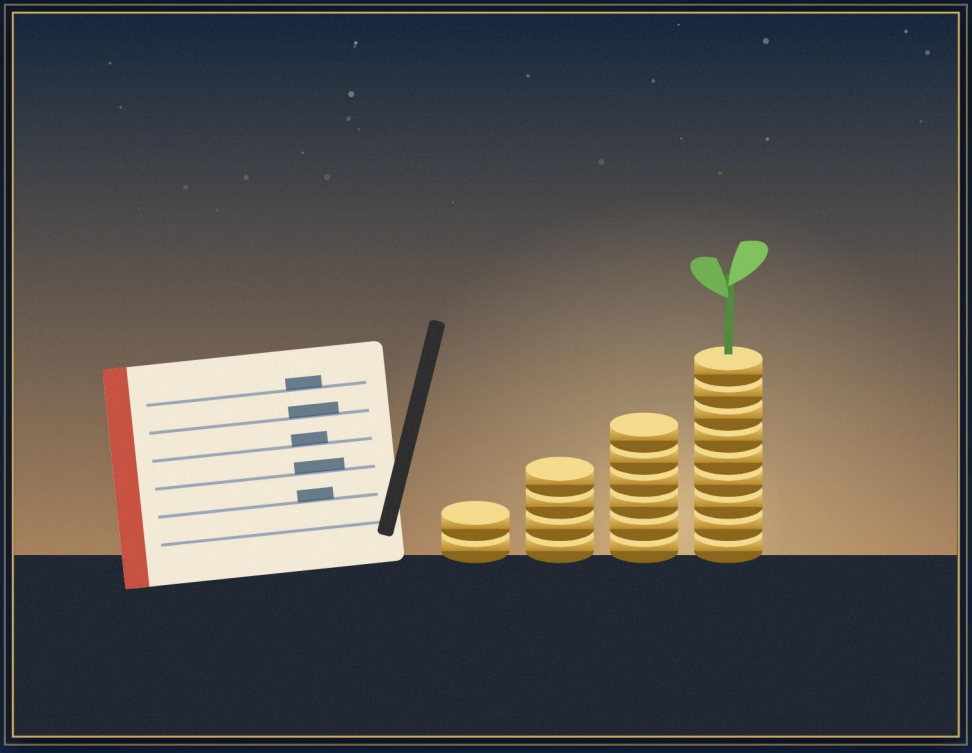
A PLAIN-ENGLISH PRACTICAL GUIDE

# MONEY BASICS

*Budgets, Debt, Credit and Saving*



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ANDREW DOMINGUEZ

TRINFINITY
Enterprises

# Money Basics

*Budgets, Debt, Credit and Saving*

Andrew Dominguez

Trinfinity Enterprises

**Money Basics: Budgets, Debt, Credit and Saving**

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# Before You Begin

Nobody handed me a money manual when I started out. Like a lot of people, I learned about budgets, credit cards and interest the hard way, one mistake at a time. Over the years, running projects for a living and running a household at home, I found that the same simple habits work in both places: know where the money is going, plan before you spend, keep a cushion for surprises, and do not borrow what you cannot pay back.

This book is the manual I wish I had been given. It covers the basics step by step: how to build a budget that works, how to start an emergency fund, how debt and interest really work, how to pay off debt faster, how credit reports and scores work, how to avoid the most expensive money traps, and the basics of saving for retirement.

## What This Book Is and Is Not

This is a book of general education. It explains how things work and lays out choices. It is not investment, tax or legal advice, and it does not tell you what to buy or where to invest. For decisions about your own situation, talk with a qualified professional, such as a nonprofit credit counselor, a tax preparer or a fee-only financial planner.

## How to Use This Book

Each chapter covers one topic and ends with a short “Your Next Step” box, a single thing you can do in about fifteen minutes. The back of the book has worksheets: a monthly budget, a debt list, and a savings goals page. Use a pencil. A budget is a plan you will change many times.

**More Tools** My Fact Check book Money Rules and Tools, Fact Checked checks the popular money rules of thumb and gives nine short fill-in tools built on the corrected versions: what to do first, a monthly budget, a debt payoff plan, an emergency fund tracker, a car check, a rent check, a retirement savings check, a retirement target and a quick math card. This book goes deeper on each topic, and that one gives you the quick tools. Both are free at trinfinityenterprises.com.

**The Math in This Book** Several chapters show examples of how interest adds up. Those examples are my own calculations, rounded, using the rates and payments stated with each one. Your real numbers will depend on your accounts. The government figures, such as retirement account limits, come from official sources listed at the back of the book and were current as of November 18, 2026.

## Start Where You Are

It does not matter if you are starting with debt, with no savings, or with a credit score you would rather not look at. Every one of the steps in this book works from wherever you are today. The most important step is the first one.

# Chapter 1: Where Does the Money Go?

Before you can make a plan for your money, you need to know where it goes now. Most people who track their spending for a month are surprised. Not by the big bills, which they already know, but by the small ones that add up: coffee, takeout, app subscriptions, convenience store stops, and the online orders that seemed small at the time.

## Track One Month

For the next 30 days, write down every dollar that comes in and every dollar that goes out. You can use a notebook, a spreadsheet, or a budgeting app. The tool does not matter. What matters is that you catch everything.

- **Money in:** paychecks after taxes, Social Security, pensions, side jobs, child support, anything else.
- **Money out:** rent or mortgage, utilities, groceries, gas, insurance, debt payments, phone, internet, subscriptions, eating out, gifts, everything.

A faster way to start is to pull your last two or three months of bank and credit card statements and sort every charge into categories. You will catch most of your spending that way, though cash purchases will be missing.

## Sort Into Categories

Put each expense into one of three groups:

| Group | What goes in it | Examples |
|---|---|---|
| Needs | Things you must pay to live and work | Housing, utilities, groceries, basic transportation, insurance, minimum debt payments, medicine |
| Wants | Things you choose and could cut back | Eating out, entertainment, streaming, hobbies, travel, upgrades |
| Savings and extra debt payments | Money set aside for later or used to get out of debt faster | Emergency fund, retirement, extra payments on cards or loans |

There are no wrong answers here, only honest ones. A gym membership may be a need for one person and a want for another.

## Find the Leaks

Once you see your month on paper, look for leaks: subscriptions you forgot about, fees you did not know you were paying, and small habits that cost more than you thought. A $6 daily habit costs about $180 a month and about $2,190 a year.

> **Your Next Step** Pull last month's bank and credit card statements and highlight every subscription and recurring charge. Cancel one you do not use.

# Chapter 2: Building a Budget That Works

A budget is not a punishment. It is a plan that tells your money where to go before the month starts, instead of wondering where it went after the month ends.

## Step 1: Start With What You Actually Bring Home

Use your take-home pay, the amount that lands in your account after taxes and deductions. If your income changes from month to month, use your lowest typical month, and treat anything above it as a bonus to put toward savings or debt.

## Step 2: List Your Fixed Bills

Write down every bill that is the same each month: housing, car payment, insurance, phone, internet, minimum debt payments, subscriptions. Then list bills that come less often, such as car registration, annual insurance premiums or property taxes, and divide each by 12. Set that monthly amount aside so the bill is not a surprise when it comes.

## Step 3: Plan Your Variable Spending

Groceries, gas, household items and personal spending change from month to month. Use your tracking from Chapter 1 to set a realistic amount for each.

## Step 4: Pay Yourself and Your Future

Before wants, set an amount for savings and extra debt payments, even if it is small. Many people set up an automatic transfer to savings on payday so the money moves before they can spend it.

## Step 5: Give Every Dollar a Job

Subtract all of your planned spending and saving from your take-home pay. If you have money left over, assign it to a goal: your emergency fund, an extra debt payment, or a savings goal. If you come up short, go back to wants first, then look for ways to lower fixed bills.

## A Rule of Thumb

One widely used starting point is to aim for about half of take-home pay on needs, about 30 percent on wants, and about 20 percent on savings and extra debt payments. It is a rough guide, not a rule. In high-cost areas or on a tight income, needs may take far more than half, and that is all right. The point is to see the balance and move it in the right direction over time.

## Keep It Going

- Check your budget each week for ten minutes. Catch problems early.
- Expect to adjust it. The first three months of any budget are practice.
- Plan for irregular costs such as birthdays, holidays and car repairs, so they do not become emergencies.
- If you share money with a spouse or partner, build the budget together. Chapter 13 has tips.

**Your Next Step** Fill in the Monthly Budget Worksheet at the back of this book with your best estimates. It does not have to be perfect.

# Chapter 3: Your Emergency Fund

An emergency fund is money set aside for the surprises that are not really surprises: the car repair, the dental bill, the furnace that quits in January, the week of missed work. Without one, every surprise goes on a credit card or turns into a missed bill, and the debt grows.

The Consumer Financial Protection Bureau (CFPB) lists building emergency savings among its basic tips for financial well-being, along with setting rules for when you will use the money and making saving automatic.

## How Much?

Start small. A first goal of $500 or $1,000 covers many common surprises and keeps you from reaching for a credit card. After that, many people work toward enough to cover several months of essential expenses, such as housing, food, utilities, insurance and minimum debt payments. If your income is irregular, or you are the only earner in your household, aim higher.

## Where to Keep It

Keep your emergency fund somewhere safe and easy to reach, but not so easy that you spend it by accident. A separate savings account at a bank or credit union works well. Deposits at an FDIC-insured bank are protected up to "$250,000 per depositor, per insured bank, for each account ownership category," and credit unions have similar federal insurance through the NCUA. Some online savings accounts pay more interest than a regular savings account. Do not keep your emergency fund in stocks or cryptocurrency, which can lose value right when you need the money.

## How to Build It

- **Automate it.** Set up an automatic transfer from checking to savings on payday, even if it is only $10 or $25.
- **Save windfalls.** The CFPB suggests saving extra when you have it, and using a tax refund toward your goals.
- **Sell what you do not use.** Put the money straight into the fund.
- **Round up.** Some banks will round each purchase up to the next dollar and move the change to savings.

## Rules for Using It

Decide ahead of time what counts as an emergency. A useful test: Is it unexpected? Is it necessary? Is it urgent? A sale on a television is none of the three. When you do use the fund, that is what it is for. Do not feel guilty. Just start refilling it.

## Emergency Fund or Debt First?

If you have high-interest debt, it can feel wrong to keep cash in savings earning little while paying 20 percent or more on a credit card. But with no savings at all, the next surprise goes right back on the card. Many people find a balance: build a small starter fund first, then put extra money toward debt, then finish the emergency fund.

**See Also** The Emergency Fund Tracker in Money Rules and Tools, Fact Checked lets you track your fund month by month.

**Your Next Step** Open a separate savings account if you do not have one, and set up an automatic transfer for payday. Name the account “Emergency Fund” if your bank allows it.

# Chapter 4: Bank Accounts Without the Fees

A checking account is the hub of most people's money: paychecks come in, bills go out. The right account costs you nothing. The wrong one can quietly take hundreds of dollars a year in fees.

## Banks and Credit Unions

Banks are businesses owned by shareholders. Credit unions are not-for-profit cooperatives owned by their members, and they often have lower fees and better loan rates, though you have to qualify for membership, usually by where you live or work. Either is a good choice if the account fits your needs.

## Is My Money Safe?

Deposits at an insured bank are protected by the Federal Deposit Insurance Corporation (FDIC). The standard coverage is "$250,000 per depositor, per insured bank, for each account ownership category." Checking, savings, money market deposit accounts and certificates of deposit are covered. Stocks, bonds, mutual funds, crypto assets, life insurance and annuities are not, even if you bought them at a bank, and FDIC insurance does not cover losses from theft or fraud. Credit union deposits are insured in a similar way by the National Credit Union Administration.

## Fees to Watch For

- **Monthly maintenance fees.** Many accounts waive them if you keep a minimum balance or have direct deposit. Ask.
- **Overdraft and nonsufficient funds fees.** Charged when you spend more than you have. You can often opt out of overdraft coverage for debit card purchases, so a purchase is simply declined instead of costing you a fee.

- **Out-of-network ATM fees.** Use your own bank's ATMs or get cash back at a store.
- **Paper statement fees and other small charges.** They add up.

## Simple Habits

- Turn on low-balance alerts by text or email.
- Link your savings account as backup for overdrafts, if your bank offers it.
- Check your account a few times a week. Catching a problem early, including fraud, saves money.

**Your Next Step** Look at last year's bank statements and add up every fee you paid. If the total is more than a few dollars, call your bank and ask how to avoid them, or shop for a better account.

# Chapter 5: How Debt Really Works

Debt is a tool. A mortgage can help you own a home, and a student loan can help you earn more. But debt has a price, and that price is interest. Understanding how interest works is the single most important thing you can learn about debt.

## Interest and APR

Interest is what a lender charges you for using its money. The annual percentage rate (APR) is the yearly cost of borrowing, including interest and some fees, shown as a percentage. On a credit card, interest is usually figured on your balance every day, so the longer you carry a balance, the more you pay.

## The Minimum Payment Trap

Credit card minimum payments are set low on purpose. Paying only the minimum keeps your account in good standing, but it can keep you in debt for many years.

Here is an example, using my own rounded calculations. Suppose you owe $5,000 on a card with a 22 percent APR and stop using the card.

| If you pay each month | Time to pay it off | Total interest paid |
|---|---|---|
| A minimum of 1% of the balance plus interest (at least $25) | About 19 years | About $8,100 |
| $100 | About 11 and a half years | About $8,700 |
| $150 | About 4 and a half years | About $2,800 |
| $200 | About 3 years | About $1,750 |
| $300 | About 1 and a half years | About $1,000 |

Notice what happens at $100 a month. You pay back the $5,000 plus more than $8,000 in interest. Raising the payment to $200 cuts the interest by about $7,000. Every extra dollar you pay goes straight to the balance.

Your credit card statement shows this too. Under federal rules, as the CFPB explains, card issuers must show how long it would take to pay off your balance if you pay only the minimum and make no new charges, and how much you would need to pay each month to pay it off in 36 months. In the CFPB's words, "If you make only the minimum payment, it could take years to pay off your credit card."

## Good Debt and Bad Debt

People sometimes divide debt into "good" and "bad." A more useful question is whether the debt helps you build something that lasts longer than the payments, and whether you can afford the payments without strain. A modest mortgage on a home you can afford, or a loan for training that raises your pay, may pass that test. Credit card balances for everyday spending, or a car loan that stretches seven years on a car worth less than you owe, usually do not.

## Secured and Unsecured Debt

Secured debt is backed by something the lender can take if you do not pay, such as your house or car. Unsecured debt, such as most credit cards and medical bills, is not tied to property, but unpaid unsecured debt can still go to collections, hurt your credit, and lead to a lawsuit.

**Your Next Step** Fill in the Debt List Worksheet at the back of the book. For each debt, write the balance, the interest rate and the minimum payment. You cannot make a plan until you know what you owe.

# Chapter 6: Paying Off Debt

Getting out of debt takes three things: a list of what you owe, a plan for which debt to pay first, and a fixed amount you will put toward debt every month, no matter what.

## Step 1: Stop Adding to It

It is hard to fill a bucket with a hole in it. While you pay off cards, stop using them for new spending. Some people put their cards in a drawer, or freeze them in a block of ice, so they have to wait before using them.

## Step 2: List Every Debt

Use the Debt List Worksheet at the back of the book. For each debt, write the balance, the interest rate, and the minimum payment. The CFPB's first debt tip is simply to "know what you owe."

## Step 3: Pick a Method

The CFPB names two common methods: "the highest interest-rate method and the snowball method." Both work. In both, you pay the minimum on every debt, then put every extra dollar on one target debt. When that debt is gone, you add its payment to the next one, so your payment grows like a snowball rolling downhill.

| Method | Which debt you target first | Why people choose it |
|---|---|---|
| Highest interest rate first (sometimes called the avalanche) | The debt with the highest APR | Saves the most money on interest |
| Snowball | The debt with the smallest balance | Quick wins keep you motivated |

## An Example

Here is an example using my own rounded calculations. Suppose you owe three debts, and you can put $650 a month toward all of them combined:

| Debt | Balance | APR | Minimum payment |
|---|---|---|---|
| Card A | $1,200 | 18% | $35 |
| Card B | $6,000 | 26% | $180 |
| Car loan | $9,000 | 7% | $280 |

With the snowball method, Card A is gone in about 7 months, Card B in about 26 months, and the car loan in about 30 months. Total interest is about $3,150.

With the highest-rate method, Card B is gone in about 23 months, Card A in about 25 months, and the car loan in about 30 months. Total interest is about $2,980.

In this example, the highest-rate method saves about $170, and both finish at the same time. The snowball method gives you a paid-off card in seven months. Pick the method you will actually stick with. The best plan is the one you finish.

## Ways to Lower the Interest

- **Call and ask.** If you have paid on time, ask your card company for a lower rate. Sometimes the answer is yes.
- **Balance transfer cards.** Some cards offer a low or zero introductory rate on transferred balances, usually with a transfer fee. They help only if you pay off the balance before the low rate ends and do not run up the old card again.
- **Debt consolidation loans.** A personal loan at a lower rate can replace several card balances with one payment. Like a balance transfer, it helps only if you stop adding new debt.

## If You Cannot Make Your Payments

Call your creditors right away, before you miss a payment if you can. The CFPB advises calling creditors quickly if you cannot pay. Many have hardship programs that lower payments or interest for a while. A nonprofit credit counseling agency can also help; the CFPB says nonprofits can work with you and your creditors on a debt management plan, and "usually will also help you develop a budget."

## Beware of Debt Settlement Companies

Some companies promise to settle your debts for less than you owe. The CFPB warns that debt settlement "may well leave you deeper in debt than you were when you started." These companies often tell you to stop paying your creditors, which leads to late fees, penalty interest, collection calls, lawsuits and damage to your credit. Forgiven debt may also count as taxable income.

The CFPB says to avoid any company that charges fees before it settles your debts, promises to cut all your debt by a set percentage, talks about a "new government program" for credit card debt, guarantees your debt will go away, tells you to stop talking to your creditors, says it can stop all collection calls and lawsuits, or promises to settle debt for "pennies on the dollar."

**See Also** The Debt Payoff Plan in Money Rules and Tools, Fact Checked lays out the snowball and avalanche methods side by side.

**Your Next Step** Choose your method, circle your first target debt on the Debt List Worksheet, and set up the extra payment for this month.

# Chapter 7: Credit Reports and Credit Scores

Your credit report is a record of how you have handled credit: which accounts you have, how much you owe, and whether you paid on time. Your credit score is a number calculated from that report. Lenders, landlords, insurers and sometimes employers use them to make decisions about you.

## Your Credit Reports

Three nationwide credit bureaus keep reports on most adults: Equifax, Experian and TransUnion. Each report includes identifying information, such as your address and date of birth, and your credit history, such as your bill-payment history and any bankruptcies.

According to the Federal Trade Commission, the three bureaus "have permanently extended a program that lets you check your credit report from each once a week for free at AnnualCreditReport.com." That is the only authorized site for free reports. You can also call 1-877-322-8228, or write to Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281. Online, you see your reports right away. By phone or mail, they arrive within 15 days.

**Watch Out for Look-Alikes** Other websites advertise "free" credit reports and then sign you up for a paid service. Type AnnualCreditReport.com yourself. The FTC notes that the bureaus will not email you asking for your Social Security number or account information.

## Fixing Mistakes

Errors are common: an account that is not yours, a late payment you paid on time, a debt listed twice. The FTC's steps for disputing an error:

1. Write to each credit bureau that shows the mistake. Explain what is wrong and why, and include copies, not originals, of documents that support your case. Send it by certified mail with a return receipt, and keep copies. The bureaus also take disputes online and by phone.
2. The bureau generally "has 30 days to investigate." It passes your evidence to the business that reported the information, which must investigate and report back.
3. Also write to the business that supplied the wrong information.
4. The bureau must send you the results in writing, and if your report changes, a free copy of the corrected report.

Correct negative information can stay on your report for seven years, and bankruptcy information for ten years.

| Bureau | Dispute mailing address (from the FTC) |
|---|---|
| Equifax | P.O. Box 740256, Atlanta, GA 30348 |
| Experian | P.O. Box 4500, Allen, TX 75013 |
| TransUnion | P.O. Box 2000, Chester, PA 19016 |

## Your Credit Score

The CFPB describes a credit score as "a prediction of your credit behavior," such as how likely you are to pay a loan back on time. "Most credit scores range from 300-850." There is no single credit score. Different companies and models produce different scores from the same report, and your score changes as your report changes.

According to the CFPB, scores typically take into account:

- Your bill-paying history
- How much unpaid debt you have now
- The number and types of loan accounts you have
- How long your accounts have been open
- How much of your available credit you are using
- New applications for credit
- Debts sent to collection, foreclosures and bankruptcies, and how long ago they happened

**Your Next Step** Go to AnnualCreditReport.com and pull your report from all three bureaus. Read every line, and mark anything you do not recognize.

# Chapter 8: Building and Rebuilding Credit

Good credit saves real money: lower interest on car loans and mortgages, easier apartment approvals, and sometimes lower insurance costs. If your credit is thin or damaged, it can be built or rebuilt. It takes time, but the steps are simple.

## The CFPB's Steps for a Good Score

1. **Pay on time, every time.** The CFPB calls repayment history "the number one factor" for most scores. Set up automatic payments for at least the minimum, or reminders, so you never miss a due date. If you have fallen behind, get current and stay current.
2. **Keep balances low.** "Many experts recommend using less than 30 percent of your total credit limit," and people with the highest scores "often use less than 10 percent." Paying your card in full each month helps get the best scores. You do not need to carry a balance or pay interest to build credit.
3. **Give it time.** A longer history helps, because scores look at how you have managed accounts over time.
4. **Apply only for credit you need.** Many applications in a short time can look like trouble to lenders.
5. **Check your reports** and dispute errors (Chapter 7).

## If You Are Starting From Scratch or Starting Over

The CFPB suggests that people who are new to credit or rebuilding consider products such as secured credit cards and credit builder loans.

- **Secured credit card.** You put down a deposit, often a few hundred dollars, and that becomes your credit limit. Use it for

one small bill each month and pay it in full. Make sure the card reports to all three credit bureaus.

- **Credit builder loan.** Offered by some credit unions and community banks. The loan amount is held in an account while you make payments, and you get the money at the end. Your on-time payments build your history.
- **Authorized user.** A family member with good credit can add you as an authorized user on their card. Their good history may help you, but their mistakes may hurt you too.

## Old Accounts

Closing an old card can lower your available credit and shorten your history. If an old card has no annual fee, it may be better to keep it open and use it now and then. The CFPB also suggests keeping an eye on unused cards so no one else uses them.

## Beware of Credit Repair Promises

No one can legally remove accurate negative information from your credit report. Anything a credit repair company can do, such as disputing errors, you can do yourself for free.

> **Your Next Step** Set up automatic minimum payments on every credit card and loan you have, so a busy month never turns into a late payment.

# Chapter 9: The Most Expensive Ways to Borrow

Some kinds of borrowing cost so much that they can turn a short-term problem into a long-term trap. Know them, and know the alternatives.

## Payday Loans

The CFPB describes a payday loan as "usually a short-term, high-cost loan, generally for $500 or less, that is typically due on your next payday," usually two to four weeks later. You give the lender a post-dated check or permission to withdraw the money from your bank account.

The cost is high. State fee limits range from $10 to $30 for every $100 borrowed. In the CFPB's words, "a typical two-week payday loan with a $15 per $100 fee equates to an annual percentage rate (APR) of almost 400 percent." By comparison, the CFPB says credit card APRs "can range from about 12 percent to about 30 percent."

The bigger danger is the cycle. Payday lenders generally do not check whether you can repay the loan and still pay your other bills. Some states allow you to "roll over" the loan by paying only the fee, so the debt never shrinks while the fees pile up.

Active-duty service members and their families have extra protection: the Military Lending Act caps the Military APR at 36 percent.

## Title Loans and Pawn Loans

A car title loan uses your car as collateral. If you cannot repay, you can lose the car you need to get to work. A pawn loan uses an item

you leave with the pawn shop; if you do not repay, the shop keeps it. Both are expensive ways to borrow.

## Buy Now, Pay Later

Buy now, pay later loans let you split a purchase into a few payments, often four interest-free payments every two weeks. The CFPB notes that "while many BNPL loans don't charge interest, most do charge late fees for missed payments." The danger is that several small plans across several stores add up quickly, and they are easy to lose track of. Use them only for purchases you could pay for today.

## Rent-to-Own

Rent-to-own stores let you take home furniture or electronics for weekly payments. Add up all the payments before you sign. The total is often far more than the item's store price.

## Better Options in a Pinch

- Your emergency fund (Chapter 3).
- A payment plan with the company you owe. Many utilities, hospitals and landlords offer them if you ask.
- A small-dollar loan from a credit union.
- Help from local charities, churches and community programs for rent, utilities or food.
- A paycheck advance from your employer, if offered.

**Your Next Step** If you have a payday, title or rent-to-own loan now, write down the total you will pay by the end. Then call a nonprofit credit counselor or your credit union to ask about a cheaper way out.

# Chapter 10: Saving for Goals

Once you have a starter emergency fund and a plan for your debt, you can start saving for the things you want: a car, a home, a trip, a wedding, a child's education. Saving ahead means you pay with cash instead of paying interest.

## Make Goals Specific

The CFPB suggests setting SMART goals: specific, measurable, achievable, relevant and time-bound. "Save more money" is a wish. "Save $3,000 for a used car down payment by next December" is a goal. Divide the amount by the number of months, and you know exactly what to set aside.

## Sinking Funds

A sinking fund is a small savings bucket for a known future cost. Instead of being surprised by the holidays, car registration, school clothes or an annual insurance bill, you save a little each month. Some banks let you open several savings accounts or label separate "buckets" inside one account.

## Let Time Help You

Money saved regularly grows, and money that earns interest grows faster. Here is an example from my own calculations: saving $50 a month for ten years in an account that earns 4 percent a year, compounded monthly, adds up to about $7,360, of which $6,000 is your own deposits and the rest is interest. Interest rates on savings change over time, so your results will differ.

## Where to Keep Goal Money

For goals within a few years, keep the money somewhere safe that will not lose value, such as an insured savings account, a money

market deposit account or a certificate of deposit (CD). Money you will not need for many years, such as retirement savings, is a different matter, covered in the next chapter.

## Saving for a Child's Education

The CFPB lists 529 plans among its tips. A 529 plan is a tax-advantaged savings plan for education, sponsored by states. Nevada sponsors 529 plans, but you can use plans from other states too. Look at fees and investment choices before choosing one.

> **Your Next Step** Pick one goal. Write it on the Savings Goals page at the back of the book with the amount, the date and the monthly amount needed, and set up an automatic transfer.

# Chapter 11: Retirement Basics

Retirement may feel far away, or it may feel too close. Either way, the basics are the same: save regularly, take any free money your employer offers, and use accounts that give you a tax break. This chapter explains how those accounts work. It is general education, not advice on what to invest in.

## Why Start Early

Money invested for a long time has time to grow. Here is an example from my own calculations, using an assumed steady 6 percent yearly return, which is not a promise of what any investment will earn: saving $200 a month for 30 years means putting in $72,000 of your own money, and at that assumed return it would grow to about $200,000. Real investments go up and down, and some years they lose money, but the longer the time, the more growth can add up.

## Workplace Plans: 401(k), 403(b), 457 and TSP

Many employers offer a retirement plan. Private companies usually offer a 401(k), schools and nonprofits a 403(b), state and local governments a 457, and the federal government the Thrift Savings Plan (TSP). Money comes straight out of your paycheck.

- **The match.** Many employers match part of what you put in, for example 50 cents for every dollar up to a certain percent of your pay. A match is free money. If you can, put in at least enough to get the full match.
- **Traditional or Roth.** In a traditional account, you get a tax break now and pay taxes when you take the money out in retirement. In a Roth account, you pay taxes now, and qualified withdrawals in retirement are tax-free.

- **2026 limits.** The IRS announced that for 2026, you can put up to $24,500 into a 401(k), 403(b), governmental 457 plan or the TSP. People 50 and older can add a catch-up contribution of $8,000, for a total of $32,500. People aged 60, 61, 62 and 63 have a higher catch-up of $11,250.
- **2027 limits.** On November 12, 2026, the IRS announced that for 2027 the limit rises to $25,500, the age-50 catch-up to $8,500, and the higher catch-up for ages 60 to 63 to $11,750. The IRA limit stays at $7,500, with the same $1,100 catch-up.

## Individual Retirement Accounts (IRAs)

If you do not have a workplace plan, or want to save more, you can open an IRA at a bank, credit union or brokerage firm. For 2026, the IRS limit is $7,500, plus a $1,100 catch-up for people 50 and older.

- **Traditional IRA.** You may be able to deduct your contribution, depending on your income and whether you or your spouse has a workplace plan. For 2026, the deduction phases out for single people covered by a workplace plan with income between $81,000 and $91,000, and for married couples filing jointly, when the contributing spouse is covered, between $129,000 and $149,000.
- **Roth IRA.** No deduction now, but qualified withdrawals are tax-free. For 2026, the ability to contribute phases out between $153,000 and $168,000 of income for single filers and heads of household, and between $242,000 and $252,000 for married couples filing jointly.

## The Saver's Credit

Lower- and moderate-income workers who save for retirement may get a tax credit, called the Saver's Credit. For 2026, the income limit is $80,500 for married couples filing jointly, $60,375 for heads of

household, and $40,250 for single filers and married people filing separately.

## Social Security

For most Americans, Social Security will be one part of retirement income, not all of it. You can see your earnings record and estimated benefits by creating a my Social Security account at ssa.gov/myaccount. Check that your earnings are recorded correctly.

## Fees Matter

Every investment has costs. Small differences in yearly fees add up to large amounts over decades. When you choose investments in a retirement account, look at the expense ratio and any account fees, and ask questions about anything you do not understand.

**See Also** The Retirement Savings Check and Retirement Target tools in Money Rules and Tools, Fact Checked help you see whether you are on track.

**Your Next Step** If your employer offers a retirement plan with a match, find out how much you need to put in to get the full match, and sign up for at least that amount.

# Chapter 12: Protecting What You Have

A budget, an emergency fund and a debt plan can all be wiped out by one big event: a serious illness, an accident, a fire, or the loss of an income. Insurance is how you move the risk of those big losses off your shoulders.

## The Main Kinds of Insurance

| Type | What it protects | Questions to ask |
|---|---|---|
| Health | Medical bills | What are the deductible and out-of-pocket maximum? Are my doctors in the network? |
| Auto | Damage and injuries from car accidents | Do I have more than the minimum liability coverage? What is my deductible? |
| Homeowners or renters | Your home, your belongings, and liability if someone is hurt at your place | Does it cover replacement cost? Do I need separate flood coverage? |
| Life | Income for people who depend on you if you die | How many years of income would my family need? |
| Disability | Part of your income if you cannot work because of illness or injury | Does my job offer it? How long does it pay? |

## Raising Deductibles

A deductible is the amount you pay before insurance pays. A higher deductible usually means a lower premium. Once you have an emergency fund, raising your deductibles can save money every year, as long as you could pay the deductible from savings if something happens.

## Shop Around

Prices for the same coverage can vary widely between companies. Get quotes from several insurers every year or two, and ask about

discounts for bundling policies, a good driving record, or safety features.

## Protect Your Identity Too

Fraud and scams can drain accounts as fast as any disaster. Freezing your credit is free and is one of the best protections you can have. The companion book in this series, Scams and Identity Theft, covers it step by step.

## Plan for the People You Love

A will, beneficiary designations on your accounts and life insurance, and a durable power of attorney for finances make sure your money goes where you want and someone you trust can help if you cannot manage your own affairs. Check the beneficiaries on your retirement accounts and life insurance after any major life event. A lawyer can help you with a will and power of attorney.

**Your Next Step** Find your insurance policies and write down the deductible and the yearly premium for each one. Mark which ones you will shop around for this year.

# Chapter 13: Talking About Money at Home

Money is one of the most common sources of stress in families. It does not have to be. The families who handle money best are usually not the ones with the most of it. They are the ones who talk about it openly and work as a team.

## With a Spouse or Partner

- **Set a regular money meeting.** Once a month, sit down for half an hour to look at the budget, the bills and your progress toward goals. Keep it short and calm. Bring coffee.
- **Agree on goals first.** It is easier to agree on spending when you agree on what you are working toward.
- **Give each person some personal money.** A small amount each month that each person can spend without explaining it prevents many arguments.
- **Set a check-in number.** Agree that any purchase over a set amount gets talked about first.
- **Be honest about debt.** Hidden debt damages trust more than the debt itself.

## With Children

Children learn about money by watching. Let them see you compare prices, say no to an impulse buy, and save for something. Give older children an allowance or let them earn money, and let them make small mistakes while the stakes are low. A teenager who runs out of spending money before the month ends learns a lesson that sticks.

## With Aging Parents

As parents age, it helps to know where their important papers are, who their bank and insurance companies are, and whether they

have a will and a power of attorney. Bring it up gently and early, before there is a crisis.

## When Money Is Tight

If money is tight, say so. Children and spouses usually sense the stress anyway. Explaining the plan, and what everyone can do to help, turns worry into teamwork. Help is available too: nonprofit credit counselors, local food banks, utility assistance programs and churches exist for hard seasons. Using them is not failure. It is wisdom.

> **Your Next Step** Put a monthly money meeting on the calendar. If you live alone, make it a monthly meeting with yourself.

# Chapter 14: Your Money Plan, Step by Step

Everything in this book comes down to a handful of steps, done in roughly this order. You do not have to finish one before starting the next, and your order may differ, but this is a solid path for most people.

1. **Track one month of spending** (Chapter 1).
2. **Build a budget** and give every dollar a job (Chapter 2).
3. **Save a starter emergency fund** of $500 to $1,000 (Chapter 3).
4. **Get your employer's retirement match** if one is offered (Chapter 11).
5. **Stop using credit cards for new spending** and list every debt (Chapters 5 and 6).
6. **Pay off high-interest debt** with the highest-rate or snowball method (Chapter 6).
7. **Build your full emergency fund** toward several months of essential expenses (Chapter 3).
8. **Check your credit reports** and fix errors (Chapter 7).
9. **Save for retirement steadily** and for other goals with sinking funds (Chapters 10 and 11).
10. **Protect what you have** with the right insurance, a will and a credit freeze (Chapter 12).

## When You Slip

Everyone has a bad month. A surprise bill, a holiday that cost too much, a stretch of overtime that dried up. When it happens, do not

throw out the plan. Look at what happened, adjust next month's budget, and keep going. Progress, not perfection.

## Where to Get Help

- **Consumer Financial Protection Bureau** (consumerfinance.gov): plain-language answers to money questions, and a place to submit complaints about financial companies.
- **AnnualCreditReport.com**: free credit reports from all three bureaus.
- **A nonprofit credit counseling agency**: help with budgets and debt management plans. Ask whether the agency is a nonprofit and what it charges before you sign up.
- **Your bank or credit union**: many offer free financial counseling to members.

**See Also** The What to Do First tool in Money Rules and Tools, Fact Checked gives a one-page version of where to start.

**Your Next Step** Circle the step on this list where you are today. Do one thing toward it this week.

# Monthly Budget Worksheet

Take-home income this month: _____

| Category | Planned | Actual |
|---|---|---|
| Rent or mortgage | | |
| Utilities (power, gas, water, trash) | | |
| Phone and internet | | |
| Groceries | | |
| Gas and transportation | | |
| Insurance | | |
| Medical and prescriptions | | |
| Minimum debt payments | | |
| Childcare and school | | |
| Subscriptions | | |
| Eating out and entertainment | | |
| Personal and household items | | |
| Gifts and giving | | |

| Category | Planned | Actual |
|---|---|---|
| Savings set aside for yearly bills | | |
| Emergency fund | | |
| Retirement | | |
| Extra debt payment | | |
| Other | | |
| Total | | |

# Debt List Worksheet

| Debt | Balance | Interest rate (APR) | Minimum payment | Payoff order |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Total | | | | |

# Savings Goals

| Goal | Amount needed | Target date | Monthly amount |
|---|---|---|---|
| Starter emergency fund | | | |
| Full emergency fund | | | |
| | | | |
| | | | |
| | | | |

# Glossary

**Annual percentage rate (APR).** The yearly cost of borrowing, shown as a percentage.

**Balance transfer.** Moving debt from one credit card to another, often for a lower introductory rate.

**Budget.** A plan for how you will use your income each month.

**Credit bureau.** A company that keeps credit reports: Equifax, Experian or TransUnion.

**Credit report.** A record of your credit accounts and payment history.

**Credit score.** A number that predicts how likely you are to repay debt on time.

**Credit utilization.** How much of your available credit you are using.

**Deductible.** The amount you pay before insurance pays.

**Emergency fund.** Savings set aside for unexpected, necessary, urgent costs.

**FDIC.** The Federal Deposit Insurance Corporation, which insures bank deposits.

**IRA.** An individual retirement account.

**Minimum payment.** The smallest payment a lender will accept to keep an account in good standing.

**Roth.** A retirement account funded with after-tax money, with tax-free qualified withdrawals.

**Secured credit card.** A card backed by a deposit that sets your credit limit.

**Sinking fund.** Money saved a little at a time for a known future cost.

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# About This Book

Money Basics is part of a set of free plain-language guides from Trinfinity Enterprises. Government figures were checked against official sources as of November 18, 2026. This book is general education, not investment, tax or legal advice. If you find something that has changed or needs correcting, please write to andrew@trinfinityenterprises.com.