

Stepping Out!



For High School Seniors

**Presented by Members of the
Washington County Bar Association**

Stepping Out for High School Seniors

INTRODUCTION

If you are not already 18, you soon will be. When you reach age 18 and graduate from high school, you become an “emancipated adult.” Your whole world won’t change. But our society protects minors in many ways – from falling into traps in financial matters to treating crimes in a way much differently than adults are treated.

As an adult, you will be free to make and enter into contracts and to hold, invest and spend your money. You will be able to buy or rent items. You will have the right to vote in elections. But with every right comes responsibilities.

When we enter into contracts or leases, we become bound by their terms. When we invest or spend money, we risk losing it or spending it carelessly. With the right to vote comes a responsibility to be an informed citizen and to exercise the right we’ve been given. At 18, you have the right to marry without your parents’ consent. But in all cases, decisions come with consequences – and as adults, we suffer the consequences of our actions.

This pamphlet is not intended to teach everything there is about the law or those situations you may encounter. Instead, it gives you some examples of what you can expect. If you are in need of legal service, you should consult an attorney.

The Pennsylvania Bar Association would like to acknowledge the Berks County Bar Association, under the direction of Barbara Kit-trell, Executive Director, which originated the *Stepping Out* project and the pamphlet upon which this booklet is based. The Erie County Bar Association, under the direction of Executive Director Sandra Brydon Smith, has revised the pamphlet.

The *Stepping Out* program involves local attorneys and judges visiting your school to talk about what they do – and about issues you’ll face as an adult. We hope this booklet will help you and that you’ll use the *Stepping Out* program to ask questions and learn facts you will need to know as you step out into the “real world.”

STEPPING OUT HAS BEEN WRITTEN FOR GENERAL INFORMATION PURPOSES AND SHOULD NOT BE CONSTRUED AS LEGAL ADVICE. LEGAL ADVICE SHOULD BE GIVEN ONLY UPON CONSIDERATION OF FACTS PARTICULAR TO AN INDIVIDUAL CASE AND THE LAW APPLICABLE TO IT. FOR THIS REASON, WE RECOMMEND STRONGLY THAT YOU CONSULT WITH YOUR ATTORNEY REGARDING ANY LEGAL PROBLEM BEFORE TAKING ANY ACTION. THE CONTRIBUTORS TO *STEPPING OUT* HAVE ATTEMPTED TO ACCURATELY SUMMARIZE CERTAIN AREAS OF THE LAW AS IT CURRENTLY EXISTS. HOWEVER, THE BOOKLET IS NOT INTENDED TO SUPPLANT THE SPECIFIC ADVICE OF YOUR ATTORNEY AFTER CONSULTATION ON THE SPECIFIC FACTS OF YOUR CASE. **THE PENNSYLVANIA BAR ASSOCIATION, THE BERKS COUNTY BAR ASSOCIATION, THE ERIE COUNTY BAR ASSOCIATION AND THE LOCAL BAR ASSOCIATIONS IN THE COMMONWEALTH OF PENNSYLVANIA, ITS OFFICERS, EMPLOYEES AND MEMBERS SPECIFICALLY DISCLAIM ANY AND ALL LIABILITY FOR ACTIONS TAKEN OR OMISSIONS MADE IN RELIANCE ON THE STATEMENTS MADE IN *STEPPING OUT*.**



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Selective Service Registration

Federal law requires that all men upon reaching age 18 register with the Selective Service Administration (SSA), which maintains records of all eligible for military duty should an actual “draft” become necessary. There is no draft today, and Congress would have to pass a law to create a draft.

TO REGISTER, go the U. S. Postal Service and ask for a Selective Service registration form, which asks for your name, address, date of birth and Social Security number. Give the completed form to a postal employee. Until you reach age 26, you must notify the SSA of any change of name or permanent address within 10 days.

IF YOU FAIL TO REGISTER, you commit a federal crime and are subject to a fine of up to \$10,000 and 5 years imprisonment. You could also be denied financial aid for college, and men have to indicate on federal financial assistance forms if they are registered.

Getting Involved

When you get involved in politics or volunteer, you’ll meet different people and learn what they and others are doing. You will develop a better idea of what’s important to you – the issues you really care about. Government affects all of us and elections make a difference. Many organizations survive only with the volunteer help of people who care. Those running for office need the help of people who believe in them. You can make a difference by getting involved in a cause you consider important. You’ll find that you gain as much as you give.

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1. KNOWING THE LAW

In our legal system, it's presumed that we know the law. Ignorance of the law is not an excuse. So as you get involved in new activities, it is important that you learn about the law and other rules that affect those activities.

CONTRACTS: Many things involve contracts – writings that define the terms of the bargain. You will deal with people who use pre-prepared contracts for their business – whether it is rental of an apartment, purchase of a car or furniture or most anything else. They know what their contract form says. All of us are presumed to have read the contracts before we sign them.

Quite often, you'll talk with someone and then, when basic terms are agreed upon, the other person will bring out a contract for you to sign. That's when you have to read the document. Once you sign a contract, you are obligated by all of its provisions. That you forgot or failed to read it first will not excuse you from complying with whatever it says.

For a while, a lot will be new – simply because you haven't dealt with these matters before. With experience, we get familiar with how certain things are done. But as you begin dealing with contracts, and other situations that are new or complicated, you will be faced with new terms and issues. If you need to find out whether a contract says what it should or what the implications of a legal decision might be, ask your parents or an attorney for help.

CRIMES: Crimes are offenses against the public. Like every other state, Pennsylvania law defines those actions or omissions that constitute crimes. Federal law and local ordinances also define actions that constitute criminal offenses.

ices are filled, including county officials, judges, mayors, supervisors, council members and members of school boards. Judges on Pennsylvania's appellate courts are elected and stand for retention in odd-numbered years.

The people holding all of these offices make decisions that affect you. Members of the

U. S. Congress vote on federal laws and budgets. State representatives and senators vote on Pennsylvania laws and its budget. School boards make decisions that affect the educational opportunities offered and their costs. Judges decide disputes when the parties are unable to and, on the appellate level, review local court decisions and the validity of laws. County and municipal officials are responsible for providing a range of services and overseeing the development of land in their community.

GO TO THE POLLS: In Pennsylvania, polls are open each election day from 7 a.m. until 8 p.m. Voting takes very little time. You have to go to the poll for the election district in which you live and where you are registered. There, you sign a voter's certificate. As long as you're in the right district and your signature matches that on file, you will then be instructed on the voting procedure for your district. Depending on your location, this could include a touch screen system, a voting booth or a paper ballot.

For whatever reasons, only about one-half of the people eligible to register to vote bother to do so. And of registered voters, one-half or more don't vote. That means that important decisions involving elections, retention of judges and provisions of our state's constitution are decided by 25% or less of those eligible to be involved.

We are all lucky to live in a country that offers us the right to vote. With that right comes a responsibility to become an informed citizen and participate in the process. The better informed we are and the more we vote, the more attention those running for and holding office will pay to us – and the more likely it will be that we'll have the government we say we want.

Voting

We don't live in a democracy. We live in a democratic republic. Whether you choose to get involved or not, those who do vote elect a president, senators and congress members to represent us on the federal level; a governor, state senators and representatives and other officeholders on the state level; and, in the municipality in which we live, county commissioners or executives, a mayor or supervisors and members of councils. Those elected have the authority to act as our representatives. If you forgot to vote or felt it wasn't worth your time, they represent you anyway.

REGISTER: Once you reach age 18, you are eligible to vote. Registering to vote is easy. You can register by mail on a form available at the Post Office, court house and many other places. As long as you register at least 30 days in advance, you will be eligible to vote in the next election. If you move, use the same form to change your address and registration district (which affects where you vote).

When you register to vote, you decide which, if any, political party with which you wish to be affiliated. If you register as a Democrat, Republican or other party having nominees elected, you are eligible to vote in the primary election for that party. If you register to vote as an independent, you may vote in the general election but not in the primary election.

PRIMARY ELECTIONS are held each spring. Primary elections give us a say as to who our party nominates – a decision that can make a real difference in terms of the general election.

THE GENERAL ELECTION: Each year on the Tuesday following the first Monday in November, the general election is held to fill offices. General elections typically involve only nominees of registered political parties. We have the right to write-in the name of someone else, but write-in candidates seldom win.

TERMS OF OFFICE: On the federal level, members of Congress are elected every even-numbered year, senators every 6 years and presidents every leap year. On even-numbered years other than leap years, Pennsylvania elects a governor. State representatives are elected every 2 years and senators every 4. Different state positions are up for election every even-numbered year. Odd-numbered years are those in which local of-

Understanding the Consequences

Almost every decision we make has consequences. Some are good and easy to understand in advance. If you pay for a car or other item, you will own it. But if you spend money on one item, you may not have money for another. And if you borrow money or agree to do something, you are obligated under the law to meet your promises.

IF YOU DO SOMETHING THAT WOULD CONSTITUTE A CRIMINAL OFFENSE, you can be arrested, brought to trial and, if convicted, sentenced to pay a fine and restitution to any victim. You can also be imprisoned. Your friends may ask you to do something that is illegal, but going along with them in committing a crime can hurt someone or damage property and you will be held responsible. It can sometimes destroy lives. Criminal convictions are tracked – and become a part of the offender's permanent record. A criminal conviction can limit what you will be able to make of your life.

IF YOU BORROW MONEY you cannot afford to pay or buy items you can't afford, things can be repossessed and the creditor may still be able to collect the remainder of the debt due from you. If you use a charge card to buy items you can't afford, you may find that you never pay off the debt, instead getting further into a financial hole that can lead to bankruptcy and a damaged credit record for years.

IF YOU SIGN A CONTRACT, you can be sued if you do not meet your obligations under it. If the law requires that you do something and you don't do it, you may be committing a crime. If you issue a check without having enough money in the account, you can be both sued for the money and charged with a crime.

The purpose of this section isn't to scare you. But it is important to understand that every decision you make has consequences – and that you understand those consequences before you act. If you do, your decisions probably will be better ones.

Pennsylvania Court System

PENNSYLVANIA'S UNIFIED JUDICIAL SYSTEM forms a hierarchal structure that can best be illustrated in the form of a pyramid, as shown on this page.

The base of the pyramid holds the Special Courts, which hear: less serious, non-jury criminal, civil and all traffic cases; matters pertaining to bail; and, whether serious criminal cases, such as murder, should go to the Court of Common Pleas.

PA UNIFIED JUDICIAL SYSTEM PYRAMID



At mid-level are the Courts of Common Pleas, which hear: all major criminal and civil cases; appeals from the Special Courts in civil, criminal and traffic matters; and, most matters involving children and families.

The next pyramid level includes to appellate courts. The Superior Court hears: criminal and certain civil appeals from the Courts of Common Pleas, and appeals from Courts of Common Pleas on matters involving

tions involving drugs or alcohol will result in license suspension. The license is a “privilege,” not a right – a privilege the State can take away from you.

You can get in trouble even when others leave in your custody, car or apartment, alcohol, drugs or other illegal items. Real friends don’t put each other in that position. Being a “pal” can get you into trouble. Your future is more important than that.

5. MAKING IT WORK

Being an adult means having more responsibilities to consider than you may have thought. The purpose of this book isn’t to scare you – but to help you understand that there are many issues in the real world that you’ll have to deal with eventually. The better you deal with them, the happier and more successful you will be. It’s important that we have rights. Everyone else has those rights, too, which requires that we respect them and understand that we are all in the same boat. We need to understand our rights, the rights other people have – and then work to protect them all.

As this book has tried to point out, adults are responsible for what they do. Every decision involves consequences – some good and some bad. Just as we expect to receive something from a bargain, so, too, do the other people involved in it.

If you consider all that might be involved in something, it will be easier to balance the good and the bad and address in advance issues that may come up. If you consider how a purchase will affect your budget and whether you really can afford it, you may have to wait before getting something. But you won’t put yourself in a hole out of which you can’t climb (this sentence honors grammar teachers). We are bound by the contracts and notes we sign – even if we don’t read them first. So by knowing what you expect the document to say and making sure it says that, you can avoid mistakes.

Something may seem like a great idea, fun or something you should do. But if that something might lead to your being arrested and charged with a criminal offense, it’s neither great, fun nor smart.

IF YOU WITNESS A CRIME OR ARE THE VICTIM OF A CRIME, call the police as soon as you can. When you do, identify yourself, tell them where you are and what happened to you or what you saw. If you or anyone else has been hurt, you should call 911 and ask for medical help. When police arrive, tell them as accurately as possible what happened or what you saw. Little details can be important, but avoid embellishing what you really saw.

IF STOPPED WHILE DRIVING and the police officer suspects you may be under the influence, you can be required to participate in a field sobriety test, involving physical dexterity, or instructed to take a blood alcohol or breathalyzer test. You don't have to submit to either – but if you refuse, you lose your driver's license for 1 year.

IF YOU ARE ARRESTED, tell the police your name, address, and telephone number. Do not resist arrest or struggle with the police, for that becomes a separate crime. After an arrest, you may be searched, photographed and fingerprinted. You can answer other questions, but you may refuse to make further statements to police without your lawyer being present. If you ask to call your lawyer, you have a right to do so.

UNDERAGE DRINKING AND DRIVING UNDER THE INFLUENCE:

It is illegal for you to consume beer, liquor or any alcoholic beverage until you reach 21 or, at any age, to possess or consume a drug or substance that is illegal. If you are convicted of underage drinking, you will be fined for that offense, your driver's license will automatically be suspended for 90 days the first time and longer for a second time. If you are convicted of driving while under the influence of alcohol, you not only face penalties for the offense – your driver's license will automatically be suspended for up to 1 year. A first offense involves a minimum fine of \$300 and 2 days in jail. Penalties sharply increase for later convictions.

DRUG CRIMES: If you are convicted of having knowingly possessed a controlled and prohibited drug or drug paraphernalia, you commit separate crimes. The range of fines and imprisonment depend upon the type and amount of drug involved. A harsher sentence will occur if you are convicted of selling drugs.

A number of crimes, many unrelated to driving, can lead to the automatic suspension of your driver's license. For example, most convic-

children and families. The Commonwealth Court hears: original civil cases brought by and against the Commonwealth and appeals from decisions by state agencies and from Courts of Common Pleas involving the Commonwealth and local agencies.

At the top of the pyramid is the Supreme Court, which is the highest judicial authority in the state. The seven-member court: hears discretionary appeals from the Superior and Commonwealth Courts by allowance; hears direct appeals from the Courts of Common Pleas in cases specified by statute, including all death-penalty cases and direct appeals from Commonwealth Court in its original jurisdiction; and, may hear a case from any level in certain circumstances. The Supreme Court is the administrative leader of all courts in the state.

How the Courts Operate

A case – whether civil or criminal – may be tried before a judge or a jury with a judge presiding. Juries are primarily available in Common Pleas (trial) courts. There are no juries in Supreme and Superior courts, and only rarely are juries used in Commonwealth Courts. When a jury is permitted, both sides in a case can agree to have the case tried before a judge rather than a jury.

JURY DUTY: Jurors are selected randomly by a computer from a master list of names compiled from lists of registered voters and licensed drivers in each county. If you receive a juror qualification form you have five days in which to complete and return the form to the jury coordinator. If you need to be excused from jury duty you must present your request in writing.

For example, Erie County (in which this pamphlet originated) operates its jury system on the one day/one trial basis. Each juror is assigned a specific service day. If you are not selected to hear a trial on that day, your service is completed; however, if you are selected, you will need to return each day until the trial is completed. Jurors are compensated the current rate of jury service plus a travel allowance. The success of the jury system depends upon your service. Your contribution is important to your community and you should take pride in helping to preserve and strengthen our system of justice.



or other professionals and the like. You have a right to ask about those costs before they are incurred.

IF YOU ARE INJURED or sustain damage to property in circumstances other than an auto accident, many of the concepts discussed above still apply. If injured on someone else's property, you should contact the property owner or manager as well as the agent for your medical insurance. If injured while on the job, you should notify your employer promptly.

IF ASKED TO SIGN FORMS for submission of claims, fill them out carefully – and ask a lawyer for help if you think you need it. After any claim, you may be contacted and asked to give a statement. Be careful here – for what you say can be used against you. If you have been injured, you may be asked to authorize the other party or its representatives to obtain information about your treatment or earnings. This is a legal request but, like statements, it can affect your claim – so discussing it with your lawyer in advance will help.

Criminal Law

Criminal law involves issues that are interesting to discuss. But in the “real world,” no one wants to deal with them. If you have to deal with them, it will be because you've been charged with a criminal offense, been a victim of one or witnessed one. None is fun.

A crime is an offense against the public. There usually is a victim, who was hurt or who suffered damage or loss. A crime gives rise to two potential actions – a criminal charge for violating public standards and a private action by the victim for the harm sustained. In a criminal case, a conviction can result in a jail sentence, a fine, and “restitution,” or paying the victim for losses he or she suffered.

YOUR SAFETY COMES FIRST: If you can safely run away from a situation, run away. If you can't run away, it usually is safest not to resist – for you could end up being more seriously injured or killed. If you are accosted in a public place, screaming or making loud noise can discourage the perpetrator or attract the help of others. Home burglaries often take place when no one is home. But if you come home and suspect a burglar is inside, go to the nearest phone and call the police.

ance companies and policy numbers. If there is major damage or someone is injured, the police will conduct a full investigation.

Determine whether anyone was injured. If anyone appears to be injured, be careful not to move them – but if there is an immediate need to do something to protect someone from further injury, it should be done. Exchange information with the other driver and answer questions police ask, but don't say anything you might regret.

CONTACT YOUR INSURANCE COMPANY: You should contact your insurance company promptly and give the agent information about the accident. Insurance companies usually investigate once notified of a loss. If your car needs repairs and your policy provides for a rental car, you can make arrangements for one.

It may be easier for you to have your car repaired under your collision coverage even if the other driver was at fault – unless the other insurance company offers to take care of it. Your insurance company would pay for repair of the damages less your deductible but it, not you, would then seek to recover those costs.

Insurance companies increasingly are giving you their own estimate of what they think repairs should cost. You have a right to get estimates from firms you trust and the right to expect that repairs will be done properly. An insurance company's own estimate may not match what a reputable repair shop will charge for that same work.

CLAIMS: In Pennsylvania, a suit seeking recovery of money damages for personal injury or property damage arising out of an accident or other wrongful act must be filed within 2 years after the loss unless claims are settled prior to that time. If you may have a claim against a governmental unit, you must either file suit against or give written notice of a potential claim to the governmental unit within 6 months after the loss. If you suffered serious injuries which weren't resolved, you can't intelligently settle a potential claim until you know how your condition will end up.

YOU MAY NEED ADVICE: Most lawyers will represent clients in claims for personal injury on what is called a "contingent fee" basis. In this arrangement, the lawyer represents you and receives as a fee a defined percentage of the money recovered in settlement of the case or after trial. If there is no recovery, there is no fee. In any case, clients are responsible for costs such as filing fees, fees paid to investigators

2. MONEY, FINANCES & BUDGET

Whether you attend college, enter the military service or get a job, you will find yourself dealing with money and financial issues. To a large extent, your parents or others have taken care of these things for you. They may well continue to play a big role in helping you – but you will find yourself faced with a number of new situations.

Much of what we learn comes from experience. But the only way to get that experience is by dealing with new issues. Talking everything over with your parents and others is a good way to learn. There are many books and magazines with information that can also help you.

From running a checkbook to committing money to making sure needed insurance is in place, financial issues affect us every day.

Living on a Budget

The first step in managing finances responsibly is to budget. A budget involves a realistic consideration of the money or income available and the many expenses which have to be paid.

MAKE A BUDGET: Everyone lives on a budget, even if they don't think about it. If governmental expenses exceed revenues, they can raise the difference through taxes. We can't do that. If our expenses exceed the money we have, we go into debt. Forgetting about fixed expenses, ones that are sure to be due, does not make them go away.

If we don't set aside money to pay fixed expenses, there is a price to be paid. If tuition isn't paid, college plans go on hiatus. If rent isn't paid, we can be evicted. If the electric bill isn't paid, there won't be lights. If your car needs repair or the insurance bill comes due and there's no money to pay for it, you won't be able to drive.

EXPENSES: Fixed expenses depend upon your circumstances, but they are the ones that will become due at particular times. They include the bill for tuition, room and board or books at college, the monthly bills for car loans, rent or other loans, monthly utility bills and periodic bills for car and other insurance premiums. Variable expenses are over and above fixed expenses and are bills that surely or probably will come due, but often as surprises and in unknown amounts.

A student's living costs at college are a big variable expense – one seldom included in a college's listing of expenses. Food and clothing are variable expenses – but ones we can calculate generally and control to an extent. If you need treatment by a doctor or dentist, there will be costs – and the extent of medical or dental insurance will determine how much out-of-pocket expense might be involved. Newspaper and magazine subscriptions or “entertainment” are variable expenses. And usually without warning, our cars often tell us that they need repair, which is never cheap.

A budget involves a realistic estimate of the income or money that is available to you – and how and when it is available. If you work and get paid weekly or bi-weekly, that's the frequency money comes in. If you attend college, your income probably will include earnings from any job, grants or loans that often are paid directly to the college and any assistance coming from your parents or others.

CASH FLOW: A budget then has to factor in all of the fixed and variable expenses, with an eye toward when each comes due. For beyond the overall picture is “cash flow” – or having the money available when it's needed to pay bills as they come due.

A sample budget plan, assuming that many expenses come due monthly, might look something like the example shown on the next page: *A BUDGET IS A PLAN*. If your earnings or income is not enough to pay all of your expenses, you really have only two choices: identify unnecessary expenses to be reduced and then reduce them or increase your earnings or income. There is a difference between your actual needs and your wants. Often, our income does not allow us to have, and pay for, all of our “wants.” If this is true for you, there has to be some trade-offs or decisions about the relative importance of our “wants” so that we are able to meet our real needs with our income or earnings.

Protection From Abuse

Pennsylvania has a special law, called the Protection From Abuse Act, to protect individuals who share a household, or are in a personal relationship, from physical abuse or threats of abuse. If you are involved in a domestic abuse situation, call the police immediately. You can also contact the Protection From Abuse Office at your local county courthouse to begin legal proceedings without cost.

4. GETTING STUCK AND UNSTUCK

The best way to avoid getting “stuck” with a problem is often thinking about the consequences before you decide to do something. But try as we might, we can't control everything. So there are going to be problems we could not control or could not anticipate.

Small Claims Court

If you are involved in a dispute over money that involves \$8,000 or less, a complaint can be filed in the office of the district justice having jurisdiction where the defendant (the person being sued) resides or where the cause of action (the contract, note or accident) occurred.

Suit is filed by completing a rather simple complaint that identifies the parties, summarizes the amount sued for and the basis of the claim. The District Justice can try to resolve the dispute or enter judgment for one party or the other. Either can appeal from the judgment to the county court within 30 days, but this can be a way to resolve smaller claims without long delays and expensive lawyer fees.

Claims for Injury or Damages

CALL THE POLICE if you are involved in an automobile collision. If anyone is injured, emergency services should be contacted. If damage is minor and no one is injured, the police will get information from each driver and prepare a short form report, a copy of which should be given to you. It will identify the drivers, their addresses, the vehicles, insur-

include a responsibility for health insurance, medical expenses, and day care costs.

Custody: When married parents separate or the parents do not live together, “custody” of the child becomes an issue. Each parent has a right to participate in the upbringing of his or her child. Custody involves not just where the child lives and how often the child sees the other parent, but also how the parents share decisions and information about their child.

Most parents have shared custody of their children. This means that both have input into important decisions on how the child will be raised. Often, one parent has primary residential custody, and the other has partial custody. Partial custody means that the noncustodial parent may have custody of the child for specific periods of time, and may enjoy that time with the child as he or she sees fit.

Parents always have the right and opportunity to agree to a schedule of custody and partial custody. That agreement can be made a court order to give both parents the security of legal enforcement. But each parent always has the legal right to request that a court make the custody decisions. In some countries, the first step is an informal custody conciliation conference. Forms to request a custody conference can be obtained at the Custody Office in your local county courthouse.

Divorce

Unfortunately, marriages don’t always work out. Divorce is the legal dissolution of the marriage. As part of a divorce, the couple’s property and bills must be divided fairly.

In Pennsylvania, a divorce can be filed if one spouse believes the marriage is irretrievably broken. That means that there is no chance for reconciliation. The divorce can then be finalized after a three-month waiting period if both spouses consent, or after a two-year separation. It’s not unusual that custody and support matters can also arise during a divorce. There are very important long-term consequences to the decisions you may make in a divorce, and it is very important that you have the advice of a skilled lawyer. But it is also important that, even in a divorce, people try to resolve their differences without animosity.

<i>MY BUDGET</i>		
Gross Income (Before Taxes)		\$ _____
Deductions for taxes, Social Security		\$ _____
Divide by 12 (monthly)		\$ _____
(Net monthly income)		
	<u>Amt./</u>	<u>Percent</u>
<u>Expense</u>	<u>Month</u>	<u>of Total</u>
Housing	\$ _____	_____
Utilities	\$ _____	_____
Food	\$ _____	_____
Education Expense	\$ _____	_____
Car Payment	\$ _____	_____
Car Insurance	\$ _____	_____
Car Expenses, Gas & Oil	\$ _____	_____
Credit or Loan Payments	\$ _____	_____
Health/Life Insurance, etc.	\$ _____	_____
Clothing	\$ _____	_____
Investment in Savings	\$ _____	_____
Misc./Other	\$ _____	_____
Fun	\$ _____	_____
TOTAL	\$ _____	100%

Often, we have no clear idea of where our money is actually being spent until we sit down and map out a budget. This exercise often helps us to point out where we may be spending unwisely. If we have a budget, it is also easier to realistically evaluate our ability to meet any new spending or payment obligations that we may be considering taking on (like the purchase of an automobile or renting an apartment). Since few of us will ever have so much money that we can afford everything that we might want, using a budget to track income and expenses serves as a guide and a plan that will allow you to make the most of the income that you do have. A budget may help to prevent overspending and the nasty consequences of overspending that we might not be able to control.

Checks, Debit Cards and Credit Cards

“Money” – in its various forms – is financial currency. This means that money is what we, and others, accept as payment for work done or goods sold. Cash is money, but most exchanges of money do not involve the use of cash.

CHECKS: A check is a “negotiable instrument.” A check is a document which represents money payment so long as the check is backed up by money held in a bank (or credit union) account. In many cases, checks are processed by two financial institutions: the bank in which the check writer (or “payer”) has money held in an account from which the amount of the check is removed and passed on; and the bank where the person named to receive the check (or “payee”) either gets the cash amount that the check is written for or has an account where that amount may be deposited.

BAD CHECKS (NSF or Non-Sufficient Funds): If we give someone a check on an account that is nonexistent or no longer open or that does not hold enough funds (money) to cover the amount of the check that we have drawn, we are issuing a “bad check.” Our bank will not be able to make payment on the check as drawn, so that the debt we are attempting to pay will still be owed.

In addition, our bank may charge us with a bad check fee; the person to whom the check was given can also charge us a bad check fee or sue us for the money and file criminal charges against us for issuing a bad

Family Matters

As we have already seen, many of the decisions you make have legal consequences. This is especially true in your personal relationships. These decisions are particularly important because they affect not only you, but people you care for.

Getting Married

If you are 18 or older, you can be married in Pennsylvania without your parents’ consent. But first, you must get a marriage license.

You and your intended spouse must first go to the Marriage License Bureau at your local county courthouse, at least three days before the wedding ceremony. That office will issue a marriage license, which you must present to the individual performing your wedding ceremony. A wedding can be performed by a member of the clergy, a judge, or a district justice. It is no longer possible to enter into a common law marriage in Pennsylvania.

Children

Child Support: All parents have a legal duty to support their children, even if the parents were never married to each other. The obligation to support begins when the child is born, and continues until the child reaches age 18, or graduates from high school, whichever comes first. In some cases, the support obligation may be terminated before these events, or may continue past graduation or age 18.

Child support becomes a legal matter when parents do not reside together. The parent who provides primary residential custody of the child is entitled to receive a periodic support payment from the non-custodial parent. The parents can either agree to an amount themselves, or the custodial parent can request that the court establish an order for the correct amount of support.

Pennsylvania has uniform support guidelines that are based on each parents’ income. Court ordered child support will always be deducted from a parent’s regular pay check and paid to the custodial parent through the state child support office. The support obligation may also

Renting an Apartment

If you lease an apartment or house, Pennsylvania law presumes the lease is for a month-to-month basis unless it's in writing. Under a month-to-month lease, you or the landlord can end the lease by giving 30 days' prior notice. Notice should be in writing, sent in the way required in the contract and a copy kept.

READ YOUR LEASE CAREFULLY: It will identify who the tenants are – and very named tenant is obligated for the rent. This is especially important when you and someone else are the tenants, for if he or she leaves, you can be stuck. The lease will also state its term, the amount of rent and when and how it is to be paid. It may provide for a late charge if rent is not paid by a stated date, and it will include many other provisions that explain how things will work. A lease will define who is responsible for repairs, and who pays for gas, and electric service, real estate taxes and municipal assessments like water, sewer and refuse removal. The tenant usually must pay for telephone and cable TV.

SECURITY DEPOSIT: A lease usually will provide for a security deposit paid when the lease begins. For the first two years, the landlord can earn any interest on this deposit, but after that the landlord can only keep 1% interest and the rest is yours. When the lease ends, you should give the landlord written notice of your forwarding address and request a refund of the security deposit. Unless the lease provides otherwise, you can't use the security deposit for payment of your last month's rent. The landlord can deduct from the deposit costs of cleaning or repairing the apartment but must give you written notice of any deductions and remit the balance to you within 30 days after your notice. You can be evicted on as little as 10 days' notice for failure to pay rent due under the lease.

check. Unless the account is open and holds enough money to cover the check, we should not write the check.

If a check that someone else has given you is returned without payment due to non-sufficient funds (NSF) or any other reason, the law requires that you give that person written notice and the opportunity to make payment on the check as drawn. If the check is still not paid, you can sue for the money owed and file a claim for a bad check.

Sometimes we are directed to make a necessary payment in some way that leaves no question whether funds are available. Cash, of course, is one way to ensure payment. Other ways include: Certified check, which is your personal check certified by the bank to be backed by sufficient funds. A Cashier's or Treasurer's Check is issued by your bank or credit union, drawn to be payable to someone, and is purchased with your money.

A Money Order, like a Traveler's Check, is issued by an institution and purchased with your own money.

DEBIT CARDS are a fairly recent development and are coming into more common use in people's daily lives and business. Debit cards work in a manner that is very much like a check. Instead of writing a paper check, the debit card is offered and electronically read and processed. Funds in the amount needed to pay for the purchase or cash request are taken from the cardholder's account and then are transferred to the account of the store or other vendor from whom the purchase is being made or the amount may be given in cash to the requesting cardholder. Often, transactions in stores such as grocery stores include both types of transfer in one transaction, that is, the cardholder may pay for a purchase and get cash back as "change."

CHARGE CARDS like Visa, MasterCard, Discover and those issued by department stores or other stores are processed electronically, much like a debit card. There is an important difference between a debit card transaction and a credit card transaction. With a debit card, the funds transferred to the seller or vendor come from the bank account of the cardholder. With a credit card, the funds transferred to the seller or vendor are loaned to the cardholder and, therefore, must be repaid (with interest) by the cardholder.

It is important to remember that each time you pay with a credit card, you are taking a loan, and that the interest on the account balance (loan) can be quite high, often 18% or more. You must pay a minimum payment each month, but interest will be charged on any unpaid balance remaining on the credit card amount. Remember that each time you use a credit card, you are incurring a debt.

ELECTRONIC BANKING: Increasingly, purchases, payments, and other transactions are being completed through the electronic transfer of funds from one account to another account. For example, Social Security checks and payroll checks are often paid through an electronic transfer of funds into the recipient or wage-earner's account. In addition, purchases that were once paid by check are now paid through the electronic transfer of funds (such as through the use of a debit card) or through bank account or payroll deduction. These transactions can include the payment of routine ongoing bills, such as mortgage payments or car payments.

Most investments today involve the transfer of funds or other assets that are held in an account, most typically, the checking or savings account at a bank or credit union. Other investment accounts involve stocks, bonds or other financial instruments or documents which have value that are held by an institution in which we hold an account. Although we might own the stock or bonds, we usually never actually see the actual stock certificate or bond.

All of this works, but requires that we pay attention to what happens and regularly read and review our account statements to confirm that any transfers and deposits are recorded correctly and accounted for. The convenience of electronic banking can cost you money or cause you other trouble if you don't understand what is involved and don't keep watch of your account statements.

Savings and Investments

The sample budget includes an item for investment in savings. When money comes into our hands, it's easy to think of ways to spend it. But if we spend all our money as soon as we get it, we won't be able to afford the unexpected car repair, the insurance premium or college tuition bill that comes due months down the road. It takes self-discipline to save money. But by setting aside money for the future, you will be able

seller when the seller is in our home or we want to make the other person (the seller) "happy."

To protect against sellers taking advantage of this aspect of our human nature, the state law provides that we, as the buyer, may rescind or undo the contract or transaction within three (3) business days after we have signed a contract in our home. Federal law provides a similar three (3) days "cooling off" period when we borrow money that will be secured by our home (mortgage or equity loan).

The three (3) day "cooling off" period only applies whenever there is a sale in the home and the price is \$25 or more. It does not apply to a purchase made outside of the home, even if the purchase is for a very high-priced item (such as a car).

This law allows you to use the time to think again and consider whether or not the purchase or contract is a good idea for you and if you really want to go through with the purchase or contract. If you decide that you want to cancel, the notice must be in writing and must be delivered to the other party in three (3) business days after signing the contract or making the purchase.

PLAIN ENGLISH CONTRACTS: Pennsylvania requires that consumer and residential lease contracts be in "easy to read" style and format. If you are presented with a contract that is not easy to read, you can point this out to the other party. A landlord or seller's failure to comply with the "Plain English" requirement can result in civil liability to the seller or landlord or, in some cases, invalidation or cancellation of the contract and your lawyer's fees.

CONSUMER COMPLAINTS: The Pennsylvania Attorney General Office of the Bureau of Consumer Protection is located in Harrisburg, PA. You may obtain a consumer complaint form by visiting the office, by calling (800) 441-2555 and asking for a form to be mailed to you, or by downloading a form by logging on to the Attorney General's website at www.attorneygeneral.gov and following the links to the consumer complaint form. A complaint may be filed directly on-line at the website. The service is free and the Bureau can often help when you have a consumer complaint against a business.

the implied warranty of merchantability. With cars or anything else, if you buy something “as is,” you assume all risk of defects – so a thorough inspection before buying is important.

The Lemon Law applies to used cars, but in a limited fashion. The reselling agent must disclose that the car was returned under the Lemon Law and must provide warranty for 12,000 miles.

Increasingly, businesses involved in selling products are including in their standard contracts language that tries to disclaim or disavow “all warranties, express or implied.” If you sign an agreement with that language, you will at a minimum have trouble if you find defects in the product. You may find that there are no warranties at all, no matter what you assumed. While this language has to be in bold face or larger size print, you’ll have to look to find it. If you don’t read the contract before you sign it, you won’t know what you’ve done to yourself until it’s too late.

FINANCING: When you borrow money, you will have to sign a note. A note constitutes your promise to pay and details the terms of the debt. If you are giving the lender collateral as security for your repayment, the note and other documents will identify the collateral and explain what can happen if you do not pay.

Usually, you will lose the collateral, be responsible for paying the lender’s cost of getting and reselling it and be at risk for paying any balance on the debt after resale of the collateral. It’s important that you read and understand these documents.

Consumer Transactions

“Consumer Transactions” refers to purchases made and contracts that are entered into where the purpose is to obtain goods or services for personal or household use. Consumer transactions can occur in stores, through the mail, on-line or in our homes through in-person sales visits.

When the consumer transaction occurs in our home, the law provides us with an opportunity to rescind, or “undo” the transaction. This opportunity is given by the law because we may feel that we have been rushed into a transaction, feel trapped, and feel that we cannot “escape” the

to pay that bill you didn’t plan for – or to build a nest egg for something that’s really important to you.

THE SIMPLEST WAY TO SAVE is through a savings account at a bank or credit union. You can either make deposits into the account directly or arrange for an automatic transfer from a paycheck or other source of income.

Automatic deposits can be a painless way to make sure you do save money. Interest is paid on the balance in your account, and you should compare interest rates before deciding where to open an account. Deposits up to \$100,000 at banks, credit unions and savings and loan associations are insured by federal agencies against loss if the institution goes belly up (and that’s rare).

You’ll here about other ways to save or invest. And when you have a substantial amount to invest, or are able to put an investment away for awhile without needing to spend it or begin to worry about how much tax is paid on the income, you should learn about and consider them. They include the following:

CERTIFICATE OF DEPOSIT – a savings investment for a period of time (90 days, 3 years) at a bank, credit union or savings association with a fixed rate of interest paid over its term. Funds can’t be withdrawn before maturity without a 10% penalty being paid.

STOCK – Buying stock is buying an ownership interest in a business corporation. The market value of the stock, or what you will pay for it, fluctuates day to day – and can go up or down. Most companies pay dividends to stock owners, but with today’s high stock prices, the rate of income on dividends is often 2% or less. Over the long haul, investing in stock can give us a higher return than other investments. But owning stock also involves the risk of losing value.

BONDS – whether issued by the United States (savings bond), a governmental unit or authority (municipal bond) or a corporation (corporate bond), bonds are a sort of loan by you as the entity borrows money.

Interest is paid on bonds at a stated rate – either by our buying them at a fraction of their face value and receiving full value at maturity (savings

bonds; zero-coupon bonds) or through interest paid, usually every 3 or 6 months, on a bond bought at face value.

Savings bonds are backed up by the U.S. Government. Most high grade municipal bonds are backed up by the unit or authority and insurance. If an interest rate is a lot higher than usual, it's probably a riskier investment. Interest on savings bonds is subject to federal but not state income tax when received; municipal bonds are often exempt from all income taxes and corporate bonds are fully taxable.

MUTUAL FUND – a fund managed by people having more experience than most of us, which includes investments by thousands or millions of people. The fund uses investments to buy stocks, bonds and savings investments in a “mix” that depends on the fund’s objective. Objectives involve “growth,” “growth and income,” bonds, international corporations or some mix of them. Like stock, you should decide what your objectives are and look into the alternatives.

Taxes on Income

Taxes are the means by which government raises money to provide public services. Grumble as we may, we all have to pay taxes.

INCOME TAXES will affect most of us. If you are paid for work you do, Social Security and Medicare taxes, which fund retirement and medical insurance for retired folks, are imposed. While there is a maximum income on which Social Security tax is imposed, don't worry about reaching it for awhile. Both employees and employers pay 6.2% of gross income as Social Security tax and 1.45% as Medicare tax. Self-employed people pay the whole 15.3%.

Since you will have to file a return and pay the whole 15.3% if your and the employer's shares haven't been paid, it is best to have them deducted from each payment you receive. Many people pay more in Social Security and Medicare tax than for income tax.

FEDERAL INCOME TAX must be withheld from wages of everyone except those making very little each in any year. Since income tax is not due on amounts up to one that is higher than that requiring payroll deduction of the tax, you may file a return just to get a refund of the tax deducted. The rate of federal income tax increases as taxable income rises.

landlord to rent an apartment, but nothing is written. Even if you pay the rent, the landlord can end any lease on 30 days' notice. You and friend want to be partners and run a business. You might save money by avoiding lawyers and by not having a written agreement. But if your partner leaves or the other party to the bargain wants to change the deal, what happens?

CONSIDER EVERYTHING. When we do business, we typically assume that everything will work out perfectly. But it does not always work out so well. There is often a lot more involved in these transactions, and considering everything at the start can save money later on. Lawyers sometimes drive their clients crazy by seeming to make situations more complicated than the client would like them to be, but by asking “what about this” questions on issues the client probably would never have considered, they are protecting their client's interests. The more you think about and deal with situations ahead of time, the fewer nasty surprises you'll get. The more you know and think about before you enter into a contract, the better it will all work out. You always want to be prepared for the worst thing to happen and hope it doesn't.

Warranties

If you buy a new car, the manufacturer includes a warranty on the whole car and parts of it that runs for a defined number of years or miles driven. That's an important thing. It's on the contract of sale. You won't know what's covered unless you read before signing.

THE PA “LEMON LAW” requires that the manufacturer of a new car must repair at its own cost a substantial defect during the first year or 12,000 miles, and that the buyer is entitled to a refund or replacement car if three attempts to fix the defect fail or the buyer can't use the car for 30 days during that warranty period.

Under Pennsylvania law, there are implied warranties. One presumes that an item purchased will be “merchantable,” or fit for resale. Another, which applies where something is purchased for a particular purpose, presumes the item will be fit for that purpose.

USED CARS: If you buy a used car in Pennsylvania, the dealer must either make clear that it is selling the car to you “as is” or that it will honor

PENSIONS: Some employers maintain pension plans. Others maintain what are called Section 401(k) plans. Some pension plans are fully funded by the employer; some involve contributions by both the employer and the employee. The employer controls the pension plan and benefits are paid upon retirement. A Section 401(k) plan is held by us and administered by someone. Some plans involve contributions by employers; all involve contributions by employees. Money usually cannot be withdrawn from a Section 401(k) until age 59 ½, but grows without annual taxes, with money being taxed when we take it out. Long-term saving for retirement is very important.

3. PROMISES, PROMISES

Whether we think about it and whatever we call it, we are often entering into contracts. In the law, a contract is an agreement between two or more people having legal capacity which is supported by “consideration” or something of value and involves a lawful subject matter. When we promise to do or pay something in return for someone else’s doing, paying or refraining from doing something, it’s a form of a contract – whether we call it that – a deal or a promise.

When you reach 18, you have legal capacity to contract – unless and until you become incapacitated, or incapable of knowingly making decisions for yourself. Like everyone, you must comply with the terms of the contracts you enter into.

Contracts

When two or more people agree to do, pay or refrain from doing something in return for what others do, a contract is formed. Many contracts are unwritten. Many things, especially things that aren’t important or can be accomplished quickly, don’t require a written contract. It is important to read and understand all terms in a written contract before signing.

When you go to a store and buy a television or car, a contract is being made. You pay the price and the store gives you the item. Sounds easy, doesn’t it? But what if the TV or car doesn’t work? You agree with a

Both Pennsylvania and the municipality you live in charge income tax, and both are usually deducted from your salary or wages.

W-2 FORM: By January 31, each employer must give you a W-2 form that shows the total wages paid and amounts deducted for each type of tax. People paying you interest, dividends or non-employee compensation must give you a 1099 form. These forms give you information needed to prepare your federal, state and local income tax returns, but make sure the forms match your own records.

Borrowing Money

When we truly need something we can’t afford to pay for now, borrowing money may be the only option. If it costs \$20,000 for a year at college and you only have \$10,000, you look for grants or, if necessary, loans. Most people can’t afford to pay cash for a home or a car, so part of the purchase price is borrowed and repaid over a number of years. In these cases, something of real value is obtained, and can realistically be repaid with real benefit to show for it.

ANTI-DISCRIMINATION LAWS: There are legal protections as you borrow. If you are 18 or older, no one can discriminate against you because of your race, religion, nationality, gender, age or marital status. The law prohibits a lender from asking whether you plan to get married or have children. If you don’t have the money to pay or have a bad credit record, no lender is obligated to approve a loan to you.

LOANS: Anyone who lends money expects to be repaid, and charges interest which is a form of profit. A loan to buy a home is secured by a mortgage; one to buy a car is secured by a lien on the title. If the lender is not repaid, it can go after the collateral (the home or car), foreclosing on the home or repossessing the car, reselling it and, if still not fully paid what is due, suing us for the difference and for the costs of recovering and reselling the collateral. Student loans generally are not discharged by a bankruptcy and have to be repaid.

Federal law requires that lenders disclose to you in advance the cost of the borrowing. The rate of interest must be stated. “Annual percentage rate” is a term that takes into account the required loan costs and the

actual interest rate. A loan document generally must state the APR and the total finance charges over the term of the loan.

Increasingly, banks, car dealers, home sellers, furniture stores and the like encourage us to buy items we might not be able to afford, and to borrow money to pull it off. If it hasn't happened already, you will soon begin getting letters from banks inviting you to accept a charge card from them. It may seem flattering at first. But these folks are not complimenting you. They are trying to make money.

Because we consider college education so important, the federal and state governments award grants and loans at lower rates of interest than charged for other loans. But as we make our future brighter with that education, the theory is that future earnings will justify the gamble. Home mortgage loans are available and involve lower interest rates than other types of loans because the lender has a security interest in a home that is usually worth more than the debt.

INTEREST RATES: The less security a lender has in the item purchases with the loan, the higher the interest rate will be. But often to persuade us to buy things we really can't afford, places will offer 5-year and 6-year loans on cars we might not have that long or nifty furniture financed at 18% interest per year.

Credit card companies offer us a "credit line," or an amount up to which we can make purchases. But they usually charge 18% annual interest or more. And their really low minimum required payments can mean that you'll just pay interest forever. For instance, if you run up charges of \$2,500 on a credit card, figuring that you can afford the minimum payment each month, but the card company imposes interest of 19.8% per year, how long does it take you to pay the balance? You'll be surprised. See page 15 for an example.

Borrowing isn't necessarily bad. Sometimes we have to borrow money. But borrowing to buy items you can't afford will lead to problems you may not be able to fix or escape – and can hurt you in the future.

something happens – and it's not safe to assume that nothing will ever happen. If you don't have much money, lower deductibles and co-pays make sense. As you have more money, you can raise those amounts.

MEDICAL PAYMENTS can easily exceed \$25,000 and more – and potential liability in an auto collision often will exceed \$50,000. So as you consider coverage amounts, keep that in mind – for if you don't have enough insurance, you can be held personally responsible for the difference.

FULL TORT OR LIMITED TORT is an option you choose in a vehicle insurance policy, to apply should you be injured in an accident. Under the limited tort option, you give up the right to sue the other party for damages unless your injuries are "serious" – which you'd have to prove in each case. Saving a few dollars under limited tort involves very real risks to you, which you should consider before making the election.

Employment Benefits

In Pennsylvania, if you are employed, the employer provides basic benefits in addition to your wages or salary. Employers must pay the same share of Social Security and Medicare taxes as you will pay. The employer contributes to the Unemployment Compensation Fund, which provides benefits to employees who lose their jobs through no fault of their own. Employers must also maintain workers' compensation coverage on employees, which pays for medical treatment and for compensation to employees injured while at work.

Beyond that, employers offer benefits to employees ranging from nothing to a cornucopia of insurance, retirement and savings plans. When you consider a job, it's reasonable to ask the employer what benefits it provides – and for you to compare different offers. The more benefits an employer provides, the less you'll have to buy.

INSURANCE provided by employers can include life, medical, hospital, dental, optical, prescription, and disability. The more types offered, the better, but an employer is not required by law to provide anything. Disability insurance pays benefits when we can't work due to illness or injury, whether or not job-related. If not provided by an employer, it can be an important coverage to obtain ourselves.

RENTER'S INSURANCE: If you live in an apartment that's owned by someone else, the owner probably maintains insurance that will protect the owner against loss if the building is damaged by fire or if someone is hurt falling on the entrance steps. Renter's insurance protects you if your belongings are damaged by fire or stolen, or if someone gets hurt inside of your apartment and seeks damages.

LIFE INSURANCE: Death, especially your own, is not a subject we want to think about. Life insurance pays benefits to people we name or designate as beneficiaries upon our death. Term insurance really is coverage for one year, renewed year after year until we or the company opts out. The cost can be lowest, especially when you're young. But as you get older, that cost keeps going up. Whole life, universal, and variable life insurance is something we own. The premium for each year is usually fixed when we buy the policy – and the younger we are, the lower that premium is. As you get married and have children depending on you, life insurance becomes one way to protect them should something happen to you.

MEDICAL INSURANCE: You may be covered under your parents' coverage – or you may not be. Medical insurance provides coverage for treatment by doctors and hospitals and, depending on the policy or plan, that of dentists, eye doctors and prescriptions. It's often a benefit of employment. If not, it can be expensive – but without it, we run the risk of being unable to pay for treatment.

Some Tips About Insurance

WHAT INSURANCE IS – AND WHAT IT ISN'T. Insurance is a way of assuring that certain bills will be paid if something happens that we can't afford or don't want to have to pay ourselves. You should tailor your coverage to what you need and can afford at the time – and change the arrangement as your circumstances change.

DEDUCTIBLES OR CO-PAY amounts are involved in many types of insurance, like vehicle, medical, renter's and homeowner's. These are the amounts we pay before insurance benefits kick in. The higher the deductible or co-pay is, the lower the insurance premium will be. But the deductible or co-pay you pick should be what you could afford if

Credit Card Reality Check

A **CREDIT CARD** should be handled carefully. At a store, you make the decision to use it. If you want to purchase something through the Internet, you almost have to use a credit card. If you lose a credit card or it's stolen from you, you are responsible for up to \$50 in purchases run up on each card, so long as you immediately called the bank or store that issued the card to tell them about it. If you don't do this, the \$50 limit probably will not apply.

Things can go wrong. People have gained access to another's credit cards or card account numbers and run up large charges. Since you could end up being liable for a lot of money you never borrowed, you should do all you can to keep your account information private.

Keep account information handy so you can give notices if you lose a card. Hold onto your card. Do not tell others your account information unless you want to buy something. Even then, try to make sure that you're dealing with a legitimate operation. If someone contacts you and asks for account information, it may be a scam. No law stops us from borrowing money we cannot afford to repay. Credit cards are not a "free pass" to a life-style we can't afford. Only you can control your use of credit. Credit card debt is the single biggest reason for bankruptcy.

WHAT CREDIT CAN COST: Eighteen year-old Carol felt rich when she got her first credit card during her senior year of high school. She charged up to her \$2,500 credit limit the first month. After that she was very careful to pay on time but she only sent in the minimum payment. With an interest rate of 19.8% -even though she never charged another item – it will take her 47 years to pay off her account.

Year	1	5	10	15	20	25
Payment Number	1	60	120	180	240	300
Minimum Payment Due	\$50.00	\$40.65	\$32.95	\$26.69	\$21.63	\$17.53
Interest Paid	\$41.25	\$33.54	\$27.18	\$22.02	\$17.84	\$14.46
Principal Paid	\$8.75	\$7.11	\$5.77	\$4.67	\$3.79	\$3.07
Balance Due	\$2491.25	\$2025.71	\$1641.41	\$1330.01	\$1077.69	\$873.23
Total Interest Paid to Date	\$41.25	\$2235.92	\$4047.65	\$5515.67	\$6705.19	\$7669.04
Total Principal Paid to Date	\$8.75	\$474.29	\$858.59	\$1169.99	\$1422.31	\$1626.77

Year	30	35	40	45	47	T O T A L P A I D
Payment Number	360	420	480	540	566	
Minimum Payment Due	\$14.21	\$11.51	\$10.00	\$10.00	\$10.00	
Interest Paid	\$11.72	\$9.49	\$7.57	\$3.52	\$0.09	
Principal Paid	\$2.49	\$2.02	\$2.43	\$6.48	\$9.91	
Balance Due	\$707.57	\$573.33	\$456.59	\$207.03	\$0.00	
Total Interest Paid to Date	\$8450.03	\$9082.86	\$9594.82	\$9945.26	\$9983.63	
Total Principal Paid to Date	\$1792.43	\$1926.67	\$2043.41	\$2292.97	\$2500.00	

\$12,483.63

BANKRUPTCY: When a person or business is unable to pay bills as they become due, the federal bankruptcy laws allow for relief. Sometimes, credit counseling can help organize debt and deal with bad situations short of filing for bankruptcy. Depending on the circumstances, bankruptcy can allow discharge of certain debts and give the debtor a fresh start in life. BUT, bankruptcy does not excuse student loans in the typical case. A debtor cannot keep the house or car encumbered by a lien without paying the lien creditor. And, the fact that a person has gone through bankruptcy will appear on the credit report and seriously limit one's ability to borrow money for a number of years.

Insurance

Generally speaking, insurance is something that protects us by assuring that benefits are paid should something happen that leads to losses we can't afford to pay ourselves.

VEHICLE INSURANCE – Pennsylvania law requires that all registered vehicles have a prescribed minimum amount of “liability” and “first party” benefits coverage. Liability coverage pays benefits to others if we do something that damages their property or causes personal injury to someone. It is a criminal offense if we do not maintain insurance on our registered vehicles – even if they're in storage for the winter. If found guilty of failing to maintain insurance coverage, we can also lose our driver's license.

FIRST-PARTY COVERAGE: In Pennsylvania, first-party coverage pays our medical treatment expenses if we are injured in an automobile accident. You also decide the amount of wage loss and funeral benefits you may want for your protection. Beyond required coverages, there are other benefits that should be included in the policy for your protection.

COLLISION COVERAGE pays benefits if our vehicle is damaged in any event involving another vehicle, whether or not the accident is our fault. It's the coverage that pays benefits if another driver smacks your car door in a parking lot.

COMPREHENSIVE COVERAGE pays benefits if our vehicle is damaged in an event that does not include another vehicle – like acts of vandalism, a baseball through the windshield or hail damage. **UNINSURED** benefits will pay our own losses if we are injured in an accident caused by a driver who has not maintained the required insurance. **UNDER-INSURED** benefits protect us if we are injured in an accident caused by a driver who had insurance, but not enough to cover our loss.

HOMEOWNER'S INSURANCE – When you own a home, insurance is a must. It protects against a wide variety of harm, from claims of others to fire or casualty damage to the home to theft or vandalism. Some policies include coverage for personal property stolen from other places or defined things that might happen outside the home.