



Time Banking: An Alternative to Bartering

You give your time, and you get services in return

by: Stephanie Shapiro | from: [AARP The Magazine](#) | February 6, 2012

For 16 years Judy Arendt made sure her 119-year-old Victorian row house in Allentown, Pa., was well maintained — ripping up carpets, stripping wallpaper and repairing ceiling cracks. But now Arendt, 61, is sidelined by osteoarthritis and fibromyalgia, and living on a small pension.

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So how does she keep up the old place now? She turns to her [savings](#) at the local time bank.

[The Community Exchange](#), an initiative of the Lehigh Valley Health Network, runs on a simple concept: For each hour of service that members give, they earn an hour's worth of alternative currency known as time dollars, which can be traded for services from other members.

Arendt joined the time bank four years ago, earning time dollars by driving other members to medical appointments. When she recently needed housepainting done, she withdrew 36 hours of credits to hire a 12-member work crew for three hours.



Time banking offers an alternative currency. — Pete Ryan

At an estimated \$15 an hour for labor, the job would have otherwise cost \$540, Arendt says. Minus the time investment, the project “only cost me for the paint.”

Time banking is the brainchild of law professor Edgar Cahn, whose books *Time Dollars* and *No More Throw-Away People* describe how trading services — everything from haircuts and dance lessons to weatherization and health care — can strengthen communities.

About 270 time exchanges exist nationwide; memberships range from a few dozen to several thousand. Models vary, but all time banks rely on the collective power of members who deposit and withdraw hours from a central account, often managed with sophisticated software tools.

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Unlike [bartering](#), which places a cash value on goods and services (and is taxed accordingly), time bank services are considered charitable acts informally traded among members of a group.

This reciprocity gives time banks an impact beyond the pocketbook, says Cahn: They free members from "feeling trapped and powerless to make a change upward in their quality of life."

Time dollars earn no interest and have no equivalent monetary value. Each hour of one member's service equals an hour of another's, regardless of market value. Stuffing envelopes is worth exactly as much as preparing a tax return, mending a pair of socks or rewiring a lamp.

By placing the same value on all services, time banks not only avoid tax issues, but also encourage members to share abilities that might not have much cash value but can do much to help neighbors.

If you want to join a time bank, you can check if your community has one by going to the website of [TimeBanks USA](#), a Washington, D.C., nonprofit founded by Cahn.

If you find nothing and decide to create a bank, you'll find lots of resources at the site, including articles and Community Weaver 2.0, an open-source software tool for recording time credit balances.

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4 Steps to Starting-up a New Time Bank

Here are four steps toward the successful start-up of a new time bank.

1. Identify your goals, potential membership and resources for support. It takes real cash, not time dollars, to manage a time bank. Those that succeed typically have part-time paid staff.
2. Get advice from other time banks and decide on an organizational structure. Many banks are affiliated with a sponsor such as a community nonprofit.
3. Limit your bank's boundaries. Time banks generally organize around neighborhood clusters of about 150 to 300 people.
4. Engage new members quickly. The sooner fledgling members make their first transaction, the more likely they'll forge a commitment, says Kim Hodge, founder of the Michigan Alliance of TimeBanks.

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