MONEY 101

A CRASH COURSE IN BETTER MONEY MANAGEMENT FOR COLLEGE STUDENTS

START PRESENTATION »

whatsmyscore.org
Why Money Skills Are Important

- Create Independence
- Set and reach goals
- Enjoy living responsibly within your means
- Prepare you for your future after college
Developing A Financial Plan

- Look at your resources
- Understand your expenses
- Set financial goals
- Identify and evaluate what to do
- Take action
- Review your progress
- Make changes if needed
- Get help if it's not working
Key Areas To Know

- Budgeting Your Money
- Online Banking
- Checking Account
- Savings Account
- Understanding Credit
- Debit Cards
NEEDS VS. WANTS

BUDGETING YOUR MONEY

SAVE FOR A GOAL
Where Does Your Money Go?

- Track expenses for one month
  - What did you buy
  - Which were needs vs. wants
  - Patterns of spending
- Categorize spending (clothing, food, etc.)
- Identify future spending (car, etc.)
Why Budget?

- Helps you to live within your financial means and meet expenses
- Helps you track spending versus saving to accomplish long- and short-term goals
- Offers peace of mind. Worry is a waste of resources
Ideas to Use

- Pay yourself a weekly amount for spending money
- If you get a lump sum grant or loan for the semester, write the semester’s worth of rent checks
- Use meal cards to plan your food costs
- Save each day’s loose change to make a weekend fun fund
- Use phone cards to measure/manage phone expenses
Creating a Budget to Meet Your Goals

- Estimate income vs. expenses
- Estimate future expenses
- Factor in change
  - New situations
  - Conditions that change your expenses
- Set money aside to meet your goals
- Make adjustments as needed
Creating a Budget to Meet Your Goals

- Why set goals
- Categorize goals
  - Short term (during the college term)
  - Medium term (during the academic year)
  - Long term (through college and beyond)
- Prioritize goals through college and beyond
- Determine resources needed to accomplish your goals
- Research options
Reasons To Bank Online

- Convenient – accessible 24/7
- Computers don’t sleep
- Easy access – See your account balances, transfer money and pay bills from any computer, anytime
Getting Started

- Banking Options Available to Students
  - Discounted rates
  - Free checking
  - Linked accounts to student loans
Bill Pay And Fund Transfer

- Option to have all bills automatically paid
- Bills can be delivered online
- No stamps or envelopes
- Transfer funds to student loan or from parent’s account
- Automatic bill payment through your checking account
Statements

- Get an accurate financial record every month
  - Deters mail fraud and identity theft
  - View past statement and spending habits
  - Eco-friendly
  - Deters mail fraud
Online Banking Checklist

- Convenient – Available 24/7
- Easy to use
- Access from any computer
- Budgeting tools and automated spreadsheets
- Printable online statements
- Easy fund transfers
- Shows copies of written checks
BALANCING ACCOUNTS

ONLINE STATEMENTS

CHECKING ACCOUNT
The Hub of all Financial Transactions

- Check in wherever you are
Good Record Keeping

- Good record keeping starts with accurate checks and balances
- Balance your checkbook!
- When possible, review your accounts daily
Enter the numbers of the checks you write and any use of your debit card here.

Write the date of the transaction here.

Write the amounts of the payments by check or debit card in this column, plus any withdrawals from the ATM or any bank fees. (Stay on top of fees by checking your online statement).

On this line, describe the type of transaction.

This column shows the balance after each transaction.

In this column, check off the transaction once it has posted to your account, and shows up in your online statement.

Record the amounts of any deposits in this column.
**The Online Statement**

- Reconcile the online statement against the check register

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**CHECKING ACCOUNT**

**0471-678**

<table>
<thead>
<tr>
<th>CHECKING ACCOUNT</th>
<th>Previous Statement Balance On 6/19</th>
<th>366.97</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total of 2 Deposits For</td>
<td>1,453.17 +</td>
</tr>
<tr>
<td></td>
<td>Total of 6 Withdrawals For</td>
<td>1,347.61 -</td>
</tr>
<tr>
<td></td>
<td>Total Service Charges</td>
<td>0.00 -</td>
</tr>
<tr>
<td></td>
<td>End Balance</td>
<td>472.53 +</td>
</tr>
</tbody>
</table>

**CHECKS & OTHER DEBITS**

<table>
<thead>
<tr>
<th>CHECK</th>
<th>DATE PAID</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>161</td>
<td>6/21</td>
<td>216.30</td>
</tr>
<tr>
<td>162</td>
<td>6/29</td>
<td>1,000.00</td>
</tr>
<tr>
<td>163</td>
<td>7/5</td>
<td>26.31</td>
</tr>
<tr>
<td>164</td>
<td>7/14</td>
<td>10.00</td>
</tr>
</tbody>
</table>

**ATM Withdrawal #00281 at ATM #423A**

<table>
<thead>
<tr>
<th>DATE PAID</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>6/18</td>
<td>40.00</td>
</tr>
<tr>
<td>6/18</td>
<td>55.00</td>
</tr>
</tbody>
</table>

**DEPOSITS & OTHER CREDITS**

<table>
<thead>
<tr>
<th>TRANSFER FROM 4039-557 AT ATM #423C</th>
<th>DATE POSTED</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>6/23</td>
<td>1,200.00</td>
<td></td>
</tr>
<tr>
<td>7/19</td>
<td>253.17</td>
<td></td>
</tr>
</tbody>
</table>

**CHECK # | DATE | DESCRIPTION | TRANSACTION AMOUNT | DEPOSIT AMOUNT | BALANCE**

| 161   | 6/4  | Sound Out (new sub/worker) | 216.30           |              | 366.97 |
| ATM   | 6/18 | Withdrawal (spending money) | 40.00            | 110.67       | 150.67 |
| ChkCr | 6/18 | Check Card (foodland groceries) | 55.00           |              | 55.67 |
| ATM   | 6/23 | Deposit transfer from savings | 1200.00         | 1255.67      |
| 162   | 6/26 | Woodlands Appts. (rent for everyone) | 1000.00      |              | 255.67 |
| 163   | 7/5  | CD Place (acct. #7M3406) | 26.31           |              | 223.96 |
| 164   | 7/14 | Department Store (rent) | 10.00           |              | 213.96 |
| ATM   | 7/19 | Deposit (paycheck) | 253.17         |              | 472.53 |
SAVINGS ACCOUNT

YOU NEVER KNOW WHEN YOU'LL NEED IT
Strategies for Saving

- Why save
  - In case of an emergency
  - To take advantage of opportunities
  - To reach financial goals

- Pay yourself first
  - Save to reach goals
  - From each paycheck: save first, spend second
  - Saved change and “found” money deposited monthly = bonus savings
Saving Methods

- Saving accounts
- Money market deposit accounts
- CDs ("music" to your financial ears)
- Saving versus investing
- Bonds
CAN YOU AFFORD IT?

UNDERSTANDING CREDIT

HOW WILL YOU PAY?
Your Credit Score

- Everything you do with your credit accounts affects your credit score including car and school loan.
- Creditors extend credit to credit worthy customers.
- When you pay your bills on time, you are proving yourself credit worthy.
- Banks reward good customers with lower interest rate loans and higher credit lines.
- Employers may check your score. A bad score may result in fewer job offers.
Knowing Your Limit

- Don’t get in over your head. A credit card is a loan.
- Anything not paid back in full is assessed an interest charge.
- There’s a pre-determined credit limit and money spent can be paid back in full or in installments.
Understanding Interest Rates

- Non-installment credit
  - Regular
  - 30-day charge accounts (American Express)
  - Travel and entertainment cards

- Installment credit
  - Car loan, student loan, home loan
  - Furniture purchase

- Revolving credit
  - Department store cards
  - Bank cards: Visa/MasterCard
Advantages and Disadvantages of Credit Offers and Options

Advantages:
- Convenient
- Immediate purchasing power
- No need for cash
- Bills can be consolidated
- Zero liability on fraud

But remember…
- It’s a loan
- Interest rate may go up
- May include additional fees
- Can be easy to overspend
- Can promote impulse buying
 UNDERSTANDING CREDIT

Use the APR to help you compare the cost of different credit cards.

All of these fees are on top of any interest you might pay.

Annual Fees occur whether or not you use your card.

THINGS TO LOOK FOR IN A CREDIT CARD
THERE’S A LOT OF FINE PRINT TO KNOW ABOUT WHEN USING A CREDIT CARD.

<table>
<thead>
<tr>
<th>Interest Rates and Interest Charges</th>
<th>11.99% - 20.99% when you open your account based on your creditworthiness. This APR will vary with the market based on the Prime Rate.</th>
</tr>
</thead>
<tbody>
<tr>
<td>APR FOR BALANCE TRANSFERS</td>
<td>11.99% to 20.99% when you open your account based on your creditworthiness. This APR will vary with the market based on the Prime Rate.</td>
</tr>
<tr>
<td>APR FOR CASH ADVANCES</td>
<td>23.99%. This APR will vary with the market based on the Prime Rate.</td>
</tr>
<tr>
<td>HOW TO AVOID PAYING INTEREST ON PURCHASES</td>
<td>Your due date is 24-30 days after the close of each billing cycle. You will not be charged interest on purchases if you pay your entire balance by the due date each month.</td>
</tr>
<tr>
<td>MINIMUM INTEREST CHARGE</td>
<td>If you are charged interest, the charge will be no less than $2.00.</td>
</tr>
<tr>
<td>FOR CREDIT CARD TIPS FROM THE FEDERAL RESERVE BOARD</td>
<td>To learn more about factors to consider when applying or using a credit card, visit the website of the Federal Reserve Board at: <a href="http://www.federalreserve.gov/creditcard">www.federalreserve.gov/creditcard</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fees</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ANNUAL FEES</td>
<td>$0 the first year and any year that you charge at least one purchase to the Account, otherwise $20.</td>
</tr>
<tr>
<td>TRANSACTION FEES</td>
<td>Either $5 or 3% of the amount of each transfer, whichever is greater</td>
</tr>
<tr>
<td>BALANCE TRANSFER</td>
<td>Either $5 or 3% of the amount of each advance, whichever is greater</td>
</tr>
<tr>
<td>CONVENIENCE CHECK ADVANCE</td>
<td>Either $10 or 4% of the amount of each advance, whichever is greater</td>
</tr>
<tr>
<td>CASH ADVANCE</td>
<td>Either $20 or 4% of the amount of each advance, whichever is greater</td>
</tr>
<tr>
<td>CASH EQUIVALENT ADVANCE</td>
<td>$10 per occurrence.</td>
</tr>
<tr>
<td>OVERDRAFT PROTECTION ADVANCE</td>
<td>2% of each foreign purchase transaction or foreign ATM advance transaction in U.S. Dollars</td>
</tr>
<tr>
<td>FOREIGN TRANSACTIONS</td>
<td>3% of each foreign purchase transaction or foreign ATM advance transaction in a Foreign Currency</td>
</tr>
<tr>
<td>PENALTY FEES</td>
<td>$10 on balances up to $100</td>
</tr>
<tr>
<td>LATE PAYMENT</td>
<td>$29 on balances from $100 up to $250</td>
</tr>
<tr>
<td>OVERLIMIT FEE</td>
<td>$39 on balances of $250 or more</td>
</tr>
<tr>
<td>RETURNED PAYMENT</td>
<td>$39</td>
</tr>
</tbody>
</table>

You’ll pay a higher APR for cash advances than you do for purchases.
Student Loans & Their Benefits

- The advantages of credit show best when used with responsible forethought.
- Disadvantages show up when you don’t use your credit wisely.
- Bottom line, don’t sign up for credit you can’t afford.
Decoding Credit

- Choosing the right card starts with comparison shopping
- For more information visit:
  www.BankRate.com
  www.CreditCards.com
ATM VS DEBIT

DEBIT CARDS

PIN VS SIGNATURE
The Debit Card

- ATM Card bit with Visa logo
- Looks just like a credit card, but not a loan, no interest
- Backed only by the checking account behind it
- Widely accepted, can be a good budgeting tool
When to Use a Debit Card

- Use your debit card for everyday expenses like groceries, gas, movie theatres and restaurants
- When you need cash but are not near an ATM many retailers offer cash back after purchase
Card Security

- Create a PIN that a smart thief couldn’t figure out. Avoid the obvious like birth dates, names, etc.
- Always keep receipts
- Record transactions in your check register including fees to avoid overdraft charges
Know the Difference

- Look for the Visa symbol to recognize your debit card.
- ATM cards do NOT have a Visa logo and can be used only at your bank’s ATM (Automatic Teller Machine) or authorized ATM affiliates shown on the back of your card.
For more information on how to build solid money management skills, visit www.whatsmyscore.org