



# Your Money Matters

a guide to your personal finances



YMM/HS-07/18

**OKMM**  
OKLAHOMA MONEY MATTERS

# MAKE YOUR MONEY MATTER

In our society, money matters; and how you manage it is even more important. Imagine that you receive a birthday card with \$50 inside. What's going through your mind? What could you buy with this windfall? Everyone who spends money has the responsibility of determining the best way to manage it.

Here are some tips for making the most of your money:

1. **Develop a spending plan.** Money can burn a hole in your pocket if you don't have a plan for using it. Creating a spending plan—also called a budget—helps you decide how to spend and save your money. Learn more about creating a spending plan on the next page.
2. **Identify your wants and needs.** Food, shelter and clothing are basic necessities, but you have other needs, too. You may need a cellphone to communicate with family, friends and maybe your employer. However, a smartphone with all the newest apps and features is a "want." You need clothes to wear to school, but expensive brands aren't a necessity. See the difference?
3. **Focus on saving.** Make it a priority to set aside some money to spend later on unexpected expenses and big-ticket items. Don't be discouraged if you can't save a lot in the beginning; even small dollar amounts will grow when you make saving a habit. First, save for emergencies, because you never know when your cellphone might break or your car will need new tires. Aim to set aside 10% of each paycheck and save it for a true emergency. Next, set saving goals for big-ticket items, like a new vehicle, prom or graduation items. Skip buying something you don't need today so you can have something better in the future.
4. **Don't try to keep up with others.** If your friends seem to own everything you want, it's natural to feel jealous. But remember, keeping up with others is a never-ending battle; someone will always have something newer, faster and shinier than you. Instead of focusing on what you don't have, focus on making the most of what you do have.

Of the four tips, which is the easiest for you to implement? Why?

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Which of the four tips is the hardest for you to put into practice? Why?

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Share your answers with your classmate or parent. Do they agree or disagree?

# SPENDING PLAN WORKSHEET

Creating a spending plan helps you use your money wisely. To learn how to create a realistic spending plan, review this three-step process and the sample monthly budget worksheet below.

**Know what's coming in.** Calculate how much money you have to work with each month. Income can include money from jobs, allowance from your parents and unexpected cash, like birthday or graduation gifts.

INCOME		
	<i>Expected</i>	<i>Actual</i>
Job	\$640	\$640
Allowance	\$25	\$25
Gifts/Misc.	\$0	\$10
<b>Total</b>	<b>\$665</b>	<b>\$675</b>
EXPENSES		
	<i>Expected</i>	<i>Actual</i>
Savings total	\$64	\$20
Car payment	\$219	\$219
Fuel	\$40	\$45
Car insurance	\$100	\$100
Entertainment	\$75	\$85
Cellphone	\$49	\$49
Clothes	\$30	\$60
Dining out	\$20	\$38
School activities	\$30	\$30
<b>Total</b>	<b>\$627</b>	<b>\$646</b>

**Know what's going out.** Track your spending for at least one month to see how and where you spend your money. Whether you write it down, keep receipts or use an app, pay close attention to what you purchase and decide what spending habits should go.

**Assign categories.** Once you're aware of your spending habits, assign categories to your spending plan (see examples above.) At the end of the month, subtract the actual amount you spent in each category from the amount you expected to spend. If you find yourself spending more or less, adjust your categories (or spending) accordingly.

Use the budget calculator on our website to create your own spending plan!  
[OklahomaMoneyMatters.org](http://OklahomaMoneyMatters.org)



# MAKE SAVING A HABIT

**Focus on your goals.** Set short-term and long-term saving goals that will inspire you to stay motivated and make it easier to spend your money wisely.

**Reduce expenses.** Little expenses can really add up. If you routinely pay for games or apps, or hit the vending machine or drive-thru more often than you should, consider limiting extras and transfer that money into your savings.

**Plan ahead.** Unexpected expenses are part of life. Be prepared by reserving a portion of every paycheck for emergencies. Aim to save at least \$500 in your emergency fund.

**Save gift money.** When you receive a gift or any other unexpected money, put it away for later. To maximize your efforts, consider putting your money in an interest-earning savings account at a bank or credit union.

**Save early, save often.** Make savings a habit! The earlier you begin saving, the more money you'll have later thanks to the power of compound interest. Check out the chart on the next page to see just how quickly your money can grow.

## What's Compound Interest?

Compound interest is interest earned not only on the principal (the money you save), but also on interest already earned. In other words, it's money earned on money earned!

The earlier you begin saving, the more time you have for compound interest to grow. Check out the chart on the next page to see compounding interest at work!

Want to save, but don't know where to start? Use the space below to brainstorm savings options.

What habits could you change to save \$5 a week?

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What habits could you change to save \$10 a week?

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What habits could you change to save \$25 a week?

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What habits could you change to save \$50 a week?


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# SAVINGS GROWTH CHART

The more money you save and the earlier you begin saving, the more your money will grow. The chart below shows how large your account can grow by age 65, depending on the age you begin saving and the amount saved weekly. On the flip side, check out how much you'll lose if you wait a few years to start saving!

Age Saving Begins	\$10	\$25	\$50	\$100
amount contributed each week				
 20	total savings at age 65			
	\$85,143	\$212,859	\$425,176	\$851,432
	-\$4,562	-\$11,406	-\$22,811	-\$45,622
total amount lost by waiting a year (age 21) to start saving				
 30	total savings at age 65			
	\$48,154	\$120,385	\$240,768	\$481,537
	-\$2,801	-\$7,002	-\$14,003	-\$28,008
total amount lost by waiting a year (age 31) to start saving				
 40	total savings at age 65			
	\$25,445	\$63,614	\$127,227	\$254,454
	-\$1,719	-\$4,299	-\$8,597	-\$17,194
total amount lost by waiting a year (age 41) to start saving				
 50	total savings at age 65			
	\$11,504	\$28,761	\$57,522	\$115,045
	-\$1,055	-\$2,639	-\$5,278	-\$10,556
total amount lost by waiting a year (age 51) to start saving				

This chart assumes a five percent return, compounded annually through the use of various investment options.

# COLLEGE PREP CHECKLIST

A college education is a great investment in your future. On average, someone with a bachelor's degree earns significantly more money and experiences greater job satisfaction during their lifetime than someone with only a high school diploma. Here's how to continually prepare for college while you're still in high school.

## Freshmen, Sophomores & Juniors

Talk to your school's counselor or administrator about any upcoming **college fairs** or college planning informational sessions. Schedule tours of the campuses you're interested in to see what majors, student organizations, extracurricular activities and services they have to offer.

Explore opportunities to **earn college credit during high school**, like concurrent enrollment and advanced placement (AP courses). Both options save time and money in the long run.

Take the **PreACT, PSAT, ACT, and/or SAT exams**. [OKcollegestart.org](http://OKcollegestart.org) offers free practice exams and lists testing dates and locations. Consider testing again if your scores aren't as high as you'd like them to be.

Research **grants and scholarships** available through your school, business community, and local civic and religious organizations. [OKcollegestart.org](http://OKcollegestart.org) and [UCanGo2.org](http://UCanGo2.org), provide lists of scholarships from trusted sources.

## Seniors

Visit [FAFSA.ed.gov](http://FAFSA.ed.gov) to request an FSA ID and complete the **Free Application for Federal Student Aid (FAFSA)** as soon as possible after Oct. 1. Apply even if you think you won't qualify for aid, because the FAFSA is used to determine your eligibility for most federal financial aid, including federal (and some state) grants and scholarships.

Submit **admission and financial aid applications** to the college(s) of your choice. If your school offers a College Application Week event, ask your counselor for details.

Review your **Student Aid Report (SAR)** from the college(s) of your choice to make sure your information is correct; quickly return the form with any corrections and respond to any requests for additional information.

If you'll need a student loan to bridge the gap between family savings and financial aid, visit [ReadySetRepay.org](http://ReadySetRepay.org) to learn about making **smart student loan borrowing decisions**.

Pick your top three schools based on what you've learned from counselors, recruiters, college fairs and campus visits.

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Track your classes and grades, explore career options, and research your educational options after high school.

# PAYING FOR COLLEGE

As a college student, you might need help paying for your education. These helpful tips will point you in the right direction.

**Consider a part-time job.** Working while in school opens up networking opportunities and provides valuable time-management skills. Also, the more money you can earn to pay for college, the less money you'll need to borrow.



**Complete the FAFSA.** Visit [FAFSA.ed.gov](https://fafsa.ed.gov) to complete the online form as soon as possible after Oct. 1 of your senior year. Complete the renewal FAFSA every year you attend college, even if you think you won't qualify for financial aid.

**Seek free money first.** Apply for as many grants and scholarships (called gift aid) as possible. Discover funding opportunities by talking to someone in your college financial aid office, and apply for gift aid each year you're in school.

**Borrow wisely.** If you must use a student loan to pay college expenses, explore all your options to find the loan that best meets your need. Federal loans typically have better repayment options than private loans. Visit [StudentAid.ed.gov](https://studentaid.ed.gov) to learn more about federal student loan programs. Since student loans must be repaid, with interest, borrow only what you need to pay school expenses and talk to a college financial aid counselor before deciding which loan offers to accept.

**Keep your future career in mind.** When it comes to student loans, try to borrow less than your expected starting salary. Information about average starting salaries in Oklahoma is available at [www.oesc.ok.gov](https://www.oesc.ok.gov), and you can estimate how much debt you can comfortably handle with your anticipated salary using the student loan debt/salary calculator at [MappingYourFuture.org/paying/debtwizard](https://MappingYourFuture.org/paying/debtwizard).

**Monitor your needs.** Once you start college, you'll want to examine your financial aid needs each semester and adjust your borrowing accordingly. Decide each time to borrow only what you need to pay school expenses.

**Pay attention to interest.** If given the option to pay interest accrued on unsubsidized loans while in college, do it! Quarterly interest payments are usually affordable, even on a tight budget, and can save you thousands of dollars over the life of your loan.

# BANK ON IT

A checking account is a great tool for handling your money. It's safe, secure and, thanks to a variety of features, easy to access and manage. A checking account allows you to write checks and use a debit card to withdraw cash or make purchases.

It's important to shop around when opening a checking account. Different banks and credit unions have different policies for account requirements, charges and fees, such as the ones listed below.

- **Minimum balances.** Some institutions require you to keep a minimum amount in your account. If your balance falls below this amount, the bank may charge a fee or close your account within a certain time period.
- **Annual or monthly fees.** Some institutions charge a fee just for housing your account.
- **Insufficient funds charge.** If you spend more money than you have in your account, some financial institutions will allow the purchase and charge you an insufficient funds fee, usually \$20 to \$35 per purchase! These fees can quickly add up, but they're easily avoided if you keep tabs on your account balance.
- **ATM fees.** If you use your financial institution's ATM, there may be no cost. However, if you use a non-network ATM (one owned by a different bank or credit union) you may be charged as much as \$4, plus fees charged by your institution for using a machine outside their network! All these extra fees can quickly deplete your account balance, so do your best to avoid them.

When selecting a financial institution, make sure that your money is properly insured by either the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA). Both are federal agencies that protect consumers in the event a bank or credit union fails.

Once you open an account, it's important to manage it well. Check out these must-know facts about using your checking account.

**A debit card differs from a credit card.** Debit cards are directly connected to your bank account. When you use your debit card to purchase an item, money is immediately removed from your account. Using a credit card means you're borrowing money from the credit card company. You pay nothing at the time of purchase, but agree to pay the charged amount at a later date, plus interest.



**The ATM can't give you your true account balance.** It's important to keep track of how money flows in and out of your account, including deposits made, checks you've written, debit card transactions and various account fees. Most ATMs allow you to check your account balance, but the amount shown may not reflect transactions that haven't cleared your account. For the most up-to-date information, track your spending daily.



# CHECK OUT CHECKING ACCOUNTS

Use this worksheet to compare financial institutions (banks and credit unions), paying close attention to policies for charges and fees.

<b>Features</b>	<b>Financial Institution #1</b>	<b>Financial Institution #2</b>	<b>Financial Institution #3</b>
Convenient Locations?			
Hours of Operation			
FDIC or NCUA Insured?			
Annual or Monthly Fee			
Minimum Balance Requirement			
Cost of Student Checks/Debit Card			
Overdraft Fee			
Free Online/Mobile Banking?			
ATM Fees			
Is Direct Deposit Required?			
Other Features or Requirements			

# CRASH COURSE IN CREDIT

Have you ever borrowed money from a friend? If so, you've used credit. Credit allows you to use funds today that must be repaid at a later date. But unlike borrowing from your pals, credit card companies and other lenders make you pay interest for the privilege of using their money.

Credit comes in handy when you're ready to buy a vehicle, house or other big-ticket item. It can also impact your ability to get a job or rent an apartment, so it's important to make wise financial decisions now that will help you in the future.

## Building a Good Credit History

Lenders need to know that you're a good financial risk before they will extend credit to you. Credit card applicants who are under 21 must have an adult co-signer or an established, steady source of income before they'll be approved for credit. Talk to your parent(s) or guardian(s) about the best way to build your credit. Here are some options you may want to consider together.

- Ask someone with an established credit history to co-sign your credit account. Co-signing is a big commitment, because this individual is obligated to repay the debt if you don't.
- Apply for a credit card issued by a local store. Often, local businesses are more willing to grant credit to someone with no credit history.
- Apply for a secured credit card. This type of card requires you to deposit money first as collateral for your line of credit. Some secured credit cards charge application and processing fees, and many charge a higher interest rate than traditional, non-secured cards.

Once you demonstrate that you're a responsible credit manager, banks, credit unions and major credit card issuers may be more willing to extend credit to you.

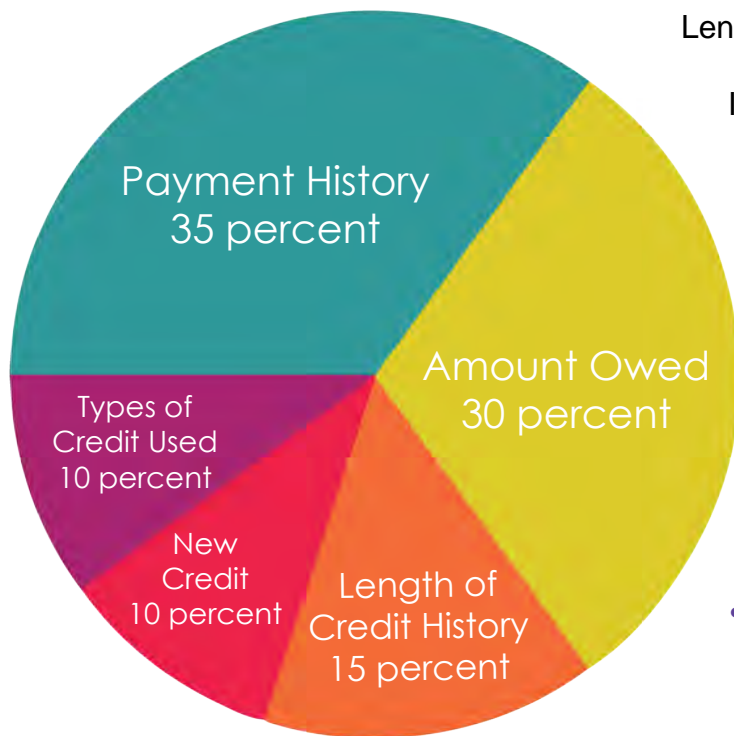
## Managing Your Credit

Don't use credit to live a lifestyle you can't afford. The fastest way to get into credit trouble is to spend with the attitude, "I'll pay it off later."

- It's best to pay off your credit card balance at the end of each month before interest can accrue. To make this easier, keep your credit limit low. For big-ticket items, it's not always possible to pay your balance in full, so make sure you have a repayment plan in place before you charge it.
- Making only the minimum required monthly payment isn't an ideal repayment plan. If you paid only the minimum due on a \$1,000 balance at 18% interest, it would take you **eight years** to pay off the debt! If you can't pay the balance in full, always pay more than the minimum payment.



## Maintaining a Good Credit Score



Lenders use your credit score to determine how likely you are to repay the money you borrow. The Fair Isaac Corporation's FICO score is the most widely used credit evaluation system. Scores range from 300-850; those with a higher score are seen as creditworthy and have access to more credit, typically at a lower interest rate.

Your credit rating is based on five categories:

- Payment history (35 percent).
- Amount owed (30 percent).
- Length of credit history (15 percent).
- New credit (10 percent).
- Types of credit used (10 percent).

As you can see, your payment history has the most impact on your score. That's why it's important for you to pay your bills on time, every time! To learn more, check out [MyFICO.com](https://www.myfico.com).

## Monitoring Your Credit Report

Your credit report is similar to a report card, because it "grades" your experience handling credit. Just like you monitor your grades during a semester, you'll want to keep tabs on your credit report to make sure nothing is falsely reported or new credit isn't taken out in your name without your knowledge. Many experts recommend viewing your report at least once per year. The Annual Credit Report Service (877.322.8228, [AnnualCreditReport.com](https://www.annualcreditreport.com)) will provide one free copy of your credit report per year from each of the three major credit bureaus as required by the Fair Credit Reporting Act. Instructions for ordering your report and addressing any errors are available on the website. If you're under 18, your parent(s) or guardian(s) may need to make the request on your behalf by contacting the credit bureaus directly.

- Equifax: 800.685.1111 ([Equifax.com](https://www.equifax.com))
- Experian: 888.397.3742 ([Experian.com](https://www.experian.com))
- TransUnion: 800.888.4213 ([TransUnion.com](https://www.transunion.com))

# CHOOSE THE RIGHT CARD

When it's time for you to choose a credit card, you'll need to do some research. Don't choose a product because of clever marketing or an enticing introductory interest rate.

Look for a credit card that:

- Charges no annual fee.
- Offers a low, fixed interest rate.
- Provides a clear explanation of fees for late payments and convenience services, like cash advances and balance transfers.

Use the worksheet below to practice comparing credit cards. Websites like [BankRate.com](http://BankRate.com), [CreditCards.com](http://CreditCards.com) or [CardRatings.com](http://CardRatings.com) can help you easily compare credit card terms, fees and interest rates.

	Card One	Card Two
<b>Company Name</b> <b>Address</b> <b>Phone Number</b>		
<b>Web Address</b>		
<b>Annual Fee (if any)</b>		
<b>Grace Period</b>		
<b>Annual Percentage Rate (APR)</b>		
<b>Finance Charge Calculation Method</b>		
<b>Credit Limit</b>		
<b>Minimum Payment</b>		
<b>Other Fees:</b> Late Payment Cash Advance Balance Transfer		
<b>Other Features</b>		

# AVOID AN IDENTITY CRISIS

Identity theft occurs when someone gains unauthorized access to your personal identifying information (PII), like your name, Social Security number (SSN) or bank account information. If that information is used to commit a financial crime it's called identity fraud. If that happens, it could take years to clear your good name. Take these steps to protect your personal information.

**Watch what you put online.** Social networking sites are popular places to connect with friends, but posting a picture of your new driver's license, or listing your birth date, hobbies or pet's name can give identity thieves important information.

**Shred sensitive information.** Never toss papers that include information such as user IDs, passwords, account numbers, birth date or SSN, in a trash can. This may include ATM receipts, pay stubs, credit card offers, old bank statements or unused deposit slips. Talk to your family about investing in a cross-cut paper shredder, so you can safely destroy all unnecessary documents that contain PII.

**Protect your SSN.** Never carry your Social Security card in your wallet and don't use your SSN as an identification number. If you're asked to provide your SSN, like at your doctor's office, try to avoid saying it out loud. Instead, type it on a calculator or on your cellphone's display so you can delete it later.

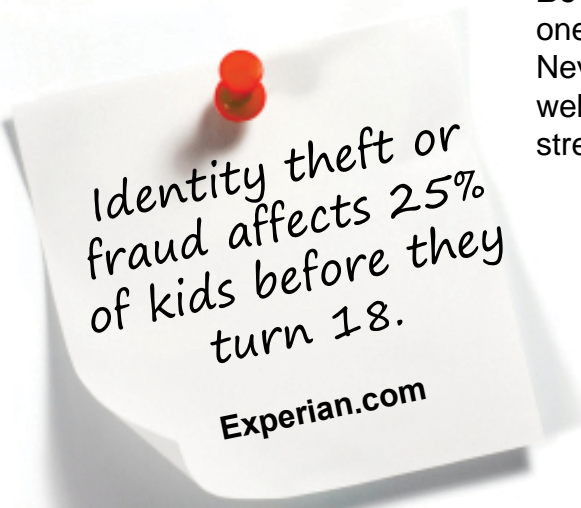
**Mind your money.** Don't leave your checks, debit card, credit card or financial paperwork lying around for people to see. If someone gets your account numbers, they can order new checks in their name or shop online with your card numbers. Never attach your PINs to your cards.

**Be suspicious of requests for information.** Don't give out your personal information over the phone, through email or on the internet unless you initiated the inquiry. Banks and credit card companies will never ask you to verify your information by email.

**Monitor your credit reports.** Visit [AnnualCreditReport.com](http://AnnualCreditReport.com) to order a free credit report from each of the three largest consumer reporting agencies: Equifax, Experian and TransUnion.

**Be password savvy.** Change your password frequently and choose one with a mix of characters and numbers that would be hard to guess. Never use your birth date, name or phone number as a password. A website like [HowSecureIsMyPassword.net](http://HowSecureIsMyPassword.net) can help you gauge the strength of your password.

**Shop secure.** When shopping online, make sure the web address starts with https://. The "s" is very important; it signifies that the site is secure. If you don't see the "s", don't shop on the site.



Identity theft or  
fraud affects 25%  
of kids before they  
turn 18.

Experian.com

# FINANCIAL STRATEGIES CHECKLIST

Building positive money habits is an important process. As a recap of the money management information provided in this guide, we've created the quick reference guide below.

**Create a plan** to help you meet your financial goals. Use the budget calculator at [OklahomaMoneyMatters.org](http://OklahomaMoneyMatters.org) to build a customized spending plan.

**Routinely track your financial habits** and monitor how money flows in and out of your hands. Take measures to make sure your income is always greater than your expenses by earning more or cutting back when and where necessary.

**Make savings a habit.** Identify short-term and long-term savings goals so you can plan ahead for emergency expenses, big-ticket items, and other lifestyle choices you'll make in the future.

**Prepare for life after high school.** Visit [OKcollegestart.org](http://OKcollegestart.org) to take a skills assessment or interest inventory, prep for college entrance exams, explore career options, and learn about Oklahoma's colleges, universities and career technology centers.

When paying for your education, **look for free money first.** Grants and scholarships are essential tools for paying for your education, and websites like [UCanGo2.org](http://UCanGo2.org) and [OKcollegestart.org](http://OKcollegestart.org) are great sources of reliable information.

If you decide to borrow student loans to pay for college, remember you have to pay the money back with interest. **Borrow only what you need to pay college expenses** and aim to borrow no more than the dollar amount you expect to bring home the first year after you graduate. Visit [ReadySetRepay.org](http://ReadySetRepay.org) to learn more about making smart borrowing decisions.

**Visit local banks and credit unions** to learn about available services and compare options to find the provider that's right for your financial needs.

**Building your credit history is a smart move,** but tread carefully. How you handle credit serves as a character reference in many situations, so avoid negative credit behaviors like missed payments and carrying large balances. Bad credit can affect your ability to get the job you want, purchase a car, or rent or buy a home.

**Monitor your credit reports** at least once each year by visiting [AnnualCreditReport.com](http://AnnualCreditReport.com). If you find errors, simply follow the instructions to dispute inaccurate information. Keep records and follow up to make sure that mistakes are corrected.

Take steps to **protect your personal information.** Shred unnecessary papers, make sure your passwords are strong, protect your Social Security number and use secure shopping practices. Report any fraudulent or suspicious activity to your bank or service providers immediately to limit the damage.

# HANDY RESOURCES



Take control of your financial future today. Visit our website to explore customized information, tools and resources that can help you reach your financial goals.



Education beyond high school is possible for everyone. UCanGo2 can help you prepare, plan and pay for your higher education. Visit the website to view and download publications and other resources.



The state's official college planning website provides information and tools to help Oklahoma students, counselors, and parents explore colleges, compare careers, and plan and pay for education beyond high school.



Ready Set Repay helps students make smart borrowing decisions and successfully repay student loans.



An operating division of the Oklahoma State Regents for Higher Education, OCAP provides college access, aid awareness, financial literacy and student loan management programs and services for students, parents, schools, and community partners.



The State Regents are the coordinating board for Oklahoma public higher education. They set academic standards, grant degrees and manage numerous scholarships and special programs.

# DO YOU MANAGE YOUR MONEY, OR DOES IT MANAGE YOU?



**Oklahoma Money Matters**  
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[OklahomaMoneyMatters.org](http://OklahomaMoneyMatters.org)

*the financial literacy initiative of the Oklahoma College Assistance Program,  
an operating division of the Oklahoma State Regents for Higher Education*

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