

Your Money Matters

a guide to your personal finances



Make Your Money Matter

Bucks, bills, dough, Benjamins—no matter what you call it, money rocks! You know what I'm talking about. Think about the feeling you get when you open up your birthday card from Grandma Edna and find a crisp \$50 bill. What's going through your mind? Probably what you'll buy with your new friend, Mr. Greenback. No matter how much money you, your parents or even the government has, we all have one thing in common: we must decide the best way to spend it. That's called managing your money.

Want to know secrets to make your money matter? Here are a few tips to consider.

Don't try to keep up with the Joneses. Do your friends have the hottest electronic gadget or designer purse? Instead of stewing about what you don't have, focus on making the most of what you do have. Keeping up with others is a never-ending battle; someone will always have something newer, faster and shinier than you.

Identify your wants and needs. Food, shelter and water are basic necessities, but we have other needs. To some, a cell phone is a must; however, a phone with a built-in MP3 player and Internet access is a "want", not a need. You may need a cell phone to stay connected with family and friends, but do you really need the one with the newest features? You need clothes to wear to school, but expensive brands aren't a necessity. See the difference?

Save some for a rainy day. Don't spend every penny you have; set some money aside, preferably 10% of each paycheck, to use at a later date. You never know when your car will need new tires.

Set goals for big-ticket items. Now that you're saving for unexpected expenses, you'll also want to save for expected expenses, like college, a car and prom or graduation items. Reserve a portion of your income to meet these savings goals. Skip buying something you don't need today so you can have something better down the road.

Develop a spending plan. Money burns a hole in your pocket if you don't know what to do with it! Creating a spending plan—also called a budget—helps you decide where and how to spend your money. It's spending your money on paper. Learn more on the next page.

Don't spend money you don't have. Sounds simple, but using credit to buy items now rather than waiting until you can pay with cash can be disastrous. Save yourself the headache of paying off debt by purchasing items with money you have now—not money you hope to have later.



Monthly Spending Plan Worksheet

Creating a spending plan helps you spend your money wisely. You like to spend, right? Who doesn't? Basically, there's a three-step process to setting up a workable budget. Once you've walked through these steps, check out the sample budget on this page or visit OklahomaMoneyMatters.org for inspiration to create your own spending plan.

- 1 **Know what's coming in.** Simply put, know how much income you receive each month. Income can include money from jobs, allowance from your parents and unexpected cash, like birthday or graduation gifts.
- 2 **Know what's going out.** Keep receipts so you can track how and where you spend your money. Pay close attention to what you purchase each day and decide what can stay and what must go.
- 3 **Assign categories.** Once you know what you buy and where you spend your hard-earned dough, assign categories to your budget. Do you eat lunch off campus three times a week? You'll want to have a category called "dining out" in your budget. Get your nails done? Add a "manicure" category so you can budget for your bi-weekly beauty session. 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.

INCOME			
	<i>Expected</i>	<i>Actual</i>	<i>Difference</i>
Job			
Allowance			
Gifts/Misc. Extra			
Total			
EXPENSES			
	<i>Expected</i>	<i>Actual</i>	<i>Difference</i>
Savings Total			
Short-term			
College			
Car Payment			
Fuel			
Car Insurance			
Entertainment			
Cell Phone			
Clothing			
Dining Out			
School Activities			
Total			

Savvy Saving Secrets

Save early, save often. You work hard for your money, so why not pay yourself first? The earlier you start saving, the more money you'll have later in life. Make it a habit!

Keep your eyes on the prize. Whether your goal is college tuition, a fabulous prom dress or a spring break trip, regularly remind yourself why you're saving. Setting short-term and long-term goals will inspire you to keep track of your savings and help you spend your money wisely.

Put away gift money. When you receive a cash gift for your birthday or any unexpected sum of money, put it in your savings account. You know you can get by without the extra money, so put it to work for you.

Plan ahead. From flat tires to a broken cell phone, we all have unexpected expenses. Set aside part of your savings for such an emergency. Not only will you have peace of mind, but your emergency fund will help your savings earn interest.

Reduce expenses and fees. Monthly fees can add up to hundreds of dollars per year. Do you go over your texting limit? Do you pay for online services like photo or web hosting? How many times per week do you buy coffee? Get rid of services you pay for but don't use or don't need and plug the extra into your savings.

Save for it instead of charging it. Credit cards can be a great tool for handling unexpected expenses. However, before you charge something you want and can't afford, ask yourself if you really need the item now and think about how much the immediate gratification will cost you.

Say you want to buy a new TV for about \$1,000. Here's what it would cost you to charge it to your credit card and make only the minimum payment, assuming a minimum monthly payment of 3% of the outstanding loan balance and an 18% annual interest rate.

Debt	Minimum Monthly Payment	Years in Debt	Interest Paid
\$ 1,000	\$ 30	8	\$684

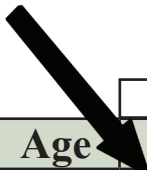
What did people do before they had credit cards? They saved up for what they wanted and it took less time than paying off a credit card balance! The chart below reflects a 3% rate of return, compounded annually.

Savings	Minimum Savings Deposit	Years to Reach Goal	Interest Earned
\$ 1,000	\$ 30	3	\$50

So, by saving the money first, you would save \$684 in interest and earn \$50 on your investment of \$1,000. Plus, your TV would be paid for in only three years, compared to eight years if you had charged it! Now do you see why it's best to be a savvy saver?

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. For example, if you start saving \$10 each week at age 20, you'll have nearly a quarter million dollars by age 65!



Weekly Savings to Age 65				
Age	\$10	\$25	\$50	\$100
20	\$228,563	\$571,408	\$1,142,817	\$2,285,634
25	\$151,277	\$378,193	\$756,385	\$1,512,770
30	\$99,402	\$248,504	\$497,008	\$994,016
35	\$64,582	\$161,456	\$322,911	\$645,822
40	\$41,211	\$103,028	\$206,056	\$412,111
45	\$25,524	\$63,811	\$127,621	\$255,242
50	\$14,995	\$37,487	\$74,975	\$149,950
55	\$7,928	\$19,819	\$39,638	\$79,277

** Assumes an 8% average annual return and weekly contributions to age 65*

Want to save, but don't know where to start? It's easier than you might think. Here are some simple ways to meet your savings goals.

I want to save \$5 a week . . . what can I do?



Skip the gourmet coffee one or two days per week.
Limit purchases from the vending machine.

I want to save \$10 a week . . . what can I do?



Bring your lunch to school one or two days per week instead of eating out.
Go to a matinee movie instead of an evening showing.

I want to save \$25 a week . . . what can I do?



Borrow a movie from a friend instead of purchasing it.
Check out books and magazines from the library instead of buying them.

I want to save \$50 a week . . . what can I do?



Hold a clothing swap with your friends instead of hitting the mall.
Look for free events (concerts, art galleries, ball games) in your neighborhood.

College, Here You Come!

A college education is a great investment in your future. On average, someone with a bachelor's degree will make significantly more during their lifetime than someone with only a high school diploma. Check out the following tips to learn how to prepare for college while still in high school.

Juniors

- Take core classes that meet college entrance requirements.
- Explore opportunities to earn college credit while still in high school, like concurrent enrollment and AP courses.
- Prepare to take ACT/SAT exams. You may want to take these more than once to raise your score. Visit OKCollegeStart.org to take free practice exams.
- Attend college fairs in your area.
- When you narrow the list of schools you're interested in, schedule campus visits.

Seniors

- In addition to the steps above, talk to your family and school counselor about your goals after high school.
- Research grants and scholarships available through your school, business community and local civic organizations.
- Complete the Free Application for Federal Student Aid (FAFSA) as soon as possible after Jan. 1 of the year you plan to attend college. The FAFSA is used to determine your eligibility for most federal financial aid, including federal grants and scholarships. Visit FAFSA.gov to request a personal identification number (PIN) and submit your FAFSA online.
- Submit admission and financial aid applications to the college(s) of your choice; pay close attention to deadlines.
- 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.
- Respond quickly to any requests for additional information.

Want to know more? Visit OKCollegeStart.org, Oklahoma's official source for planning your college education. You can create an online profile, track your classes and grades, learn about paying for college, prep for the ACT/SAT, explore career options and research Oklahoma colleges and universities to discover which one is right for you.

Financial Aid

Whether you'll be enrolling in college for the first time or you're a returning student, you may need to look for ways to help pay for your education. Here are some helpful tips to point you in the right direction.

Before enrolling

Your first step is completing the FAFSA. Fill out the FAFSA every year, even if you think you won't qualify for financial aid. You may qualify for federal work-study or other programs to help you pay for school. Then...

Go for free money first. Apply for as many grants and scholarships as possible. If grants and scholarships don't fulfill your need, tap into any college savings you have.

Focus on federal. To bridge the gap between gift aid (grants and scholarships) and the cost of school, you may need a student loan. Be sure to exhaust all federal loan options before considering "private" or "alternative" loans. Federal loans have lower interest rates and flexible repayment options to meet your needs. Visit StudentAid.ED.gov to learn more about federal student loan programs and how they can work for you.

Borrow only what you need. When accepting a student loan it's important to know exactly how much money you'll need to attend school. Many students are offered more than they actually need to pay school expenses. Loans must be repaid, so don't borrow more than necessary. Get the facts from your financial aid counselor when considering which loan offers to accept.

Keep your career in mind. A good rule of thumb is to make sure your student loan payments won't exceed 8% of your first-year expected monthly income after graduation.

Get a job. The more money you can earn to pay for college, the less money you'll have to borrow and pay back later, plus interest.

Visit UCanGo2.org to learn more about paying for college.

During school

Monitor your needs. Once you're enrolled, examine your financial aid needs each semester. If you find yourself struggling to make ends meet, or if you find that you have more student loan money than you need, adjust your borrowing accordingly. Decide each time to borrow only what you need for school.

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



Above all else, this is your money and your future we're talking about. Don't be afraid to ask for help if you have questions or need more information. Call your financial aid department or your lender for assistance.

Bank On It



A checking account is essential for handling your money. It's safe, secure and, thanks to a variety of tools, easy to access and manage. With a checking account, you can write a check, use an ATM card to get cash or use a debit card to 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 may require you to keep a minimum amount in your account, such as \$200. If your balance falls below this amount, the bank may charge a small fee or close your account within a certain time period.

Annual or monthly fees. Some institutions may charge a fee just for housing your account.

Insufficient funds charge. If you bounce a check—meaning you've written a check that exceeds the balance in your account—some financial institutions will allow the check to clear and charge you an insufficient funds fee, usually \$15 to \$30 per check! The same is true if you use your debit card to make a purchase and don't have enough money to cover the transaction. These fees can quickly add up, but they're easy to avoid if you keep tabs on your checking account balance.

ATM fees. If you use an ATM that's owned by your bank or credit union, there may be no cost. However, if you use a "foreign" ATM (one not owned by your bank) you may be charged a \$1 to \$2 service fee. And, your bank may charge you an additional fee for using a machine outside the network!

Once you open an account, it's important to stay on top of your finances. Check out these must-know facts about using your checking account.

A debit card differs from a credit card. Debit cards are actually connected to your bank account, which means when you use your debit card to purchase an item, money is removed from your account, much like writing a check. On the other hand, credit cards are actually loans. The transaction is charged to your account and by using the card, you agree to pay the amount charged at a later date, plus interest.

An ATM won't give you the most accurate account balance. It's important to keep track of checks you've written, debit card transactions and various account fees to find your true balance. Most ATMs allow you to check your account balance, but the balance shown doesn't reflect charges that haven't cleared your account. For the most up-to-date information, keep a close eye on your spending and update your checkbook register 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.

Features	Financial Institution #1	Financial Institution #2	Financial Institution #3
Institution Name			
Convenient Branch Locations (near home, work, etc.)			
Bank Hours			
FDIC Insured? (Federal Deposit Insurance Corporation)	Yes___ No___	Yes___ No___	Yes___ No___
Annual or Monthly Fee?	Yes___ No___ Amount _____	Yes___ No___ Amount _____	Yes___ No___ Amount _____
Minimum Balance Requirement			
Cost of Checks			
Overdraft Fee/Below Minimum Balance Fee/Other Fees			
Free Online Banking?	Yes___ No___	Yes___ No___	Yes___ No___
ATM Fees			
Direct Deposit Required?	Yes___ No___	Yes___ No___	Yes___ No___
Other Features or Requirements			

Crash Course in Credit

Ever been short on cash and asked a buddy to spot you? Well, simply put, that's the role of credit: to provide funds today that must be repaid at a later date. Unlike borrowing from your pals, however, you'll pay – in the form of interest – for the privilege of using other types of credit!

Maintaining a solid credit rating and payment history will ensure your ability to obtain credit in the future and qualify for a lower interest rate. If you don't have a credit history, how do you get one?



Building a Good Credit History

Building a good credit history is one of the smartest things you can do. You must demonstrate that you're a good risk before lenders will extend credit to you. If you have a regular source of income and are a good money manager, you're well on your way! 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.

- Apply for a credit card issued by a local store. Often, local businesses are more willing to give credit to someone with no credit history.
- Apply for a secured credit card. Basically, this type of card requires you to save the money first as collateral for your line of credit. Your credit line will be a percentage of your deposit, typically from 50 to 100% of your account balance. Bear in mind that some secured credit cards charge application and processing fees, and many carry a higher interest rate than traditional, non-secured cards.
- Ask someone with an established credit history – perhaps a parent or other relative – to co-sign your credit account. By co-signing, this individual commits to repay the debt if you don't. Once you demonstrate that you're a responsible credit manager, major credit card issuers may be more willing to extend credit to you. Now that new credit card rules are in place, anyone under 21 must have an adult co-signer to open an account or must be able to prove they have enough income to pay their credit debt.

Managing Your Credit

What's the easiest way to manage your credit? Don't spend money you don't have. It's that simple. The fastest way to get in trouble with credit is to spend wildly with the attitude, "I'll pay it off later!" If you don't have the money now, will you have enough dough to pay the bill when it comes?

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, preferably under \$300. For big-ticket items, it's not always possible to pay your balance in full when the bill is due, so make sure you have a repayment plan in place before you charge it.

Making only the minimum required monthly payment is not 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! Always pay more than the minimum payment to stay on top of your credit card debt.

Maintaining a Good Credit Score

Your credit score is the tool lenders use to figure out if you're likely to repay money you borrow. The FICO score, developed by the Fair Isaac Corporation, is the most widely used credit evaluation system. Scores range from 300-850; a higher score means you'll pay less interest and gain access to more credit.

Your credit rating is based on five categories, and 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.

Monitoring Your Credit Report

Your credit report is similar to a report card; it "grades" your experience handling credit. Just like you closely 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. To monitor your credit history, work with your parent(s) or guardian(s) to contact the three major consumer reporting agencies for a copy of your credit report.

- Equifax: 800.685.1111 (Equifax.com)
- Experian: 888.397.3742 (Experian.com)
- TransUnion: 800.888.4213 (TransUnion.com)

The Annual Credit Report Service (877.322.8228, AnnualCreditReport.com) will provide one free copy of your credit report per year as required by the Fair Credit Reporting Act. Equifax, Experian and TransUnion will provide additional copies of your credit report for a small fee. Equifax and TransUnion will provide your credit score for a small fee, too. Instructions for ordering your report and addressing any errors are available on the website.



Select the Right Card

Your family may decide it's time for you to consider applying for a credit card from a major credit card issuer. Don't choose a credit card simply because you like that company's commercials or because they'll give you a free T-shirt!

For the best deal, choose a credit card that:

- Doesn't charge an annual fee.
- Offers a low fixed—*not variable*—interest rate.
- Provides a clear explanation of fees for late payments and courtesy services, like cash advances and balance transfers.

With help from your parent(s) or guardian(s), use the form below to compare cards. There are a variety of websites to help you compare credit card interest rates. To start, check out Bankrate.com, CreditCards.com and CardRatings.com.

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

Avoid an Identity Crisis

Identity theft occurs when someone uses your personal information, like your name, Social Security number (SSN) or credit card information, without your knowledge to commit fraud or other crimes. A thief who steals your personal information could clean out your bank account, max out your credit cards, apply for new credit or cash bad checks, all of which could ruin your credit. If that happens, it could take years to clear your good name.



Put these tips into practice to help keep identity thieves at bay.

Be careful what you put online. Social networking sites like Facebook and Myspace are popular places to connect with friends, but beware what you share. Listing your birth date, address or even your mother's maiden name can give identity thieves important information.

Think before you throw. Never toss papers that include personal information, like your user IDs, passwords, account numbers, birth date or SSN, in a wastebasket. This could 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 destroy all unnecessary documents that contain such information.

Protect your SSN. Never carry your Social Security card in your purse or wallet and don't use your SSN as an identification number or have it printed on your checks.

Keep it to yourself. Don't leave your checks, debit card or credit card lying around for people to see. If someone gets access to your account numbers, they can order new checks in their name or shop online with your card numbers. Never attach your PIN number to your cards.

Mind your business. Don't give out your personal information over the phone, through e-mail or on the Internet unless you initiated the inquiry. Banks and credit card companies will never ask you to verify your information by e-mail; be leery of any attempt to "verify your account information."

Keep an eye on your credit. Visit AnnualCreditReport.com to order a free credit report from each of the three largest consumer reporting agencies: Equifax, Experian and TransUnion.

Be password savvy. When creating passwords never use your birth date, name or phone number. Choose a password with a mix of characters and numbers that would be hard to guess. Use online password checkers, like the one found at Microsoft.com, to test the strength of your passwords.

Shop secure. If you shop 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.

Handy, Dandy Resources



Oklahoma Guaranteed Student Loan Program, OGSLP.org

The Oklahoma Guaranteed Student Loan Program (OGSLP), an operating division of the Oklahoma State Regents for Higher Education, provides college access, aid awareness, financial literacy and student loan management programs and services that benefit students, parents, schools, and community partners.

Oklahoma State Regents for Higher Education, OKHigherEd.org

The State Regents are the coordinating board for Oklahoma public higher education. Among other responsibilities, the State Regents set academic standards, determine functions and courses of study at state colleges and universities, grant degrees and manage 23 scholarship and special programs. In collaboration with OGSLP and colleges and universities statewide, the State Regents developed a student portal, OKCollegeStart.org, to serve as a one-stop shop for college planning resources for students, parents and counselors.

**OKLAHOMA STATE REGENTS
FOR HIGHER EDUCATION**

Improving our future by degrees



UCanGo2, UCanGo2.org

UCanGo2 is OGSLP's comprehensive college access program. Through the website you'll find resources for planning, preparing and paying for college, along with helpful tools to assist you in deciding where to attend school.

National Endowment for Financial Literacy (NEFE), SmartAboutMoney.org

Want to boost your money IQ? Visit NEFE's website for information about financial planning topics like credit and debt, saving, investing and retirement. The resource center offers courses, workshops, tools, multimedia and printed materials to improve financial decision-making.

360 Degrees of Financial Literacy, 360FinancialLiteracy.org

360 Degrees of Financial Literacy, an effort of the American Institute of Certified Public Accountants (AICPA), offers free tools and resources to help adults manage their finances through every stage of life. The website also links to the AICPA's national public service campaign, FeedThePig.org, which encourages adults age 25 to 34 to take control of their personal finances.

Federal Trade Commission (FTC), FTC.gov

The Federal Trade Commission's website offers publications and materials to educate consumers about issues ranging from credit to investments to privacy, among other topics. This site also features information about the FTC's *Deter, Detect, Defend* campaign, which offers various instructional resources to prevent identity theft.

Your Money Matters!



Visit OklahomaMoneyMatters.org to:

- Learn about basic money management, consumer credit, saving and managing student loans
- Take advantage of personal finance tools, like budgeting worksheets and *Money Talks* podcasts
- Ask us your money management questions through Ask OKMM, our online Q&A forum
- Read about relevant consumer issues and local events
- Access links to other personal finance service organizations, instructional materials and helpful resources

Did You Know?

- On average, a person with a four-year degree can expect **lifetime earnings 80% greater** than a person without a degree.
- Teenagers are active consumers, **spending nearly \$200 billion** annually.
- About 21% of teens have their **own credit card** or access to their parents' credit card, and 16% hold their **own ATM cards**.
- More students drop out of college **due to credit card debt** than academic failure.
- One-third of identity theft victims are under the age of 30, and **most are college students**.



*the financial literacy initiative of the Oklahoma Guaranteed Student Loan Program,
an operating division of the Oklahoma State Regents for Higher Education*



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