

MANAGING YOUR MONEY



WITH
MANAGING YOUR MONEY[®]
SECOND EDITION

JIM BARTIMO

Microsoft
P R E S S

Covers version
5.0

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SECOND EDITION

JIM BARTIMO



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This book is dedicated to Lisa

PREFACE

Welcome to the second edition of the book *Managing Your Money with Managing Your Money* and version 5.0 of the program *Managing Your Money*. Much has changed since the book *Managing Your Money with Managing Your Money* was published in January of 1987. The stock-market crash added excitement to our lives, the tax laws changed considerably, and the program *Managing Your Money* saw two upgrades. Version 5.0 of *Managing Your Money* now includes a built-in word processor and several new features that make it an even more powerful personal-finance tool than it was two years ago.

The second edition of *Managing Your Money with Managing Your Money* includes updated strategies for using the program under the new tax laws and, of course, complete discussions of the program's newest features, particularly the Write on the Money word processor. Those of you who have struggled with Starting A New Year and the best ways to back up your files will be glad to find thorough discussions of these important issues here.

So start up version 5.0 of the program and see what's new. To those of you who are using the program for the first time, welcome to a new world of convenience in personal financial management.

INTRODUCTION

Managing Your Money is about to change the way you manage your personal finances, from balancing your checkbook to planning your retirement. Instead of writing the same checks to the same people month after month, you'll print checks for those monthly bills and record the payments automatically in budget categories.

Managing Your Money will also help you plan for your taxes well before the end of the tax year. You won't be surprised, shocked, or hassled at tax time; you'll be prepared and, because you planned ahead, perhaps pay less in taxes.

Managing Your Money will help you determine how much insurance you need and will store your policy information so that it is readily available when you need it.

If you are an investor—beginner or seasoned—Managing Your Money will help you track and analyze your investments. You might want to create a hypothetical portfolio and test the market before you take any risks.

Managing Your Money will help you plan savings for your child's college education and for your retirement. It might even change the way you mail your Christmas cards! But you might need some help.

When Andrew Tobias released his software program for money management in 1984, I began using it immediately. I was impressed with what I saw: a powerful program organized in an easy-to-use format. I soon realized, however, that the program's power could be difficult to tap. The program lacked a comprehensive printed manual, so I wasn't always sure of exactly what I could—or should—do. And the more I talked to other people who used the program, the more I found I was not alone.

After five years of mapping the uncharted regions of Managing Your Money, I saw how the program's power could be used simply and effectively. I discovered how all the pieces fit together and how I had to change some of my habits to really benefit from the program. The following pages show what I learned.

HOW THE PROGRAM IS ORGANIZED

Managing Your Money is organized like a book with nine chapters, each of which helps you with a different set of financial tasks.

Chapter 1, "Utilities," contains a mini-tutorial in which Andrew Tobias explains how the program works. Although this section does not cover everything, it gives worthwhile hands-on practice in entering data. The Utilities chapter also offers help with system setup. From the System Setup menu, you can configure your printer, monitor, hard disk, and other components to work most efficiently with the program.

Chapter 2, "Reminder Pad," organizes your personal schedule. You can list tasks to do and important dates, such as birthdays, graduations, or a loan payment date. Because you always enter the current date when you start the program, Managing Your Money keeps track of important dates that are approaching and reminds you of them each time you use the program.

Chapter 3, "Budget and Checkbook," is the hub of the program. Here you enter financial data—checks, deposits, charge accounts, and loan payments. You can create a budget for meeting your financial goals and then record all your expenses and income in budget categories to determine how well you are meeting those goals. You can then project your cash flow over the coming year, calculate loan payments, and even set up accounts-receivable and accounts-payable ledgers for a small business. Even if you use only this chapter, your finances will be far more organized than before you used the program.

Chapter 4 is the "Income Tax Estimator." With it you can calculate the amount you are likely to pay at tax time. If you know in advance the amount of your tax bill, you can better plan the year's ventures.

Chapter 5, “Insurance Planning,” helps you answer the question “Do I have enough insurance?” It also helps you organize your insurance policy information and, in the course of your planning, calculates your life expectancy.

Chapter 6, the “Financial Calculator,” is really a handy collection of financial formulas that help you plan for retirement, for paying for your child’s college education, for analyzing investments, and for making decisions about refinancing or buying versus renting. You can also calculate the monthly payment of a loan if you know the term, interest rate, and amount of the loan.

Chapter 7, the “Portfolio Manager,” is the second most important chapter in the program. With it, you record and monitor the performance of your investments, from mutual funds to blue-chip stocks. Using the sophisticated analysis tools in this chapter, you can see how much your investments yield and decide whether you should sell them.

Chapter 8, “Your Net Worth,” is where all your financial information comes together. This chapter collects information from other chapters and calculates exactly how much you are worth financially. And the next time you visit a loan officer or a financial planner, you can take along your own personal balance sheet.

Chapter 9, the “Card File,” is a file manager designed specifically to keep a list of telephone numbers and addresses of business contacts, friends, and relatives. From this list, you can create mailing lists and print mailing labels. You can even use it to dial your telephone automatically if you have an auto-dialing modem. Also, when you record birthdays and anniversaries on someone’s card, you can send that information to Chapter 2, and you’ll be reminded that the special day is coming up.

You can reach the Write on the Money word-processing feature from almost any point in the program by pressing Ctrl-W. Write on the Money lets you create, edit, store, and print documents. You can use Write to edit reports or to create simple letters and memos. You can also use Write in combination with the Card File to create form letters and to create pop-up notes to explain your financial transactions.

**HOW THE
BOOK IS
ORGANIZED**

Managing Your Money with Managing Your Money contains two parts. Part I, “The Program,” is organized much like the program itself, with each chapter corresponding to a program chapter. So Chapter 3 of this book, called “Managing Your Budget and Checkbook,” explains how to use Chapter 3 of the program.

Read each chapter here before you use the corresponding chapter in the program. Each chapter suggests a strategy for using the program. Note that although the program is flexible, it is also powerful, and you can get lost in it if you don’t follow a strategy. As I mentioned, I’ve spent five years trying out different strategies, and I think those I propose will minimize time-consuming sidetracks and mistakes.

Part II, “People Who Manage Their Money,” presents four hypothetical examples of individuals who use *Managing Your Money*. Each user has different financial resources and financial goals, and each uses the program differently to manage those resources and meet those goals.

You might want to read through these cases before you begin to work with the program. They can give you a quick look at how *Managing Your Money* changes the way you handle your finances. You might also want to choose the case that most closely resembles your own situation and use it as a guide to decide which parts of the program can be most useful.

**WHICH
VERSION?
WHICH
MACHINE?**

This book was written primarily for users of the IBM version 5.0 of *Managing Your Money*. However, Apple users can also use this book as a guide. The Apple II version of the program is usually one year behind the IBM version, but for the most part, the most current Apple II version is very similar to the most current IBM version. The major difference in the Apple II version, aside from the absence of new features, is that it does not use function keys. (The Apple II doesn’t have them.) Instead, the user must press the Apple key in combination with a number key to mimic the IBM PC function keys. So, when the book instructs to “Press F1,” Apple users should instead hold down the Open Apple key and press the 1 key.

The features of the Macintosh version of Managing Your Money differ in the same way. Because the Macintosh operates in a fashion that is unlike the IBM or Apple II computers, the strategies presented here are useful for Macintosh users, but the “how-to” instructions for operating the program are not.

GETTING WHAT YOU WANT

No two people will use Managing Your Money in the same way. You might want only to automate your monthly bill payments, whereas your neighbor might want to manage his stock portfolio and the investments of everyone he knows. The key to using Managing Your Money successfully is to use it only as much as you want and need to. Managing Your Money will organize your finances. When you see where your money is, you should be able to make more intelligent decisions about how to save it, spend it, and invest it. But don't feel obligated to use any part of the program that won't make your life a little easier or a little more profitable—or both.

I suggest you start with Chapter 3 and get your checkbook and budget in the best possible shape. Then, if you already have investments, turn to Chapter 7 and set up your electronic portfolio. You might have the most fun with Chapter 8, where you add up your assets and liabilities to find your exact net worth.

One word of caution: This book is not a complete guide to managing your finances. It is a guide for using Managing Your Money to help you manage your finances.

Finally, don't be threatened by any financial terms you don't yet understand. After only a few hours with the program and this book, you will be almost an expert at managing your money with Managing Your Money.

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**PART I:
THE PROGRAM**

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