

11 LOSING MONEY - 'Playing' the Lottery - a tax for losers

Is it wise to gamble in the lottery? Here are a few **true stories of lotto winners** that show that winning the lottery, despite the seeming wonderfulness of having millions of dollars (*before taxes*) is not all it's cracked up to be. In fact, what seems like an American dream may actually be something of an American nightmare--even if you manage--**against all odds**--to 'win.'

True story: Evelyn Adams won the New Jersey lottery twice, in 1985 and 1986, raking in **\$5.4 million**. "Today the money is all gone and Adams lives in a trailer," writes Ellen Goodstein in a story titled "Unlucky in Riches." Adams said, "I was a big time gambler. I didn't drop a million dollars, but it was a lot of money. I made mistakes, some I regret, some I don't. I'm human. I can't go back now so I just go forward, one step at a time."

True story: In June of 1997, a man named Billie Bob Harrell Jr. took the **\$31 million** Texas Lottery jackpot. "Harrell purchased a ranch. He bought a half-dozen homes for himself & other family members. He, his wife and all the kids got new automobiles. He made large contributions to his church. If members of the congregation needed help, Billie Bob was there with cash," writes Steve McVicker in *The Houston Press*. "Then suddenly Harrell discovered that his life was unraveling almost as quickly as it had come together.... everyone, it seemed -- family, friends, fellow worshipers and strangers -- was putting the 'touch' on him. His spending & his lending spiraled out of control. In February, those tensions splintered his already strained marriage." Twenty months after winning the lottery, Harrell committed suicide.

True story: In 1998, William "Bud" Post III won **\$16.2 million** in the Pennsylvania lottery, only to later wish it had never happened. That's because his brother hired a hit man to try to kill him and his 6th wife (*and was arrested for doing so*), other relatives made him invest in businesses that never paid off, a landlady made him give her a third of his winnings, and Post "spent time in jail for firing a gun over the head of a bill collector." He declared bankruptcy and, in 2006, at the age of, 66, "died of respiratory failure at a Pittsburgh area hospital," writes Patricia Sullivan in *The Washington Post*.

True story: Victoria Zell won an **\$11 million** Powerball jackpot with her husband in 2001, only to end up in Minnesota prison after being convicted of a drug & alcohol-induced collision that killed one & paralyzed another. "This just goes to show you winning the Powerball doesn't guarantee you happiness," said County Attorney Amy Klobuchar.

More true stories: Abraham Shakespeare won the **\$31 million** jackpot in Florida in 2006. He disappeared in 2009, having spent most of his fortune; his body was found in early 2010 under a concrete slab. John Campanelli writes in *The Plain Dealer*: "A woman who had befriended him & fleeced him for \$1.8 million, say police -- has been charged in connection with his murder." Campanelli goes on to list other unfortunate lotto cases, including the sad tales of Willie Hurt, who killed a woman over crack cocaine, and Callie Rogers, who won **\$3 million** at the age of 16 in the UK lottery, & used her money on "vacations, cars, gifts, drugs & even breast implants." Rogers was broke by 2009, "driving a used Volkswagen to her job as a maid and had twice attempted suicide." **When 'getting rich' is your goal--it will destroy your life.**

Proverbs 28:22 **"He that hasteth to be rich hath an evil eye & considereth not that poverty shall come upon him."**



Basic Economics Booklet

MONEY Stewardship

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1 EARNING MONEY - getting a JOB

Usually, the more time & effort spent developing a skill (*becoming educated*), the more money you make for the rest of your life. (*Not always, but usually.*) Lower-paying jobs are often acquired by filling out an job application--probably online, then going in for a job interview. Higher paying jobs require a written resume. Go ahead & write your resume NOW--it's a real 'eye-opener.'

Here's what's in a typical RESUME:

1) your **NAME**, address, phone, email address, & (*maybe*) a good picture of you.

2) your **EDUCATION history**. List all of your formal education in chronological order with your most recent schooling first. Include any certificates, trade schools, correspondence or apprenticeships you might have participated in. If you graduated with a degree, list the name of the degree as well as the year you received it. If you have not yet graduated, state the years you have attended the program & an *expected* graduation date. For each listing, give the school or program name, their address or website & phone number. (*If you had a cumulative GPA (grade-point-average) of 3.5 or higher, be sure to list it along with your information.*)

3) your **ACHIEVEMENTS**. If you ever received an award, recognition or won a contest for a special skill, list it here with the name, date, and purpose of the award. If you had a job in which you were given a special honor, or award for volunteering, place that under this section. (*'Perfect attendance' awards count big-time!*)

4) your **SKILLS**. Create a *short* list of positive personality traits that you exemplify (i.e.-prompt, dependable, outgoing, enthusiastic, diligent, team-player...) Be honest!

5) your **EMPLOYMENT history**. If this isn't the strongest part of your résumé, list it at the end so that your more impressive accomplishments are first. For each job, be sure to include the name, address & phone number of the company, your title(s), your duties and responsibilities, and the dates of your employment.

6) your **VOLUNTEER experience**. Include the name of the program, contact info, dates that you worked there, number of hours you volunteered & your responsibilities.

7) your **REFERENCES**. The last thing on your resume should be a list of 2 or 3 professional references. These are people who you are not related to, but whom you've dealt with in a professional manner. Include their name, mailing address, email & phone number. The place you are applying to may contact these people, so be sure to ask their permission before using them as a reference.

LOSING MONEY

Identity Theft Continued....

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2) **Creditors** - Contact your Credit Card companies immediately & order replacement cards with new account numbers. Ask that old accounts be processed as "account closed at consumer's request." (*This is much better than "card lost or stolen" ---because that can be interpreted as blaming you for the loss.*) Carefully monitor your mail & credit card bills for evidence of new fraudulent activity. You are required to report fraud & may be asked by banks & credit grantors to fill out and notarize fraud affidavits--but the law does not require a notarized affidavit--a written statement & documentation should be enough (*unless the company offers to pay for notarizing*).

3) **Law Enforcement** - Report the crime to police. Give them as much documented evidence as possible. Get a copy of the report & keep the report number handy. Credit card companies & banks may require you to show the report to verify the crime. If you need help & live in TN, call TN Consumer Affairs at 1-800-342-8385

4) **Your Bank** (*or where you buy your checks*) - If you have had checks stolen or bank accounts set up fraudulently, report it to the check verification companies. Put "stop payments" on any outstanding checks that you are unsure of. Cancel your checking & savings accounts and obtain new account numbers. Give the bank a password for your account (*not your mother's maiden name!*). If your ATM card has been stolen or is compromised, get a new card, account number & password. (*Do not use your old password--don't use numbers like the last four digits of your social security number!*)

5) **Post Office** - Notify the Postal Inspector at 404-608-4500 if you suspect an identity thief has filed a change of address or has used the mail to commit credit or bank fraud. Find out where the fraudulent credit cards were sent. Notify your local Postmaster for the address to forward all mail in your name to your own address. You may also need to talk to your mail carrier. (*It helps if you have 'tipped' them at Christmas!*)

6) **Social Security Administration** - 1-800-772-1213. Report fraudulent use of your Social Security number & order a copy of your Earnings and Benefits Statement. As a last resort, you might want to change the number.

7) **Passport Office** -- 1-877-487-2778 - be on the lookout for orders for a passport.

8) **Phone Service** -- If your phone has been stolen or you discover fraudulent charges on your bill, cancel the account & open a new one. Provide a password that must be used anytime the account is changed.

9) **Driver's License Station**-- You may need to change your driver's license number if someone is using yours as identification on bad checks. Go to the nearest local Driver License Station to request a new number, THEN put a fraud alert on your license. Also, fill out the driver license complaint form to begin the fraud investigation process.

10) **FBI - False Civil and Criminal Judgments** -- Sometimes victims of identity theft are wrongfully accused of crimes committed by the imposter. If a civil judgment has been entered in your name for actions taken by your imposter, contact the court where the judgment was entered & report that you are a victim of identity theft. If you are wrongfully prosecuted for criminal charges, contact the state Department of Justice and the FBI. Ask how to clear your name. (202) 514-2000. More helpful info at: www.idtheft.gov &

in TN: www.tn.gov/attorneygeneral/cpro/protectingidentity.html

9 SPENDING MONEY Credit Cards Lessons Continued...

Lesson 7: Bad credit scores are HARD to fix. Anyone who denies you a job, credit, housing, or insurance as a result of a credit report must give you the name, address, & telephone number of the credit reporting agency (CRA) that provided the report. Under the Fair Credit Reporting Act (FCRA), you have the right to request a free report within 60 days. There are 'credit repair' companies that promise to help you establish a whole new credit identity. But, if you have lost money to a credit repair scam, contact TN Consumer Protection agency www.tn.gov/consumer

Lesson 8: Start with pre-paid credit cards (like the Walmart MoneyCard) or gift cards (usually for only one transaction)--use the card just like money and, if stolen, you only lose the amount on the card, (unlike Debit cards--where a smart crook could drain your bank account before you get a 'stop order' issued). Unfortunately, you must usually pay fees, but it **makes overspending impossible** & is a **card** for those who can't get a regular credit card--since many hotels & airlines no longer accept cash.

Lesson 9: NEVER say 'yes' when the scanning machine asks you if you want 'CASH BACK?' Otherwise, you pay a fee. Another use of the term 'cash back' is when a credit card company offers to reward you for using your card (hoping they'll get it back--with interest--when you charge so much you **can't pay it all back.**)

Lesson 10: ONLY use a credit card if you can afford to pay it all back each month!

IDENTITY THEFT:

SOMEONE IS USING YOUR IDENTIFYING INFORMATION (NAME, DATE OF BIRTH, SOCIAL SECURITY NUMBER, ETC.) TO OBTAIN GOODS, SERVICES, CREDIT, AND/OR OPEN FRAUDULENT BANK ACCOUNTS. (They can obtain this info from a credit card order or by gaining access to any document with your personal info.)

WHAT TO DO

Act QUICKLY! Keep a log of all conversations, including dates, times, names & phone numbers. Note the time spent & any expenses incurred. Confirm conversations in writing. Send correspondence by certified mail--return receipt requested. Keep copies of all letters & documents. Once you discover you are a victim of identity theft - IMMEDIATELY NOTIFY:

- 1) **Credit Bureaus.** Immediately call Fraud Units of the 3 credit reporting companies -
Experian (888) 397-3742, P.O. Box 1017, Allen, TX 75013
Equifax (800) 290-8749, Roosevelt Blvd, St. Petersburg, FL 33716-2202 &
Trans Union (800) 680-7289, P.O. Box 390, Springfield, PA 19064.

Ask that your account be flagged & add a victim's statement to your report, up to 100 words. "My ID has been used to apply for credit fraudulently. Contact me at (give your telephone number) to verify all applications." Be sure to ask how long the fraud alert is posted on your account, and how you can extend it--if necessary. Ask the credit bureaus **in writing** to provide you with a **free copy every few months** so you can monitor your credit report. Ask the credit bureaus for names & phone numbers of credit grantors with whom fraudulent accounts have been opened. Ask the credit bureaus to **remove the inquiries that have been generated due to the fraudulent access.** Ask the credit bureaus to notify those who have received your credit report in the last six months.

HANDLING MONEY - Budgeting

Income:

Monthly Salary: \$ _____ (GROSS pay)

subtract 10% for **Withholding Income Tax** - _____
(Income Tax varies from 0% to 40% of income)
 subtotal \$ _____

calculate & subtract another 5% of Gross Pay
 for **Social Security/Medicare** - _____

Monthly take-home pay \$ _____ (NET pay)

Expenses:

Simplified **sample** breakdown
 of average household expenses :

What YOUR monthly expenses may
 look like when broken down:

- 1) Tithe* 10% _____
- 2) Savings* 10% _____
- 3) Housing 25% _____
- 4) Food 20% _____
- 5) Car & Gas 10% _____
- 6) Electricity 5% _____
- 7) Cell Phone 5% _____
- 8) Insurance 5% _____
- 9) Health Care 5% _____
- 10) Offerings 5% _____

Note: these percentages are rough estimates

NET Pay spent \$ _____

***Tithing** (10%) demonstrates that God is your Provider. It **SANCTIFIES** (sets apart) the rest of your money--so that the enemy of your soul cannot touch it (unless you allow it).

***Savings** demonstrate that you defer gratification now to have substance when emergencies arise in your life or in the lives of those around you--even ants & squirrels know to do this!

Offerings demonstrate that you understand the principle of seedtime & harvest. It's how you invest in people whom God wants to bless and see a harvest from those 'seeds.' Although tithing & savings offer security, it's giving freewill offerings that creates wealth.

"Would you pay \$1,900 for a \$600 computer? Of course not, right?

What about \$2,700 for a \$1,000 washer and dryer? Terrible move, right?

These are no-brainer questions. No one would go to a store and say, "Hey, I'll give you three times what that television is worth! Where do I pay?"

But, sadly, that's what a lot of people do when they choose to purchase from **rent-to-own stores**—which is seriously **one of the worst moves** you can make with your money. After interest & rental fees, consumers can spend as much as three times on an item as it is worth. So **you want to pay \$2,000 on a \$700 computer?** You now know where to go!

According to Consumer Reports, there are more than 8,600 rent-to-own stores in the United States & Canada. These stores generate around **\$7 billion** in annual sales. They've figured out how to make money off the **"got to have it right now" generation**, and they're making a ton of it. They know we're willing to pay insane interest rates because **we just HAVE to have** that new television or computer or fancy couch. When you rent to own, you end up getting owned.

Want a Laptop Now? Pay \$1,272 More! Let's look more in-depth at the numbers, using a \$612 Toshiba laptop that Consumer Reports found at a rent-to-own store. The store was offering the \$600 laptop for the price of **\$38.99 a week** for 48 weeks—meaning you would pay \$1,872 (*not including tax or rental fees*) for that one computer! You could buy three of the exact same computer for that amount of money! Think about this: **If you simply put that \$38.99 into the bank every week**, instead of paying it to the rent-to-own store, **you would only have to wait four months to buy the laptop outright. Four months!** That's nothing compared to paying three times what the computer is worth.

Hassles Beyond the Store

One caller named Kerr told Dave on *The Dave Ramsey Show* that he did a rent-to-own deal for a musical instrument. That \$250 "purchase" ended up leading to \$1,800 in debt and constant harassment from a debt collection company. There are thousands of the same types of stories from people who have made the mistake of going to a rent-to-own store.

So if you want a new couch, a television, a dining room table, or whatever it might be, **save your money and buy those things!** You can find ridiculously good deals on Craigslist, at garage sales, at consignment shops, & even by walking into a store waving all the cash you have to spend! There isn't ONE good reason to ever buy anything from a rent-to-own place."

LEASING: Renting & leasing are similar. Usually, a lease is a **long-term rental contract** for a year or more. You are paying every month just to use something. When you rent a car or apartment, you are **'leasing'** it. You don't have to fix what breaks—because **it isn't yours**—although landlords aren't always prompt at things like plumbing repairs. People who don't want maintenance responsibilities rent or lease—but they are only 1 payment away from losing it.



Lesson 1: Don't lie on your application for a credit card. You can be charged with fraud if you use the mail or telephone to apply for credit with false information. It is also a **federal crime** to make false statements on a loan or credit application, to give a false Social Security number, or to obtain an Employer Identification Number from the Internal Revenue Service under false pretences. And, prison terms can exceed that of violent criminals!

Lesson 2: It's not your money, you have to pay it back. It's not free, and the longer it takes the more it costs. With a credit card, the bank has agreed to let the cardholder borrow a certain amount of money over and over as long it's eventually repaid. The balance can be repaid all at once or over time, but **the longer it takes to pay back the balance, the more interest you'll be charged!** Always **save your receipts when charging items & keep all receipts together until the bill comes**—to check for mistakes.

Lesson 3: Know the difference between a CREDIT & a DEBIT card. Because CREDIT cards and DEBIT cards are virtually identical, you may think they are the same. They're NOT. A DEBIT card is like a CHECK and the money comes out of your checking account immediately. Credit cards are for mini **LOANS** that you must pay every month.

Lesson 4: There IS a limit to how much you can spend with a credit card. Credit card issuers impose a credit limit – a maximum amount the cardholder can charge. When you reach that limit, your card will be refused (*very embarrassing!*). This is called **'maxing out' your card.**

Lesson 5: Do NOT miss making payments! The credit card issuer won't knock on your door for one missed payment or even several payments, but they **WILL** charge fees, call your home, send letters, and **REPORT** late payments to the **CREDIT BUREAUS**—who will then **let other creditors know** about the delinquent payment. They will eventually involve the police. If someone has **co-signed** for your credit card, you may ruin **their credit** as well as your own.

Lesson 6: You're being graded, so check your credit score regularly. Every consumer who borrows money through a financial institution, has a **CREDIT SCORE**. The credit score is based on credit report information, a document that includes your credit card history. The most popular version of the credit score ranges from 300 to 850 (*higher credit scores being better*). Being responsible with credit will result in a better "grade." Your credit report is based on the bill payments you have missed or been late paying, loans that you have paid off, plus your current amount of debt. A **CREDIT REPORT** contains information on where you work and live, how you pay your bills, and whether you've been sued, arrested, or filed for bankruptcy. Consumer Reporting Agencies (CRAs) gather this information and **sell it** to creditors, employers, insurers, and others. A **good credit score** will help you qualify for better interest rates, get approved for loans in the future, pay lower security deposits on utility services, and improve the chances at getting other credit-based applications approved. It even affects how much you pay for auto insurance! Check your **CREDIT REPORT** for **free** & get a **CREDIT SCORE** (for a fee):

Equifax - www.equifax.com

Experian - www.experian.com

TransUnion - www.transunion.com

7 SPENDING MONEY - Grocery Shopping Guide



“Universal Product Code. - UPC bar codes were originally created to help grocery stores speed up the checkout process & keep better track of inventory. Scanners used to read these can now read microchip implants--as was prophesied in the Bible (Rev. 13:16-17).

“Price Lookup Codes - PLU stickers on fruits & veggies contain numbers that cashiers enter into the cash register for inventory & price information. But you can also use them to make sure you're getting what you paid for. Here's what to look for:

- A **five-digit number that starts with a 9** means the item is ORGANIC (*that means no pesticides are used, it's not genetically engineered & it's not been irradiated*)
- A **four-digit code beginning with a 3 or a 4** means the produce is probably conventionally grown (*not organic*). For example, regular small lemons sold in the U.S. are labeled 4033, large are 4053; small **organic** lemons are coded 94033, large **organic** lemons are 94053.
- A **five-digit code that starts with an 8** means the item is genetically modified (*it has genes from other organisms*). You won't see many of those yet because only genetically modified versions of corn, soybeans, canola, cotton, papaya, and squash are now widely sold. And because PLU codes aren't mandatory, companies can label those items as conventional. There are over 1400 PLU codes. Cashiers usually have to memorize many of them.



The **Radura** is the international symbol indicating a food product has been irradiated (*enzymes--necessary for digestion--are killed by radiation*). The Radura is usually green and resembles a plant in a circle. The top half of the circle is dashed.



This **Non-GMO** label means that the food has not been irradiated or genetically modified or engineered. (*Most of the soy & corn used in boxed, canned or frozen foods is GMO, as is the corn in most pet food. It can cause weight gain & allergies.*)

Stock Keeping Unit (SKU): Vendors, collections, designs, colors and sizes are each numbered (for example: **V4C3D5R2Z6**) SKUs are a code that can tell the manufacturer, product description, material, size, color, packaging & warranty terms.

Nutrition Guide - These guides are of little use--except to identify excessive quantities of salt. Look at the **servicing size & multiply it** times the mg of sodium, ditto for trans-fats.

Expiration Dates: **Best before** or **best by** dates appear on a wide range of frozen, dried, canned and other foods. These dates are only advisory and refer to the quality of the product, in contrast with **use by** dates, which indicate that the product may no longer be safe to consume after the specified date. *Food kept after the **best before** date will not necessarily be harmful. (Eggs are special, since they may contain salmonella--which multiplies over time; eggs should be eaten before the **best before** date--a maximum of 45 days after packed.)*

Prices: Always watch the prices as they are being scanned. Mistakes are common. Just because it says \$2.95 on a sign or **even on the package itself** does NOT mean that's how it'll ring up. And, larger quantities of an item are not always the most economical--sometimes smaller packages are cheaper. Bring a calculator & figure price per pound or item.

SPENDING MONEY - Questions to ask BEFORE buying a cell phone 4

• **What will you be using it for?** Younger children will just need a way of contacting parents in an emergency, and a means for parents to contact and locate them. (*If you want to text, you'll need a QWERTY keyboard to keep from getting carpal tunnel syndrome.*)

• **What cell towers are in your area?** Providers have 'dead spots' (*areas without service*).

• **Which provider are your friends with?** Many networks will offer free talk and text between customers, so, in this case, going with the crowd could save you a lot of money.

• **Which phone has the features you'll need?** Smaller children don't need Smartphones – a basic cell phone is enough. Are your children likely to pester for an upgrade to the latest and greatest device? This could be a problem if you get locked into a contract. **SIM only*** or monthly plans may be a better option. If you're not responsible, getting a costly phone on a contract is going to lead to trouble.

• **Who will be paying for it?** Prepaid plans can help teach teens the value of money if they pay for it themselves. The biggest benefit of prepaid is no nasty 'bill shock' at the end of the month – you pay for your calls, texts and data use **in advance**, so it's perfect for youngsters learning how to budget.

• **Can you change your mind?** Before getting locked into a 24-month contract it's best to consider what it will cost you to switch or cancel the plan if it's not meeting your needs. Plans with no fixed-term are often more economical as they allow flexibility without slugging you with extra fees.

• **For post-paid (monthly) plans - what charges apply if you exceed your limit?** Are calls free on weekends? What about roaming (out of area) charges? Individual post-paid plans for children & teens can run up costly additional charges to the monthly minimum cost if they don't know the 'rules.'

Family phone plans (there are others, but here are a few)

Most carriers offer family plans to help parents monitor & control their children's cell phone use. These plans allow parents to add additional lines for a set fee per phone, but is a practical way for them to keep track of their child's phone habits & not overspend.

Verizon Wireless - The 'Share Everything' plans allow you to connect up to 10 devices to the one plan. It includes unlimited talking and texting & sharing of a monthly data allowance. Verizon FamilyBase is a service that you can use to monitor the activity of each device on your account, set usage limits for each device. **\$160 mth plus \$50 unlimited talk & text, plus ...**

AT&T's 'Family Voice Plans' and 'Mobile Share Plans' give customers options about sharing either talk minutes, data or both with their family. You can add up to 10 devices to one account. With 'FamilyMap,' you can see where each phone is on a map. **\$120 mth plus \$10 for each extra phone, plus insur...**

U.S. Cellular Family Protector service provides safety and security by monitoring your children's location and mobile usage. Review your child's call history, photos, text messages, contacts, block websites & contacts, restrict apps, set schedules for when your child can make calls. Your child can even send an alert to you with the simple press of a button. **\$160 mth for 5 phone/texting plus insurance...**

HEALTH WARNING:

There is growing concern that **cell phone radiation** interferes with the body's natural electrical rhythms and increases stress on the immune system. Some users of cell phones have reported feeling symptoms burning & tingling sensations in the skin of the head, neck pain, fatigue, sleep disturbances, dizziness, loss of mental attention, reaction times & memory retentiveness, headaches, heart palpitations & even stomach troubles. A 2004 German study found that people living within 1300 feet of a cell phone tower had 3 times the normal risk of cancer. And, India has banned cell phone towers from being erected near schools or hospitals. Cell phones should not be used continuously.



