

APPENDIX F: SECOND HELPINGS

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Chapters 1 through 10 of *Quicken 2006 for Starters: The Missing Manual* fully equip you to manage all aspects of your personal finances in the program. Quicken has more tricks up its sleeve than can fit in one book, though, so once you've mastered the basics, turn to this appendix to supplement your knowledge and embellish your skills. For example, once you've set up all your accounts and investments, you can customize the Quicken Home window to display your overall financial picture when you boot up your PC and sip your morning coffee. Once you've set up categories in your data file, you can fine-tune your information control with classes. Other features described in these pages—like validating your data file and password protection—are worth considering when you have your checkbook balanced, taxes done, and time on hand to protect and care for your Quicken data.

Setting Up Quicken Home

Quicken Home is like a car dashboard that shows account information, reports, and other financial features instead of speed and fuel level. But Quicken offers so many financial features that this view is chock-a-block with buttons, lists, and hyperlinks. If you're a Quicken guru who chooses accounts from the Account Bar and commands from Quicken menus, you may customize Quicken Home to show only what you care about, such as Net Worth, bills, and scheduled transactions. Figure F-1 shows the original Quicken Home center and one customized version.



Tip: If you tend to head straight for one account, like your checking account, each time you launch Quicken, you can have that account open automatically instead of the Quicken Home window. Choose Edit → Preferences → Quicken Program. In the Quicken Preferences dialog box, in the Select preference type list, select Startup. In the “On startup open to” drop-down menu, choose the name of the account you want to open.

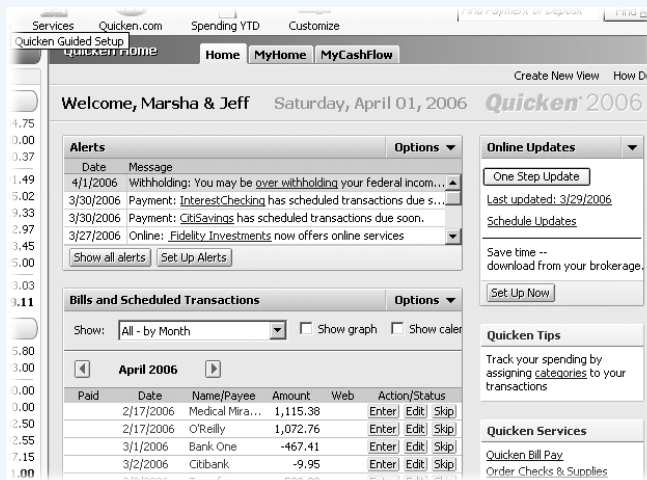
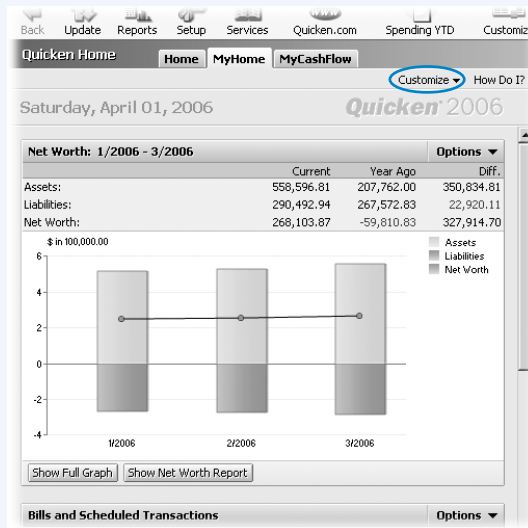


Figure F-1. Top: Quicken stuffs two columns of the Quicken Home with lots of links to tasks you can perform: bills and scheduled transactions, financial planning steps, online updates, and links to additional for-a-fee services that Quicken would love to sell you. My Web Links is Quicken’s version of browser bookmarks. Bottom: Once you’ve created a customized view, you can tweak it some more by choosing **Customize** → “Customize this view,” as described on page 436.

Here are the steps to customize Quicken Home:

1. To display Quicken Home, choose Tools → Go To Quicken Home.

Alternatively, in the Account Bar, click Quicken Home.

2. To create a new view, on the right side of the Quicken Home toolbar, click Create New View.

In addition to opening the Customize View dialog box shown in Figure F-2, Quicken adds a tab for the new view. (For an example, see the MyHome tab in Figure F-1.)

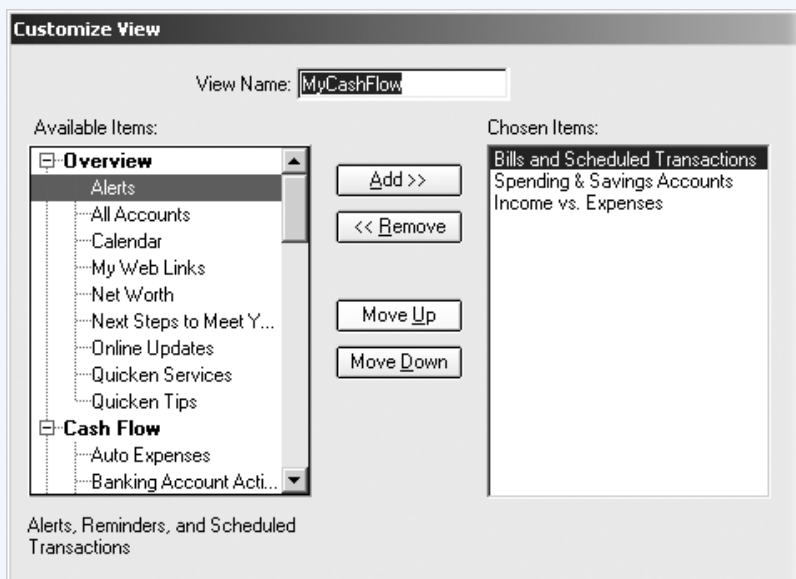


Figure F-2. To add or remove items from the view, in the Available Items list or Chosen Items list, select an item or items and then click Add or Remove. You can even customize Quicken Home to be totally blank. Of course, if you're that much of a minimalist, you may as well turn it off completely, as described in the tip earlier in this appendix.

Quicken Centers

Quicken compartmentalizes your finances into three areas: cash flow, investing, and property and debt. Cash flow represents the part of your finances in which cash tends to come in and go out—your checking account, savings account, credit cards, and cash accounts, such as your wallet. Investing encompasses the accounts you use to invest your money, whether you have a 401(k), an IRA, or a taxable brokerage account. Property and debt has to do with things you own and money you owe: your house, your car, and the mortgages and loans you bought them with.

You get to visit each of these areas individually in Quicken's Guided Setup, and you'll see the same compartmentalization throughout the program. For example, the Quicken menu bar includes Cash Flow, Investing, and Property & Debt, each of which reveals

a submenu of tasks corresponding to that area. Also, your accounts in the Account Bar are arranged under Cash Flow, Investing, or Property & Debt.

If you click one of those Account Bar headings, the program opens the corresponding *Quicken Center*, a sort of command central for that aspect of your financial life. The Center window summarizes your recent activity and provides fast access to corresponding commands. For example, in the Cash Flow Center, you can view your scheduled transactions, or click Add a Transaction to create new ones.

You can't customize any of the Quicken Centers, but you can build your own versions of those centers with views within Quicken Home. For example, you can create a view that shows your bills, scheduled transactions, and cash flow account without other detritus.

3. In the Customize View dialog box, in the View Name box, type a name that indicates the contents you plan to add.

For example, if you'd like this view to include your net worth, type *Net Worth*.

- 4. To reorder the items in the view, in the Chosen Items list, select an item and then click Move Up or Move Down until the item is nestled where you want it.**

In both the Available Items and Chosen Items lists, you can Ctrl-click to select individual items or Shift-click to select several contiguous items.

- 5. When your list of Chosen Items is the way you *think* you want them, click OK to see if the view meets your approval.**

After customizing a view, you may discover that a few items are gluttons for space and push other items out of sight. Of course, you *can* scroll down to see those items, but you may forget they're there, which kind of defeats the purpose of customizing Quicken Home. One solution is to create a separate customized view just for these space hogs. If you've included Bills and Scheduled Transactions, for example, consider turning off the "Show graph" and "Show calendar" checkboxes to regain a few inches of screen space.

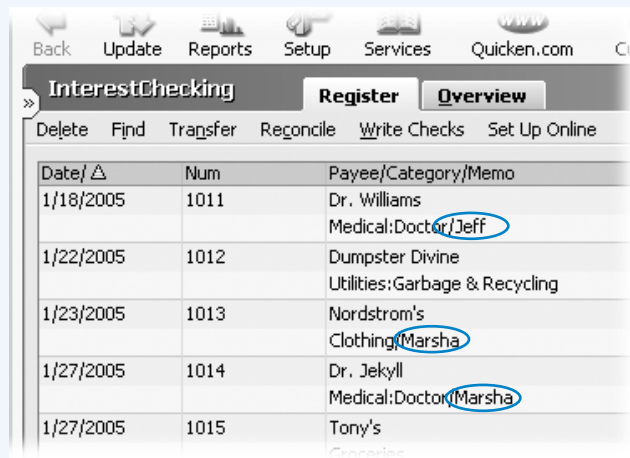
Classes

Quicken's *classes* are a way to get more information out of the same old categories. While categories are inflexible containers that only hold one kind of information, classes work like keywords so you can tag transactions within and across multiple categories.

Here's an example: Say you use Quicken to track spending for each member of your family; you can create separate categories to drill down into the details. For instance, for the Clothing category, you could create subcategories (see page 74) for each member of the family to see the wardrobe costs for an executive mom, a work-at-home dad, and two very *au courant* teenagers.

But what if you want to know how much you spend on your kids in *every* category, so you can see how much less you'll spend when the little darlings have grown and moved away? Suddenly, the technique of creating subcategories starts to look like a lot of work. This approach also makes you scroll through lots of categories when assigning them to transactions.

Instead, to track spending by family member, create a class for each person. When you create transactions, in the Category field, choose the category you want. At the end of the category name, type a forward slash (/) and the class name, like Marsha or Jeff, as demonstrated in Figure F-3. For instance, the category for one doctor's visit is Medical: Doctor/Jeff, which assigns the expense to the Medical: Doctor category and the Jeff class. Medical: Doctor/Marsha assigns an expense to the same category but Marsha's class.



The screenshot shows the Quicken 'InterestChecking' register. The window title is 'InterestChecking' and it has tabs for 'Register' and 'Overview'. Below the title bar are menu options: 'Delete', 'Find', 'Transfer', 'Reconcile', 'Write Checks', and 'Set Up Online'. The main area is a table with columns: 'Date/Δ', 'Num', and 'Payee/Category/Memo'. The table contains the following data:

Date/Δ	Num	Payee/Category/Memo
1/18/2005	1011	Dr. Williams Medical:Doctor/Jeff
1/22/2005	1012	Dumpster Divine Utilities:Garbage & Recycling
1/23/2005	1013	Nordstrom's Clothing/Marsha
1/27/2005	1014	Dr. Jekyll Medical:Doctor/Marsha
1/27/2005	1015	Tony's

In the original image, the class names 'Jeff', 'Marsha', and 'Marsha' at the end of the category names are circled in blue.

Figure F-3. The class you assign (circled) appears at the end of the category name, which is a subtle hint that classes divvy your income and spending into the smallest compartments.

When you generate reports, you can specify which classes you want to include. For example, to produce a report of only your and your wife's expenses, as you'll learn in Chapter 10, you can turn off the classes for your kids. The finished report gathers up the information from only Mom's and Dad's classes.

Validating and Correcting Your Data File

Once in a great while, Quicken may seem to behave oddly. The numbers in an account register are way off from what you'd expect, for example. If you suspect

the cause of this weirdness is a corrupt data file, you're probably right. That's the bad news. The good news is that the Validate command may be able to fix it.

Perhaps you worked through a thunderstorm and a power spike nibbled a chunk out of your data file. The Validate command analyzes your data file, tells you if it finds problems, and, to some extent, fixes problems it finds. To validate a file, first back the file up and then choose File → File Operations → Validate. In the Validate Quicken File dialog box, choose the file you want to check and click OK. If the command finds no problems, it lets you know that validation's complete. You can click OK and continue working. If the validation process finds any problems, Quicken fixes them, notes the issues and repairs in a text file (called a *log file*), and then shows you the message in Figure F-4.

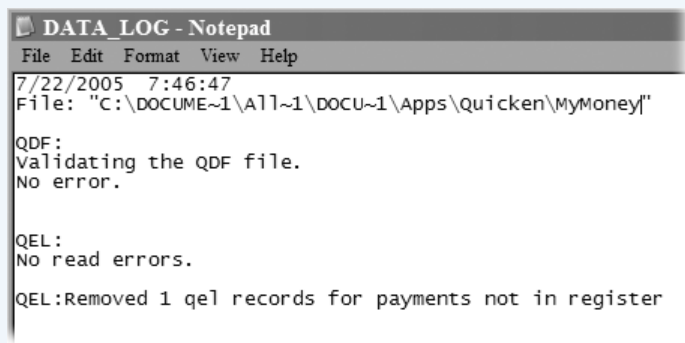


Figure F-4. Top: Quicken describes the problems it finds in a text file called DATA_LOG.txt, which it stores in the same folder as your data file. Bottom: The DATA_LOG.txt file reports any problems it finds and changes it made. If you're curious, you can open this file using a program like Windows Notepad.

Once Quicken completes its repairs, you can open your data file in any of the usual ways and get back to work. If the data file still acts funny when you open it, it may be time to contact Intuit's technical support. Don't delete that log file: The support technician may be able to use that information to help you fix the problem.



Note: A super-powered Validate command can sometimes help a file that won't validate otherwise. To try a super-Validate, hold down the Ctrl and Shift keys while choosing File → File Operations → Validate.

Password Protection

You can assign a password to your data file and, from then on, you must type that password before the program will open the file. This password protects only your Quicken data, not all the other information you keep on your computer. Considering the importance of your financial data, it isn't too paranoid to set an operating system password *and* a Quicken data file password. You'll have *two* hurdles for thieves to overcome before they get to your financial data.



Tip: For advice on creating passwords, see the box on page 442.

Adding a Password to a File

If you already use a password to log in and out of Windows, you technically don't need to set a separate one to open your Quicken data file. As long as you remember to log out of Windows whenever you get up from the PC, your Quicken data is protected along with all your other documents. But for the utterly paranoid, a Windows password *and* a Quicken password provide *two* hurdles for thieves to overcome before they get to your financial data. Also, with a Quicken password, your data file is protected as soon as you exit the program; no need to log off or shut down your PC.

Remembering Passwords

Passwords are double-edged swords: They keep miscreants out of your data, but too often, they keep you out as well. You've heard all the warnings: always create a password, write it down somewhere safe (not on a sticky note on your monitor)—and then spew choice curse words when you can't find it.

Keeping track of all the passwords you need these days is an increasing challenge. You probably have a network password for the computer at work, the code to the front door of your office, your home computer password, the PIN number for your bank account, and the special code for your teenager to open his door. On top of all this, each organization has its own rules for passwords, from 4 digits to more than 12 characters including numbers, upper- and lower-case letters, and punctuation.

People have resorted to keeping lists of passwords in all kinds of places: a text file on your PC, a PDA, or even a low-tech notebook.

Another way to document your passwords while still protecting them from prying eyes is to use a code that's easy for you to remember, but mostly impossible for anyone else. For example, you might combine the name of your pet gecko with the digits for the date that you graduated from college.

You can tweak this combination of data into almost any format you need. For instance, you can capitalize some letters of the gecko's name or replace the number 1 with an exclamation point if you must include punctuation. Then, *wherever* you document your passwords, you can use descriptions for the password format, such as "nameyyyymmdd <punctuation>" to remind you the password is Guy!9820605.

Should you decide to add a password to your Quicken file for extra protection, here's what you do:

- 1. Open the Quicken data file that you want to protect. Then choose File → Passwords → File.**

Quicken opens the Quicken File Password dialog box.

2. In the New Password text box, type the password you want to use with the file.

To hide your password from someone peeking over your shoulder, Quicken doesn't display the characters that you type. Quicken passwords can be up to 16 characters long and are case-sensitive. For example, *LiZarD980530* isn't the same password as *lizard980530*.

3. Because typing combinations of numbers, letters, and punctuation can be challenging, in the Confirm Password box, type the password a second time, as illustrated in Figure F-5.

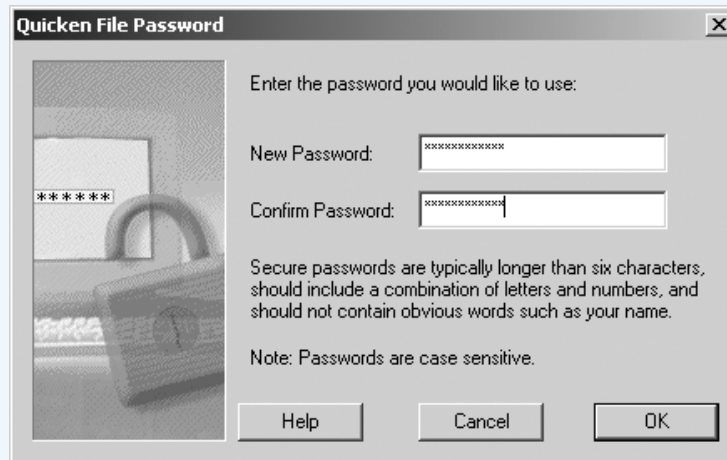


Figure F-5. Don't copy and paste the password from the New Password box to the Confirm Password box. If you copy a typographical error, you won't be able to open your data file.



Tip: If you forget your Quicken data file password and simply must get at your data, there are two possible solutions. If you recently added the password to your data file, you can restore a recent backup before you added the password. Intuit also offers a service to reset your password, but it isn't cheap.

4. Click OK.

You're done. The next time you open your data file, Quicken opens the Quicken Password dialog box. In the Password box, type your password and click OK to access your records.

Once you've added a password to your data file, the day may come when you want to change it (to one that your ex-husband doesn't know, perhaps). To change the password, choose File → Passwords → File. When the Quicken File Password dialog box appears, in the Old Password box, type the current password. Then type the new password you want to use in the New Password box and again in the Confirm Password box.

Adding a Password to Transactions

If you thought long and hard before assigning a password to your Quicken data file, you may wonder why you'd want to add *another* password to only some of the transactions in that file. The main reason for a transaction password is to protect the transactions from a previous year from being changed by mistake. For example, if the Internal Revenue Service is auditing you, the last thing you need is to inadvertently change one of the transactions under investigation.

A transaction password doesn't prevent you from making changes to transactions. The theory is, having to type a password to make a change simply ensures that you really want to do what you're about to do.

When you create a transaction password, Quicken asks you to select a date. The password applies to all transactions *before* that date. For example, once you've added all the transactions for 2005, you can apply a transaction password to all transactions before January 1, 2006. Here's how:

1. Choose File → Passwords → Transaction.

Quicken opens the Password to Modify Existing Transactions dialog box.

2. In the Password box and the Confirm Password box, type the password you want to use to protect transactions.

To minimize password proliferation, you can use the same password that you set to protect your data file.

3. In the Required For Dates Through box, select or type the date.

Any transactions dated on or before that date require a password before you can create, change, or delete them. For example, to protect the previous year, choose (or type) December 31 of that year.

4. Click OK.

Once the transaction password is in place and you create or modify a transaction dated earlier than the transaction password date, the Quicken Password dialog box appears. To complete the creation or modification, in the Password box, type the transaction password, and then click OK. (Or, just click Cancel to cancel the creation or modification.)



Tip: As with Quicken data file passwords, there's an alternative method for protecting your previous year's data *without* having to remember yet another password. At the end of each year, create a special end-of-the-year backup copy of your Quicken data file. For example, name it *MyMoney2005_EOY_Backup*. The only problem with this approach is that you'll continue to see any mistakes you've made in your regular data file if you don't go back to that special backup.

The PIN Vault

If you use online services on several accounts, you already know how tedious it can be to type your personal identification number (PIN) for each account each time you connect. If you use Quicken's One Step Update feature (page 231) to harvest all your online transactions at once, typing all those PINs one after another gets unbearably tedious.

The PIN Vault is like a bank vault that stores all your financial PINs so that you have to remember only one password—the one to the PIN Vault. Once you've provided the PIN Vault password, Quicken takes care of sending your customer IDs and PINs to their corresponding financial institutions.



Warning: Quicken doesn't encrypt the PIN Vault stored on your hard drive, so serious hackers could retrieve your PIN Vault password if you leave your computer unprotected. To keep *all* your data safe, set a login password in Windows. If you use a screen saver, set it to require the password to resume working. (For more information on Windows passwords, consult a book like *Windows XP for Starters: The Missing Manual*.)

How the PIN Vault Works

Once you set up a PIN Vault, Quicken uses it automatically. When you launch the One Step Update or other types of online services described in Chapter 6, the PIN Vault Password dialog box appears. In the Password box, type your PIN Vault password and then click OK. Quicken grabs the customer IDs and PINs from the vault to connect to your accounts and complete your online tasks.

Setting Up the PIN Vault

Creating the PIN Vault is easy. Choose Online → PIN Vault → Set up. Filling in the boxes in the Pin Vault Setup dialog box is easy as well. For each financial institution that you've set up to use online services, select that institution, and type the customer ID and PIN for that account. You'll have to type the PIN a second time to confirm. After you've entered all your PINs, you specify the password for the PIN Vault itself.

For optimum security, use a PIN Vault password that's different from your data file password. Otherwise, someone who breaks into your Quicken data file would have access not only to your transactions in Quicken, but also to the money in your bank accounts.

Your PIN information may change from time to time, for instance, when you create a new account with online services or add online billing to an existing account. Or your bank may change its procedures and assign you a new customer ID and PIN. Regardless of the reason, you can add or remove financial institutions in the PIN Vault or change your online service information. Choose Online → PIN Vault → Edit. In the Edit PIN Vault dialog box, do one of the following:

- ▶ **Add a PIN.** To add a PIN for an account that doesn't have one assigned, select the financial institution and then click Add PIN.
- ▶ **Change a PIN.** Underneath the financial institution entry, click the row that contains the customer ID and PIN and then click Change PIN.
- ▶ **Remove a PIN.** If you no longer want to store a PIN in the vault, click the row that contains the customer ID and PIN and then click Delete PIN.
- ▶ **Change the PIN Vault password.** To change the password to the PIN Vault itself, click Change Vault Password.

Changing the Value of an Asset

The things you own change in value over time. When you buy a car, it loses value as soon as you drive it off the lot. It continues to *depreciate* (that is, lose value) year after year. But if the model is destined to be collectible and you take good care of it, the car's value may begin to increase someday. In fact, any collectible item can change in value due to market supply and demand. A house's value may increase when you make improvements, like adding a finished basement. If you use Quicken to track your net worth, you can adjust the value of the assets in your Quicken asset accounts, but how you do that depends on why the value changed in the first place. This section explains the three most common approaches.

Market Value

Suppose real estate in Vegas gets hot (price-wise, not temperature), and your air-conditioned bungalow near the Bellagio soars from \$50,000 to \$120,000. Your real estate asset is worth more and you want to see that in Quicken. All you have to do is update the balance in your Quicken asset account. Here's how:

- 1. In the Account Bar, choose the asset you want to update.**

Quicken displays the register for that account. You can also get to an account register by pressing Ctrl+A to open the Account List window. Click the name of the account and then, in the Account List menu bar, choose Go To.

- 2. In the register menu bar, choose Update Balance.**

The Update Account Balance dialog box opens. The name of the selected asset account appears at the end of the dialog box title to help prevent you from updating the value of the wrong asset, as you can see in Figure F-6.

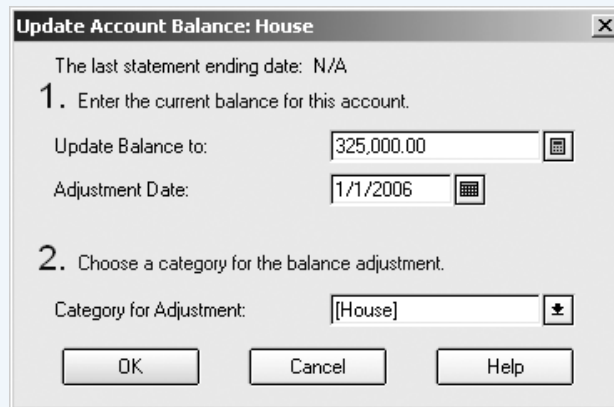


Figure F-6. When you update the value of an asset, provide your estimate of its value and the date on which you make the change.

3. In the “Update Balance to” text box, type your estimate of the asset’s value.

You won’t know the real value of something you own until you sell it. The “Update Balance to” text box is for your best guess of the present value—higher or lower.

4. In the Adjustment Date text box, type the date on which you make the change.

The adjustment date isn’t that important. If you had an asset appraised by a professional, use the appraisal date. Otherwise, use the date when you checked the asset’s value (by looking up the Blue Book value of your car, for example).

5. In the Category for Adjustment drop-down menu, choose the asset account.

Quicken automatically chooses the Misc category. If you accept that suggestion, though, a big increase or decrease in asset value could make your income and expense reports look better or worse than they really are.

By choosing the same account, your balance update doesn’t show up in a category or other account; it simply changes the value of your asset account.

6. Click OK.

(If the Category for Adjustment is the asset account, as recommended in the previous step, Quicken gives you a warning about transferring into the same account. Just click OK again.)

Quicken changes the balance in the asset account, as shown in Figure F-7.

Depreciation

Depreciation is an accounting technique that reduces the value of an asset, which turns into a desirable tax-deductible expense for a business. If you *don’t* use your assets for business, stop right here—any decrease in asset value doesn’t generate a tax deduction and there’s no reason to track depreciation. For assets not used

Date/▲	Ref	Payee/Category/Memo	Decrease	Clr	Increase	Balance
11/8/1990		Opening Balance [House]			150,000 00	150,000 00 ▲
7/14/2005		Balance Adjustment [House]		R	160,000 00	310,000 00
1/1/2006		Balance Adjustment [House]		R	15,000 00	325,000 00
3/7/2006		Payee	Decrease	Increase		

Figure F-7. If you assign a balance update to the same asset account, the value of the asset increases, but the increase or decrease doesn't affect income and expense reports or other accounts.

for business, you can update the balance in the asset account to reflect the lower value, as described in the previous section.

If you use an asset for business and plan to take a tax deduction for depreciation, you can still use the Update Account Balance dialog box. The only difference is the category that you choose, as you can see in Figure F-8. Create a category like Business: Depreciation. In the Update Account Balance dialog box, choose that category for the decrease in value transaction. Then, at the end of the year, you can run a report to total your depreciation for the year.

Improvements

If you spend money on home improvements that increase the value of your home, you update the asset account balance as part of recording your expenditures. For example, when you renovate your kitchen, the value of your house usually increases. When you enter the check or credit card purchase for the kitchen materials, in the Category field, choose the asset account for your house. As you can see in Figure F-9, the transaction changes the balance in your checking or credit card account (decreasing your checking account balance or increasing the amount you owe on your credit card). The transaction also transfers the value of your purchase to your asset account, where it increases the value.

Figure F-8. To track depreciation for a business, create an expense category for depreciation. When you update the balance in an asset account, assign the depreciation category.



Tip: In the Memo field of the improvement transaction, type the improvement you made. If you want to find the transaction later, it's easier to remember “new carpet” than “Sears.”

Acquiring and Disposing of Assets

Every time you buy something, you're acquiring an asset. You usually must spend money to acquire assets, unless you get them as gifts (or bribes). Likewise, if you sell an asset to someone (like that collection of 1920s hubcaps that you've suddenly grown tired of), you probably receive a check or cash that you can put in the bank. Quicken lets you track the shifting value of your assets and the money flowing into and out of your accounts as a result.

Much as when you make home improvements to increase your home's value (page 183), you can change the value of an asset account as you record your purchase or deposit transaction in Quicken. For example, if you sell your '63 Mustang, when you deposit the check for \$50,000 into your checking account, in the Category field, choose the asset account for the Mustang. In addition to increasing the checking account balance, the deposit transaction decreases the asset account balance by \$50,000, as shown in Figure F-10.

The top screenshot shows the 'Credit: Bank One Credit Card' register. The transaction on 3/7/2006 for 18,950.00 is recorded against 'Kevlar Kitchens' with a memo '[House] kitchen re'. The balance is 20,383.00.

The bottom screenshot shows the 'Asset: House' register. The same transaction on 3/7/2006 is recorded against 'Kevlar Kitchens' with a memo '[Bank One Crekitchen remodel]'. The 'Category' field is set to '[House]', which is circled in blue. The 'Increase' column shows 18,950.00, and the 'Balance' column shows 343,950.00.

Figure F-9. Top: Your purchase shows up in the account you use to pay for an improvement, like the credit card account shown here. Bottom: By choosing the asset account in the Category field (circled), Quicken increases the value of the asset by the amount of the purchase.

If you sold an asset for more or less than the value in the Quicken asset account, the account balance won't equal zero, as it should when you no longer own an asset. To correct this discrepancy, choose Update Balance and set the new balance to zero. That's all there is to it.



Note: If you purchase a new asset, create the asset account *first*. You can set the balance to zero. Then, when you create the banking transaction that pays for the purchase, in the Category field, choose the asset account.

Date/Δ	Num	Payee/Category/Memo	Payment	Clr	Deposit	Balance
12/4/2005	DEP	Jack Flash [63 Mustang]			50,000 00	47,519 60
12/8/2005	1005	First Focus S&L --Split--	920 10			46,599 50

Date/Δ	Ref	Payee/Category/Memo	Decrease	Clr	Increase	Balance
6/6/2004		Balance Adjustment [63 Mustang]		R	29,500 00	45,000 00
12/4/2005		Jack Flash [InterestChecking]	50,000 00			-5,000 00

Figure F-10. The deposit from a sale increases your bank account balance (top) and reduces the balance in your asset account (bottom).

Exchanging Email in Quicken

If you have an email address for your bank, you can send messages from your regular old email program. But when you use online financial services, your bank sends you messages that you download with your transactions, completely bypassing your email program. The Online Center lets you view these messages from your bank, as well as reply to them. Its E-mail tab lists all of these messages, like a little email program unto itself.

Choose Online → Online Center to open the Online Center window. Click the E-mail tab to access emails from your bank or to compose your own, as shown in Figure F-11. To read a message, select it and click Read.

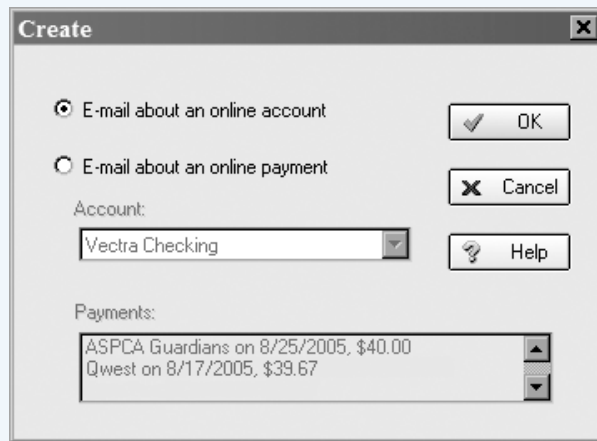
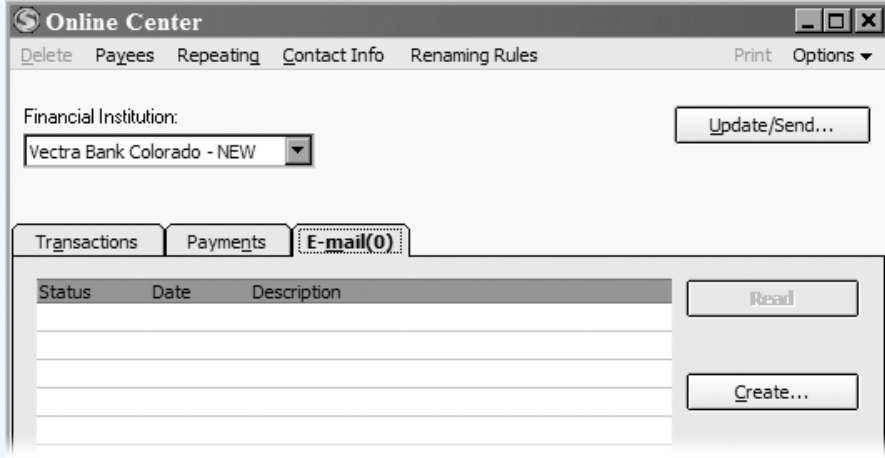


Figure F-11. Top: To read a message, select it and click Read. To compose a message, click Create.

Bottom: If you click Create, the Create dialog box opens with options for sending an email about your account or a specific online payment.

To compose a message, click Create. When you're ready to send the message, in the Online Center window, click Update/Send.



Tip: If your financial institution has sent emails you haven't yet read, the E-mail tab indicates the number of messages waiting in parentheses.

The “Message to” dialog box should seem familiar if you use email. Fill in the To, From, and Subject text boxes. In the Regarding account drop-down menu, you can choose the bank account in question. In the Message box, type the body of your message. Click OK to queue the message for sending.

Let Payees Come and Get Their Payments

Doing your own online transactions, manually downloading them into Quicken, and then trying to match them with your own entries is a lot of work...but suppose you're just too much of a miser to pay for an online banking service to do it. Take heart: You can automate payments for many of your bills without a bill payment service or bank-initiated payments—and it's free. You can take advantage (so to speak) of payees who offer their own automatic bill payment by electronically retrieving their payment from your bank account or by charging your credit card. Using this approach, you can still keep things simple in Quicken by setting up scheduled transactions that reflect these recurring bills. This section explains how to pay payees who are willing to come get their own money.

Setting Up Payments with Payees

When you receive a bill or statement, go to the payee's Web site to see if they have an automatic payment option. Many companies can take money straight from your checking account, and almost all will charge your credit card. For example, on the Qwest Web site, in the Customer Service section, you'll find the “Sign up for paperless billing” option. You can also check the bill you receive for the steps to signing up for automatic payments.

Sign up for the automatic billing routine only for bills that you don't need to review before you pay. For example, bills for telephone service, utilities, cable, and insurance premiums are all candidates for automatic bill payment. Should you set up your credit card bill for automatic payment, be sure you also review the statement for suspicious charges.

To make sure that your system is working, set up only a few bills for automatic payment each month and see if they work properly. If you don't want to wait for your statement to arrive, you can go to the bank's or credit card's Web site to inspect the posted transactions.

Quicken Setup

In Quicken, set up scheduled transactions using the “Automatically enter” option (see page 167) so that the program records the payment in your checking or credit card account without your help. You can set up scheduled transactions for all recurring bills, even if they occur only once a year.



Tip: For bills whose amounts vary, set up the scheduled transactions with estimated amounts. You can edit them later.

To prevent bounced payments or minimum balance fees, apply a minimum balance alert to your checking account in Quicken. (Open the account register and click the Overview tab. On the Overview tab, click Edit Account Details. In the Set Up Alerts section, in the Min. balance box, type the minimum balance you want to keep in the account.) Give yourself a cushion beyond the minimum balance the bank sets. For example, if you must keep \$1,000 in your account to avoid monthly service fees, set the alert in Quicken to \$2,000. Quicken examines your scheduled transactions in the near future and displays a warning message box if the minimum is imminent.

Don't wait until the last minute to move money into your checking account to cover your bills, particularly if you're transferring money from a different financial institution, like a mutual fund company. New banking rules let financial institutions yank money from your account immediately, but still allow banks to drag their feet when it comes to making your deposits available. Transfer money into your checking account at least three days ahead of time if you use online transfers—a week or more ahead if you use snail mail.



Tip: If you frequently withdraw cash from your checking account, consider increasing the cushion you want to keep there. Similarly, if you write a large check that *isn't* a scheduled transaction, check your estimated balance when automatic bills are going to hit your account to see if you should transfer money in.

Paying an Occasional Bill Online

A payee's Web site is also the solution to paying bills that you don't pay automatically. The same Web page that lets you set up automatic payments usually includes a way to make a one-time payment by transferring money from your checking account or charging to your credit card. In Quicken, record the transaction in the appropriate account register, so you know how much money you have in your account.

It's a good idea to set a scheduled transaction to remind you in advance about the bill, so you have some breathing room in case the company's Web site is down. For example, set the due date for bills you pay manually to 7 to 10 days before the bill is due. You can set these transactions up as scheduled transactions, except that you use the Remind Me setting instead of "Automatically enter." This way, you have time to transfer money to your checking account, or make sure your credit card isn't maxed out, for example.

Coordinating Bill Payment with Quicken

Here are the steps to coordinating payee-initiated bill payment with your Quicken data:

- 1. Record every credit card charge, check, withdrawal, and deposit as they occur.**

This is the best way to know how much money you actually have in the bank and what you'll owe when the credit card bill arrives.

- 2. When you receive a bill whose amount varies from month to month, like utility bills, in Quicken, edit the scheduled transaction to reflect the new payment amount.**

If it's an automatically paid bill, simply file the original in your filing cabinet. When the bill's due, the payee pulls the money from your checking account (or charges to your credit card) and Quicken records the scheduled transaction.



Tip: If you have a scheduled transaction set up for a bill, let *it* record that transaction instead of making a manual entry. Otherwise, you miss out on the convenience of recording scheduled transactions *and* create the extra work of telling Quicken to skip one occurrence of the scheduled transactions.

- 3. For bills you don't pay automatically, record the scheduled transaction in the Scheduled Transaction List window.**

For example, press Ctrl+J, or select the scheduled transaction and then click Enter. In the Edit Current Transaction dialog box, change fields to match the bill and then click Record Transaction.

- 4. When you receive your checking account and credit card statements, reconcile your accounts.**

If you forgot to enter a check or credit card charge, reconciling Quicken accounts to statements shows your omission. You must keep your Quicken accounts in synch with your financial institution's records if you want your balances to be correct.

This approach takes a bit more work on your part to record transactions, but it doesn't cost a dime, and it even works with financial institutions that don't do business with Quicken services.

Renaming or Deleting a Budget

In the Budget window, the Setup tab includes a few additional buttons: Rename and Delete. When the budget you want to rename appears in the Other Budgets list, select it and then click Rename in the Other Budgets section. To rename the current budget, click Rename in the Current Budget section. If you rename a budget, the Rename Budget dialog box appears with Name and Description text boxes.

If you click Delete, a confirmation box appears. You must click Yes to confirm that you want to permanently delete the budget.



Tip: If you want to delete the current budget, you must first make a different budget current.

Adjusting an Investment Account Balance

Whether the account balance is off due to an error or because you don't bother recording investment transactions, it's easy to bring Quicken's account balance into line with your brokerage or 401(k) statement. With reinvested dividends and purchases of fractional shares, your share balance may be off by a few hundredths of a share because you missed a reinvested dividend a few months back. Or the cash balance may be incorrect, because you didn't record a cash dividend. On the other hand, if you update your Quicken 401(k) account to match the numbers from your employer, you can adjust *both* the cash and share balances.

To maintain the accuracy of your financial records and catch errors your financial institution makes, the ideal solution is to check both your records and your financial institution's to find the discrepancy. If you want to take the easy way out, Quicken offers a command for each update method:

- ▶ **Update cash balance.** To update the cash balance in an investment account, choose Investing → Investing Activities → Update Cash Balance. In the Update Cash Balance dialog box, in the “Enter the correct cash balance for this account” text box, type the cash balance from your statement. In the “Adjust

the balance as of this date” text box, Quicken automatically fills in today’s date. To keep the update tied to the statement to which it corresponds, change the date to the date on the statement.



Note: If your investment account has a linked checking or money market account, the cash balance is in that linked account. Instead of using the Update Cash Balance command, you reconcile the linked cash account as you would your regular checking account.

- ▶ **Update share balance.** The command for updating the share balance appears in two places, but it works much like Update Cash Balance. Choose Investing → Investing Activities → Update Share Balance. Or, in the investment register, click “Enter transactions.” In the dialog box that opens, in the “Enter transaction” drop-down menu, choose “Adjust share balance.”

In the Adjust Share Balance dialog box, in the “Security name” drop-down menu, choose the security whose shares are incorrect in Quicken. In the “Number of shares” text box, type the number of shares from your statement. In the “Transaction date” text box, Quicken automatically fills in today’s date. To keep the update tied to the statement to which it corresponds, change the date to the date on the statement.

- ▶ **Update 401(k) Holdings.** When you’re working on your 401(k) or 403(b) account in Quicken, above the register you’ll see the Update 401(k) Holdings button. When you receive a statement for your employer-sponsored retirement account and don’t download transactions, click Update 401(k) Holdings to bring Quicken in line with the statement. The Update 401(k)/403(b) Account dialog box walks you through all of the events that may have occurred during the last period, as you can see in Figure F-12.

Other Investment Transactions


In Quicken, the hardest thing about recording transactions is often figuring out what *kind* of transaction to use. For example, you may never encounter a return

Update 401(k)/403(b) Account: Marsha's TR2 401k

Welcome to 401(k)/403(b) Update.

Use your most recent statement to update this account.

The previous statement ended: 2/3/2006

This statement ends: 

Does your statement show how many shares of each security you own?


No Yes


Did you take out a new loan against this account during the last statement period?


No Yes

Update 401(k)/403(b) Account: Marsha's TR2 401k

Total contributions this period.

Employee Contributions: 

Employer Matching Contributions: 

Other Contributions and Payments: 

Total funds added: \$600.00

Figure F-12. Top: Quicken keeps track of the date of your last update. Bottom: Use numbers from your 401(k) statement to fill in the text boxes in the Update 401(k)/403(b) Account dialog box.

of capital or a non-cash stock dividend. Or, your financial institution may notify you of a transaction, but you can't find anything by that name in Quicken.

The following list describes the lesser-known types of transactions on the “Enter transaction” drop-down menu:

- ▶ **Add or remove shares.** If you receive shares as a gift, you can add them to your investment without affecting the share balance with the “Add – Shares Added” entry. Similarly, removing shares that you donated to your college requires the “Remove – Shares Removed” entry.
- ▶ **Return of Capital.** Some investments act like loans. For example, a bond is actually money you lend and receive payments in return. If you hold the bond until it matures, you receive your original investment back (the principal or capital). Investments in mortgage-backed securities and limited partnerships also return principal. This money that you receive isn’t income or gains—it’s your money. Record this return with the Return of Capital entry, which reduces the cost basis of your investment.
- ▶ **Miscellaneous Expense.** This entry is for expenses that arise from time to time, like fees that your financial institution charges to handle your account (not the commissions you pay on trades).
- ▶ **Margin Interest Expense.** You’re not likely to need this entry, unless you borrow money to buy investments (which makes you one of a small number of brave souls indeed).



Tip: If you’ve diligently grown your portfolio into a substantial sum, borrowing against your investments instead of a credit card or home equity loan can be a good deal. Brokerages tend to offer competitive interest rates, but the margin interest you pay is deductible against your investment income.

- ▶ **Employee Stock Options.** Quicken includes three entries for stock options, but they all do the same thing—open a dialog box that contains a Launch Wizard button. Whether you choose Grant Employee Stock Option, Exercise Employee Stock Option, or Reprice Employee Stock Option, the wizard launches and steps you through the stock option task at hand.

- ▶ **Employee Stock Purchase Plan.** If you're lucky enough to work for a company that sells shares at a discount to its employees, you can record your purchases and sales with Bought ESPP Shares and Sold ESPP Shares. Like the stock option entries, you click Launch Wizard to step through these transactions.
- ▶ **Short sales.** Selling a security that you don't own is called a *short sale*. A highly risk-tolerant and (ideally) knowledgeable investor borrows shares of a security and sells them to someone else. The investor hopes (and *hope* is the key word here) to make money by purchasing shares later at a lower price to replace the ones they borrowed, which is called *covering* a short sale. On the outside chance that you use this technique, use the Short Sale and Cover Short Sale entries to record your transactions.
- ▶ **Corporate Name Change.** If a company changes its name, the name for its securities usually changes, too. To change the name of the security for all of its transactions in your data file, choose the Corporate Name Change entry, choose the security, and in the "New security name" text box—you guessed it—type the new name.
- ▶ **Corporate Securities Spin-off.** The idea of a company spinning off a division seems unlikely in this age of mergers and acquisitions, but spin-offs occur all the time. If you own stock in a company that spins off another company, you typically receive shares in the new company on top of the ones you own in the parent company. The "Corporate Securities Spin-off" entry needs the name of the security that spun off new shares, the name of the new company, the number of new shares issued for each old share, and the cost per share for the old shares and the new shares.
- ▶ **Corporate Acquisition (stock for stock).** If a company you own buys another company, you usually receive additional shares of the company you currently own. For this transaction, you tell Quicken the company that was acquired and the company that did the acquiring, the number of new shares issued for each old share, and the cost per share for the acquiring company's shares after the acquisition.

- ▶ **Cash Transfers.** You need money to buy investments, so you're unlikely to invest for long without transferring money from a cash account (like checking or savings) into an investment account. In addition, you'll withdraw money from an investment account from time to time; for instance, for living expenses when you retire. "Cash Transferred into Account" and "Cash Transferred out of Account" are the entries you use to move money between your investment and cash accounts.
- ▶ **Shares Transferred Between Accounts.** If you decide to switch to an ultra-discount broker, you may move your investments from your old broker to the new one. Use Shares Transferred Between Accounts to move the shares between the Quicken accounts.