

# Spotlight *On Finance*

Tennessee Department of Financial Institutions

**AMERICA SAVES WEEK**  
FEBRUARY 23-28, 2015



Did you make a New Year's resolution? If so, did it involve making a major purchase such as a car, boat, or taking the steps to buy a house? To achieve these goals, you may have also decided to create a monthly spending plan, or budget. Hopefully, as part of your spending plan to reach your goals, you're paying yourself first and setting aside funds in a savings or investment account that will help you create wealth.

Even if you haven't taken the steps towards savings, it's not too late to get started! America Saves Week is scheduled for February 23-28, 2015. Individuals can use this as a time to assess their own savings status and obtain information on creating strong savings behaviors. Why not choose this as a time to dedicate yourself to creating a more sound financial future and add to your long-term economic success by starting to save? Visit [www.americasavesweek.org](http://www.americasavesweek.org) to register and become a saver. America Saves Week offers a number of suggestions to help you in taking this important step!



## Managing a Budget on a Limited Income

Before you can begin to save money consistently, you need to make sure your finances are in order. You can better achieve this goal by creating a financial budget. Sadly, in a national survey conducted by [AmericaSaves.org](http://AmericaSaves.org), released in February 2014, it was noted that "only about one-third of Americans are living within their means and think they are prepared for the long term financial future. One-third are living within their means but are often not prepared for this long term future. And one-third are struggling to live within their means."

Managing a budget on a limited income can be stressful. Literally having to manage living from paycheck to paycheck can cause us to reach a point where reality can meet insanity. In order to successfully manage a budget you have to understand the difference between your needs (something needed to survive) and your wants (something you might like to have). You also have to be clearly aware of your spending habits to allow for needed adjustments and disciplined enough to be able to account for every dollar. It may take a few tries to create a budget that works best for you and your situation so do not become discouraged if you initially have trouble. Being honest about your finances and spending are an important key, but it is also required that you be disciplined enough to stick to your budget and not overspend in order to successfully execute your financial plan.

Just remember, if you are struggling with starting a budget, there are resources available to you online or via banks and credit unions to help you keep track of your monthly expenses and manage your income. A video presented by The Federal Trade Commission ("FTC") shows useful tips to get you started and on the way to keeping, as well as, identifying and managing budget adjustments using a budget worksheet: [WATCH HERE](#). The site also provides an online fillable form that can be used to see how much money you spend within a month and assist you in planning your next monthly budget. Click [HERE](#) for the budget worksheet. Additionally, EAP visits for financial counseling are available to you through [ParTNers for Health](#). Make this year a great one financially by creating a budget that works for you!



*TIP: A great way to start up or build a savings account is to use your income tax refund to 1) pay off debts that would allow money to be available in your budget for saving or 2) create or further supplement your emergency savings fund.*



## Income Tax Filing Assistance

It's almost that time again! W-2's will soon be distributed and filings can begin. But before you file, make sure that you understand how to get the most from your return.



### Earned Income Tax Credit:

You work: Now put EITC to work for you. The Earned Income Tax Credit or EITC is a federal income tax credit for workers who don't earn a high income and who meet certain eligibility requirements. The EITC was introduced in 1975 to give taxpayers a financial boost and to assist local economies. Incredibly all who qualify are not taking advantage of this credit. According to [irs.gov](http://irs.gov), 4 out of 5 people eligible for the Earned Income Tax Credit claim it on their taxes. Click [HERE](#) to see if you qualify!

*4 out of 5 eligible taxpayers claim the Earned Income Tax Credit. Are you eligible?*

### Volunteer Income Tax Assistance:

If you are a taxpayer who makes less than \$53,000 annually, you qualify for free tax preparation services. Additionally, persons including the elderly, disabled, and limited English speaking taxpayers may also qualify for this service. IRS-certified volunteers provide free basic income tax return preparation with electronic filing to qualified individuals. Click [HERE](#) to find a preparer near you.



## It's FAFSA Time!

Do you have a child that is a current college student or one that will be starting college in Fall 2015? If so, it is time to submit your FAFSA-Free Application for Federal Student Aid. The 2015-16 FAFSA should be submitted as soon as possible after January 1, 2015 to maximize your financial aid opportunities in Tennessee. For FAFSA submission deadlines related to specific state programs, please visit the Tennessee Student Assistance Corporation's (TSAC) website: [www.tn.gov/collegepays](http://www.tn.gov/collegepays). To learn more about FAFSA, you can visit [www.fafsa.ed.gov](http://www.fafsa.ed.gov), or you can like [TSAC](#) on Facebook at Tennessee Student Assistance Corporation and follow them on Twitter at [@TNFinancialAid](#), regarding financial aid workshops that may be scheduled in your area.



## TNStars & Tennessee Investments Preparing Scholars (TIPS) Program

Are you saving for your children's college? Tennessee has one of the top ranked college savings plans in the country! TNStars College Savings 529 plan has been recognized as one of the top direct-sold plans in the nation for its performance. TNStars is a program of the Tennessee Department of Treasury. TNStars is ranked as the #2 direct-sold plan in the country for its performance according to SavingForCollege.org, based on rankings released as of September 30, 2014.

TNStars is designed to give Tennessee families high quality investment options at a low cost to help them put aside money for higher education expenses, while enjoying certain tax advantages and special incentives.

Under the new Tennessee Investments Preparing Scholars (TIPS) Program, the state will provide enhanced matches for money invested by families that have accounts in the TNStars College Savings 529 Program and meet certain income requirements.

For example, eligible families that invest the minimum of \$25 in TNStars will qualify for \$100 from the state, which will be invested in separate accounts. Families that invest \$125 or more per year will receive the maximum allowable funds of \$500. The matching grants will be provided to the first 2,000 eligible families that complete the application process and make qualifying deposits during the qualifying period, which began October 1, 2014 and will run through June 30, 2015. Families can reapply each year and continue to receive matching funds, up to \$1,500 maximum benefit per child.

Also, families may be eligible for up to \$375 in TNStars incentives offered to all Tennesseans. For more information, contact [TNStars](#) today!

**TIPS:**  
Matching Grant  
Program for  
Eligible Tennessee  
Families



College Savings  
Made Easy

[Tnstars.com/tips](http://Tnstars.com/tips)  
1-855-3TN-STAR

# Donating to Charity?

If you're considering giving to a charity or have received a call or message asking for a donation to a charity, be sure to do your research to avoid fraudsters who try to take advantage of your generosity.

## Before Giving to a Charity

Here are tips to help make sure your charitable contributions are put to good use and benefit the people and organizations you want to help.

- Ask for detailed information about the charity, including name, address and telephone number.
- Get the exact name of the organization and do some research. Searching the name of the organization online-especially with the word "complaint(s)" or "scam"-is one way to learn about its reputation.
- Find out if the charity or fundraiser must be registered in your state by contacting the National Association of State Charity Officials and also through the [TN Secretary of State's Office- Charity Fundraising Home Page](#).
- Check if the charity is trustworthy by contacting the Better Business Bureau's (BBB.)



## Signs of a Charity Scam

These days, charities, and fundraisers (groups that solicit funds on behalf of organizations) use the phone, face to face contact, email, the internet and mobile devices to solicit and obtain donations. Scammers also use these same methods to take advantage of your generosity. Regardless of how they reach you, below are just some of the examples of avoiding any charity that:

- Refuses to provide detailed information about its identity, mission, costs, and how the donation will be used.
- Won't provide proof that a contribution is tax deductible
- Asks for donations in cash or asks you to wire money
- Thanks you for a pledge you don't remember making.



Remember, before giving, never send cash donations or wire money to someone claiming to be a charity. For security and tax purposes, it's best to pay by check made payable to the charity, or by credit card. Do not provide your credit or check card number, bank account number or any personal information until you've thoroughly researched the charity. Always keep a record of your donations.

If you think you've been the victim of a charity scam and have questions or need further assistance, file a complaint with the Federal Trade Commission at <http://www.consumer.ftc.gov/> or contact them at (202)326-2222.

## NATIONAL CONSUMER PROTECTION WEEK



National Consumer Protection Week (NCPW) is a coordinated campaign that encourages consumers nationwide to take full advantage of their consumer rights and make better-informed decisions. March 1- 7, 2015 is National Consumer Protection Week. For a complete list of consumer topics including current scams click [HERE](#).

Check out this YouTube Video presented by the Federal Trade Commission!  
[https://www.youtube.com/watch?v=6\\_7CW76qNOA&feature=youtu.be](https://www.youtube.com/watch?v=6_7CW76qNOA&feature=youtu.be)

# What Should I Know About Virtual Currency?

Have you heard the term BitCoin, or virtual currency, and wondered what is being discussed? You are not alone as virtual currency is a developing form of payment and investing that seeks to revolutionize our lives through the use of technology.



Virtual currency is defined as an electronic medium of exchange that does not have all the attributes of real currencies. Virtual currencies include cryptocurrencies, such as bitcoin and litecoin, which are not legal tender and are not issued or backed by any central bank or governmental authority. Virtual currencies have legitimate purposes and can be purchased, sold, and exchanged with other types of virtual currencies or real currencies like the U.S. dollar. This can happen through various mechanisms such as exchangers, administrators, or merchants that are willing to accept virtual currencies in lieu of real currency.

The Department of Financial Institutions issued guidance on virtual currencies, on August 8, 2014. Click [HERE](#) to view the release on this topic. The release contains a number of items to consider when evaluating whether to use, or invest, in virtual currencies.

Commissioner Greg Gonzales advises, “Do your homework. As with any financial service or product, consumers should make sure that they understand the service or product and how it works. Additionally, consumers should make sure that they are using the service or product in a manner and amount that makes sense for their specific financial situation. These principles apply to virtual currencies as well.”

