you don't have to choose the individual stocks, bonds, and other assets (like real estate or gold).

Another advantage of mutual funds is that they are, overall, less risky than buying an individual stock or bond. However, mutual funds come in all shapes and sizes and have different investment goals — some invest in riskier things than others. Some mutual funds invest in specific types of companies (eco-conscious, technology, healthcare, U.S./international, etc.) or they buy specific types of bonds (corporate, government, U.S./international, etc.). Some invest in a combination of stocks and bonds for more **diversification**. Like individual stocks and bonds, mutual funds may increase in value as the investments within the fund increase and decrease in value as the value of the investments decreases.

The broadest form of diversification is an index fund. An index fund's investments match or track the component of a financial index. For example, the Standard and Poor's (S&P) 500 Index is a list of the 500 largest publicly traded companies which represent the United States economy. If you invested in an S&P 500 Index Fund, you would be investing in the 500 largest U.S. companies! There are also a variety of index funds, such as small and medium-size U.S. companies, international stocks, U.S./international bonds, etc.

## Objective, Time, and Risk

Choosing an investment, including mutual funds, should be based on three things: objective, time, and risk tolerance. The objective is what you expect from the investment. For example, if you are looking for regular cash payments, interest paying bonds (or bond mutual funds) would be one choice; stocks (or stock mutual funds) paying dividends would be another. If you are looking for something to increase in value over the long term, stocks (or stock mutual funds) would be an option.

Time is determined by how long you expect to turn that investment into cash. Short-term is less than one year, medium-term is two to four years, and long-term is five years or more. If you need money for a purchase this year, a savings or checking account would guarantee that the

money would be there when needed. If you don't need the cash for ten years, a stock or bond mutual fund might be an option.

Risk is a measure of how likely you could lose money in an investment. Risk tolerance is the chance you are willing to take when it comes to investing. If you are willing to lose most, or all, of your money for a small chance of a big payout, you have a high-risk tolerance. If you don't want to take any chances and are okay with small returns, you have a low-risk tolerance. Neither is good or bad, but we need to choose investments that fit our risk tolerance.

As we saw before, different investments have different risks. The chart below summarizes different levels of risk, what they mean, examples of assets in each category, and the type of investors that fit the profile of each risk. You can think of the level of risk like climbing a ladder. The lower you are on the ladder, the lower the risk of falling and getting hurt; the higher you go on the ladder, the risk of falling and getting hurt increases.



**Tamika compares the growth potential of investment options.**

Risk Level	Description	Examples	Investor Type
Very High Risk (Speculative)	Highest chance of loss; small possibility of a financial windfall.	Cryptocurrency, new companies just starting up, collectibles, lottery tickets	Highly Aggressive
High Risk	Investments have a greater chance of losing their value, however investment growth may be faster and greater.	Small to medium company stocks (stock funds), international stocks (funds)	Moderately Aggressive to Aggressive
Medium Risk	Investments may lose value, but they have less chance of loss and investment growth is slow and steady.	Large company stock (funds), investment grade bond (funds)	Moderate to Growth
Low Risk	Investments have a very low risk of loss and growth of investment is minimal.	Cash/checking/savings accounts; money market mutual funds; government bonds (funds)	Conservative to Moderately Conservative

## How Can I Invest?

You can become an investor through the PA ABLÉ program! PA ABLÉ accounts offer several different investment options. Just like when choosing a bank or making any other decision, compare your options and what is right for you before making an investment choice. In Chapter 10 — Decision-Making, we will show you a tool that will help you compare choices and make a decision that aligns with what is important to you.

PA ABLÉ Investment Options		
Option	Objective	Investment Mix
Aggressive	Seeks to grow the balance over the long term but also has the greatest risk of loss of value compared to the other options. There is very low dividend/interest income potential.	90% Stock Index 10% Bond Index
Moderately Aggressive	Still seeks to grow for the future, but with less risk compared to Aggressive. There is very low dividend/interest income potential.	75% Stock Index 25% Bond Index
Growth	Seeks to grow for the future and provide some low dividend/interest income.	60% Stock Index 40% Bond Index
Moderate	Seeks some growth in the future and provides moderate dividend/interest income.	45% Stock Index 55% Bond Index
Moderately Conservative	Seeks low growth in the future, moderate dividend/interest income, and stability.	30% Stock Index 45% Bond Index 25% Cash
Conservative	Seeks the most stability of the investment options with very low growth in the future, and low dividend/interest income.	10% Stock Index 30% Bond Index 60% Cash
Checking Account	FDIC insured checking account which allows for check writing and debit transactions for Qualified Disability Expenses.	100% Cash

The PA Treasury Department has more information about the benefits of having a PA ABLÉ account and they provide step-by-step instructions as to how to open an account. Their website also includes information about qualified expenses and additional details about the investment options and other resources. Find more information at [paable.gov](http://paable.gov). There are national ABLÉ resources as well:

- ABLÉ National Resource Center ([ablenrc.org](http://ablenrc.org))
- National Association of State Treasurers ([nast.org/able](http://nast.org/able))

**Disclaimer:** The Pennsylvania ABLÉ Savings Program is administered by the Pennsylvania Treasury Department. Before investing, please carefully read the Disclosure Statement (available at [paable.gov](http://paable.gov) or by calling 855-529-2253) to learn more about the program, including its effect on federal and state benefits, investment objectives, risks, fees, and tax implications.

# How Can I Learn More About Investing?

This chapter included the basics of investing, but there is so much more to learn. Listed below are some resources you can go for reliable, researched, and verified information about investing.

## PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES

The PA Department of Banking and Securities offers a variety of consumer brochures and booklets about stocks, bonds, mutual funds, investing for college, retirement, finding a financial advisor, and more.

[dobs.pa.gov](http://dobs.pa.gov)

## U.S. SECURITIES AND EXCHANGE COMMISSION (SEC)

The **Investor Education page** ([sec.gov/education/investor-education](http://sec.gov/education/investor-education)) of the SEC provides a wealth of information for individuals looking to invest. Including links to the following resources:

- **Investor.gov** — This website provides information on investing basics, financial tools and calculators, investment products and investment professionals. [investor.gov](http://investor.gov)
- **Adviserinfo.sec.gov** — A website where you can look up an investment advisor to view their background, current registrations, employment history and disciplinary events. [adviserinfo.sec.gov/](http://adviserinfo.sec.gov/)

## FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)

A non-profit, government authorized organization that is authorized to regulate U.S. stockbrokers and broker-dealer firms. FINRA provides information on personal finance, investing, protecting your money, tools and calculators, and investor insights on a variety of other investing topics. [finra.org/about](http://finra.org/about)

- **Brokercheck.finra.org** — Information on this website helps investors make informed choices about brokers, advisers, and brokerage firms. [brokercheck.finra.org](http://brokercheck.finra.org)

## SECURITIES INVESTOR PROTECTION CORPORATION (SIPC)

SIPC protects investors if a brokerage firm fails, and cash and securities are missing from investor accounts. [sipc.org](http://sipc.org)

*\*\*Note: It does not protect against the fluctuating values of investments\*\**



### FINN SAYS...

You don't need a lot of money to invest. The minimum contribution to PA ABLE account is only \$25. With regular monthly deposits, the time value of money and compounding, you will be on your way to reaching your financial goals!

NOTE: Have you ever heard the phrases, "There is no such thing as a sure thing" or "If it sounds too good to be true, it probably is"?

Be cautious in looking for a get rich quick investment. Don't be tempted by the advertisements and false testimonials about making a lot of money in a short amount of time with the latest investing craze or guaranteed high returns. Slow and steady wins the race when it comes to investing. Do your homework. The references in the section above will help you learn more so you can be an informed investor.

# Chapter 7

# Borrowing Money

## Assistive Technology (AT)

Any device or service that helps a person who has a disability do the things they want to do. Examples of AT include an adapted vehicle, a ramp into a house, an iPad, hearing aids, smart home devices, and a wheelchair or scooter.

## Activity in This Chapter

-  **ACTIVITY #15** **FUND THE ASSISTIVE TECHNOLOGY I NEED**
-  **ACTIVITY #16** **GET AND UNDERSTAND MY CREDIT REPORT**

People often borrow money for major purchases. Why? Because most people don't have enough of their own money right now to buy expensive things they really need, like a vehicle, a home or **assistive technology (AT)**. That doesn't mean, however, that you can't buy these things. Instead you can borrow what you need to purchase the item now, and then pay the money you borrowed back over time.

## Learn More About How to Pay for Assistive Technology (AT)

In 2024, Pennsylvania Assistive Technology Foundation (PATF) published the fourth edition of *Funding Your Assistive Technology: A Guide to Funding Resources in Pennsylvania*. This guide, available in English and Spanish, covers a variety of topics in detail, with chapters that include:

- What Is Assistive Technology?
- Choosing My Assistive Technology
- Developing a Successful Funding Strategy
- Home and Community-Based Waiver Programs
- A Public and Private Funding Resource List
- Saving for Assistive Technology: ABLE Accounts and Special Needs Trusts

You can download a copy at <https://patf.us/FundingYourAT> or call 484-674-0506 to request a copy.



# What You Need to Know About Borrowing

- What is **credit**?
- Why is it important to have good credit?
- How do you establish credit?
- What are credit reports and credit scores?

## What is Credit?

Credit is money that you can borrow with the promise to repay it at a later date.

Credit is not free. It allows you to borrow money when you don't have cash, but you may be charged interest and fees. There are two main types of credit: Installment Credit and Revolving Credit.

<b><i>Installment Credit</i></b>	<b><i>Revolving Credit</i></b>
This is credit that you use to borrow money and promise to repay in equal amounts over a specific period of time.	This is credit that allows you to borrow a pre-established amount over and over again, as long as your account is in good standing. Each month, you repay the amount borrowed in-full or you make a partial payment.
<p><b>EXAMPLE OF INSTALLMENT CREDIT:</b></p> <p>Hilary signs an auto loan in which the agreement requires that she pays the lender \$350 each month for six years.</p>	<p><b>EXAMPLE OF REVOLVING CREDIT:</b></p> <p>Max signs up for a credit card. He is given a card that will allow him to borrow up to \$500.</p> <p>He uses the card to make purchases that total \$125. Now he only has \$375 credit left.</p> <p>At the end of the month, Max receives his statement.</p> <p> He can choose to pay off what he owes in-full (\$125) so that he'll have \$500 that he can use next month.</p> <p>Or,</p> <p> Max can choose to pay the monthly minimum amount (\$25), but he will have only \$400 credit available the next month. Because he only pays the minimum, Max will owe interest.</p>

### Credit

Money that you borrow with the promise to repay it at a later date.



### FINN SAYS...

Here are my useful tips for unexpected expenses:

- Build up an emergency cash fund in your savings account.
- Build good credit so you can borrow from your credit union or bank.
- Keep a credit card for emergency expenses.

# Understanding Loans

Loans are complex and their terms may seem confusing, but they can provide needed money at a time when you don't have it. Learn more about how loans work, when to consider one, questions to ask, and how to evaluate loan terms in this three-part blog series written by Pennsylvania Assistive Technology Foundation: [bit.ly/Understanding\\_Loans](https://bit.ly/Understanding_Loans).

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## Debt

Debt is money that you borrow and must repay.

## Why Is It So Important to Have Credit?

Good credit is necessary if you plan to make a major purchase and have to borrow the money. You need to establish good credit. Good credit means that you pay your bills on time and you don't have too much **debt**. The importance of good credit also goes beyond purchases. It also means that you will be able to do things like rent an apartment in your own name, have a cell phone, or pay lower insurance rates. It may even help with getting a job because some employers will ask to check your credit score before deciding to hire you.

## How Do You Establish Credit?

There are several ways you can establish credit. You need to show potential lenders that you will be responsible for paying back a loan in the time period that you said you would. How can you do this?

- You can take out a personal loan from a bank and pay it back on time.
- You can get a credit card, charge purchases on your card, and pay your monthly credit card bill by the due date.
- You can even establish credit by paying rent and utility bills on time.



**Kelvin needs a van to drive to work.**

# Beware! Don't Get Trapped by Payday Loans!

***If something sounds too good to be true, it probably is.***

Payday loans are small loans made by check cashers or similar businesses at *extremely* high interest rates. Typically, payday loans are short term (two weeks) and for a few hundred dollars. To get a loan, you write a personal check for the amount that you are borrowing, plus a fee. The lender agrees to hold onto the check until you are ready to repay. In return, you get cash immediately.

David took out a payday loan for \$500. He plans on repaying his loan in two weeks. The payday lender says he will charge David \$20 interest for every \$100 that he borrows during this time period. This means that David will owe \$600 when he repays his loan in two weeks. Why?

\$20 interest for every \$100 borrowed. David is borrowing \$500.

$\$20 \times 5 (\$100) = \$100$  interest

$\$500$  borrowed +  $\$100$  interest =  $\$600$

Unfortunately, David didn't have the \$600 he needed in two weeks, so he extended the loan for another two weeks. Suddenly, he owed \$700 because the interest kept piling up! If David kept extending the loan for a year, it would cost him \$2,600 in interest just so he could borrow \$500.

The main reason to avoid payday loans is that they don't help you solve the real problem. If you're having financial difficulties, payday loans can only make the problem worse. You're paying a really high rate of interest which means that your expenses are just going up.

## Credit Cards

A credit card allows you to purchase items now and pay for them later. Credit cards are an example of **revolving credit**.

When you get a credit card, it will have a limit, also known as a "line of credit." Your first credit card may have a limit of \$350 to \$500. Here are some important things to remember about using a credit card:

- Every month you will get a credit card statement listing any purchases you made that month. Read through the purchases and make sure the information is correct.
- You'll find a due date included on the credit card statement. The due date is the date when your payment must be received by the credit card company. The credit card company does not require you to pay your entire balance at the end of each month. You can pay the minimum monthly payment.

If you only pay part of your balance, the credit card company will charge you interest on the amount that you didn't pay. This interest expense can add up, and what you purchased can end up costing you twice as much.

- There may be an annual fee for having a credit card.

---

### Revolving Credit

A type of credit that a borrower may use to withdraw funds up to a preapproved amount. The amount of available credit decreases and increases as funds are borrowed and then repaid. The credit may be used repeatedly. The borrower makes payments based only on the amount that is actually used or withdrawn, plus interest. The borrower may repay over time, or in-full

## FINN SAYS...

A few words of caution concerning your credit card:

- You are responsible for purchases made with your credit card. Read your statement very carefully, especially if you need assistance in using your credit card. If you learn that someone has used your card without your permission, call the phone number on the back of the card to report this activity.
- Many credit cards advertise low interest rates, but they may not make it clear whether the rates will go up after the introductory period. To find the best credit card for you, take a look at some of the credit card comparisons on websites like [nerdwallet.com](http://nerdwallet.com), [bankrate.com](http://bankrate.com), and [creditkarma.com](http://creditkarma.com).
- If you do not pay the minimum payment *on time* each month you will hurt your credit history. If you pay the amount due in full before the due date, there will be no additional charges (no interest due) and you will improve your personal credit history.



## Credit History

Your credit history is a record of how well you have or have not managed your credit card and loan payments. It's important to make credit card and loan payments on time so that you can maintain a positive history.

## Additional Fast Facts about Credit Cards

- When used correctly, credit cards can help you build a good **credit history**. This will come in handy when applying for jobs, renting an apartment, or buying a car.
- It is very important to make prompt payments. Credit card companies want to know that you are financially responsible. Whether or not you make your payments on time is one of the biggest things they will take into consideration if you want to borrow more money.
- Try to get a credit card with no annual fee and a low interest rate.
- If you find that you can't pay the entire balance of your credit card bill for several months in a row, then you are spending too much money.

## RESOURCE

National Disability Institute (NDI) created an infographic to help you decide how to pay for a purchase (cash, debit card, or credit card). Go to [bit.ly/NDI\\_Credit\\_Decision\\_Tree](http://bit.ly/NDI_Credit_Decision_Tree).



David uses his credit card at his university's convenience store.

## SAMPLE MONTHLY CREDIT CARD STATEMENT

### ABC Bank Credit Card Account Statement Account Number XXXX XXXX XXXX XXXX February 21, 20XX to March 22, 20XX

<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 80%;">Previous Balance</td><td style="text-align: right;">\$535.07</td></tr> <tr><td>Payments</td><td style="text-align: right;">-\$450.00</td></tr> <tr><td>Other Credits</td><td style="text-align: right;">\$0.00</td></tr> <tr><td>Purchases</td><td style="text-align: right;">+\$517.12</td></tr> <tr><td>Balance Transfers</td><td style="text-align: right;">+\$785.00</td></tr> <tr><td>Cash Advances</td><td style="text-align: right;">+\$318.00</td></tr> <tr><td>Past Due Amount</td><td style="text-align: right;">+\$0.00</td></tr> <tr><td><b>Fees Charged</b></td><td style="text-align: right;"><b>+\$69.00</b></td></tr> <tr><td><b>Interest Charged</b></td><td style="text-align: right;"><b>+\$11.36</b></td></tr> <tr><td colspan="2"><hr/></td></tr> <tr><td>New Balance</td><td style="text-align: right;">\$1,786.00</td></tr> <tr><td>Credit Limit</td><td style="text-align: right;">\$2,000.00</td></tr> <tr><td>Available Credit</td><td style="text-align: right;">\$214.00</td></tr> <tr><td>Statement closing date</td><td style="text-align: right;">3/22/XX</td></tr> <tr><td>Days in billing cycle</td><td style="text-align: right;">30</td></tr> </table>	Previous Balance	\$535.07	Payments	-\$450.00	Other Credits	\$0.00	Purchases	+\$517.12	Balance Transfers	+\$785.00	Cash Advances	+\$318.00	Past Due Amount	+\$0.00	<b>Fees Charged</b>	<b>+\$69.00</b>	<b>Interest Charged</b>	<b>+\$11.36</b>	<hr/>		New Balance	\$1,786.00	Credit Limit	\$2,000.00	Available Credit	\$214.00	Statement closing date	3/22/XX	Days in billing cycle	30	<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 80%;">New Balance</td><td style="text-align: right;">\$1,786.00</td></tr> <tr><td>Minimum Payment Due</td><td style="text-align: right;">\$53.00</td></tr> <tr><td>Payment Due Date</td><td style="text-align: right;">4/20/XX</td></tr> </table> <p><b>Late Payment Warning:</b> If we do not receive your minimum payment by the date listed above, you may have to pay a \$35 later fee and your APRs may be increased up to the Penalty APR of 28.99%.</p> <p><b>Minimum Payment Warning:</b> If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For example:</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 33%;">If you make no additional charges using this card and each month you pay...</th> <th style="width: 33%;">You will pay off the balance shown on this statement in about...</th> <th style="width: 33%;">And you will end up paying an estimated total of</th> </tr> </thead> <tbody> <tr> <td>Only the minimum payment</td> <td>8 years</td> <td>\$2,785</td> </tr> <tr> <td>\$62</td> <td>3 years</td> <td>\$2,232 <i>(Savings=\$553)</i></td> </tr> </tbody> </table> <p>If you would like information about credit counseling services, call 1-800-XXX-XXXX.</p>	New Balance	\$1,786.00	Minimum Payment Due	\$53.00	Payment Due Date	4/20/XX	If you make no additional charges using this card and each month you pay...	You will pay off the balance shown on this statement in about...	And you will end up paying an estimated total of	Only the minimum payment	8 years	\$2,785	\$62	3 years	\$2,232 <i>(Savings=\$553)</i>
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### TIP

For another example of a credit card statement, go to [mycreditunion.gov/life-events/checking-credit-cards/credit-cards/statement](https://mycreditunion.gov/life-events/checking-credit-cards/credit-cards/statement).

### 1 Summary of account activity

A summary of the transactions on your account — your payments, credits, purchases, balance transfers, cash advances, fees, interest charges, and amounts past due. It will also show your new balance, available credit (your credit limit minus the amount you owe), and the last day of the billing period (payments or charges after this day will show up on your next bill).

### 2 Payment information

Your total new balance, the minimum payment amount (the least amount you should pay), and the date your payment is due. A payment generally is considered on time if received by 5 p.m. on the day it is due. If mailed payments are not accepted on a due date (for example, if the due date is on a weekend or holiday), the payment is considered on time if it arrives by 5 p.m. on the next business day. Example: If your bill is due on July 4th and the credit card company does not receive mail that day, your payment will be on time if it arrives by mail by 5 p.m. on July 5th.

### 3 Late payment warning

This section states any additional fees and the higher interest rate that may be charged if your payment is late.

### 4 Minimum payment warning

An estimate of how long it can take to pay off your credit card balance if you make only the minimum payment each month, and an estimate of how much you likely will pay, including interest, in order to pay off your bill in three years (assuming you have no additional charges).



### FINN SAYS...

Your goal should be to pay your credit card balance in-full each month. If you are carrying a balance on your card from one month to the next, you are probably spending too much money.

Remember: You will pay interest on the unpaid balance of your credit card as well as on any new purchases you make.



## Funding Your AT

### PENNSYLVANIA ASSISTIVE TECHNOLOGY FOUNDATION

If you're unsure of your funding options, or learn you're not eligible for any government funding, or you just want to pay for the device(s) yourself without any hassle, try Pennsylvania Assistive Technology Foundation (PATF). PATF is a state-accredited, federally-certified **Community Development Financial Institution (CDFI)** that provides low- or no-interest loans for the purchase of your AT devices. PATF staff also provides information about other possible funding resources so that your loan is as small as possible. Many PATF borrowers would not qualify for loans from traditional banks or credit unions. PATF serves Pennsylvanians of all ages, income levels, disability diagnosis or health conditions, and communities and cultural backgrounds.

PATF has two loan programs:

- A Mini-Loan program for loans from \$100 to \$7,000 at 0% interest and no fees (with a maximum repayment term of 48 months).
- A Low-Interest Loan program for loan amounts greater than \$7,000 to \$60,000 at 3.75% (currently), and no fees, and with extended repayment terms. If you have poor credit, but are able and willing to repay a loan, PATF may be able to **guarantee** your loan for up to \$45,000.

There is no other program like PATF in Pennsylvania! For more information, call 484-674-0506; or go to the website, [www.patf.us](http://www.patf.us).

### FINN SAYS...

Taking out a Mini-Loan is a great way to build credit! Every month, PATF reports repayments to the credit reporting agencies so that your FICO scores will increase when you pay your loan on time.

### Guarantee

A loan guarantee is a promise by someone to assume the debt obligation of a borrower if they do not repay their loan.



### ACTIVITY #15:

### FUND THE ASSISTIVE TECHNOLOGY I NEED

What are the devices or services you need and possible funding resources?

Device	Possible Funding Source
1. _____	_____
2. _____	_____
3. _____	_____

## What is a CDFI?

Community Development Financial Institutions, or CDFIs, are mission-driven organizations that have been certified by the [U.S. Department of the Treasury's CDFI Fund](#). CDFIs can include credit unions, banks, loan funds, and non-profits (like PATF) that operate with a primary mission of serving underserved communities.

# Student Loans

The options for going to school have exploded in recent years. If you decide to continue your education after high school, you'll want to compare your options. You may want to attend a school nearby or to a place that requires travel. You may also decide to attend an on-line program. Before you make your decision, you should investigate how you'll fund your education.

College can be expensive and a student loan may seem like an attractive way to fund your degree. But, think carefully about where you want to go, what you want to study, and how much money you will need to borrow in order to attend school. The more money you borrow, the longer commitment to paying it back and the more you'll ultimately pay in interest. Be sure to research all your options for funding your education, including scholarships, financial aid, grants, work-study, and resident assistant programs.

If you decide you want to take out a student loan, and you have determined how much money you're comfortable borrowing (and eventually paying back), you have options about which lending program to use. There are two major sources of student loans: federal and private. These loans may have either a **fixed** or **variable interest** rate. Unlike the interest you are paid when you save money in a bank or credit union, this interest will cost you!

Federal student loans are loans available from the U.S. Department of Education federal student loan program and are typically called "Direct Loans." Direct Loan may be either *subsidized* or *unsubsidized* or a combination of both. The interest rate you pay on all Direct Loans is fixed; however, the amount you can borrow using Direct Loans is limited so, some people use private loans from banks or credit union to fill the gap. The interest on private loans is typically variable.

**Direct Subsidized Loans** are available only to students with financial need. The U.S. Department of Education will pay the interest on the Direct Subsidized Loan on if you are in school half time (registered for at least six credits per semester) and for the first six months after you leave school.

**Direct Unsubsidized Loans** do not require that students have financial need. You do not have to pay the loan back while in school half time; however, the interest accrues as soon as the loan is disbursed to the school.

Learn more at [studentaid.gov/understand-aid/types/loans](http://studentaid.gov/understand-aid/types/loans).

**Private student loans** come from banks, credit unions, and other types of lenders and are based on the credit of the borrower so they are harder to get. Interest rates for most borrowers are higher than Direct Loans and typically are variable so they can be more expensive in the long run.



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## FINN SAYS...

If you need to borrow money for college, use federal student loans first. They are the least expensive way to borrow. However, unlike other loans, federal student loans cannot be discharged through bankruptcy.

---

## Fixed Interest

The interest rate is the same for the life of the loan.

---

## Variable Interest

The interest rate varies over the life of the loan. It may go down or up based on certain benchmarks.



## TIP

The Federal Pell Grant is a grant available to undergraduate students who display exceptional financial need and have not earned a bachelor's, graduate, or professional degree.



### FINN SAYS...

Resources are always changing, so make you research the options in your state for grants and scholarships.

If you are considering schooling after high school a great place to start your research about options for college or a career school, the FAFSA, and your financing options though student loans, grants, work-study, and scholarships, is [studentaid.gov](http://studentaid.gov).

## SAMPLE UNIVERSITY DEPENDENT STUDENT AID OFFER EXAMPLE

Student Name  
Student Address  
Student City, State, Zip  
Student ID

Estimated Annual Cost of Attendance (COA)		Award Year	
Costs Payable to the University		Other Estimated Costs	
Tuition	\$15,915	Books & Supplies	\$820
Activity & Tech Fee	\$1,615	Transportation	\$1,735
Housing	\$6,510	Miscellaneous Expenses	\$921
Food	\$4,000		
<b>Total Costs</b>	<b>\$28,040</b>	<b>Total Costs</b>	<b>\$3,476</b>
<b>Total Estimated Cost of Attendance</b>		<b>\$31,516</b>	

Scholarships and Grants (refer to renewal eligibility on your student portal)

Aid Type	Fall	Spring	Annual
Federal Pell Grant	\$3,248	\$3,247	\$6,495
Federal Supplemental Educational Opportunity Grant	\$300	\$300	\$600
State Grant	\$450	\$450	\$900
Merit Based Scholarship	\$5,500	\$5,500	\$11,000
Institutional Scholarship	\$1,500	\$1,500	\$3,000
<b>Total Scholarships &amp; Grants</b>	<b>\$10,998</b>	<b>\$10,997</b>	<b>\$21,995</b>

Your estimated net price (cost of attendance less scholarships and grants): This is based on your zero (0) Student Aid Index (SAI) and anticipated full-time (12+ credits, preferably 15 credits) enrollment.

\$9,521

Loans (Self-Help Aid)

Aid Type	Fall	Spring	Annual
Federal Direct Subsidized Loan*	\$1,750	\$1,750	\$3,500
Federal Direct Unsubsidized Loan*	\$1,000	\$1,000	\$2,000
<b>Total Aid Offered</b>	<b>\$2,750</b>	<b>\$2,750</b>	<b>\$5,500</b>

\* Federal loans are funds that can be applied toward your cost of attendance and must be repaid. You must accept or decline your loan eligibility by logging into your student portal.

Estimated outstanding costs not covered by scholarships, grants and loans.

\$4,021

Other Self-help Options

Aid Type	Fall	Spring	Annual
Federal Work-Study*	\$1,500	\$1,500	\$3,000

\* Federal work-study funds are contingent upon finding employment. Earnings are paid out bi-weekly.

**Other Financing Options**

**Outside Scholarships**  
Scholarships are available from many sources including high schools, places of service, civic groups, and parents' employers. We recommend that you check with your high school guidance counselor, the reference section of your library, and organizations in your hometown. Receipt of outside scholarships could affect your eligibility for certain aid types.

**Payment Plan**  
Sample University offers a 3-Pay tuition payment plan for those students who need to spread their tuition and fees across the semester.

**Private Student Loan**  
Contingent upon application approval from a bank, credit union, non-profit or state-based education finance organizations or online lender.

**Federal Parent PLUS Loan**  
Contingent upon parent application approval. Parent must not have adverse credit history. Must be repaid by parent.

For more information on these additional funding options please visit: [www.financialaid.edu](http://www.financialaid.edu)

**Next Steps**

- Accept or Decline all aid offered in the finances section of your student portal.
- Provide required documents for verification if applicable.
- Check important financial aid deadlines listed on your student portal.

Sample University is committed to helping you navigate the financial aid process. Please contact our helpful, experienced staff in the Office of Student Financial Aid and Scholarships for help understanding your Financial Aid Offer.

We look forward to serving you at Sample University and wish you the best in your academic endeavors. Please visit [www.sample.edu/admitted](http://www.sample.edu/admitted) for other important next steps.

### A sample financial aid letter

Source: [nasfaa.org/uploads/documents/dependent\\_aid\\_offer\\_model.pdf](https://nasfaa.org/uploads/documents/dependent_aid_offer_model.pdf)

## Things to Consider Before Taking On Student Loan Debt:

- Take your time to avoid making critical financial mistakes
- Go over your career plans and goals and set realistic income expectations
- Federal vs Private Student Loans [Note: always use Federal student Loans before taking out private.]
- Subsidized Loans (some federal loans don't accrue interest while you're in school)
- Grace Periods (getting to delay making your first payment)
- Deferment or forbearance (continuing to delay payment with permission from your lender)
- Income-driven repayment plans (only paying what you can afford)
- Student loan forgiveness — Is your student loan eligible for forgiveness? Check out disability related forgiveness: [studentaid.gov/manage-loans/forgiveness-cancellation](https://studentaid.gov/manage-loans/forgiveness-cancellation)

## Credit Reporting and Credit Bureaus

Credit reporting is a system lenders use to decide whether or not to give you credit, or a loan, and how much interest they will charge you.

Your **credit report** is a record of how much you owe and how well you pay it back. A credit report will also include information such as where you live, whether you've ever declared bankruptcy, or whether you've ever been referred to a collection agency. Negative credit history usually goes back only seven years; however, a bankruptcy will remain on your report for ten years from the date of discharge. The good news is that positive credit can remain on your report forever. Having more good information helps strengthen your credit history and increases your credit score.

Credit reports are available from three different credit bureaus (Equifax, Experian and TransUnion) that get their information from many different sources. See the end of the chapter for information about how to contact these three credit bureaus.

### Credit Report

A report of your credit history. A credit report is a system lenders use to decide whether or not to extend you credit, or a loan, and how much interest they will charge you. Your credit report is a record of how much you owe and how well you pay it back. A credit report will include such information as where you live, your work history, your repayments on loans, and whether you've filed and been discharged from a bankruptcy.



### FINN SAYS...

#### Loans Must Be Taken Seriously

One missed payment can result in a delinquency, and multiple missed payments can result in a default. This will have a severe negative impact on your credit. Avoid these problems by researching your options for delaying your payments if you find yourself in a position where you can't afford them for a period of time. And be aware, it is very difficult to get discharged from a student loan — in fact, they are one of the only types of loans that will not be discharged even if you file for bankruptcy! One exception: if you are totally and permanently disabled, you may qualify for a total and permanent disability (TPD) discharge of your federal student loans. With a TPD discharge, you will no longer be required to repay your loans. Learn more at [disabilitydischarge.com/](https://disabilitydischarge.com/).

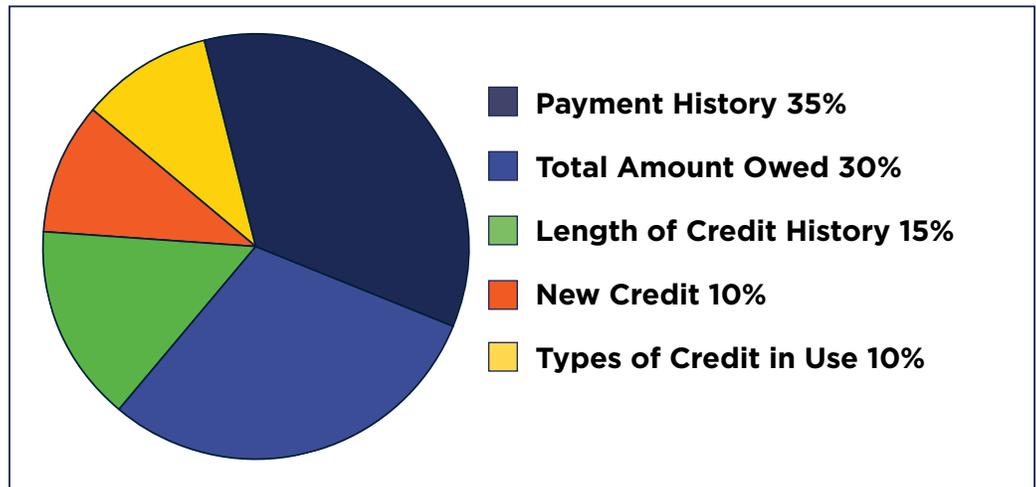
## Credit Scores

### Credit Score

A number that represents the credit-worthiness of a person, or the likelihood that a person will pay back a debt. The higher the number, the better your credit score. Most financial institutions use the FICO credit scoring model.

Based on the information in your credit report, lenders calculate your FICO **credit score**. The score is an indicator of your ability to repay a loan on time. The scores usually range from 300 to 850. A higher score is better; it means the risk of lending you money is less than if you have a low score. It's also possible for someone not to have a credit score. This usually means that someone doesn't have enough of a credit history to receive a score.

Your FICO score is made up of the following:



### Why Is Your FICO Credit Score Important?

- **Your credit score will determine if you qualify for credit.**

Your credit score will determine if you qualify for credit. Need to buy an adapted vehicle? The lender will check your credit score. In fact, some employers, with written permission, will check credit scores when hiring to help determine who will make a good employee.

- **Your credit score also determines how much it will cost you to borrow money.**

People with higher credit scores are assumed to be less of a risk and therefore typically receive lower interest rates. Those with lower scores are viewed as more of a risk, so the bank will guard against that risk by lending money at a higher interest rate. And when you're talking about larger loans, such as buying a vehicle or a home, just one extra interest rate point could add up to thousands, or tens of thousands, of dollars in interest.

### Improving Your Credit Score

- **What happens if you have made some financial mistakes in the past and your credit score is low?**

Don't worry. The good news is that your credit score is constantly updated, so every month, as you begin to make improvements to your credit history, your score will improve. But keep in mind that negative items on your report will stay there for seven years or more, so it will take some time for serious financial mistakes to disappear completely.



### TIP

Your FICO score does not come with your credit report. You may have to pay a fee to receive your score.

- **Remember, if you make payments on time, you'll slowly start to raise your credit score.**

You can also improve your score if you reduce your total debt. As you can see in the pie chart on page 61, the second largest part of your score is how much debt you have, so if you can lower your overall debt you'll also begin to make some serious headway with improving your credit score.

You are entitled to one free credit report from each of the three major credit bureaus (Equifax, Experian, TransUnion) every week. It's always a good idea to review your credit report and make sure what is being reported is correct!



**FINN SAYS...**

People who are blind or have low vision may request their free annual credit reports in Braille, large print or audio format by calling 877-322-8228.

Consumers who are D/deaf and hard of hearing can access the TDD service to request their credit report by calling 7-1-1 and referring the Relay Operator to 1-800-821-7232.

 **ACTIVITY #16:**  
**GET AND UNDERSTAND MY CREDIT REPORT**

Request a copy of your credit report by:

- Going online, [annualcreditreport.com](http://annualcreditreport.com), and ordering a report; or, by calling 877-322-8228 (toll-free)
- You can also check out some of the new companies for information and a free credit score that you can track over time. Credit Karma, [creditkarma.com](http://creditkarma.com), works with TransUnion and Equifax; and, Credit Sesame, [creditsesame.com](http://creditsesame.com), works with TransUnion.

**What Should You Do If You Find a Mistake on Your Credit Report?**

If you find a mistake on your credit report, contact the credit-reporting bureau that is reporting it and give them details and copies of all supporting documents. They will tell you what documents are needed. Follow-up with the credit agency if you do not receive a satisfactory response within thirty days from the date your letter was mailed. It is also a good idea to contact the other credit reporting bureaus, too.

The three major national credit bureaus are:

- Equifax, 1-888-298-0045 or [equifax.com](http://equifax.com)
- Experian, 1-888-397-3742 or [experian.com](http://experian.com)
- TransUnion, 1-800-916-8800 or [transunion.com](http://transunion.com)



**TIP**

It's possible to place a credit (security) freeze on your credit report which will stop a credit bureau from releasing any information without your permission to any new loan, employment, or credit application. You must contact all three credit bureaus to place a freeze on your credit report. See Chapter 8 for more information on a credit freeze.

Your Follow-up:

- Did you get a copy of your credit report?  Yes  No
- Was all of the information correct?  Yes  No
- Did you receive your credit score?  Yes  No

## Frequently Asked Questions about Credit



### **Will checking my credit report hurt my score?**

No, you can check your own credit report without harming your credit score. In fact, checking your report regularly is a really good idea because this allows you to make sure there aren't any mistakes. So, take advantage of the weekly free credit report you're entitled to from each of the three major credit bureaus. You can check your credit report by going online to [annualcreditreport.com](http://annualcreditreport.com) or you can request a paper copy of your credit report by calling toll-free 877-322-8228. Remember, your credit score does not come with your credit report. You may have to pay a fee to receive your score.



### **Can a potential employer or landlord check my credit report?**

Yes, when you're applying for a job or hoping to rent a property, your potential employer or potential landlord can run your credit report — but only with your permission. And, they will not have access to your credit score, just a shortened, simplified version of your credit report. Why might they want to see your report? It is thought that information on your credit report can provide insight into your character and whether or not you'll be a reliable and responsible employee or renter.



### **Should I carry a balance on my credit card from month to month?**

No, not if you can avoid it! There is a myth out there that carrying a balance will help you build and maintain a good credit score. What you should do is avoid spending more than 30% of your available credit and then pay off the balance on your card in-full and on time when the bill comes each and every month. Each of those on-time payments, combined with restrained use of your credit (less than 30% of your credit limit) will help boost your credit score. The catch? If you pay off the balance too early in the month (before the bill comes) your credit report may not record that you've, in fact, used your credit card. So, be sure to wait for the statement to arrive, then pay off the bill on time and in-full.



### **Will I build credit using my debit or prepaid card?**

No. A prepaid or debit card only lets you spend the money you load onto the card. Because both types of cards only allow you to spend money you already have, they are not considered to be using credit, and your activity is not reported to the credit bureaus. There are benefits to using debit and prepaid cards — you can't fall into debt with them and you can't be tempted to spend money that you can't afford to spend. But the benefit of careful use of a credit card is that building your credit opens up opportunities for future purchases, loans, lower interest rates, employment, housing, and more. Also, a word of warning: using your debit card leaves you more vulnerable because if someone steals your card information, they have direct access to your bank account.

# Identity Theft

## Activity in This Chapter

### **ACTIVITY #17** PROTECT MYSELF FROM IDENTITY THEFT

## Identity Theft

**Identity theft** is one of the fastest growing crimes. It happens when someone steals your personal information and then uses it to buy things that you have to pay for.

### *How Does Identity Theft Happen?*

- **Data breach** — an unauthorized entity gains access to sensitive information electronically stored by a business or governmental organization.
- **Mail** — gaining access to personal and account information by stealing mail from a personal or postal mailbox.
- **Theft** — stealing personal information from your:
  - ➔ Wallet, backpack, purse, etc.
  - ➔ Electronic devices
  - ➔ Mail
  - ➔ Home
- **Social Media** — posting jobs or “get rich quick” schemes that require you to provide bank account and personal information or send money.
- **Smishing** — using text messages to get individuals to send money (for example, money orders, wire transfers, payment apps, gift cards, or cryptocurrency)

### Identity Theft

The taking of one's personal information for financial gain.



**Michael is shredding an old credit card bill. Contact your municipality to ask about local shredding events.**



Dena always thinks twice before clicking on a link in her email.



**FINN SAYS...**

Fraudsters use AI like Chat GPT to write messages that sound like the writer is highly educated and from the United States. The text and email messages sound natural and are without the typical typos and syntax errors found in past Phishing emails.



**TIP**

Businesses, financial institutions, or government organizations will *never* ask for personal information either by email, text, or phone.

And if something seems too good to be true, it probably best to stay away from it.

- **Phishing** — using emails messages to trick you into sending money (for example, money orders, wire transfers, payment apps, gift cards, or cryptocurrency), personal information, or downloading malware on your computer.
- **Pharming** — directing users to bogus websites that mimic a legitimate one.
- **Artificial Intelligence powered (or AI-powered) Scams** — emails, texts, and phone calls that have a more natural sound to them and the ability to mimic a familiar voice.

**What Can Happen if a Thief Steals Your Identity?**

The thief can:

- Take out a loan in your name;
- Open credit cards in your name;
- Rent an apartment and open utility accounts in your name;
- Use your ATM card and take all of the money out of your account;
- Get a driver’s license or other ID card, using YOUR name, and THEIR photo; and
- Try to use your Social Security number to get government benefits for themselves.

**How Can You Protect Your Identity?**

- Never throw personal information in the trash, especially a public trash can. Always shred personal documents like credit card bills, ATM receipts, and bank statements. Be sure you shred items small enough that they cannot be put back together.
- Use only secure websites (https) when you make Internet purchases. Payment apps, like Venmo, Zelle, and PayPal are a safe way to make online purchases and payments. When using any payment app, make sure you are sending it to the right person or business.
- Be aware of who is around and may be watching when you use an ATM machine.
- Be very cautious when giving out your Social Security number or financial information online or to someone over the phone.
- Stop before you click on links in an email or text. Instead, use a trusted email or a phone number to contact the business, financial institution, or government organization.

- Use a spam filter and antivirus software on your computer and set it to automatically update.
- When you create a **User Identification (USER ID)** and **Personal Identification Number (PIN)** code for an account, make it something that will be difficult to guess (don't use your birthday).
- Make sure that you keep a copy of all of your account numbers in a safe place.
- If you ask someone to get cash for you with your debit or credit card, always ask for a receipt to be sure that the amount you received is exactly the amount that was withdrawn. Make sure to monitor your account by reviewing your bank statements online or when they come in the mail.

### How Can You Protect Yourself Online

Public Wi-Fi at places, like coffee shops, libraries, hotels, airports, and colleges is convenient but make sure your information is safe. According to the Federal Trade Commission (FTC), most websites are encrypted which means your information is scrambled into a code so others can't get it.

- If the web address starts with "https," your information is encrypted before it's sent. Look for the "https" on every web page.
- Never share financial information like account, credit card, or Social Security numbers over public Wi-Fi.
- You can find tips for staying safe online with Homeland Security's Stop.Think.Connect. [Student Tip Card](#).



## ACTIVITY #17: PROTECT MYSELF FROM IDENTITY THEFT

Make a list of things you can do right now to protect yourself from identity theft:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

### User Identification (USER ID)

This is a made-up name you use to identify yourself when you are signing into an account. Normally, you shouldn't share your username with anyone. If you must share it because you need assistance, be sure you trust the person.

### Personal Identification Number (PIN)

A PIN is a secret code you use to gain access to the money in your accounts. Normally, you shouldn't share your PIN with other people. If you must do so because you need assistance, always ask for a receipt and then check your monthly bank statement.



### FINN SAYS...

Two ways you can protect yourself from fraudulent phone calls:

- Set a code word that only you and your family member know, so if a family member calls for help and they give you the code word, it confirms their identity
- Use the same ring tone for all trusted contacts. This way you will immediately know that the phone call is from a trusted person.



### TIP

Remember to keep track of all of your account numbers and Internet passwords. A great way to do this is to buy a small notebook, and write down all of your important information. Make sure you keep the notebook in a safe place.



### TIP

You can check for identity theft weekly by getting a copy of your credit report from each of the three credit bureaus. (See Chapter 7 for more information about credit report, scores, and bureaus.)



### RESOURCE

For identity theft and fraud protection tips, go to [bit.ly/Fraud\\_protection\\_tips](http://bit.ly/Fraud_protection_tips).

## What Can You Do If Your Identity Is Stolen?

- Call the companies where the fraud occurred. Request the fraud department. Ask them to close or freeze your accounts. Change logins, passwords, and PINs for your accounts.
- Place a fraud alert on your credit file. You can contact any one of the three credit bureaus Equifax, Experian, or TransUnion. Whichever one you notify first will contact the other two.
- Get your credit reports.
- Report the identity theft to the Federal Trade Commission (FTC) by calling 1-877-438-4338 or complete an online form at [identitytheft.gov](http://identitytheft.gov).
- File a police report and provide copies of the report to the companies where the fraud occurred, if requested.
- Close any accounts fraudulently opened in your name.
- Review your credit card statements and dispute any fraudulent charges.
- Keep copies of everything and take notes!
- Review your credit reports often. (NOTE: You can now request a free credit report weekly from all three credit bureaus.)

Cleaning up once your identity has been stolen is a very time-consuming job, so it is important to take time to do the necessary steps to be sure no one is ever able to make you a victim of identity theft.

## Freeze Your Credit File

A credit freeze can protect you from identity theft and fraud. When your credit file is frozen, no one — not even you — can take out a loan or credit card with your personal information. To freeze your credit, you will have to contact each of the three credit bureaus: Experian, Equifax, and TransUnion. A credit freeze is free to put on and take off and it does not affect your credit score.

[Nerdwallet.com](http://Nerdwallet.com) provides the contact information — either phone or online — for each credit bureau and “how to” guides for each of the three bureaus:

- Equifax: Call 800-349-9960 or [go online](#). Check out our step-by-step [Equifax credit freeze guide](#).
- Experian: [Go online](#) to initiate, or for information call 888-397-3742. Here’s a detailed walk-through on getting an [Experian credit freeze](#).
- TransUnion: Call 888-909-8872 or [go online](#). Read our [TransUnion credit freeze guide](#).

# Living Independently

## Chapter 9

### Activities in This Chapter

-  **ACTIVITY #18 PREPARING FOR INDEPENDENCE**
-  **ACTIVITY #19 HOUSING PRACTICE MONEY MAP**
-  **ACTIVITY #20 MY HOUSING NEEDS AND WANTS**
-  **ACTIVITY #21 COMPARISON SHOPPING FOR A HOME**

### Can I Live Independently?

The desire to live independently is a natural part of adulthood. All adults want to be in control of their own lives and make decisions for themselves! Just because you have a disability doesn't mean you won't be able to enjoy independence. However, it may take planning and preparation to make sure your health, safety, social, recreational, and of course financial needs are met to have a fulfilling independent life.

#### **ACTIVITY #18: PREPARING FOR INDEPENDENCE**

There are many responsibilities to being on your own besides managing all of the money topics we've discussed so far. In this activity, review each of the items in the task categories. Place a check mark in the column to indicate if you can do the task listed. Then check the support column if you need support to complete the task and if you have that support in place.



**Suria has a ramp to her front door to make her home accessible.**

## Preparing for Independence Worksheet

Task	Support		
	Can Do	Need	Have
<b>1. Food</b>			
Meal planning	_____	_____	_____
Meal preparation	_____	_____	_____
Safe food storage	_____	_____	_____
Grocery shopping	_____	_____	_____
<b>2. Personal Care and Hygiene</b>			
Shower and bathe regularly	_____	_____	_____
Schedule hair cuts	_____	_____	_____
Laundry	_____	_____	_____
<b>3. Health</b>			
Determine need for medical help	_____	_____	_____
Schedule medical appointments	_____	_____	_____
Follow medical instructions	_____	_____	_____
Take medication w/out instruction	_____	_____	_____
<b>4. Housekeeping</b>			
Change bed linens	_____	_____	_____
Routine house-cleaning	_____	_____	_____
Call for repairs	_____	_____	_____
<b>5. Emergency and Safety</b>			
Operate locks on doors/windows	_____	_____	_____
Recognize the smell of gas leak	_____	_____	_____
Extinguish fire	_____	_____	_____
Contact police/fire by 911	_____	_____	_____
<b>6. Transportation</b>			
Driver's license	_____	_____	_____
Vehicle	_____	_____	_____
Use public transportation	_____	_____	_____
Arrange for transport	_____	_____	_____
<b>7. Social</b>			
Ask friends to come over	_____	_____	_____
Go somewhere with friends	_____	_____	_____
Hobby or other interest	_____	_____	_____

# Rent or Buy — What’s the Difference?

There are two basic options you have when planning to live independently: rent an apartment or house owned by someone else or buy a home for yourself. There are advantages and disadvantages to both renting and buying.



## FINN SAYS...

Good credit is an important factor in determining your housing options, regardless of whether you rent or buy. A landlord or lender is less likely to approve a person with poor credit because it may predict late or missed payments and could lead to eviction or foreclosure. Poor credit will also increase the interest rate you will pay when borrowing money to purchase a home.

<b>Commitment</b>	
<b>Rent</b>	<b>Buy</b>
<ul style="list-style-type: none"> <li>• Renting a property is a short-term commitment; you can move once your lease is up if you don't like the unit or location.</li> <li>• Renting is good if you are not sure a neighborhood is where you want to be for a long time or will meet your needs.</li> </ul>	<ul style="list-style-type: none"> <li>• Buying a property is a long-term commitment and can be a home for a very long time; it is a more stable living situation.</li> <li>• Buying is good if you have roots in the neighborhood and are sure the location meets your needs.</li> </ul>
<b>Terms</b>	
<b>Rent</b>	<b>Buy</b>
<p><b>MONTH-TO-MONTH</b></p> <ul style="list-style-type: none"> <li>• Some landlords allow tenants to rent a unit without a time commitment. You can decide to move at any time without penalty. There will be a contract describing the rent, rules, and responsibilities of the landlord and tenant.</li> </ul> <p><b>LEASE</b></p> <ul style="list-style-type: none"> <li>• Some landlords only rent a unit with a time commitment, typically one year. The <b>lease</b> is a legal contract which says something like: "At the end of the year, you can move without penalty or renew the lease for another year." You may be subject to rent increases every time your lease is up for renewal.</li> </ul>	<p><b>MORTGAGE LOAN</b></p> <ul style="list-style-type: none"> <li>• If you don't have enough cash up front, you will need a loan in order to purchase a home. This is called a <b>mortgage</b>. You make a promise to the lender to repay the loan, with interest, during the course of 15 or 30 years. If you don't make your loan payments, the lender can sell the property to repay the loan.</li> <li>• Monthly payments for housing can be relatively stable over the long term with a fixed rate mortgage loan. Property taxes and insurance may be included in the loan payment but those costs will increase over time.</li> </ul>
<p>Regardless of whether you have a lease or rent from month-to-month, if you don't make your rent payments you will be evicted or removed from the unit.</p>	

## Mortgage

A specific type of loan for the purchase of a home. You make a promise to the lender to repay the loan, with interest, during the course of 15 to 30 years.

## Lease

A legal contract where one person lends something to another person for a specified time (apartment, vehicle, equipment, etc.), usually in exchange for payments.

### **Up-front Costs**

<b>Rent</b>	<b>Buy</b>
<p><b>SECURITY DEPOSIT</b></p> <ul style="list-style-type: none"> <li>Usually an amount of 1–2 month’s rent, this money will be kept by the landlord if there is damage to the unit when you move out or if you break the terms of the lease.</li> </ul>	<p><b>DOWN PAYMENT</b></p> <ul style="list-style-type: none"> <li>Depending upon the loan program, you can expect to pay 3.5%–20% of the purchase price for a down payment.</li> </ul> <p><b>CLOSING COSTS</b></p> <ul style="list-style-type: none"> <li>Typically 6–8% of the loan amount, these costs include the loan application, property inspection, real estate taxes, homeowner’s insurance, etc., and other expenses required to purchase property.</li> </ul>

### **Responsibilities**

<b>Rent</b>	<b>Buy</b>
<ul style="list-style-type: none"> <li>The landlord is responsible for repairs, shoveling snow, lawn maintenance, replacing appliances, etc.</li> <li>The landlord will expect you to be a good tenant by keeping the unit clean, respecting the common areas, and following the terms of the lease.</li> </ul>	<ul style="list-style-type: none"> <li>You are responsible for any repairs, shoveling snow, lawn maintenance, replacing appliances, etc.</li> <li>It is wise to keep your home clean and in good repair to protect the investment that you are making and ensure the property retains its value.</li> </ul>

### **Making It “Home”**

<b>Rent</b>	<b>Buy</b>
<ul style="list-style-type: none"> <li>You will be limited in how you can personalize a rental unit. Any changes such as paint colors/wallpaper, carpet, etc., will need to be approved by the landlord. This includes home modifications needed for accessibility.</li> <li>You will have to pay for any changes and may have to return the unit to its original form when moving out. (See Accessibility on page 60 for more information.)</li> </ul>	<ul style="list-style-type: none"> <li>Your only limitations to personalizing a home you own are local township/city codes, your money, and possibly homeowner’s association (HOA) rules (see page 74). You can paint the walls any color, change the carpet, and remodel the kitchen any way you want.</li> <li>You will have to pay for any changes you want to make, and home improvements, repairs, and accessibility modifications can be substantial. For example, the average annual cost to maintain a home in Pennsylvania is \$16,082.*</li> </ul>

\* According to porch.com ([porch.com/resource/cost-of-home-maintenance-in-america](https://www.porch.com/resource/cost-of-home-maintenance-in-america))

## Other Considerations

Rent	Buy
<ul style="list-style-type: none"><li>• You do not own the property and will not build equity by paying rent.</li><li>• Leasing does not require the physical and financial commitment of buying.</li><li>• Renting is a great first step in living independently.</li><li>• If your landlord reports rent payments, you will have the opportunity to build positive credit.</li></ul>	<ul style="list-style-type: none"><li>• With every mortgage loan payment, you are building equity. <b>Equity</b> is the value of an asset (your home), minus what you owe on any loans (mortgage) connected to it.</li><li>• Buying a home is the largest financial transaction that most people will make in their lives. It is an ongoing commitment that should be considered carefully before deciding to buy.</li><li>• Every on-time mortgage payment you make will have a positive impact on your credit.</li></ul>

### Equity

The value of an asset (such as your home or vehicle) minus what you owe on any loans (such as a mortgage or vehicle loan balance) connected to it.

## What Expenses Can I Expect When Living Independently?

In Chapter 2, as part of money mapping, we listed a few monthly expenses which a person will have when living independently, such as rent and utilities. Let's take a closer look at the expenses associated with living on your own. Keep in mind as you look at this list, if you have a roommate or housemate, some of these expenses will be shared.



### RESOURCE

If you have questions about and need guidance on renting, MoneyGeeks has you covered! Check out this informative post, "A Guide to Renting for People with Disabilities." It includes information on how to find a rental, your rights as a renter, a planning checklist, where to find help, and more. Check it out at: [moneygeek.com/insurance/renters/resources/renting-with-disabilities/](https://moneygeek.com/insurance/renters/resources/renting-with-disabilities/)

**Elysia rents her own apartment and works on her money map with her supports coordinator, Kaylynn, every month to track and manage her housing expenses.**



## RESOURCES

Brand new furniture can be expensive! Consider visiting a consignment or thrift store, as used furniture is a great alternative when you are just starting out. You can also find used furniture online on websites such as Facebook Marketplace ([facebook.com/marketplace/](https://www.facebook.com/marketplace/)), OfferUp ([offerup.com](https://www.offerup.com/)), or BuyNothing ([buynothingproject.org](https://www.buynothingproject.org/)). Make sure the furniture is clean and in usable condition. Even if it isn't your style, you can dress it up with new paint, pillows, or fabric.

## Ongoing Expenses

- *Rent (or mortgage loan payment)* — a monthly payment charged by the landlord to allow you to live in the unit (or paid back to the lender when you have purchased a house)
- *Renter's (or homeowner's) insurance* — a regular payment that protects you by providing money to replace your personal property in case of fire, storm damage, or theft (or provides money to rebuild or repair the structure if you own the property) (see page 82 for more information)
- *Real estate taxes* — amount due to your city/town/county every month that funds police departments, road maintenance, etc. (only if you own the property)
- *Utilities* — a monthly payment for services provided to the unit, such as electricity, water, gas, trash removal, etc.
- *Parking* — some units charge for parking your automobile on-site or in a garage
- *Homeowner's association (HOA)* — some neighborhoods or complexes charge a monthly fee for such things as snow removal, lawn service, landscaping, etc.
- *Communications* — a monthly bill for phone, cable TV, and internet access
- *Hygiene, laundry, and housekeeping supplies* — ongoing expenses necessary to keep yourself, clothes, and living space clean and sanitary

## One-Time Expenses

In addition to a security deposit (for rent) or down payment/closing costs (for purchase), there are additional one-time expenses to consider when moving out on your own. The amount can be substantial, but remember you are setting up a household of your own!

- *Utilities* — some utility companies require an initial deposit if you have poor or little credit, or charge installation and set-up fees
- *Furniture/appliances* — you may need to purchase items such as a sofa, chairs, dining table, bed, dresser, lamps, desk, TV, stove, refrigerator, microwave, etc.
- *Other household items* — includes items such as kitchen utensils, dishes, pots and pans, bed linens, towels, curtains, vacuum, mop, etc.
- *Moving costs* — includes van rental or hiring a moving company

Friends and family will be excited for you when you move into your own place. They may have furniture and other household items they were planning to donate that they would like to give to you. Let them help you — these things add up! You can always purchase the furniture and household supplies you prefer later, but you can save a lot of money (and time) up front if you accept their generosity.

## Can I Afford It?

Living independently is a serious financial commitment that starts with dependable income from a job, disability benefits, and/or public supports. Revisit Chapter 2 to review income sources.

As a general guide, ongoing housing expenses (rent/mortgage loan payments, real estate taxes, renter's/homeowner's insurance, parking, homeowner's association, and utilities) should not exceed 30% of your gross monthly income. Here is an example:



### FINN SAYS...

While these guidelines can be helpful, everyone's financial situation is different. If you don't spend much on entertainment or transportation, you may have more room in your budget for housing. And if you're living in a big city, it may be impossible to keep your housing costs at or below 30% of your gross monthly income.

Gross monthly income:  $\$2,000 \times 0.30 = \$600$   
maximum amount per month for housing expenses

Now enter your information to find the maximum amount you should spend each month on housing:

\$ \_\_\_\_\_  $\times 0.30 =$  \$ \_\_\_\_\_  
(Gross monthly income)

This is your maximum monthly housing expenses.

### **ACTIVITY #19: HOUSING PRACTICE MONEY MAP**

In order to get a better feel for managing your money when living independently, it's good to plan and practice!



- Step 1: Enter the maximum amount you should spend on housing each month in your money map under the Planned Spending column.
- Step 2: Enter all of your planned needs and wants from your original money map (Activity #11 on page 25).
- Step 3: Calculate your cash flow.
- Step 4: Do you have enough money to meet all of your other needs and have enough for wants? If not, revisit needs and wants from Chapter 1.
- Step 5: "Practice" living independently, at least financially. Deposit your maximum monthly housing expenses into a savings account and practice managing your other needs and wants with your remaining income. Track how you do using the Actual Spending column.



## My Housing Practice Money Map

Month: \_\_\_\_\_

My Needs Descriptions	Planned Spending	Actual Spending
Maximum monthly housing expenses		
1. (use the calculation from page 75)	\$ _____	\$ _____
2. _____	\$ _____	\$ _____
3. _____	\$ _____	\$ _____
4. _____	\$ _____	\$ _____
5. _____	\$ _____	\$ _____
6. _____	\$ _____	\$ _____
7. _____	\$ _____	\$ _____
8. _____	\$ _____	\$ _____
My Total Needs	\$ _____	\$ _____
My Wants Descriptions	Planned Spending	Actual Spending
1. _____	\$ _____	\$ _____
2. _____	\$ _____	\$ _____
3. _____	\$ _____	\$ _____
4. _____	\$ _____	\$ _____
5. _____	\$ _____	\$ _____
6. _____	\$ _____	\$ _____
My Total Wants	\$ _____	\$ _____
My Expenses (Total Needs + Total Wants)	\$ _____	\$ _____
My Total Monthly Income	\$ _____	\$ _____
My Cash Flow (Income - Expenses)	\$ _____	\$ _____

## Affordability Options

Depending upon where you live (see What Do I Need? below), 30% of your gross income may not be enough to actually cover housing expenses. Some cities and towns have higher housing costs than others. Don't be discouraged. There are other affordability options you can investigate in order to make it work.

- **Shared housing**

Consider sharing your home (and the expenses that come with it) with a spouse, relatives, and/or roommates or housemates.

- **Home and Community-Based Services (HCBS) waiver programs**

If you receive waiver services, your **waiver** may provide supports you need to live in your own home. These may include home modifications, assistive technology, durable medical equipment, and attendant services. (For more information about the HCBS waiver programs, go to PATF's *Funding Your Assistive Technology Guide*.)

- **Housing Choice Voucher (Section 8)**

This program provides subsidies to persons with low income and is paid directly to private landlords. Learn more at [section-8-housing.org/pennsylvania/](https://www.section-8-housing.org/pennsylvania/).

- **Public housing**

Public housing provides decent and safe rental housing for eligible low-income families, seniors, and persons with disabilities. Public housing comes in all sizes and types, from scattered single-family houses to high-rise apartments. Learn more at [hud.gov/topics/rental\\_assistance/phprog](https://www.hud.gov/topics/rental_assistance/phprog).

## What Do I Need?

Before making a decision about housing, consider what you need in a place of your own. There are a wide variety of housing options available. If you narrow down what's important to you, it will be easier to find a place where you will be happy.

### HOW MUCH SPACE DO I NEED?

The first thing to consider is how much space do you need? If you are living alone, a single-room efficiency or one-bedroom apartment may be enough space. If you will have roommates, you each will probably want your own bedroom. Consider the common living areas as well. Will there be enough room for comfortable seating or social activities? Are there other amenities, such as on-site parking or laundry facilities, that are important to you? Do you have enough space to store your assistive technology (wheelchairs, scooters, Hoyer lift, etc.)?



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### FINN SAYS...

If you are considering living with a roommate, even if that person is a good friend or relative, be sure to agree on household responsibilities and lifestyles before you move in together. Even best friends can find it hard to live together!

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### Waiver

Programs, also known as Home and Community-Based Services (HCBS) waiver programs, are funded with a combination of Pennsylvania and federal government dollars. These programs provide supports and services to people with disabilities who live in the community. Services include assistive technology, smart home devices, accessibility adaptations (home modifications), vehicle adaptations, personal assistance services, respite, community integration, therapies, and transportation. People who live in a state center for individuals with an intellectual disability cannot receive waiver services.



### TIP

If you need help with mobility or you are a wheelchair user, consider choosing a single-story or first-floor apartment — elevators are great, but sometimes they break down or aren't usable if there is an emergency.

## TYPE OF PROPERTY

Once you know how much space you need, look at the types of properties that will fit your needs. Apartment buildings contain single-story rental units that usually share a main entrance. These buildings may be small, as few as four units, or bigger complexes of several buildings. Some have elevators, some do not. Condominiums are similar to apartment buildings except the units are purchased, not rented. Townhouses are rows of attached, multi-story units with individual entrances, giving it more of a house-like feel. Townhouses can be rented or purchased. Lastly, there are single-family homes that can also be rented or purchased.

## LOCATION, LOCATION, LOCATION

The most beautiful home with the perfect amount of space for your needs may still fall short if it isn't in the ideal location. If you have a neighborhood or specific area in which you want to live, that's a good place to start. However, you may also want to consider distance to a job, family and friends, grocery store, a pharmacy, your bank, etc. Will you need access to public transportation or other frequently used services? Being close to the things that are important to you or that you need, can make a big difference in your quality of life.

## ACCESSIBILITY

Depending on your individual situation, make sure that the unit you are considering has the accessibility that you need. For example, is the kitchen space adequate for meal preparation? Are the doorways wide enough to accommodate a wheelchair? Are their door levers instead of knobs? Does the bathroom have grab bars in the shower? Is there a ramp or elevator that will accommodate your wheelchair?

If you are receiving a housing waiver or subsidy, the federal law requires landlords to make reasonable changes or accommodations in rules, policies, practices, or services so that a person with a disability has an equal opportunity to use and enjoy a housing unit. If you are renting from a private landlord, reasonable changes are required but you will be responsible for the cost of changes. You may also have to return the unit to its original condition when moving out. Learn more about fair housing and reasonable accommodations at [bit.ly/Fair\\_housing](https://bit.ly/Fair_housing).



**Sam loves that his home is close enough to his favorite library for him to walk there with his service dog, Clover.**

## AVAILABILITY

Once you have determined what you need and where you want to live, it's time to find a place! That may not be as easy as it sounds. The perfect unit or place may not be available in the neighborhood you want. The perfect unit may be more expensive than you can afford. There may be a waiting list for the perfect unit if you are using a subsidy. You may have to look in a different neighborhood, adjust the type of housing, or look into other affordability options. Be flexible on the things you want (but not necessarily on the things you need), adjust what you're looking for as necessary, and just keep looking!

Activity #19 will help you think through which housing options are needed, and which housing options you might be able to be more flexible about.

## **ACTIVITY #20: MY HOUSING NEEDS AND WANTS**

When identifying a place to live where you will be independent, safe, and content, carefully consider what you need vs. what you want (those things that can be flexible). For example, if you are employed, maybe living within five miles of your job with access to public transportation is a need. A want might be living within five miles of a movie theater.



## RESOURCE

Houses and apartments are listed for rent and for sale all the time — just because you don't see what you're looking for today, doesn't mean it won't show up next week or next month. You can search for apartments at [PAHousingSearch.com](https://PAHousingSearch.com).

## A Home of Her Own

Alexa braided three funding sources to modify her new home. The Pennsylvania Office of Vocational Rehabilitation paid for a ceiling-mounted lift and the installation of an electric door opener on the front door. A Home and Community-Based Services waiver paid for modifications to her floors, walls, and three other doors. And, a grant from the Cumberland County Housing and Redevelopment Authority was used to install the Universal Remote Control home automation system (a type of “smart home” technology). For a video of Alexa showing her modified house, visit [vimeo.com/169888493](https://vimeo.com/169888493).



**Alexa modified her home's entrance to be accessible so she can come and go as she pleases.**

## My Housing Needs and Wants

	Need	Want
Location: (city, town, neighborhood, etc.)		
Distance to:		
Family and friends		
Job		
Health care facilities		
Pharmacy and grocery store		
Entertainment		
Access to Public Transportation		
Type of property: (apartment, townhouse, etc.)		
Number of bedrooms:		
Number of bathrooms:		
Accessibility:		
Amenities:		
On-site laundry		
In-unit laundry		
Parking		
Community area		
Other:		
Assistance accepted: (vouchers, subsidies, etc.)		

# Finding a Place

Now that you've identified what you need and what you want, it's time to go see what's out there.

## **ACTIVITY #21: COMPARISON SHOPPING FOR A HOME**

<b>Housing Comparison</b>			
Unit Comparison	Unit 1	Unit 2	Unit 3
Location:			
Type of Property:			
Bedrooms:			
Bathrooms:			
Accessibility:			
Amenities:			
Other:			
Utilities Included:			
Assistance Accepted:			
Cost Comparison	Unit 1	Unit 2	Unit 3
Security Deposit/ Down Payment:	\$ _____	\$ _____	\$ _____
<b>Compare to Amount I Have Saved: \$ _____</b>			
Monthly Rent/ Mortgage Payment:	\$ _____	\$ _____	\$ _____
Utilities (not included):	\$ _____	\$ _____	\$ _____
Other:	\$ _____	\$ _____	\$ _____
Total Housing Expenses:	\$ _____	\$ _____	\$ _____
<b>Compare to My Maximum Monthly Housing Amount: \$ _____ (from page 76)</b>			

## Risk and Insurance

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### Insurance

Protection from unexpected financial loss.

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### Peril

An insurance term for the cause of a possible loss, like a fire.

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### Liability Insurance

Protects you from a lawsuit if someone is injured or suffers property damage while in your rental unit or home.



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### FINN SAYS...

Here's some more information about insurance companies:

- By law, insurance companies are prohibited from charging different rates based on an applicant's race, religion, disability, national origin, and gender.
- Many insurance companies will allow you to bundle your policy with another policy, like your auto insurance, making the cost cheaper than purchasing two separate policies.

**Insurance** means protection from unexpected financial loss. You can purchase insurance for all kinds of things. In this section we are going to discuss protecting your personal property and liability but not health insurance. When planning to live independently, consider what types of property and liability insurance you may need.

### HOMEOWNER'S INSURANCE

Homeowner's insurance is meant for individuals who own their own home, and protects your home and your personal property. It may also protect you against lawsuits if someone gets hurt on your property. When purchasing any kind of insurance, always shop around and compare coverage and price.

#### ***What are the Different Types of Coverage?***

Homeowner's insurance policies offer protection when a covered peril occurs. A **peril** is the cause of a possible loss, like a fire.

Here are some of the most common types of coverage:

- *Dwelling* coverage pays for damage to your house and structures attached to your house, such as attached garages. This includes damages to fixtures such as plumbing, electrical wiring, heating, and permanently installed cooling systems.
- *Other Structures* coverage pays for damage to structures not attached to the dwelling. These include detached garages, sheds, fences, guest houses, etc.
- *Personal Property* coverage reimburses you for damage to — or theft of — your personal property. This covers things like furniture, appliances, electronics, lawn equipment, clothing, etc. It also protects your belongings even when they aren't on your property. Be sure to ask your agent if your medical equipment is covered.
- *Loss of Use* coverage pays for additional living expenses if you can't live in your home (because of a covered loss) while it's being repaired.
- *Personal Liability* coverage provides **liability insurance** and is designed to protect the insured in the event that they are found liable for property damage or bodily injury to others. Coverage also extends to a student under the age of 24 who is enrolled full-time at school, as defined by the school, and who is both related to and is a resident of the policyholder's household before moving out to attend school. If you have a personal care attendant, ask your insurance agent, "What happens if my caregiver gets hurt as part of their employment responsibilities to me?"
- *Medical Payments to Others* provides coverage for medical bills for people hurt on your property or hurt by your pets.

## What Doesn't Your Homeowner's Insurance Cover?

What is covered depends on the policy you buy. There are some common exclusions like flood, landslides, and earthquakes. Be sure to talk to your insurance agent or insurance company about what your policy covers.

### RENTER'S INSURANCE

Renter's insurance is often overlooked, but for a small monthly expense (usually between \$20 and \$30), you can save a lot of money if something happens to your belongings. Renter's insurance is meant for individuals who are renting a home, and it protects you and your property from damages, theft, and liability, based on the type of policy you have. If your apartment is broken into and your belongings are stolen, renter's insurance can help you replace them. If you include liability insurance, it can also protect you from a lawsuit if someone is injured or suffers property damage while in your rental unit. Renters' insurance often protects your belongings when you aren't at home as well. If you lose your luggage while travelling, have your laptop stolen at a coffee shop, or have items stolen out of your car, you may be able to file a claim on your policy.

### AUTO INSURANCE

Public transportation can be a convenient and affordable way to get around, but depending on where you live and what your circumstances are, sometimes having your own vehicle is a necessity. If you own a vehicle, it's important to be insured — in fact, it's the law! As with any other financial decision, always shop around and compare options and prices.

For more information about homeowner's, renter's, and auto insurance, or to file a complaint, visit Pennsylvania Insurance Department's website at [insurance.pa.gov](https://www.insurance.pa.gov) or call 877-881-6388.



#### TIP

If your name isn't on the policy, you aren't covered, no matter if it's your landlord's homeowner's insurance or your roommate's renter's insurance. You can begin a policy at any time, regardless of how long ago you signed your lease.



#### TIP

When you purchase an adapted vehicle, you need to tell your insurance company or agent you have an adapted vehicle. You also will need to give them an itemized list of the modifications.

### FINN SAYS...

#### You've Just Been in a Car Crash — Now What?

Being in a vehicle crash is scary, confusing, and frustrating. But there are a few things you should make sure to do right away following a crash:

- Contact the police by calling 911, especially if there's an injury!
- Get each driver's name, insurance company name, and phone number;
- If you can't get this information, then get each car's license plate number;
- Each car's year, make and model;
- Names and contact information for any witnesses;
- The names, badge numbers, and contact information of any police officers who come to the scene, as well as the police report number.

When you can, after the crash, write down the date, time, location, and what happened. If possible, take pictures. This will help when reporting the claim to your insurance company.



### RESOURCE

An insurance professional plays an important role in making sure you have the correct insurance coverage. A referral from someone you trust is always the best option; however, you can also go to [bit.ly/PA\\_Insurance\\_Professional](https://bit.ly/PA_Insurance_Professional) to verify that you are dealing with a licensed insurance company and/or professional.

# Additional Housing Resources

## THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

HUD is a government agency that provides housing assistance and makes sure that everyone has access to “fair and equal” housing. Every state has local offices. HUD offers many programs including education about homeownership, home improvements, rental assistance, and help with housing discrimination, just to name a few. Learn more at [hud.gov/states/pennsylvania/renting/hawebites](https://hud.gov/states/pennsylvania/renting/hawebites).

## PENNSYLVANIA HOUSING FINANCE AGENCY (PHFA)

PHFA helps both renters and homebuyers find affordable housing. PHFA also has a program to help people with disabilities who are first-time homebuyers. PHFA has a network of non-profit housing counseling agencies across Pennsylvania that assist with free counseling services. A housing counselor can help you work through your money map, assess your housing needs, and create a plan of action so you can reach your goal. Check out the Hot Topics section at [phfa.org/mhp/serviceprovider/](https://phfa.org/mhp/serviceprovider/) to locate resources in your county.

## REGIONAL HOUSING LEGAL SERVICES (RHLS)

RHLS is a nonprofit law firm with the mission to create housing and economic opportunity in under-served communities in Pennsylvania. RHLS has a program called Pennsylvania Utility Law Project (PULP) to help people with low income connect to and maintain affordable utility and energy services within their homes. Learn more at [rhls.org](https://rhls.org) or call 215-572-7300.

## SELF-DETERMINATION HOUSING OF PA (SDHP)

SDHP, a program of Inglis Community Services, is a statewide nonprofit organization which promotes self-determination and control in housing for people with disabilities and older adults in Pennsylvania. SDHP’s educational programming includes the Prepared Renter Education Program (PREP) which is offered in a train-the-trainer format to agencies and their staff. PREP’s primary objective is to help advocates and case workers educate their client(s) on how to prepare for a successful rental experience. PREP covers important housing topics including: preparing to rent, the search for housing, working with a landlord, how to be a good tenant and neighbor, and strategies for successfully maintaining housing. For more information, visit [sdhp.org](https://sdhp.org), email [SDHPInfo@inglis.org](mailto:SDHPInfo@inglis.org), or call 610-873-9595.

## PALAWHELP.ORG

[PALawHelp.org](https://palawhelp.org) connects to all the statewide legal service organizations and also has a good listing of statewide legal assistance resources.

## HOUSING EQUALITY CENTER OF PENNSYLVANIA (HECPA)

HECPA is focused on fair housing and has extensive educational resources at [equalhousing.org](https://equalhousing.org). Their new booklet *Know Your Rights as a Renter in Pennsylvania* is full of important and helpful information for anyone who is considering renting a home and can be found at [equalhousing.org/wp-content/uploads/2018/11/11.18-digital-copy-of-Know-Your-Rights-as-a-Renter-in-PA-3.pdf](https://equalhousing.org/wp-content/uploads/2018/11/11.18-digital-copy-of-Know-Your-Rights-as-a-Renter-in-PA-3.pdf).

## THE U.S. DEPARTMENT OF AGRICULTURE (USDA)

The USDA provides homeownership opportunities to rural Americans, and home renovation and repair programs. USDA also provides financing to seniors, people with disabilities, and low-income rural residents in multi-unit housing complexes to ensure that they are able to make rent payments. Learn more at [usda.gov/topics/rural](https://usda.gov/topics/rural).

# Decision-Making

## Chapter 10

### Activity in This Chapter

#### **ACTIVITY #22 PACED DECISION-MAKING MODEL**

## Freedom to Make Decisions is a Human Right.

Everyone has to make important decisions throughout their lives. Decision-making is a skill that requires practice and, for some, may require additional support. The law assumes that all people 18 and older, including people with disabilities, have the capacity to make decisions for themselves. This assumption can be overcome (or nullified) however, when circumstances suggest otherwise. One way is after a court hearing, where a judge decides, based on expert testimony, that the ability of a particular individual to make decisions is so diminished that they are unable to properly manage personal finances and/or properly protect personal health and safety. Such a decision can also be made by a government agency or by a treating physician. When such a determination has been made, we say that the person is *incapacitated* or *incompetent*. In these situations, another individual (the *substitute decision maker* or *guardian*) is usually given the power to make decisions about property management and/or personal health and safety on behalf of the incapacitated person. This *substitute decision maker* can be chosen either by the incapacitated individual, by the court, or by a government agency.

**Michael gets guidance from his father before signing the bank documents for his new adapted vehicle.**



**TIP**

Sometimes people need help with making decisions. There are a variety of legal options available depending on your needs.

The standard for competency varies depending on the subject matter. An individual who is not competent to manage financial affairs, for example, may still be competent to make their own healthcare or other personal life decisions.

## Guiding Questions to Ask in Considering Decision-Making Support Options

In considering what the right decision-making support for individuals with disabilities may be, here are some key questions families may ask:

1. What kind of decision is being made?
2. Has the person made a decision like this before?
3. Has the person been assisted to understand the risks and benefits?
4. How big is the impact of this decision in the person's life?
5. How long would the person live with the decision?
6. How hard would it be to undo?
7. Most important: What is the least restrictive level of support that might work?

*Borrowed in part from "Guardianship and Alternatives for Decision-Making Support" published by Got Transition™*

**FINN SAYS...**

The PACED Model is a great tool to help you make decisions. However, priorities can change over time so you may have to revisit and revise your decisions.

**ACTIVITY #22: PACED DECISION-MAKING MODEL**

Decision-making can be challenging for many people, especially if the decision has significant consequences or there are multiple criteria to consider. The PACED model of decision-making is flexible for use in many scenarios. The PACED model is a chart (see page 87) where you can list your priorities and options when making a decision. In Chapter 2, Activity #10, we used the PACED model to comparison shop for a pair of jeans. The PACED model can be used for all relevant decision you are facing or may face in the future.

**PACED Decision-Making Model**

P: Define the **P**roblem.

A: List the **A**lternatives.

C: Select **C**riteria.

E: Carefully **E**valuate the alternatives.

D: Make a **D**ecision.

**Problem:** \_\_\_\_\_  
\_\_\_\_\_

Criteria	Alternative #1	Alternative #2	Alternative #3
Criterion 1:			
Criterion 2:			
Criterion 3:			
Criterion 4:			

Decision: \_\_\_\_\_  
\_\_\_\_\_



### FINN SAYS...

Disability Rights Pennsylvania has developed a guide entitled “Consent, Capacity, and Substitute Decision-Making.”

The purpose of the guide is to help people with disabilities and their families be better informed about the important issues related to decision-making and thus assure that this right is protected for all. The guide is available at [disabilityrightspa.org/resources/#estate-planning-substitute-decision-making-guardianship](https://disabilityrightspa.org/resources/#estate-planning-substitute-decision-making-guardianship). It includes chapters on consent and capacity to make decisions, health care decision-making, powers of attorney, guardianships, and trusts.

## DECISION-MAKING POWER GIVEN BY THE PERSON

A *power of attorney (POA)* is a document in which a person, called the *principal*, gives another person or organization, called the *agent* or *attorney-in-fact*, the power to act on their behalf. For example, the principal might want an agent to handle their banking account. Traditionally, a POA only stays in effect as long as the principal is still competent. However, a special kind of POA, called a *durable POA*, includes language which makes it clear that the POA remains in effect even after the principal becomes incompetent. The durable POA can also be written so that it takes effect only when the principal becomes incompetent. In this way, the individual can choose his/her own substitute decision maker and not leave it up to the courts.

An *advance directive* is a document written by a person which directs the kind of healthcare that the person should receive if they become unconscious or otherwise mentally incapacitated. Examples of advance directives include *living wills*, which give instructions on the kinds of treatment a person wants to receive in particular situations (terminal illness, persistent vegetative state, need for respirator, dialysis or other life-saving treatment, etc.), and *powers of attorney for health care*, which appoint another person to make healthcare decisions when the original person becomes incompetent. Special forms of these documents are also used by individuals with mental illness — they are called *mental health advance directives* and *mental health powers of attorney*. Pennsylvania law includes directions and suggested forms for creating these various kinds of advance directives.



Lucy and Katherine plan for their financial future with their father.

Individuals who may not be competent to handle their own financial affairs may still be competent to create an advanced directive or a durable power of attorney for medical decision-making. Before creating any such document for a person with potential competency issues, however, an attorney who specializes in these kinds of matters should be consulted.

## **DECISION-MAKING POWER GIVEN BY THE COURTS OR GOVERNMENT AGENCIES**

*Guardianship* results from a legal proceeding in which a court finds that a person is unable to make independent decisions for themselves; the court then appoints a guardian to make those decisions for the person. A *guardian of the estate* has the power to make decisions about a person's property or *estate*, which means anything that the person owns. A *guardian of the person* has the power to make decisions about the person's health, safety, housing arrangements, etc. The law in Pennsylvania allows for either a *limited or plenary guardianship*. Under a *limited guardianship*, the court determines that the person, or *ward*, is unable to do some, but not all, of the things necessary to take care of their person or property. In such a case, the guardian can only exercise the legal powers specifically listed by the court order. However, in those cases when the court finds that the person, or ward, is totally incapable of caring for themselves or their property, the court appoints a *plenary guardian*, who is given the power to exercise almost all of the person's legal rights and powers. There are a few powers — things like consenting to admission to a mental institution, giving up parental rights, or consenting to sterilization — which the guardian cannot exercise on behalf of the ward. Guardianship is the most restrictive kind of substitute decision-making; it often leaves the person being represented with almost no control over their own life.

A *representative payee* is an individual or organization named by a government agency, such as the Social Security Administration or the Veterans Administration, to manage governmental payments for the benefit of the *beneficiary*, who is the person entitled to receive the benefits. When someone wants to become a representative payee, they must file a petition with the relevant agency to demonstrate the need. In general, it is a simpler process to be named a representative payee than it is to be named a guardian. It also requires less ongoing paperwork. Becoming a representative payee does not give a person any power over other assets of the beneficiary or of their person. However, for many people with disabilities, their main source of income is governmental benefits (such as supplemental security income or social security disability insurance), so having a representative payee for those benefits may make other substitute decision-making, such as guardianship, unnecessary.

For individuals who do not have a court-appointed guardian, a doctor may, in the course of treatment, determine that the patient is not competent to make healthcare decisions (because he/she doesn't understand the consequences of the medical choices and/or because he/she can't communicate a consistent medical choice to the doctor). In that situation — assuming that the patient hasn't already created a living will or healthcare power of attorney that would provide the necessary guidance — Pennsylvania law allows certain family members of the patient (the *health care representative*) to make medical decisions on the patient's behalf. Under the statute, priority in decision-making authority goes first to the patient's spouse, then adult children, then parents, then adult siblings, and then adult grandchildren.

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 **RESOURCES****Supported  
Decision-Making**

- For up-to-date information and tips on current issues in the field as well as state-level information, go to: National Resource Center for Supported Decision-Making [Supporteddecisionmaking.org](https://supporteddecisionmaking.org).
- The U.S. Administration for Community Living has funded Supported Decision-Making Programs. For more information, go to [acl.gov/programs/consumer-control/supported-decision-making-program](https://acl.gov/programs/consumer-control/supported-decision-making-program).

**SUPPORTED DECISION-MAKING**

People can get help with decision-making even if they don't have a legal guardian. This happens all the time, when people ask family and friends for advice before they make important choices. However, it is possible to make this advice-giving process a more formal one. A person with a disability can designate one or more people as their official supporters. They can then ask those supporters for advice whenever a decision needs to be made. An official supported decision-making agreement can even be created. This document gives the names of the supporters and describes the kind of advice they are allowed to give — advice on financial matters, health care issues, safety issues, living arrangements, etc. It is important to remember, though, that this is not like a guardianship. The ultimate choice on what to do remains with the person who has the disability, no matter what kind of advice the supporters give. For more information on supported decision-making, please visit the Center for Public Representation's Supported Decision-Making website at [supporteddecisions.org/](https://supporteddecisions.org/), or The Arc of Texas's document at [thearcoftexas.org/wp-content/uploads/Blank\\_SDMA\\_2016-06.pdf](https://thearcoftexas.org/wp-content/uploads/Blank_SDMA_2016-06.pdf).

**DESIGNATING OTHERS TO RECEIVE MEDICAL INFORMATION — HIPAA RIGHTS**

Under a federal law known as the *Health Insurance Portability and Accountability Act of 1996 (HIPAA)*, hospitals and doctors are required to protect the privacy of their patients' medical information. This even includes not discussing medical information with a patient's family. HIPAA rights can, however, be waived by the patient. Such a waiver can be provided formally — by a written document — or informally, as when a patient brings family members with them to a doctor's appointment and doesn't object when a family member asks for information about the patient. If a patient is incompetent, however, doctors will disclose medical information to the *patient's guardian, health care agent, or health care representative* without seeking the patient's prior approval.

# Are You Ready To Go?

## Chapter 11

### You're Almost There, A Few Last Steps...

How does your financial well-being stack up? Take the Consumer Financial Protection Bureau (CFPB) Financial Well-Being survey at [consumerfinance.gov/consumer-tools/financial-well-being/](https://consumerfinance.gov/consumer-tools/financial-well-being/). You can compare your score to other U.S. adults from the CFPB's national survey. Don't worry if you have more to learn, everyone's financial journey is different. The important thing is to keep at it.

A big part of being more financially independent is having a personal financial file. This file should contain anything you might need to be established as an adult, allowing you to open a bank account, to build credit, and to help you get the services you need to live independently. You will need to create a system that works for you. Some suggestions are on the next page.



#### FINN SAYS...

Remember, financial well-being is the ability to meet all financial needs, today and over time; feel secure in the financial future; absorb a financial shock; and have the financial freedom to make choices to enjoy life.



Lauren uses her iPad to manage her money.

## Your Road to Financial Independence

- Investigate your eligibility for Supplemental Security Income (SSI) [ssa.gov/ssi/](https://ssa.gov/ssi/).
- Explore your eligibility for Home and Community-Based Services waiver programs (“waivers”) at [dhs.pa.gov/Services/Assistance/Pages/Home-and-Community-Based%20Services.aspx](https://dhs.pa.gov/Services/Assistance/Pages/Home-and-Community-Based%20Services.aspx).
- Register with the Office of Vocational Rehabilitation (OVR) if you’re interested in working or need help keeping your job at [dli.pa.gov/Individuals/Disability-Services/ovr/Pages/default.aspx](https://dli.pa.gov/Individuals/Disability-Services/ovr/Pages/default.aspx).
- Have a copy of your Social Security card.
- Obtain a driver’s license or a non-driver’s identification card.
- Establish a relationship with a bank or credit union (obtain a debit card).
- Register to vote (age 18).
- Register with Selective Service (Ages 18–25). All males (with limited exceptions) must register with Selective Service at [sss.gov/register](https://sss.gov/register) to be eligible for benefits and programs linked to the registration.
- Gather healthcare and community services information onto a USB flash drive and keep it with you. Be sure to include:
  - Personal identification information,
  - Health insurance policy number,
  - Doctors’ and specialists’ contact information,
  - Prescriptions,
  - Durable Medical Equipment (DME) vendor contact information, and
  - Service coordinator/case manager/supports broker contact information.
- Prepare a Power of Attorney and an advanced directive. (see Chapter 10).



**Above left: Pete, who is a PATF Money Club graduate, uses a light magnifier to help him with his artwork.  
Above right: Joe is smiling; he is thinking about all the places he will go!**

# Are You Ready to Start Managing Your Money?

By reading this book and completing the activities, you've learned a lot about your finances and how to manage your financial future.

Put a check mark next to each activity you have completed:

- \_\_\_ Activity #1: What I Need and What I Want (p. 5)
- \_\_\_ Activity #2: My Money Habits (p. 5)
- \_\_\_ Activity #3: Smart Money Habits (p. 6)
- \_\_\_ Activity #4: Calculate My Monthly Income (p. 10)
- \_\_\_ Activity #5: Track Expenses: Keep Receipts (p. 11)
- \_\_\_ Activity #6: Organize My Cash Expenses (p. 12)
- \_\_\_ Activity #7: Organize My Recurring Monthly Expenses (p. 13)
- \_\_\_ Activity #8: Organize My Credit/Debit Card Purchases (p. 14)
- \_\_\_ Activity #9: Bring It All Together! (p. 15)
- \_\_\_ Activity #10: Comparison Shopping (p. 20)
- \_\_\_ Activity #11: Complete My Personal Money Map (p. 25)
- \_\_\_ Activity #12: What Am I Saving For? (p. 28)
- \_\_\_ Activity #13: What Will I Do To Save? (p. 29)
- \_\_\_ Activity #14: \$tash Your Ca\$h (p. 41)
- \_\_\_ Activity #15: Fund the Assistive Technology I Need (p. 58)
- \_\_\_ Activity #16: Get and Understand My Credit Report (p. 63)
- \_\_\_ Activity #17: Protect Myself from Identity Theft (p. 67)
- \_\_\_ Activity #18: Preparing for Independence (p. 69)
- \_\_\_ Activity #19: Housing Practice Money Map (p. 75)
- \_\_\_ Activity #20: My Housing Needs and Wants (p. 79)
- \_\_\_ Activity #21: Comparison Shopping for a Home (p. 81)
- \_\_\_ Activity #22: PACED Decision-Making Model (p. 86)



If you checked all 22 activities, congratulations! It was a lot of work, but now you are taking control of your money and your future! Keep this book handy as a resource to help you with your money journey.

And remember, "Having Money Doesn't Make You Rich. Understanding Money Does."

# Additional Resources

In doing the research for this book, we discovered a number of resources that you may find useful. This list is by no means exhaustive. We have included a few websites that have games. We think games are fun to play and can help reinforce some of the concepts that are included in this book. We have also included a number of websites that contain links to other valuable resources. Please let us know if you find additional resources not on this list that we should include in our next version of this book.

## **BROKE MILLENNIAL: STOP SCRAPING BY AND GET YOUR FINANCIAL LIFE TOGETHER**

Written by a millennial herself, this book is both entertaining and full of useful financial information that will help you get a grip on your personal finances. With a conversational and relatable tone, *Broke Millennial* is geared toward the 20-something crowd, but there are details in here that anyone would benefit from. Learn more and order the book at [brokemillennial.com](http://brokemillennial.com).

## **BUILDING YOUR FINANCIAL HOUSE**

Pennsylvania Housing Finance Agency's (PHFA) website, Building Your Financial House, offers a curriculum of comprehensive financial education addressing investing in yourself, maximizing earnings, spending sensibly, checking taxes, making money work through saving and investing, protecting your financial potential, and borrowing to grow. For more information, visit [buildingyourfinancialhouse.org/](http://buildingyourfinancialhouse.org/).

## **CONSUMER ACTION HANDBOOK: BE A SMARTER CONSUMER**

This guide is full of information to help you make better choices when buying products and services. There are tips about preventing identity theft, understanding credit, managing debt, purchasing a car, how to rent an apartment, how to file a complaint about a purchase, and so much more. They also provide some resources specifically for people with disabilities and seniors. For more information, go to [pueblo.gpo.gov/CFBPubs/CFBPubs.php](http://pueblo.gpo.gov/CFBPubs/CFBPubs.php) or visit [usa.gov](http://usa.gov).

## **CONSUMER CREDIT COUNSELING**

If you find yourself in need of help with credit counseling services, which include debt consolidation assistance and budgeting counseling, visit the website of the Pennsylvania Bar Association, [pabar.org/site/For-the-Public/LRE/Law-Related-Information](http://pabar.org/site/For-the-Public/LRE/Law-Related-Information).

You can find a list of approved agencies that provide credit counseling in Pennsylvania, and other related resources.

## COUNSELING NETWORK

PHFA has a network of counselors throughout the state who provide free credit counseling, financial counseling and coaching, financial education, housing counseling, and first-time homebuyer education. Learn more at [phfa.org/counseling/fe.aspx](http://phfa.org/counseling/fe.aspx).

## JUMP\$TART COALITION FOR PERSONAL FINANCIAL LITERACY

The Jump\$tart Coalition for Personal Financial Literacy is a coalition of organizations that share an interest in advancing financial literacy among students. Jump\$tart's online clearinghouse has a very comprehensive collection of financial education resources, including booklets and pamphlets on specific topics, activities, online games, and teacher lesson plans. For more information, visit [jumpstart.org](http://jumpstart.org).

## MONEY SMART — A FINANCIAL EDUCATION PROGRAM

Created by the Federal Deposit Insurance Corporation (FDIC), *Money Smart* is a comprehensive financial education curriculum that teaches the basics of handling money and finances, including how to budget, save money, and how to avoid making wrong decisions that may result in years of financial pain. The curriculum is available free of charge. For additional information, call toll-free 877-275-3342 or go online to [fdic.gov/consumers/consumer/moneysmart/index.html](http://fdic.gov/consumers/consumer/moneysmart/index.html).

## MONEY UNDER 30

This personal finance site has articles on practically everything you might need to know about managing your finances. Search around under a specific topic (like credit cards, debt payoff, or home buying) or check back regularly to find articles on the latest subjects in personal finance. For more information, visit [moneyunder30.com/](http://moneyunder30.com/).

## MOTLEY FOOL

The Motley Fool provides free and premium (fee) investment guidance for individual investors. You can find more information about investing, the stock market, retirement, and money tips. [fool.com](http://fool.com)

## MYMONEY

MyMoney.gov is the U.S. government's website dedicated to financial education. Resources are available to learn about budgeting, credit building, financial planning, understanding privacy issues, saving and investing. There are links to other government programs that offer financial educational programs, such as Consumer Financial Protection Bureau and the Federal Trade Commission. For more information, visit [mymoney.gov](http://mymoney.gov) or call 1-800-FED-INFO (333-4636).

## NATIONAL FOUNDATION FOR CREDIT COUNSELING

As the nation's largest financial counseling organization, NFCC provides information about all of the nonprofit credit counseling agencies in Pennsylvania. Credit counselors provide such services as credit/debt counseling, bankruptcy counseling, housing and mortgage counseling, and student loan debt counseling. For more information, go to [nfcc.org](http://nfcc.org).

## NERDWALLET

If you need information to make a financial decision, NerdWallet has got you covered. NerdWallet believes that everyone should be able to make financial decisions with confidence. [nerdwallet.com](http://nerdwallet.com)

## PA-NAVIGATE

PA Navigate is a statewide community information tool designed to address health and social care needs for Pennsylvanians by connecting them to community services. For more information, visit [pa-navigate.org](http://pa-navigate.org).

## **PENNSYLVANIA 211**

If you need to connect with resources in your community, but don't know where to look, PA 211 is a great place to start. From help with a utility bill to housing assistance, to finding your local Volunteer Income Tax Assistance (VITA) site, dial 211 or text your zip code to 898-211 to talk with a resource specialist for free. For more information, visit [pa211.org/](https://pa211.org/).

## **PRACTICAL MONEY SKILLS FOR LIFE**

To help people learn about the essentials of personal finance, Visa has partnered with consumer advocates, educators and financial institutions to develop the Practical Money Skills programs. You can access free educational resources, including personal finance articles, lesson plans, and games (including the popular Financial Football and Soccer games) from their website, [practicalmoneyskills.com](https://practicalmoneyskills.com).

## **YOUR MONEY, YOUR GOALS**

Consumer Financial Protection Bureau (CFPB) developed a toolkit, Your Money, Your Goals, for front line staff and volunteers who work with individuals who are interested in establishing goals, learning about and choosing financial products and building skills in managing money, credit and debt. There are free, downloadable guides for students, people with disabilities, veterans and service members, and older adults and caregivers. For more information, go to [consumerfinance.gov/your-money-your-goals](https://consumerfinance.gov/your-money-your-goals).

Please use “My Personal Statement of Income and Spending” and the “My Personal Money Map” worksheets that follow.



**My Personal Statement of Income and Spending for the Month of \_\_\_\_\_**

**Step 1: My Needs**

Description	Amount
1. _____	\$ _____
2. _____	\$ _____
3. _____	\$ _____
4. _____	\$ _____
5. _____	\$ _____
6. _____	\$ _____

**Step 2: My Total Needs** \$ \_\_\_\_\_

**Step 3: My Wants**

Description	Amount
1. _____	\$ _____
2. _____	\$ _____
3. _____	\$ _____
4. _____	\$ _____
5. _____	\$ _____
6. _____	\$ _____

**Step 4: My Total Wants** \$ \_\_\_\_\_

**Step 5: My Expenses (Total Needs + Total Wants)** \$ \_\_\_\_\_

**Step 6: My Total Monthly Income** \$ \_\_\_\_\_

**Step 7: My Cash Flow (Income - Expenses)** \$ \_\_\_\_\_



## My Personal Money Map

Month: \_\_\_\_\_

My Needs Descriptions	Planned Spending	Actual Spending
1. _____	\$ _____	\$ _____
2. _____	\$ _____	\$ _____
3. _____	\$ _____	\$ _____
4. _____	\$ _____	\$ _____
5. _____	\$ _____	\$ _____
6. _____	\$ _____	\$ _____
7. _____	\$ _____	\$ _____
8. _____	\$ _____	\$ _____
My Total Needs	\$ _____	\$ _____

My Wants Descriptions	Planned Spending	Actual Spending
1. _____	\$ _____	\$ _____
2. _____	\$ _____	\$ _____
3. _____	\$ _____	\$ _____
4. _____	\$ _____	\$ _____
5. _____	\$ _____	\$ _____
6. _____	\$ _____	\$ _____
My Total Wants	\$ _____	\$ _____
My Expenses (Total Needs + Total Wants)	\$ _____	\$ _____
My Total Monthly Net Income	\$ _____	\$ _____
My Cash Flow (Income - Expenses)	\$ _____	\$ _____

# Glossary

**A Annual Fee:** A yearly payment charged by many credit card companies for use of their card.

**Artificial Intelligence powered (or AI-powered) Scams:** Emails, texts, and phone calls that have a more natural sound to them and the ability to mimic a familiar voice.

**Asset:** Generally anything that holds its value or is useful such as a house or a car. It also includes things such as stocks, bonds, and retirement or bank accounts.

**Asset Limit:** The total amount of countable resources you can have (including money in your checking and savings accounts) while remaining eligible to receive a government benefit.

**Assistive Technology (AT):** A device that helps a person who has a disability do the things he or she wants to do. Examples of AT devices include an adapted vehicle, a ramp into a home, an iPad, hearing aids, and a wheelchair or scooter.

The federal definition of an assistive technology (AT) device is “any item, piece of equipment, or product system, whether acquired commercially, modified, or customized, that is used to increase, maintain, or improve functional capabilities of individuals with disabilities.” [29 U.S.C. Sec 202(2)]

An assistive technology service is defined as any service that directly assists an individual with a disability in the selection, acquisition, or use of an assistive technology device. The term also includes designing, fitting, customizing, adapting, maintaining, repairing, or replacing AT devices.

**ATM:** ATM stands for Automated Teller Machine. This is a machine that allows you to take money out of or put money into your checking or savings account without having to go directly to your bank or credit union. You can also check your account balances at an ATM.

**Authorize:** To give your permission.

**B Balance:** Balance means “amount.” It can refer to the amount of money you have in your checking or savings account; or, the amount that is owed on a credit card or another type of loan.

**Balance Carried Forward:** Used at the start of a month to show how much money is in your account. When balance forward is used on a bill, it shows either the amount your account is charged or credited from a previous billing cycle.

**Bank:** A for-profit financial institution that provides its customers with checking and savings accounts, loans, financial education, access to debit cards, credit cards, and online banking. You should look for a bank that is insured by the Federal Deposit Insurance (FDIC).

**Benefits:** Many people need help paying for food, housing, utilities, medical care and other basic items. The state and federal governments have developed programs that can help pay for these things. These programs are called government benefits.

**Cash:** Cash is the currency (paper bills) and coins you have on hand. You use cash to pay for something immediately.

**Cash Flow:** The difference between your income and your expenses. Think of it as the flow of money coming in and money going out.

**Checking Account:** A service, offered by a bank or credit union, which allows you to put your cash in a safe place and then use it whenever you need it. You get your money from your checking account by writing checks, or using your ATM or debit card.

**Community Development Financial Institution (CDFI):** A mission-driven organization certified by the U.S. Department of the Treasury's CDFI Fund. CDFIs can include credit unions, banks, loan funds, and non-profits (like PATF) that operate with a primary mission of serving underserved communities.

**Compounding:** Interest earned on an investment, if kept in the account, will also begin to earn interest.

**Countable Resources:** Certain assets are not counted when the Social Security Administration determines financial eligibility for SSI, or when Pennsylvania determines financial eligibility for Medical Assistance. For a complete list of assets that are not counted, go to [ssa.gov/ssi/text-resources-ussi.htm](https://ssa.gov/ssi/text-resources-ussi.htm).

**Credit:** Money that you borrow with the promise to repay it at a later date.

**Credit Bureau:** A company that compiles information reported by your creditors and provides information on a person's borrowing and repayment habits.

**Credit Card:** A plastic card issued by a bank or business that allows you to purchase items now and pay for them later.

**Credit History:** Your credit history is a record of how well you have or have not managed your credit card and loan payments. It is important to make credit card and loan payments on time so that you can maintain a positive history.

**Credit Limit:** The maximum amount of credit (money) that a financial institution will authorize for your use. The credit limit is based on your credit history and income.

**Credit Report:** A report of your credit history. A credit report is a system lenders use to decide whether or not to extend you credit, or a loan, and how much interest they will charge you. Your credit report is a record of how much you owe and how well you pay it back. A credit report will include such information as where you live, your work history, your repayments on loans, and whether you've filed and been discharged from a bankruptcy.

**Credit Score:** A number that represents the credit-worthiness of a person, or the likelihood that a person will pay back a debt. The higher the number, the better your credit score. Most financial institutions use the FICO credit scoring model.

**Credit Union:** A non-profit financial institution that provides its members with checking and savings accounts, loans, financial education, access to debit cards, credit cards, and online banking. You should look for a credit union that is insured by the National Credit Union Administration (NCUA).

**D Data breach:** An unauthorized entity gains access to sensitive information electronically stored by a business or governmental organization.

**Debit Card:** A plastic card that is connected to your credit union or bank account. When you use it to buy something in a store, money is taken out of your checking or savings account. Debit cards can also be used for the withdrawal of cash. Debit cards work the same way as paying for something with cash.

**Debt:** Debt is money that you borrow and must repay. For example, if you borrow \$25 from a friend, you will need to pay her back \$25. \$25 is a debt that you owe your friend.

**Default:** Failure to repay a loan. A default can happen when a borrower is unable to make timely payments, misses payments, or avoids / stops making payments.

**Deficit:** When there isn't enough money to cover all expenses. For example, if you want something that costs \$20 but you only have \$15, then you have a deficit of \$5.

**Deposit:** To put money into a checking or savings account. It is the opposite of withdraw.

**Diversification:** Diversification is a mixture of investments: low risk, medium risk, high risk. By investing in different investment types, the exposure to loss can be minimized while still providing an opportunity for growth in value.

**Dividend:** A dividend is a payment to shareholders from a company's positive cash flow.

**Due Date:** The date on the calendar when your bill must be paid.

**E Earned Income:** The money you receive from employment.

**Equity:** The value of an asset (such as your home or vehicle) minus what you owe on any loans (such as a mortgage or vehicle loan balance) connected to it.

**Expenses:** What you spend money on, whether you pay in cash or with a check or charge to a credit card.

**F FDIC:** Federal Deposit Insurance Corporation.

**Finances:** This is another word for everything that has to do with your money, including your checking and savings accounts, and your income and expenses. It's important to learn how to manage your finances, instead of letting your money manage you.

**Financial Well-Being:** The ability to meet all financial needs, today and over time; feel secure in the financial future; absorb a financial shock; and have the financial freedom to make choices to enjoy life. (source: [consumerfinance.gov](https://www.consumerfinance.gov))

**FinTech:** A catch-all term for companies that combine traditional financial institutions and technology to create new ways to bank and keep track of your money.

**Food Stamp Program:** Now called SNAP (Supplemental Nutrition Assistance Program), this is a government program available to families and individuals who are low-income, to help with the cost of food.

**Fixed Interest:** The interest rate is the same for the life of the loan.

**G Gross Earnings:** The total amount of your earned income.

**Guarantee:** A loan guarantee is a promise by someone to assume the debt obligation of a borrower if they do not repay their loan.

**H Hourly Wages:** This is what you earn when your job pays you by the number of hours you work or for each piece of work you complete.

**I Identity Theft:** The taking of one's personal information for financial gain.

**Income:** The money coming in. It can come from a job, Supplemental Security Income, a pension, and government benefits.

**Income Limit:** The total amount of earned and unearned income you can make in a month and still receive services from a government benefit.

**Insurance:** Protection from unexpected financial loss.

**Interest:** What a bank or credit union pays you to keep money in an account. Interest is also a fee paid when you use someone else's money.

**Investing:** Using cash to buy something of value.

**L Lease:** A legal contract where one person lends something to another person for a specified time (apartment, vehicle, equipment, etc.), usually in exchange for payments.

**Liability Insurance:** Protects you from a lawsuit if someone is injured or suffers property damage while in your rental unit or home.

**Liquidity:** How quickly something can be turned into cash.

**M Maturity Date:** The date when a loan must be repaid in full.

**Medical Assistance (MA):** Also known as Medicaid, is a government program that provides medical insurance for people who are low-income.

**Medicare:** Medicare is a federal health insurance program for people 65 or older, as well as for some people under 65 who have a permanent disability or medical condition.

**Minimum Monthly Payment:** The lowest payment the credit card company, or other lender, will accept toward your balance owed each month.

**Money Mapping:** Money mapping is a financial road map. Using your income, expenses, debt, savings, and goals to plan your route.

**Mortgage:** A specific type of loan for the purchase of a home. You make a promise to the lender to repay the loan, with interest, typically during the course of 15 to 30 years.

**N NCUA:** National Credit Union Administration.

**Need:** Something you must have to survive, like a place to live, food to eat, and quality healthcare.

**Net Earnings:** The amount you take home, after taxes and other deductions have been taken out of your total (gross) earnings.

**P Payroll Deduction:** Money that is taken out of your earnings by an employer to pay taxes, health insurance, retirement benefits, and other items.

**Peril:** An insurance term for the cause of a possible loss, like a fire.

**Pharming:** Directing users to bogus websites that mimic a legitimate one.

**Phishing:** A kind of identity theft where criminals try to get your personal information by pretending to be a reputable or well-known organization or person.

**Personal Identification Number (PIN):** The secret code you use to gain access to the money in your accounts. It's best not to share your PIN with other people. If you must, because you need assistance, always ask for a receipt and check your monthly bank statements.

**Profit:** Selling an asset for more than was paid to buy it.

**R Rate of Return:** The rate of return is a combination of interest or dividends earned and the increase in value of an asset.

**Rebate:** A rebate can be an additional discount when you purchase a product or it can be a partial refund if you have paid too much money for taxes, rent, or a utility, such as electricity, gas, or water.

**Receipt:** Usually a paper, or an online statement, that lists the items you purchased and the amount you paid for them. A receipt is proof that you paid for an item.

**Refund:** A repayment of a sum of money, typically to a customer who is not satisfied with something that was purchased. This means that a store promises to give back all or some of the money that was spent if you're not happy with what you bought. To get a refund you usually need to show a receipt.

**Revolving Credit:** A type of credit that a borrower may use to withdraw funds up to a preapproved amount. The amount of available credit decreases and increases as funds are borrowed and then repaid. The credit may be used repeatedly. The borrower makes payments based only on the amount that is actually used or withdrawn, plus interest. The borrower may repay over time, or in-full

**S Salary:** The amount of money an employer agrees to pay an employee.

**Saving:** Setting cash aside.

**Savings Account:** A secure place to keep your money for future use. Money deposited in a savings account earns interest over time.

**Smishing:** Using text messages to get individuals to send money (using money orders, wire transfers, payment apps, or gift cards)

**Social Security Disability Insurance (SSDI):** An earned benefit for people with significant disabilities who are no longer able to work. SSDI is funded through payroll taxes, so the amount you receive is based on how long you worked and how much you paid into the system. SSDI is also available to some people with disabilities who don't have a work history of their own but have a specified relationship to people who are disabled, retired, or deceased. For example, SSDI may be paid to a person who has a developmental disability whose parent is retired.

**Supplemental Security Income (SSI):** A federal (unearned) income benefit for adults and children with disabilities, and adults 65+, who have limited income and resources. SSI is funded by general tax dollars and provides a cash benefit that pays for basic living needs.

**Surplus:** The money left over after all expenses have been paid. If you have \$50 and you spend \$40, you have a surplus of \$10, meaning you have \$10 left. A surplus is the opposite of a deficit.

**T Time Value of Money:** A dollar today is worth more than a dollar tomorrow. Dollars you invest today will grow more than the dollars you invest tomorrow.

**U Unearned Income:** The money you receive that does not come from employment.

**User Identification (USER ID):** This is a made-up name you choose to use to identify yourself when you are signing in to an account. It's best not to share your username with anyone. If you must share your username because you need assistance, be sure you trust that person.

**Utilities:** Services such as electricity, gas, water and heating oil.

**V Values:** Those ideas and beliefs that really matter to each of us and impact our money behaviors.

**Variable Interest:** The interest rate varies over the life of the loan. It may go down or up based on certain benchmarks.

**Veterans' Disability Benefits:** These are benefits received by a person who has served in the United States military.

**W Waiver:** Programs, also known as Home and Community-Based Services waiver programs, are funded with a combination of Pennsylvania and federal government dollars. These programs provide supports and services to people with disabilities who live in the community. Services include assistive technology, smart home devices, accessibility adaptations (home modifications), vehicle adaptations, personal assistance services, respite, community integration, therapies, and transportation. People who live in a state center for individuals with an intellectual disability cannot receive waiver services.

**Want:** Something you might like to have, but don't need to survive and you don't have to have right away.

**Withdrawal:** Money you take out of your bank or credit union account. A withdrawal is the opposite of a deposit (putting money into an account).

**Work Incentives:** Work Incentives are programs that the Social Security Administration (SSA) offers to people with disabilities who are receiving Supplemental Security Income (SSI) and/or Social Security Disability Insurance (SSDI) to help make it possible for them to explore work while still receiving health care and cash benefits.

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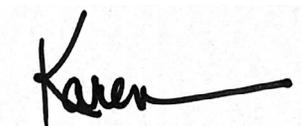
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