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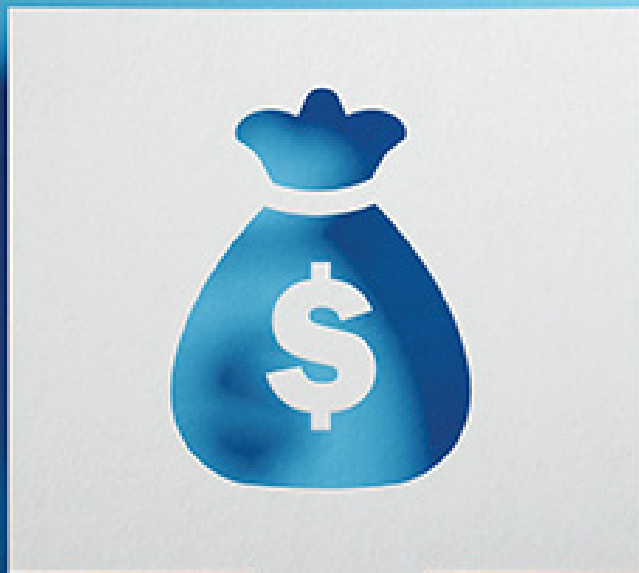


2nd Edition

Managing Your Money

ALL-IN-ONE

for
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Managing Your Money

ALL-IN-ONE

2nd Edition

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Managing Your Money All-in-One For Dummies®

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Introduction

Welcome to *Managing Your Money All-in-One For Dummies*, 2nd Edition — a big one-stop shop designed to help you get control over your financial life!

This book tackles a lot of big topics, but it tries to keep things simple, clear, and to the point. We've culled the best, juiciest information from a good sampling of *For Dummies* books on personal finance and compiled them into one fat volume. It's absolutely packed with easy-to-grasp advice on all things having to do with managing your money. Whether you're a stay-at-home parent, a truck driver, a burger flipper, or a CEO — whether you're interviewing for your first job or you retired ten years ago — you'll find scads of great tips and sound advice in these pages that will help you get a handle on everything from your credit cards to your health insurance, from your groceries to your taxes to your will.

About This Book

If it has something to do with your personal relationship to your own money, it's a good bet that this book talks about it. *Managing Your Money All-in-One For Dummies*, 2nd Edition, offers money-management and personal-finance tips to help assess your true financial situation and take charge of your economic life. You find information on getting the best mortgage, saving for the future (whether for college or retirement), paying off debt, scaling back on expenses, managing home and personal budgets, repairing and improving your credit rating, handling taxes, planning an estate, banking online, saving and investing, and protecting your money and other assets.

The facts on the ground aren't pretty at the moment. Many people feel more powerless than ever against mighty and faceless institutions that seem designed for nothing but to confuse and rip off. This book is here to tell you: It doesn't have to be that way. By doing a little homework and taking a renewed interest in your own situation, you can reclaim many rights and advantages you probably didn't know you had. If information is power, then this book is like a gigantic supervitamin.

A quick note: Sidebars (shaded boxes of text) dig into the details of a given topic, but they aren't crucial to understanding it. Feel free to read them or skip them. You can pass over the text accompanied by the Technical Stuff icon, too. The text marked with this icon gives some interesting but nonessential information about managing your money.

One last thing: Within this book, you may note that some web addresses break across two lines of text. If you're reading this book in print and want to visit one of these web pages, simply key in the web address exactly as it's noted in the text, pretending as though the line break doesn't exist. If you're reading this as an e-book, you've got it easy — just click the web address to be taken directly to the web page.

Foolish Assumptions

In order to shovel so much material on such a wide variety of topics into a single book that's actually helpful and inviting, we make a few assumptions about you, the reader. See whether one or more of these shoes fit:

» You can't seem to get out from under credit card debt.

- » You'd like to find ways to spend less money, but the idea of sitting down and setting up a budget makes you feel slightly ill.
- » You've heard about how great it is to save for retirement in an IRA or 401(k), but the whole concept seems too complicated to deal with.
- » When tax time rolls around, you feel frightened and uncertain.
- » You can't seem to keep up with mounting bills and wonder where in the world your paycheck goes every month.
- » You worry about being able to afford college for your kids.
- » You have a vague feeling that you should probably have certain kinds of insurance, but what they might be is a mystery.
- » You have health problems and are afraid they are going to end up bankrupting you.

If any (or all) of these descriptions hit the mark, this book is most definitely for you.

Icons Used in This Book

You'll see a number of funny-looking little graphic elements sprinkled throughout this book. Here's what they are and what they mean.



TIP This icon marks concrete tips and tricks that you can put to use in giving you more control over your financial life.



REMEMBER This icon highlights passages that are good to keep in mind when it comes time to make decisions.



WARNING Watch out! This icon alerts you to common mistakes that can trip you up and cause trouble when managing your money.



TECHNICAL STUFF This icon notifies you that something is a bit more complex than usual, and that you can safely skip it if you're in a hurry or only want to skim the surface of the topic.

Beyond the Book

In addition to the material in the print or e-book you're reading right now, this product comes with some access-anywhere goodies on the web. Check out the free Cheat Sheet for info on taking charge of your finances, dealing with debt, and so much more. To get this Cheat Sheet, simply go to www.dummies.com and search for “*Managing Your Money All-in-One For Dummies* Cheat Sheet” in the Search box.

Where to Go from Here

If you already have a specific interest in one particular area of managing your money or have a sense of what you really need to tackle first, by all means flip to the table of contents or index and zip straight to that section.

You certainly are *not* expected to read this book cover to cover. On the other hand, if you're here because you are well and truly lost when it comes to handling your finances, you may as well begin at the beginning with Book 1, [Chapter 1](#), and go from there.

However you end up using this book, we hope you at least gain some insight into better and smarter ways of keeping more and wasting less of what you work so hard for. And we hope you find the determination to apply some of the ideas here to your life. You'll be very glad you did. Just keep in mind that even in tough times like these, there are a surprising number of things you can do to beat the system, even if it seems stacked against you.

The idea is to empower yourself. No one is going to stop you if you try, and no one is going to do it for you. So, buck up and steel yourself to look at your life more critically and honestly. We all have bad habits. Recognizing them is half the battle. Get ready to take charge of your life and get more out of it. Good luck!

Book 1

Taking Charge of Your Finances

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Chapter 1

Assessing Where You Are Financially

IN THIS CHAPTER

- » **Being honest with yourself about money**
 - » **Finding out about credit reports and your FICO score**
 - » **Comparing your spending to your income**
 - » **Figuring out what you own and what you owe**
-

You've bought this book, so you're probably at least a little worried — maybe *really* worried — about your financial health. Perhaps your debts have you biting your nails, and you're not sure what to do about them. You're probably not reading this book for the fun of it! And you probably don't have a good handle on the true state of your finances. After all, it's human nature to try to avoid bad news.

We understand. Facing financial facts can be unsettling and even scary. When you know the state of your finances, it becomes hard to ignore the fact that improving your financial situation requires changing your lifestyle and making some big sacrifices. But no matter how scary it is, confronting the reality of your financial situation is *essential* — and the good news is that seeking out this book is a terrific first step to doing just that.

This chapter begins your next step: figuring out where you are so you know where you need to go. Until you come face-to-face with the actual facts of your finances, you may find it impossible to develop the resolve and self-discipline you need to implement your plan of action. That's why this chapter begins with this series of fact-finding exercises to get you going.

The more bad news you get as you complete these exercises, the more critical it is that you get serious about dealing with your debts. The sooner you do that, the quicker and easier it will be to improve your finances and the less likely that your creditors will take some of your assets or that you'll have to file for bankruptcy. So let's get going!

Asking Some Preliminary Questions

You can get a rough sense of your debt problem by honestly answering the following questions. The more "yes" answers, the more work you have to do.

- » Are you clueless about how much you owe your creditors?
- » Over time, is a growing percentage of your household income going toward paying your debts?
- » Do you ever pay your bills late because you don't have enough money?
- » Have you stopped paying some of your debts?
- » Are you paying only the minimum due on some of your credit cards because you can't afford to pay more?

- » Are you using credit and/or credit card cash advances to help pay debts and/or your basic living expenses, such as groceries, rent, or utilities?
- » Have you maxed out any of your credit cards, or have any of your cards been cancelled for nonpayment?
- » Do you have little or nothing in savings?
- » Have you borrowed money from friends or relatives to pay your bills?
- » Have debt collectors begun calling you, and/or are you receiving threatening notices from some of your creditors?
- » Are you having a hard time concentrating at work because you are worried about money?
- » Are you losing sleep because of your finances?
- » Have you and your spouse or partner begun to fight about money?
- » Are you drinking more or using illegal drugs to try to cope with your money worries?



- » **TIP** Are you an overspender? According to Debtors Anonymous, most compulsive spenders answer “yes” to at least 8 of 15 questions they pose at www.debtorsanonymous.org/takethetest.html.

Evaluating Your Relationship with Money

You may have the misconception that you are what you buy. You may believe on some level that the more you spend, the more successful and important you are.

Developing that mindset is easy because all of us are constantly bombarded with messages that equate money and stuff with success. How often do you see ads promoting frugality, saving, or self-denial? If you're struggling to keep up with the Joneses, you may need to reevaluate your friendships. The Joneses may be driving you straight to the poorhouse.

Recognizing emotional spending

Maybe you spend money for emotional reasons. For example, think about what you do when you feel sad or disappointed, or when you want to celebrate a success. Do you head to the mall? Do you click on your favorite retail website? Do you treat yourself to an expensive meal or enjoy a weekend getaway even though you really can't afford it? If so, spending may have become a sort of addiction. Everyone likes to reward themselves from time to time, but doing so continually is a problem, and losing track of whether you can afford to treat yourself is a cause for real concern.



TIP

If emotional spending describes your behavior to a T, you need to get a handle on it fast. One option is to meet with a mental health professional; you may qualify for help from a low-cost/no-cost clinic in your area. Or get involved with Debtors Anonymous (www.debtorsanonymous.org or 781-453-2743). DA uses the time-tested methods of Alcoholics Anonymous to help people understand why they spend and to gain control over their spending.

Living for the moment

Maybe your problem is that you “live for today” and don't think about tomorrow. In some ways, living in the

moment is great, sure — but not if you turn a blind eye toward your future. How do you know if you have this attitude toward money? You probably

- » Use credit too much
- » Don't try to pay off your credit balances as quickly as possible, telling yourself there will be plenty of time to do that later
- » Save little, if anything
- » Rarely, if ever, take time to balance your checkbook, check out your credit reports and credit score, or maintain a household budget

Such money attitudes are self-destructive, and they do catch up with you eventually. Because you're reading this book, they may already have.

Checking Out Your Credit Reports

Three national credit-reporting companies operate in the United States: Equifax, Experian, and TransUnion. Reviewing the information in your credit report from each company is an excellent way to see your true financial picture.

Getting copies of your credit reports

For a comprehensive survey of your creditworthiness, order a copy of your credit report from each of the national credit-reporting agencies, not just from one. Each report may contain slightly different information about you, partly because not all creditors report all consumer account payment information to all three agencies.