

Davis Research Project

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A Message From Su Yeong Kim, Chief Researcher

We are very pleased to have you continue with the Davis Research Project. In this issue, we highlight information on financial money management, how to write a check, and how to choose a bank. Please note that the project is now housed at The University of Texas at Austin. We look forward to your continued support and participation in the project. We can be reached by e-mail at projectfamily@gmail.com, by phone at (415) 271-0390, or 1-(866)7-FAMILY (toll-free), and on the internet at <http://webpace.utexas.edu/syk343/>. When you move or when your contact information changes, please update your contact information.



Financial Money Management

Managing your money is an important way to keep track of your finances. By managing your money you will be able to afford the things that you want and avoid unnecessary

purchases. Effective money management can be accomplished by paying your bills on time, keeping track of your money and possessions, and spending your money more wisely.

Spending within a budget

Many people find it challenging to stay within a budget, but some simple tips can help ensure that your money is being spent wisely:

- Compare prices across vendors
- Have a budget before you start shopping and limit your spending to this amount
- Before shopping, have a list of items that you intend to buy and do not stray from this list
- Give yourself a time limit to

shop in a store

- **48-hour Waiting Rule:** To avoid impulse buying, see if you still want or need the item 48 hours after leaving the store. Apply this rule for all impulse purchases.

- Bring an advertisement from another store. Sometimes the vendor will price match the same item

Manage Your Money Online

Every year, thousands of people use websites such as buxfer.com and BillMonk.com to manage their finances. These websites can keep track of your monthly expenses, show what you spend your money on, and keep track of debts. Which website you choose to use depends on your specific needs. Both of the following websites are free of charge and

guarantee your privacy.

www.buxfer.com

- On buxfer.com, you can set up groups to divide expenses
- You can track expenses using easy to read color charts, and create automatic transactions for monthly expenses like rent and utilities
- When someone owes you money, buxfer.com will notify that person via email, so that you do not have to leave an annoying note on the dry erase board or a Post-It note on the fridge
- Tags for each transaction make it easy to search your account history and to sort transactions to see where all of

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your money is going. These tags classify your expenses into categories such as restaurants, shopping, movies, etc.

www.BillMonk.com

- Unlike buxfer.com, BillMonk.com allows you to track who owes you money and also who is borrowing your CDs, DVDs, books, and so on



- It does the math for you. For example if you owe your roommate \$10 and he owes you \$8, BillMonk.com will calculate the difference to simplify the process. You will owe your roommate \$2.

- It automatically splits your bill and

you can set up regular transactions for rent or utilities

- It interfaces with Amazon.com so that you can electronically keep track of all of your books, movies, and music. This means you can download an inventory list of your possessions.

- You can also login to billmonk.com through facebook.com for easy access

Buying and Selling Old Textbooks

Students can save money by buying and selling old textbooks online. Shown on the right side are some websites you can use to post your books for sale so that people who attend a school other than your own can buy them. In many instances,

selling your used textbooks through websites may be more profitable than selling them back to your own school or bookstore. For example, your school may be using the new edition of a book but another school may still be using the old edition which you are selling.

www.booksintocash.com/

www.bookbyte.com/

www.textbookbuyer.com/

www.amazon.com/

Keeping track of your money through online websites and using tips for spending within a budget are some easy ideas to help simplify your finances.

How to Write a Check

A check is used to instruct a financial institution to pay a specific amount of currency from an account to a person or a business. It is beneficial to know how to write checks because it is an effective way to pay for merchandise and services. The following picture shows the anatomy of a check along with numbers to guide you through the process of filling one out.

1. **Date:** the date that the check is written

2. **Marker:** the person or business who is writing the check (this will be printed on the check)

3. **Payee:** the person or business to whom the check is being written to

4. **Signature line:** the signature of the person writing the check

5. **Written amount:** the amount written in numbers

6. **Legal amount:** the amount written in words

7. **Check number:** this is printed on the check and appears in the MICR line on the bottom of the check

8. **Banking information:** both the name of the bank and the

American Banking Association number appear on the check

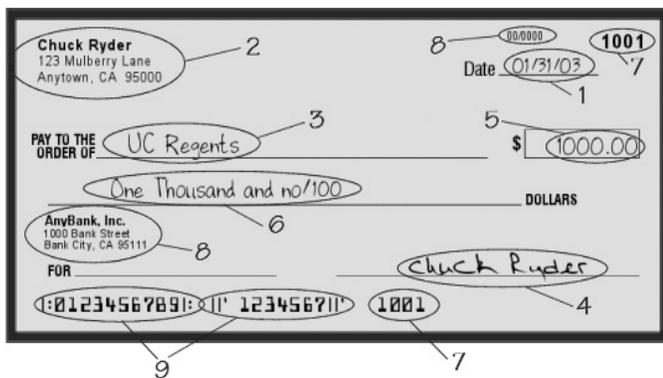
9. **Account and routing numbers:** appear on the bottom of the check in the MICR line

By following this simple guide, you will be able to fill out checks quickly and correctly.

Tips and warnings about writing checks

Although writing a check may seem like a simple and uncomplicated process, there are several precautions you must take to ensure your security and financial well-being.

- Banks will fine you for each check that bounces if you do not have sufficient funds for the checks you write. Therefore, it is important



to check the balance in your checking account regularly.

- Promptly record all deposit records and checks, and regularly balance your checkbook.
- Electronic software programs, like Microsoft Money, can be helpful for keeping records up-to-date. Checkbooks that automatically

make carbon copies of checks may also be helpful.

- If you are paying someone with a post-dated check, let them know so they are not surprised when their bank does not credit the check to their account immediately.

Completely destroy any voided or unused checks and deposit slips. This

is so that no one can copy the code on the bottom of your checks and use it to withdraw money from your account.

It is important to follow these basic tips and warnings in order to protect yourself from check theft and forgery, and to increase your own knowledge about your finances.

How to Choose a Bank

A bank is a financial institution that is responsible for lending, exchanging, receiving, and safeguarding money. Choosing a bank may seem like a difficult and time consuming task but in reality it is simple if you know what to look for. Here are some characteristics of banks that may be important to consider.

Seek out the FDIC label: Look for an institution that is insured by the Federal Deposit Insurance Corporation. That means your deposits will be protected up to \$100,000 by the U.S. government. You will find FDIC stickers displayed on doors and teller windows.

Shop around: Compare the costs of accounts among banks in your area. Know what types of transactions you regularly make and evaluate accounts based on your needs.

Be fee-wary: Among them, are fees for ATM usage, balance inquiries, seeing a live teller, flat monthly fees, per-check fees, overdraft protection fees, fees for going below the minimum balance, bounced check fees, fees for using another bank's ATM, placing stop payments on checks, requesting cancelled checks with monthly statements, and even for closing your account.

Consider banking at credit unions: Credit unions, which are member owned, have lower fees than commercial banks like Bank of America because they do not have to pay

stock dividends. Commercial banks are nationwide whereas credit unions are local. Some credit unions have branches, ATM networks, and offer all the services of a bank. Many companies, unions, state and local governments, and communities have credit unions you may qualify to join.

Consider on-line only banks: Banks like ING Direct do not have branches so the fees associated with maintaining an account is often lower than commercial banks.

Things to look for:

Linked accounts: Look for banks that offer checking accounts linked with another account. Your savings balance, for instance, may be used in combination with your checking account to meet the minimum balance requirement to avoid fees.

ATMs: If you use ATMs frequently, look for banks with a lot of them. Most banks do not charge you to use their own machines, but they charge you for using another bank's ATM.

Direct deposit: Many banks will offer free or lower-cost checking with direct deposit because they save money by not having to process paper checks. Many employers offer direct deposit.

No-frills checking options: If you do not write many checks in a typical month and cannot meet the minimum required balance to avoid bank fees, look at no-frills/flat-fee accounts.

“Many banks will offer free or lower-cost checking with direct deposit because they save money by not having to process paper checks.”



Are you Moving?

Please update your address and phone number with us!



We would like to keep in touch with you for a follow-up project in the future.

Updating your information is easy:
By Phone: (415) 271-0390

By Phone: (866) 7-FAMILY (This is a toll-free number.)

By E-mail:
projectfamily@gmail.com

By Web:
<http://webspace.utexas.edu/syk343/>

CDs: In addition to checking accounts, a certificate of deposit or CD is a time of deposit, a financial product commonly offered to consumers by banks and credit unions. A CD is like a savings account, but it is different in that you (a) typically earn a higher interest than a savings account and (b) there is a hefty penalty if you wish to withdraw funds earlier than your agreed upon maturity date.

Things to be aware of:

Beware of NOW (interest-bearing) accounts: If you cannot maintain high minimum balances, it is best to avoid these accounts because the fees may cost you more than the interest you earn on your balance.

Service is important: Price is not the only consideration. Take a minute to think about how comfortable you feel at each institution. Do employees offer helpful suggestions? Are your questions answered quickly and accurately? Does the bank's hours and locations serve your needs?

After identifying your needs and the type of bank you will use for your financial transactions, evaluate and compare the services and fees. Comparison shopping will allow you to make the most informed decision.

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