

# MANAGING YOUR MONEY



## Managing Your Money By Managing Your Credit

(NAPS)—The road to financial well-being may start with spending a little time learning how to manage your credit. Managing your credit takes time and patience, but the results can be very rewarding.

The first step is to develop a budget. Budgets help you control your finances by making it easier to understand where your money goes. That can help you spend less money. The money you save can then be put to work for you.

First, determine how much you spend on bills and track your daily expenses to gain control over “phantom money”—the money that “disappears” from your wallet. One of the big advantages of budgeting is that you can find—and plug—these leaks in your spending and set yourself on the road to saving.

Next, set aside money for financial emergencies. That way, when “something happens,” you don’t need to use credit to cover the costs.

Third, take a look at your credit payments to see if you could reduce these. Pay off your credit card balances each month—or at least use the savings you found in your budget to make more than the minimum payment shown on your statement.

Think about refinancing or finding a credit card with a lower interest rate. Once you pay off a loan or credit card, use those funds to increase payments to other creditors or for savings.



**Creating a budget can help you manage your credit and meet your financial goals.**

### Seek Information

If you need to borrow, shop around and learn everything you can about the loan—today’s financial marketplace is full of choices. You need information, however, to help you sort through these choices.

You can start educating yourself by browsing through the free information the Federal Reserve Board offers on its Web site, [www.federalreserve.gov](http://www.federalreserve.gov). The site has information on how to budget, manage credit, save and choose investments.

For more information, visit the Web site [www.federalreserve.gov/consumers.htm](http://www.federalreserve.gov/consumers.htm). You can also write for a free copy of *Money Smart*, Public Affairs, Federal Reserve Bank of Chicago, P.O. Box 834, Chicago IL 60690-0834 or *Building Wealth*, Publications, Federal Reserve Bank of Dallas, 2200 North Pearl St., Dallas, TX 75201.