

Quicken SIG Notes - March 25, 2003

Category List: (We will continue with the Category section from last month's handout.)

- The Category List is at the heart of how you track your financial transactions in Quicken, whether as Income or Expenses. To view the list, Select **Tools, Category List**.

Category	Type	Description	Group	Tax	Tax Line Item
Bonus	Income	Bonus Income	Income	✓	W-2:Salary or wages, self
Bonus Spouse	Income	Spouse's Bonus Income	Income	✓	W-2:Salary or wages, spouse
Div Income	Income	Dividend Income	Income	✓	Schedule B:Dividend income
Employer Benefit	Income	Employer Benefit	Income	✓	W-2:Salary or wages, self

- The focus today is how to make new Categories. While viewing the Category List, select **New**. Say you are planning on buying a new Entertainment Center for your home, and you want to collect all expenses against one category. Just type in Entertainment Center, be sure that the kind of Category is defaulted to Expense, and click Ok, as in the figure below.

Set Up Category

Name:

Description:

Group:

Type

Income

Expense Spending is not discretionary

Subcategory of:

Tax

Tax Line Item:

Tax-related Standard Line Item List

Extended Line Item List

OK Cancel Help

- Now all further expenses for the new TV, Stereo Amplifier, Power Distribution Center, Speakers, etc. can be recorded against the category of Entertainment Center.

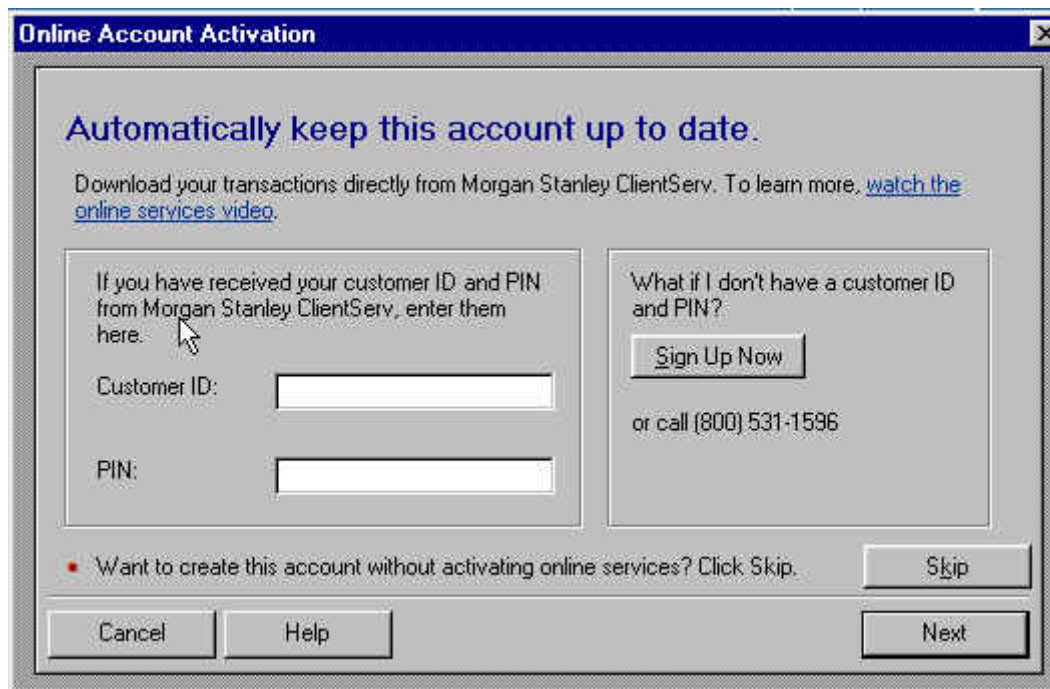
- An alternate way to establish a new Category is to just start typing the new Category name into the Category section of the register when you are entering the check or charge for an individual transaction. Quicken will ask you if you are creating a new Category, and you can click Ok.

Money Market Accounts:

- Quicken has changed the way it recommends you handle Money Market accounts. And it's about time! In Quicken 2001, if you wanted to set up a Money Market account, Quicken gave you the option of setting it up as a Banking & Cash account. The options for setting up a new account for the Banking & Cash center in Quicken 2001 were:
 - Checking
 - Savings
 - Credit Card
 - Money Market
 - Cash
- The problem with this approach was that you could only track the value of the Money Market fund as cash, and you never could track the number of shares that you owned of the Money Market fund. Now, in our recent financial markets, this has not been a problem. The value of a share of any Money Market fund has always been \$1.00 per share. But the footnotes have always said that this \$1.00 per share value was not guaranteed. So, those of us who have used Quicken to track our Money Market funds have always been exposed to this inability to track our shares.
- Furthermore, if we ever tried to produce a Report in Quicken 2001 to see how our Investments were doing, Quicken would not include anything from the Banking & Cash center. The data would be taken entirely from the Investment center. So if we ever looked at a graphical distribution of our investments, we could not see our true level of diversification.
- Quicken 2003 offers this definition of Money Market under it's Help menu:
 - Money Market
 - Short-term debt instruments such as certificates of deposit, commercial paper, banker's acceptances, Treasury bills, and discount notes of the Federal Home Loan Bank and the Federal National Mortgage Association, among others. Elements of the money market have two things in common: safety and liquidity.
 - A money market fund is a mutual fund that invests only in money market investments. Most money market funds allow limited check writing and keep your principal constant but vary the interest rate. An investment in a money market fund is not insured or guaranteed by the US government. There is no assurance that the fund will maintain a \$1 share price.
- Quicken 2003 changes the way Money Market funds can be handled. It now recommends that Money Market funds be set up within the Investment Center. You can open a Money Market account as either a Single Mutual Fund account or a Brokerage account. Let's set up a Money Market account.
 - Select **Tools > Account List**. Then at the upper part of the screen from the center of the menu, select **Add Account**. We get



- Now, to set up our Money Market fund, we can pick either a Brokerage account or a Single Mutual Fund account. Let's select Single Mutual Fund, and identify the account as Mny Mkt Fnd - Single, with Morgan Stanley. Since Morgan Stanley is one of the financial institutions that downloads information to Quicken, we are offered the following screen:



- If we have it, we enter the Customer ID and our PIN number. For our exercise, we will click on **Skip**. We then are given the opportunity to identify the Security symbol and type for our Money Market Account. For the Asset class, select **Single > Cash**. Now, we can Enter our Account Data to set up the fund. You can enter all your historical data, or since it is a Money Market Fund, you can use your last statement without getting in trouble with a Capital Gains issue. Since all of your past share values have been \$1 per share, just enter the current value of your fund in dollars as the number of shares.
- The alternative to the Single Mutual Fund is to open a Brokerage account. Many times financial institutions use a Money Market fund as the cash management tool that is attached to your Brokerage account. In this case, you would want to open a Brokerage account and use your Money Market fund as one of the securities held within the Brokerage account.

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