



Preparing to Go Home

The doors open and you are happy about going home. But you are not sure what is ahead of you. You know it has to be better than what you are leaving behind. Are you ready?

Life outside will throw many problems at you. You need to be ready to face them. One of the biggest will be your financial freedom and the role money plays in your reentry process.

- Are you ready to handle money matters that will help or hurt your success?
- Are you ready to begin your new life?
- Do you have a plan to manage your money?
- Are you in a place where you don't have to depend on others for money?
- Do you want to reach that goal?

“ 5 things I wished they had told me before I got released... ”

“When you come out you have to be patient and stay away from the fast money and lifestyle or you will go right back. It's going to take a long time to get a job so don't be discouraged.” - Deann

“You have to know how to budget your money so you can buy the essentials that were provided while you were in prison.” - Deann

“There are no services on the outside that will be provided for you if you don't actively go out and find them. You can't depend on other people.” - Ms. Roberts

“You will have to make sacrifices and learn to be frugal so that you don't go back to the drug dealer and start selling again. It's up to you to be successful. If you don't know, then ask.” - Jacqueline S.

“You have to remember that the things provided to you in Prison (food, uniforms, medicine, etc.) won't be there when you get out, so be prepared to pay for them.” - Monica

Before Your Release

Like everything else, going to jail changed how you get money. Before jail did you:

- Have a regular job?
- Get government help?
- Get taken care of by a spouse or someone else?
- Get child support?
- Get money from something against the law?

You may have come to jail with little money. While inside, maybe you worked and earned a little for your effort. This pay would not be enough to live on. Family and friends on the outside may also have put money in your account. The money you got inside might have gone to buy things at the commissary or pay back a debt from your crime.

The money you got inside was probably not used to pay for your costs of living or to start saving. It was for your needs while in jail. You didn't have a chance to make a budget or plan and save for when you went home.

So Now What?

The good news is that it is never too late to learn about the world of money. You can get yourself ready to deal with money when you get out. Have you taken these steps?

- Learned your jail's rules about money, paying back, and fees that you might have to pay?
- Figured out if you owe anybody money?
- Found chances to earn money through legal work?
- Checked the library or with staff for resources on banking and budgeting?
- Started a list of all the things you will have to pay for when you get out?

Remember that managing your money is a big step in a successful reentry plan. It is hard to imagine anything you will need or want to do after release that does not involve money. Money is involved for transportation home, signing up with the local parole or probation office, visits to your family, job searches, and your basic day-to-day living.

To get ready to deal with your money, you should figure out how much money you have. Plan as though any cash you had before jail that wasn't in a bank account in your name is gone now. Once you figure out how much money you really have, you need to make a budget. This will be your road map for how to get your finances in order so you can be successful. A sample budget is part of this tip-sheet. There is also advice on how to make one yourself.

Also ask your case manager about government benefits. Find out if there is any government help you can get. Start looking into this six months before you get out. That way there is enough time to have the benefit ready to start when you get out. Some help you might be able to get is: medical, food, housing, or any type of drug/alcohol treatment.

After Your Release

Once you are out, you will have other money matters to figure out. For example look at the list below. If you are being let out under supervision, you also need to know the rules about how you handle your money.



Money matters that will need to be addressed:

- **Proper identification** (usually a government photo ID) – You will need an ID to cash a paycheck, get a bank account, or apply for housing.
- **Banking** – Cash isn't the best way to handle money. Find out if there are limits on your ability to open a bank account. You will want to open an account as soon as you can. How long you have had an account matters for getting housing, a job, and other things.
- **Housing** – It is hard to rent a home without money and a good history dealing with money. If you lived in public housing when you were arrested, you may not be allowed back if you were found guilty. (Read the Housing Tipsheet to learn more.)
- **Transportation** – To get around you need to have money. What will these costs be in your area? Bus or subway fare? Gas money?
- **Job Search** – You can't get a job if you don't have money to buy clothes for an interview or to get to the interview.

Getting on Track With Money

Now that you are out, you have work to do before you are successful with your finances. First you must take care of your basic needs (food, shelter, medical, clothing). Then you need to deal with the next most important (job search, getting around, phones, etc.). Once you have an idea about these important needs, you can answer these questions:

- If you will be under supervision when you're out, what are the financial rules for you? Do you have to pay restitution and/or a supervision fee? How much? If yes, add this amount under "expenses" on your budget worksheet. (Expenses are things you have to pay for.)
- If you had a bank account before your arrest, check with the bank to see if it is still active. If it is, talk to the bank about their rules for the accounts of people who were in jail.
- Do you have a place to live? Will you have to pay rent? If yes, add this amount under expenses on your budget worksheet.

What I Need to Know

- **Budgeting** – It is important to know how and why to create a budget. A budget helps you plan and avoid getting into money trouble.
- **Banking** – You may be used to paying for everything with cash. But, cash is not easily tracked. If you lose cash it can't be replaced. It might seem flashy, but carrying cash can make spending too easy and get you into trouble.
 - It is better to use a bank than a check cashing company. Check cashing companies and local stores that cash your payroll checks charge a lot for their "help." They charge a percent of the whole check amount. The bigger the check, the more they take. A bank is a safer place to cash your check. And banks do not charge anything if you have an account with them!
 - How to open a savings and checking account
 - You need a valid government-issued picture ID to open an account. You need at least a minimum amount to open an account. Shop for a bank that pays you the most interest. Also look for the lowest fees and limits. If you open a checking account, learn how to see the amount that is in it. This is important to avoid fees for writing checks worth more money than you have.
 - When trying to rent a place to live, landlords often ask about your bank to see if you can afford the rent.
- **Credit report** – What is it, how is it used, what is its value?
 - A good credit report score can be worth more than money in the bank. A credit score is based on your history paying back what you owe on time. Your score says how much you can be trusted to pay what you owe. This score may be checked when you apply for a job, apartment, or credit card. The higher your score, the more lenders, landlords, or employers will trust you.
 - Credit reports show how you pay your bills. They show if you pay your bills on time. They show if you have more debt than you can pay off based on how much you make. And they show if you can be trusted where money is involved.
- **Standing on your own two feet** – financial independence
 - Create a budget and stick to it.
 - Find a job. Specifically, one that pays you enough to live on and gives benefits. As someone who went to jail, finding a job is one of your biggest challenges. In our Employment Tipsheet, you will find tips on how to handle it.
 - Once you have a job, you can start to save money and pay your debts on time. Paying back debts raises your credit score. It also helps to increase your status in the neighborhood and outside world.

Ways to Plan and Manage Your Money

- Make a budget and stick to it. This should be an important goal.
- Setup a bank account with "direct deposit." This means your pay goes from your employer right into your account.
- Do NOT use check cashing companies, payday loans or other money services. They cost more than any regular bank.
- On a small scale, start to get or improve your credit.
- Pay ALL bills on time or even early. Avoid late fees. Pay your monthly bills all at one time. This shows the flow of your monthly income and expenses. The goal is to avoid not having enough money to pay all of your expenses. Only spend money on extras when you have some to spare.
- Always pay more than the minimum payment for any credit card you get. It is best to pay it all back each month.
- Find an expert who can help you. (Look at the resources listed below to help find one.)

Resources

- **Practical Money Matters** - Visa's Jason Alderman gives expert tips weekly to people of all ages in his Practical Money Matters Series. www.practicalmoneyskills.com/personalfinance
- **FDIC: Money Smart** - Money Smart is a full guide made to help people understand how to budget, plan and track their money. www.fdic.gov/consumers/consumer/moneysmart
- **www.MyMoney.gov** - the U.S. government's website to teach the basics about dealing with money. Whether you are buying a home, balancing your checkbook, or investing for retirement, MyMoney.gov can help you make good decisions.
- **Prisoner Re-entry Program** - Internal Revenue Service (IRS) www.irs.gov/Individuals/Prisoner-Re-entry-Program

FINANCIAL LITERACY *tipsheet*

Basic Monthly Budget Planning Sheet

INCOME	MONTHLY BUDGET	MONTHLY ACTUAL	DESCRIPTION
Pay/Total before anything is taken out			
Child support (if you get it)			
Savings you had from before prison			
Other:			
Social Security			
Disability			
TANF/SNAP			
TOTAL INCOME			

NECESSARY EXPENSES	MONTHLY BUDGET	MONTHLY ACTUAL	DESCRIPTION
Taxes taken out of your paycheck			
Other things taken out of your paycheck			
Rent/Housing			
Transportation (bus fares, train fare, car payments, gas, etc.)			
Food/groceries			
Supervision Fees (if you have to pay one)			
Victim Payments/Restitution (if you pay it)			
Insurances (rental, car, etc.)			
Child support (if you have to pay it)			
Clothing/Personal cleanliness needs			
Emergency funds			
Work uniform/equipment			
Medical insurance/costs/medications			
Savings/emergency funds			
Utilities (Water, electric, gas, etc.)			
Phone			
TOTAL NECESSARY EXPENSES			
LUXURY EXPENSES			
Cigarettes/coffee/liquor			
Entertainment (Movies, etc.)			
Eating out			
Shopping for things that are not necessary			
TV/cable/sports channels			
Credit card			
TOTAL LUXURY EXPENSES			
TOTAL MONTHLY EXPENSES			

TOTAL MONTHLY BALANCE

(Total monthly income minus total monthly expenses)

If your monthly balance is more than \$50, move money to savings.

Account fee: Money you pay a bank for the work they do setting up and handling the account. This may also be called the monthly service fee.

Annual fee: The money you pay a credit card company to use the card for a year. Or, the money you pay a lender for letting you borrow money for a year.

Annual percentage rate (APR): A way to compare the cost of loans. The APR takes all the parts of a loan (like interest rate and fees) and gives it as a rate for each year. The lower the APR, the lower the cost of the loan.

Automated teller machine (ATM): A computer bank teller. You can use this machine if you have a bank account. The bank gives you a card and personal ID number. With these you can take cash out of your account. You can also put money into your account or move money between accounts.

Available balance: The amount of money in your account that you can use or take out. This amount may not be exactly how much you really have. It takes time for checks you write to go through. It also takes time for checks you put into the account to show up.

Balance your checkbook: Comparing the account statement the bank sends you with your own notes. Looking at what checks you wrote and how much you put in. You do this to make sure that you and the bank agree. Also called “reconciling” your account.

Bank: A company that handles money. They keep it for saving or to invest. They also change it to money of other countries or make loans. Banks make money by using the money you put in to make loans or invest in other things.

Bank account: A service where a bank holds your money for you. Each account has its own number. This lets you handle and track your money. Some accounts pay a small amount of “interest,” money they pay for letting them hold your money. Two common types of accounts are savings or checking.

Bank statement: A paper sent to you each month by your bank. It can also be electronic. It lists how much you had at the beginning of the month. Then it lists everything that happened in your account. For example money you put in or checks you wrote which they paid out. It also lists any fees, service charges, or interest. Then it has the amount you had at the end of the month.

Canceled check: A check that the bank has paid from your account. These “used” checks may be sent back to you with the monthly bank statement. Or they may be kept on file by the bank.

Certificate of deposit (CD): A special kind of bank account. You agree to leave your money in the account for a certain amount of time. This could be three months or more. In return the bank pays you a specific interest rate. The longer the CD, the more they pay you.

Check: A written order telling the bank to pay a stated amount of money to a specific person or company. The check must include several things. It must have the date. It must say who is being paid. It must say the amount to pay. And someone allowed to sign it must sign it.

Check register: A small notepad you get with your checks. It is given when you open a checking account. It is used to track your checks, money you put in, and current amount in the account.

Checking account: A bank account that lets you put money in, take it out, and write checks. A checking account can be safer and easier than handling cash.

Co-signer: A person that signs with you when you apply for a loan. You are both legally on the hook to pay back the debt. Also called a co-borrower.

Credit: When a bank or business lets you buy things on the promise you will pay for it later. For example, using a credit card to buy something, and paying for it at the end of the month. Credit is also used to describe anything that adds to the amount in a bank account. Putting money in or getting an interest payment are examples of credits to the account.

Credit card: A reusable card for buying things on credit or borrowing money. Banks, stores, and other businesses give credit cards. The card gives you credit up to a set amount. You then pay it back each month. You can make just a minimum payment, but the more money and time you borrow the more it costs. Also called a charge card.

Credit history: A record of a person’s use of credit. It shows times you tried to get credit and when you have used credit or loans to buy things. Also called a credit record.

Credit limit: The most money you can borrow. For example if you get a credit card, the contract will tell you the highest amount you can charge.

Credit union: Like a bank, but owned and run by its members. It isn’t there to make money but to help members. They give the same services as a bank like savings and lending. Usually they have better rates since they are not out just to make money. Large groups or companies set up credit unions.

Creditor: A company that lends money. Or one that issues credit. It could also be a person that does the same.

Debit card: A card that links to a checking account. It can be used to take money out or to put money in the account. You can also use it at an ATM. The card can also be used to buy things at stores. When you use a debit card, the money will be taken right out of the linked checking account.

Debt: Money or other things you owe others.

Deposit: To put money into your account.

Economy: Everything that goes into making things or giving services in a certain region. For example in a certain country or state.

Establishing credit: Paying back what you owe. This will show lenders they can trust you later on.

Expense: For a person an expense is a thing you pay for as part of living. For example rent or food. For a business it is any cost that's part of doing what they do to make money.

Federal Deposit Insurance Corporation (FDIC): Part of the government. It insures money you have in the bank. If something happens to the bank, they pay you back. It goes up to \$250,000 for each person. It's one way banks are safer than cash.

Fees: Money you pay a bank or lender for the things they do for you.

Finance charge: Money you pay a lender for loaning you their money. It includes interest and other charges.

Good credit: A good history of paying back what you borrowed. This makes people willing to lend you money.

Income: The money you got during a period of time. Your pay. Plus any money you got from selling something or investments. For a business it is all the money brought in less what it spent and taxes.

Installment credit, Installment loan: A loan paid back in equal payments. It is paid over a set amount of time.

Interest rate: Interest is money you pay a lender on top of what they lent you. You pay this for their help letting you borrow money. The interest rate is the interest paid each year divided by loan amount. (A bank also pays you interest when you put money in. Like you are lending them your money.)

For example if you paid \$5 in interest each year for a loan of \$100. The interest rate is 5 divided by 100 or 5%.

Investing: Buying something of value like stocks or land. You hope the value goes up. Then you can sell it for more than you paid for it.

Joint account: A bank account owned by two or more people. They are all able to use the account. They are all responsible for it.

Late fee: A fee added by a company when a bill is not paid on time.

Lender: A company with money it will let others borrow.

Loan: An agreement between a borrower and a lender. The borrower agrees to pay the money back. Usually the borrower pays it back plus interest over a set time.

Luxury, discretionary, or non-essential expense: Spending on a thing you don't need. Or buying things that cost more than they have to. Like going to movies or eating out.

Minimum balance: The lowest amount of money a bank will let you have in a certain kind of account. If you don't keep at least this amount, the bank might charge a fee. Some banks may close the account.

Minimum payment: The least amount of money to pay back on a loan. If you don't pay at least this amount they will say you are late or behind. That will hurt your credit score. Credit cards also have minimum payments.

Money order: A paper written by a post office, bank, or convenience store. Like a check. It says to pay the stated amount to a person or company. There is a small charge for buying a money order.

Non-sufficient funds (NSF): Not enough money in an account. This happens when you write a check without enough in the account to pay it. The person the check is for can't cash it. Doing this is bad for your history. The bank charges a fee to the checking account holder. See also Overdraft.

Online banking: Using a computer to do your banking. The computer talks to the bank over the Internet. You can also use a smart phone. You can do almost anything you would do at a bank online now.

Outstanding balance: The amount you still owe. This could be on a loan or a credit card.

Overdraft: When there is not enough money in a bank account to cover what you tried to pay for. The bank pays it for you anyway. This makes your account go into the negative. You then need to repay that negative amount. Some banks charge a fee for that.

Overdraft protection: Many banks offer this. It is for times you don't have enough in your checking account to cover what you paid for. This service moves money from another of your accounts to cover it. You tell the bank which account to move the money from.

Payee: A person or company who is to get money. To whom you wrote a check.

Penalty fee: Money charged for breaking a rule. Like a rule found in a credit card contract.

Personal identification number (PIN): A secret set of numbers. The bank gives it to you. It's used to get into your account at an ATM.

Sales tax: A tax from the state or city on something you buy. It is added to the bill and collected by the store.

Savings account: A bank account where you can put in money and take it out. You earn interest on how much you have in it.

Treasury: Part of the government. It manages the country's money. It collects taxes and watches over banks. It also prints money.

Unpaid balance: The amount you still owe on a debt.

Value: Has worth. Wanted. Of use.

Withdraw: To take money out of an account.