

# Quicken SIG Notes – November 23, 2004

## Setting Up New Accounts: Investment and Property .....

### Investment Accounts:

**Single Mutual Fund – Homework:** Set up a single mutual fund account for shares held in the T. Rowe Price New Income Fund. Use Quicken.com to get the Symbol for the fund. Start with a purchase on 10/15/04 of 164.114 shares for \$1500.00 with no brokerage fee for the purchase.

**Solution:** The tried and true way to add a new account to your Quicken data base is by selecting Tools > Account List and then clicking on the Add Account icon at the top of the account screen. This will always lead to an acceptable account structure. However it may not lead you directly to the format you want for the account. I have a new recommendation. Click Quicken Home (in Quicken 2003 to 2005). This removes any distractions. Then click on the Center in the left column where you want to add the account. For example, if you want to add a bank account, click on the Cash Flow Center icon. Then, on the right side of the screen under your current list of accounts, click the Add Account icon. If you want to add a Property account, like a house or a car, click on the Property & Debt Center icon, and then click on Add Account under the list of property and debt accounts on the right hand side of the screen. The reason I recommend this, is that it takes you directly to account formats of interest when you set up a new account associated with a given Center.

For the first exercise, we select the Investing Center, and in the tab on the right side that lists the accounts (the Today's Data tab for Quicken 2005), select the Add Account icon. When it asks for the financial institution, enter T. Rowe Price. Quicken will identify that as one of the firms on its list and complete the name for you. Among other things, this means that Quicken can download data from your account at T. Rowe Price if you choose. Click Next and give the account a name, such as TRP New Income. Then, click Next and set up the account Manually. On the following screen, make sure the account is a taxable account. Continue and if you have a statement that includes your opening transaction, enter the statement date. In this example, we enter the date

of the transaction, 10/15/04, and click Next.

The screenshot shows two panels of account balances. The left panel, titled 'Investing Center', lists various investment accounts and their balances. The right panel, titled 'Investment & Retirement', provides a summary of investment and retirement accounts, including subtotals and a total balance.

Investing Center	
Acme Investm...	17,637.80
Atlas Test Fund	285.60
Fidelity Broker...	35,465.70
Old Lady Fund	1,594.51
T Rowe Price	644.86
TRP _v2	33,109.86
Fidelity SIG 5	2,613.78
Mmy brokerag...	9,204.50
<b>\$187,659.85</b>	

  

Property & Debt	
Stamp Colle...	8,850.00
Sun Lakes H...	125,000.00
Hilltop House	210,000.00
Hilltop Hous...	210,000.00
Toyota	9,770.00
Arizona Ho...	-43,706.52
Hilltop Hous...	-180,000.00
Hilltop Hous...	-179,177.75
Toyota Loan	-3,248.08
<b>\$157,487.65</b>	

  

Investment & Retirement	
Account	Cost Ba
<b>Investment</b>	
Acme Inve...	17,123.
Atlas Test ...	367.
Fidelity Bro...	35,274.
Old Lady F...	1,594.
T Rowe Price	580.
TRP _v2	41,175.
Fidelity SIG 5	2,500.
Mmy broke...	9,632.
<b>Subtotal</b>	<b>108,247.</b>
<b>Retirement</b>	
Art's IRA	48,316.
Jim's 401K	35,000.
<b>Subtotal</b>	<b>83,316.</b>
<b>Total</b>	<b>191,563.</b>

Now Quicken wants the symbols for the fund. If you know them, then enter them. Otherwise, click on Ticker Symbol Lookup. If your Internet connection is active, you will be taken to the quicken.com web site where you can select the radio button for Mutual Fund, and enter the name T. Rowe Price New Income. The search will return three potential names. The symbol we want is PRCIX. Copy and Paste this into the ticker box. You can also type in the name of the fund. Click next, and if your computer is on the Internet, Quicken will download the current price for the mutual fund. Then Quicken will ask for your current holdings. Enter 164.114 shares and click Next. Quicken will show you your holdings on the following screen. Click Done.

Now go to the Transactions tab for the new account. Note that Quicken has used a Placeholder Entry for the 164.114 shares. Quicken uses Placeholder entries to aid in setting up an account without having to enter all the individual transactions. Just enter the types of funds or stocks and the shares associated with each, and the account will be active in Quicken. You can return later to enter the basis for each of the securities. To enter the basis for this transaction, click on Enter Cost. In the next screen, click on Enter Missing Transaction. You will be entering a transaction for Buy – Shares bought. Enter 164.114 for the number of shares. Do not enter a price per share!!! Click inside the Total Cost area and enter the \$1500.00 and hit the computer Tab key. Quicken will calculate the price per share as \$9.14 per share. Then click Done. Quicken takes you to a screen where it tells you that the shares remaining in your Placeholder Entry are zero. Click Done on this screen. The Placeholder Entry in the Transaction Register has been replaced by the proper Buy transaction. The account is complete and up to date.

**Brokerage Account – Homework:** Set up a brokerage account with Fidelity Investments to hold the following mutual funds. Purchase on 10/25/04 of 30.184 shares of T. Rowe Price New Era for \$1000.00. Purchase on 10/25/04 of 67.325 shares of Fidelity Equity Income Fund II for \$1500.00. No brokerage fee for either transaction.

**Solution:** To set up the second Investment account, go back to the Investment Center and click on Add Account. Type in the name Fidelity Investments and click next. Notice that you see a new screen this time that allows you to choose from different type investment accounts. Why do you have this choice for a Fidelity fund and not for a T. Rowe Price fund? We will discuss the answer in the SIG meeting. We will also set up the account for the two securities following a process similar to that followed in setting up a Single Mutual Fund account.

### **Property and Debt Accounts:**

**House Account – Homework:** Set up an account for a house we will call Hilltop House. Assume you paid \$200,000 for the house on 5/18/04. You owe a mortgage of \$180,000 to First National Savings and Loan. Interest on the 30 year loan is 7.45%, and the payments are made monthly, starting with the first payment on 6/03/04. As of 10/25/04 the house is worth \$210,000. Note that as you set up this account, Quicken will set up a

separate account for the value of the home, and another account for the liability of the loan.

**Solution:** Select the Property & Debt Center from the left column in Quicken. Click Add Account in the Accounts section. In the next screen accept the default of the type of account as House, and follow up by naming the account Hilltop House in the succeeding screen. Enter the property acquisition date of 5/18/2004, with a purchase price of \$200,000 and a current worth of \$210,000. Click Next and the following screen asks if there is a mortgage on the property. The answer is yes, so accept the default radio button for Yes, create a liability account for me. Click Done.

Now Quicken wants to know about the loan information. The Opening Date for the loan is the original purchase date of the house, so be sure the entry is 5/18/04. Enter the Original Balance of \$180,000, and set the Length of the loan for 30 years. Change the compounding period to monthly since home loans are usually paid and compounded monthly. The Standard Period stays Monthly, and click Next. We need to enter the correct information in the next screen to let Quicken calculate the correct loan payments. To enter the loan information on the following screen, accept the No Balloon Payment, and enter \$180,000 for the loan amount on 5/18/2004. Leave the Payment Amount blank since we will let Quicken calculate that for us. Enter the first payment date of 6/03/2004, and click the radio button for Calculate on the last line for the form. Change the Interest Rate to 7.45%, and then click Done. After an information window, Quicken shows the calculated Payment of \$1252.43 for the monthly payment. If this agrees with the information from your mortgage company, click Done.

You are then given a screen to edit the loan payment information. If you are having taxes paid through your mortgage broker, then use the Edit icon and add the appropriate amount for monthly tax payments. For this exercise, we will assume no additions for taxes. For the Transaction portion of the form, be sure to check the Payment Method and understand how your monthly payments will be made. [For example, if your mortgage payments will automatically be withdrawn from your checking account each month, you would select Automatically Enter from the drop-down menu next to Register Entry.] For our example, we will accept the payment as a Scheduled Transaction and Prompt before entering. Now, type in the mortgage company of First National Savings and Loan as the Payee, and click OK. Quicken now does two things. It creates an asset account for Hilltop House, and a debit account for the loan under the name Hilltop House Loan.

If you want to bring the account up-to-date, go to your checking account and accept all those mortgage payments that you have made since you started payments in June 2004.

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