

ESTABLISHING FINANCIAL INDEPENDENCE

We wrote this book for Massalit and all other Darfurian people. It teaches new arrivals to the USA how to organize their new life to pay bills each month, as well as techniques for managing money. We wrote this book in English, Massalit and Arabic. We are willing to translate it into other Darfurian languages.

It can be very overwhelming to keep track of all of the different things you need to support yourself and your family. Developing a monthly plan of how your money is spent is a good way to establish financial stability. Stabilizing a financial reputation or history is an important part of adjusting to life in the United States.

In Sudan, we were taking care of ourselves but we did not have too many bills. We had our own homes, food and water, but we did not have pay electricity bills for lights. We had many cars for which we bought gas, and we did not have any kind of financial assistance program from the government or any other organization in our country. But in the US this is all different than it was in Sudan.

When you first arrive, your resettlement agency assists you with paying some of your expenses. Financial assistance programs coming from any organization will help you for a few months, and there are different types of assistance programs. You are placed in one of these programs depending upon your family size and program availability. Each program has a different set of rules and provides different amounts of financial assistance. This is not like it is in our country. You have to talk with your case manager to understand your assistance program and how long you will receive its benefit. It is your responsibility to know when you start paying your bills.

You will not always receive assistance. You will be responsible for paying your own expenses shortly after coming to the United States. At the time it may seem like you have money to spend, but remember, you will soon have bills to pay. It is a good idea to develop a spending plan for this money. This is called a budget. Choosing to save most of the money you receive now will prepare you to pay your rent and other bills.

BUDGETING BASICS

Budgeting helps people keep track of where their money is spent and gives you control over your financial situation. Each month you should earn more money than you spend. Most people make a budget for one month at a time because most of their bills, such as rent, utilities, food and phone are paid once each month.

Needs and Wants

In deciding how to spend your money, it is important to consider financial needs and wants. Needs include the basic expenses of daily life: rent, utilities, food, transportation, child care. Wants are nonessential items: a new television, cell phone, going to the movies, eating at a restaurant. By controlling your wants, you will be better prepared to take care of your needs.

Typical Monthly Expenses

Two bedroom apartment in medium-sized, mid-western cities
Typical cost: \$625 for one month

Choose how to pay: check, money order, etc.

You will not have a bill sent to you. You have to remember to send it to the landlord on time yourself.

Natural gas, electricity. Sometimes you are sent one bill to pay for both of these. The price of water is in a separate bill. Bill amounts will vary depending upon how much you use your electricity (for lights, computers, television) and gas (for apartment heat and for your stove and oven).

Typical monthly cost of gas and electric bills: \$75 to \$100 (spring and fall months), \$200 to \$300 (winter months).

Choose how you want to pay this bill: check or money order.

You will receive a bill from the utility company before the money is due.

Meals prepared at home for four people

Typically cost about \$300 a month.

Choose how you want to pay this bill: cash or debit card (you cannot pay with a check).

You go to markets to buy food and pay for everything you have chosen before you leave it.

Local telephone service (only use calling cards for long distance calling).

Typical cost for one month of local telephone service: \$25 a month.

Choose how you want to pay for this bill: check, debit card, money order.

You will be sent a bill from the telephone company before your bill must be paid.

Bus service in the city

Typical costs of bus service in a city: \$65 for one month, \$17 for one week, \$3.50 for one day, but sometimes students do not have to pay for bus service.

Choose how you want to pay this bill: cash only. Money order is not accepted.

You pay for bus service just before you sit down on the bus.

Child care

Typical cost for one week of care for a child under five years of age: \$120.

Choose how you want to pay this bill: check, money order (not cash).

The person or business providing you with child care will tell you how they will ask you to pay this cost.

IOM loans. The International Organization for Migration loan must be paid back within three years' time. Cost varies based on distance traveled.

Choose how to pay this bill: check, money order, debit card.

Emergencies and specific goals (such as car, education, home improvement).

Typical cost: 10% of your income.

Choose how you want to put money into your savings account to prepare you for these costs. You can put money in your savings account with a deposit slip, or by having your employer put money directly from your paycheck into it (this is called direct deposit).

Sending money home, or medical expenses.

The amount of money you send home or spend on medical bills varies, but make sure you have paid all of your other bills first.

You may send money back to Sudan by using the Western Union money transferring service.

Calculate all of your household's incoming money from your cash assistance, paychecks, self-employment, food stamps, unemployment, and social security for one month.

Write down all of your household expenses for one month. It is easiest to categorize your expenses such as rent, utilities, food and transportation. Use a notebook and receipts to help you do this.

Determine your flexible expenses. The amount of money you spend on these items changes each month. Food is an example of a flexible expense. For flexible expenses, assign an amount to spend for the entire month. For example, by budgeting \$200 for food for the month, you can spend less than this amount but not more. Budgeting money for your utilities can be very tricky. You can call the gas and electricity company get an average monthly bill. It is always best to plan for more than you think you will have to pay.

At the end of the month compare your total monthly income with your total monthly expenses. Your income should be more than your expenses.

If your expenses exceed your income, look at your expenses to see where you can make some change. It might also be a good idea to think about getting a second job or looking for a higher paying job.

Do not forget to save money for unexpected events and emergencies. After your rent and utilities have been paid, make it a priority to save money.

TIPS FOR STICKING TO YOUR BUDGET

Carry only a small amount of cash in your wallet so you will not spend it, or not lose too much if you are robbed. If there is any criminal trying to stop you or ask you to give him money or to take your money by threat of violence, give them the money immediately, because your safety is more important than money. After the criminal is gone you may call the police.

Ask your employer to put your paycheck directly into your bank account. This is called direct deposit. You will be less likely to spend money if it goes directly into your bank account. Buy only what you need. Do not buy things just because they are on sale. Use coupons to save money.

Make a list when you go grocery shopping to prevent impulse buys. Shop around for the best deal on big purchases like cars and appliances.

SETTING GOALS

Financial goals.

Saving money can be difficult, so it usually helps if you have a plan and know what you are saving for. Creating financial goals will help you make a long term spending plan.

Short term

Short term financial goals should be accomplished within one to six months. For example, you want to buy a new pair of shoes. Setting up a plan to save in money over three months would allow you to purchase new shoes.

Medium term

Medium term financial goals should be accomplished within one to two years. For example, you want to plan to pay off your IOM travel loan within this time period. You can set up a plan to save a little extra each month to pay more than your minimum loan payments.

Long term

Long term financial goals should be realistic to achieve within one to five years. For example, you want to buy a new car or home. You may consider enrolling in an individual development account to help you grow your money.

Exercise

Plan short, medium and long term financial goals using the chart below. Select a time in which you want to accomplish the goal. How much will that goal cost? How much will you save each month? How many months will you save for the goal? Finally, how will you actually save the money? Will you need to make a change in your spending habits?

Time	Goal	Cost	\$ saved per month	# months to save
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Example: Plan to save 75% of my cash assistance for rent. Don't buy new clothes for 1 ½ months.

It is important that new arrivals to the USA understand issues like rent and other important bills. You don't have money and maybe you will start to work after two months or three months. But sometime it will take longer to get a job. At the time you will receive a little money from cash assistance income, and that money will not be enough for you and after two or three months you will have to start paying your bills yourself. For example, rent, gas, electric, phone and maybe your transportation expenses, too.

WRITING A CHECK

1. Your name and address.
2. Date: The day you are writing the check.
3. Check number: the number of check. Use it for your records.
4. Pay to the order of: who you are writing the check to.
5. \$: the dollar amount of the check written in numbers.
6. Dollars: the amount of the check written in words.
7. Memo: an optional area to remind yourself what the account number of a bill you are paying is.
8. Signature line: the place where you sign your check.
9. Routing number: used for setting up direct deposit.
10. Bank account number: the number for your checking account.

Use a pen to write your checks and to record each one in your check register!

Using a check register:

A check register is a record of your account balance. You will be given a check register when you get your first book of checks. Write in your check register to record each time you write a check, use an ATM or debit card, make a deposit or withdraw money from your checking account. A detailed check

register will help prevent you from overdrawing money (taking out more money than you have from your account) and save you many financial headaches. You will be charged a high fee if you overdraw.

INTRODUCTION TO CREDIT CARDS

Credit is buying something like money, products or services, and paying for it later. When you use credit to buy something, you buy it with the understanding that you will pay for it later. If you took out an IOM travel loan to travel to the United States, that is a form of credit. Student loans, mortgages, monthly bills, and car loans are also types of credit.

Credit interest

Similar to a savings account, there is interest with credit. But unlike a savings account, you must pay all interest on any credit you use. This is because you are charged an interest fee for borrowing money from a lender (credit card company, a bank). It is figured as a rate in percent of the money borrowed. Your loan from any credit provider is: amount of money borrowed plus interest. You must pay both.

Credit cards

The most common type of credit in the United States is the credit card. To get a credit card you must apply with a credit card company. If they approve your application, you will receive a credit card with a credit limit. A credit limit is how much money you can borrow. Generally your first credit card will give you a limit of \$250 to \$500.

You will receive a monthly bill for the cost of your purchases plus interest. Interest rates with credit cards can be quite high: 9.99% to 24.99%! It is very important to understand all of the terms of agreement before agreeing to use a credit card.

Should I use credit?

Credit is good and bad! It can allow you to buy things that you do not have enough money to pay for in total (for example a house or a car). However if credit is not used wisely, you will pay much more for something than it is worth and end up in debt for years!

BANKING BASICS

One of the first steps to effective money management is opening a bank account. The next few pages will help you.

Why is a bank account a good idea?

Allows you to cash checks, pay bills easily and save money.

Safer than keeping cash at home.

Most checking accounts are insured by the Federal Deposit Insurance Corporation (FDIC).

Two types of accounts: checking and savings.

Checking account

No interest money gained on account

Frequent deposits and withdrawals

Use this type of account to pay bills and everyday expenses.

Savings account

Earns interest (approximately 0.25%).

Limitations on how often you can withdraw money without paying a fee

Use this account for emergency only and to save for larger financial goals like a car or home.

Many people will open both a checking and a savings account at the same time. You can also open joint accounts where two people can use the same account, but be sure to ask before you open the account.

What should I take to the bank to open an account?

A social security card

An employment authorization card

An I-94 card

Opening deposit (usually \$25 for a checking account)

Other documents that maybe required

Additional Banking Services

Direct deposit. Most employers will offer direct deposit service for your paychecks. Direct deposit service allows for your paycheck to be deposited directly into your checking or savings account. It usually allows you to have access to your money faster, because it does not have to go through the mail. At some banks, direct deposit allows you to be exempt.

The Doroit Organization for Humanitarian Services will continue to teach you by three languages how to live in America safely, and organize yourself and make your new life (we also have free translation service for Massalit and other Darurian languages). That is our goal.