

Did You Know...

Pangrams are sentences containing all the letters of the alphabet. Here are several examples of pangrams.

For only \$49, jolly housewives made inexpensive meals using quick frozen vegetables.



Forsaking monastic tradition, twelve jovial friars gave up their vocation for a questionable existence on the flying trapeze.

Five or six big jet planes zoomed quickly by the tower.

ATTENTION!!!

As of April 1, 2002 all deposits with UT-MCO Federal Credit Union will be insured up to \$350,000.00. The National Credit Union Administration insures the first \$100,000 and your Board of Directors has opted to pay for additional coverage of \$250,000.

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Making the Most of Your Money - Part 5

From Paper to Practice... Your Plan!

In choosing a plan that will translate your new perspective toward your money into practice, it is best to start with a "no-frills" plan that is reduced to the lowest common denominator. It will be easy for you to make it more complex once you understand how it works. Budgets must be "custom-made" if they are to fit into real life situations.

To get started you will need:

- ◆ A checking or savings account
- ◆ A number of business-size envelopes

FIRST: Go back to the work you did on the Average Monthly Expense List and write down the amount you have for your total *FIXED* expenses. It is this amount that must be deposited into your checking/savings account each month so you can be sure to meet your obligations. This money in this account is **ONLY** for *FIXED* expenses. All remaining funds are for your *FLEXIBLE* expenses.

To determine how much out of each check must be set aside for your *FIXED* expenses, divide the total monthly amount needed by the number of times you are paid each month.

SECOND: Next, determine how many categories are needed to divide your *FLEXIBLE* expenses. The *FLEXIBLE* expenses are listed on the average monthly expense list already.

After you have grouped your *FLEXIBLE* expenses into categories, write the name of the category on each envelope. At the beginning, you may also want to list the specific expenses in that category on the outside of the envelope too, just so you remember what is included in that category.

Now, write on the envelope the total amount of money needed per month for each category. These totals may be taken from the work you

have already done on the average monthly expense list.

Last, determine how much money you must put in each envelope each paycheck to equal the total amount needed by the number of pay periods per month.

ANTICIPATED PROBLEM!

Since you will not start this program with envelopes full of money, you may find that a bill is due before you have enough accumulated to pay it. What do you do? Simply borrow from yourself and pay it back next payday! That is, find a category that is not due right now and transfer the money to the category that is due. But remember to pay yourself back or you will come up short in that category from which you borrowed.

Don't be discouraged the first few months. No matter how you first set up your personal budget, it will take time to fine tune. Experiment with it until you find a plan that works for you. The specific plan is not the important thing. As you cultivate the ability to see your income in light of your expenses, the plan will merely be a tool to translate that perspective into real life practice!

You **can** *HAVE MONEY WITH THE MONEY YOU HAVE*, but you must be willing to invest a bit of time and effort initially. Learning to manage your credit and your cash is certainly within your reach. Implementing the principles you have just learned will bring about changes in your financial well-being that can last you a lifetime. Try them and see. The principles will work if you will work them.

Stay tuned for the July issue of iMoney Matters. We will be starting a new financial education series that will explore what you should know about credit cards and how to read and understand what that fine print really means.