

41<sup>st</sup> Annual  
Community  
Bank Week  
**2019 Theme:**

# Community Banking, *a natural* choice

April 22 - April 27, 2019



## Here you will find:

- › Celebration Ideas from other Community Banks
- › Governor's Proclamation
- › Letter to the Editor
- › Press Release
- › Statement Stuffers
- › Coloring Pages
- › Financial Literacy Information



## **How to Use Your Kit for Community Bank Week: 6 Easy Ways!**

### **2019 Theme: Community Banking, A Natural Choice**

#### **Governor's Proclamation**

Post the Proclamation in your bank lobby (perhaps place it in an inexpensive 8 1/2 x 11 photo frame). The proclamation explains the importance of community banks to the Kansas economy and announces the official 2019 statewide celebration.

#### **Coloring Contest**

Children's activities always create attention - so here's how to get the kids involved in Community Bank Week. First you need to fill in the blanks on the rules page. Once that is done, make copies of the coloring page and copy the contest rules on the back of the page. Have them color it, fill out the information on the rules sheet, and return to the bank by a certain date. Display them in the lobby, have judges pick out the best one from each age group, and have prizes of savings bonds etc., and/or give a prize to all that enter the contest.

#### **Sample Letters to the Editor**

A free, inexpensive and effective way to explain your bank's importance to the community economy. We've made it easy too! Simply retype one or both of the letters on your bank's letterhead, filling in your bank and community information in the proper spaces. Then deliver to your local newspaper to be printed. Research has shown letters to editors are well read and effective. We also recommend that you type the letter and email it directly to your local editor, as this makes it easy for them to print it!

*Note: If there are several CBA members in your county, (consult your membership directory) you may want to jointly sign the letter.*

#### **News Release on Kansas Community Bank Week**

Not much work here - just type the press release on your bank's stationery, take it to the newspaper personally, and ask the editor to run it the week of April 22<sup>nd</sup> – 27<sup>th</sup>, 2019. You can also add a tag line at the end of the article. It could say something like - "[insert your bank name] is a member of the Community Bankers Association of Kansas." *Emailing the press release to your local news outlets is also a great idea. Try radio in addition to print.*

**Like to talk about community banking? So do we.** Contact your local talk radio station to ask if you can participate in a morning talk show or other opportunity. Many times, radio stations welcome the opportunity to fill a space with a great discussion - and make sure to send them the press release when you call to set up the interview. This is also an exciting way to offer community members a chance to call the station with their questions during the interview.

**Host a media reception at your bank during Community Bank Week.** Ask your local media to come via a printed or emailed invitation. Let them know you're sharing information about the importance and impact of community banking, and that you're inviting media for a "behind the scenes" tour. Prepare a fact sheet in advance of how community banking impacts so many areas of the local community. Assign someone in your bank to lead the tour, and have them read the official Proclamation as a highlight of the event. You can combine this with your customer celebration for added impact.

## **CBW Celebration Ideas: Community Bank Week is April 22-27, 2019**

*CBA has been asked how other Kansas banks celebrate Community Bank Week (CBW). Below is a compiled list of ideas from banks that have participated in CBW in past years and have shared their successful suggestions.*

*The theme for 2019 is “Community Banking, A Natural Choice.” We believe, as you do, that community banking is a natural choice for success. We believe that our local community banks know and understand the unique needs and challenges of each local community, and everyone benefits. Across the state of Kansas, we also enjoy sharing our “natural” resources – from family farms to diverse landscapes. During Community Bank Week, think about what makes your community special, such as the people, the landmarks, the farms and the businesses. They’re all part of your “natural” local strength.*

### **Local Media Opportunities:**

**Advertise** - Place ads about your CBW celebration in the local newspaper and on radio stations. You can also use other advertising opportunities, such as community bulletin boards, schools, flyers and other grassroots connections. These are great ways to advertise for free. When holding your special event, don’t forget to invite your local newspaper and radio station!

### **In Your Bank and For Your Customers: We’re Naturally Strong!**

**Create a Pin Wall** - Place a large map of your area (or the state of Kansas) in your lobby. Have pins and post-it notes available nearby. Ask customers to answer questions, like “How long has your family lived here?” or “Do you have any family farm connections or farm land?” or “What’s your favorite natural resource to visit?” and have them mark that area with a post-it note answer and a pin. Post a sign above the map that says “Find out why our customers say community banking is a natural choice and part of what makes our region great!”

**Theme Week** - Attract attention to your bank by featuring a theme for each day of the week: this year’s CBW theme is “Community Banking, A Natural Choice.” HINT: Use Kansas maps that show farm land or natural attractions, agricultural-themed activities, scavenger hunts, activities that highlight your area’s town stories and legends, (such as things that make your town unique), or host a “nature” themed or farm themed day.

**Drawings** - Each day, give away something to your customers: tickets to the local resources (like a state park camping pass, area zoos or even outdoor sporting events), free family photo package at your local photographer, a family pass to the local pool and other items that encourage community spending. This is also a great way to highlight area organizations that conduct their banking business with you. You may want to consider giving items that make a “naturally great day out” in your region to fit the 2019 theme – such as a picnic basket full of local goodies or a gardening basket.

**Plant Some Trees!** – The 2019 Community Bank Week theme celebrates the “natural” connection between community banks and community success. What a great opportunity to have a few official tree planting ceremonies at your bank, and are schools, parks or gathering places. Make sure to share photos and invite the media!

**Host a Tractor Parade** – Farming and agriculture are a very important component of the “natural” success of many Kansas families and communities. Honor this with a tractor parade, and be sure to send photos to your local newspaper. Place signs on the tractors that showcase why community banking is a natural choice for your community!

**Celebrate Local Gardening** – You can host a gardening workshop at your bank, and invite a local gardening expert to speak. Serve coffee or tea and snacks, and send each guest home with a gardening tool or seed packet. Put your bank’s name and the 2019 Community Bank Week theme on the packet!

**Host a “Tailgate”** - Decorate the bank lobby with local high school or college team colors, have hamburgers and hot dogs and a prize table for the visitors to select novelty prizes: foam fingers, footballs, baseballs, tennis balls, soccer balls, etc...A tailgate is a hit any time of year!

**Health Day** - Offer mini physicals; blood pressure, cholesterol, hearing and vision checks.

**Protect Your Identity** - Have a shredder on hand for customers to shred personal items. Hold a drawing during the day for the winner to take home a personal shredder. Hand out Identity Theft information to everyone who comes in.

**Raffle** - Have three or four big items to raffle: iPad, TV, Royals Tickets, KSU or KU Game Tickets. Use the proceeds to donate to your local 4-H Club, Boy or Girl Scout Troop or your local sports team. Idea: Use items from local businesses that have loans or accounts with your bank as the featured giveaway items!

**Coloring Contest** - For younger children (preschool through third grade) have a coloring contest, for different age groups. Give each child a small gift to take home with them. At the end of the week give your winners \$50 towards their very own savings account. Be sure to show off all of your entries!

**Pennies in a Jar** - For kids a bit older: have different age groups guess how many pennies are in the jar. At the end of the week give your winners pool passes or movie tickets.

**Display** – Showcase arts and crafts or town memorabilia in your lobby, from local artists and high-school students. It’s a great way to involve your entire community. For 2019, consider asking students to prepare artwork that showcases what’s “naturally great” about their local community or what makes living there “a natural choice.”

**Scavenger Hunt** - Each day post clues in your bank and on your phone message. The one who finds the prize wins: a gift certificate, cash or tickets to a College Baseball Game. You can include clues for scavenger hunt stops nearby your bank!

**Spirit Day** - Decorate your bank with school’s colors and mascot: give each person that comes in kool-aid, popcorn and/or cookies.

**First Deposit Program:** Encourage families to come and open accounts with their child. Announce that during CBW, if you open an account with \$25, you’ll add \$10 to it.

### **Get Your Local Community Involved:**

**Host an Essay Contest** – Have students in grade school through high school write an essay about what the local community means to them ... or why community banks and community businesses are a “natural choice” when it comes to success. Share the top essays at a school and parent reception. Give away a \$100 savings bond for the top essay, and invite all participants to come and read their essays during the reception. (Parents and grandparents enjoy this!)

**Bake Sale** – Set up a bake sale to benefit your local schools. Sell themed goodies: school colored cupcakes, bags of popcorn, Kansas-shaped suckers or cookies, etc...

**Sports Themed Costume Contest** – Host a costume party and have your customers dress up in their favorite team gear: jersey’s, face paint, cheerleader gear, pom-poms, etc... Have a judge and a grand prize winner!

**Contributions** - Host a community fundraiser, and encourage your community to donate food, clothing, coats and toys to those less fortunate. Give each participant a small gift.

**Limo Ride** - Get teenagers involved! With prom right around the corner, what better than a contest that gives the winner a limo ride to and from the prom?

**Tour Time!** - Invite all of the second, third, or fourth graders from your local elementary school in for a bank tour. Let them visit each area or department of the bank. You could have them step inside the vault, let them view old and new currency and talk about the banking process. Give each child a small souvenir. Take polaroid photos as the children visit and make a bulletin board for all your guests and employees to enjoy.

**Patriotic Day** - Start by having local elementary children write letters or make cards for soldiers overseas. Be sure to display all letters/cards throughout the week. Designate a day in the bank to invite people in the community to the bank for apple, cherry and blueberry pie with red or blue punch. Be sure to wear your red, white and blue that day!

**Safety Day** - Ask your local sheriff’s office to come in to perform car seat checks and to do child I.D. and finger printing. Hand out safe driving tips to teenagers. Invite fire trucks and police cars to come to the parking lot for visits with children.

**Beautification Day** - Hand out flower seeds while your employees donate their time to clean up your community. Pick up litter, paint park benches, plant trees or adopt a house in your neighborhood that needs a little TLC. You can put a computer-printed label on each seed packet with your bank name and logo and the theme for Community Bank Week, “Community Banking, A Natural Choice.”

**Senior Citizens** - Host a lunch for local seniors; have bingo, card games and other fun things. Host a ‘senior’ prom: have dinner and dancing. Don’t forget to take pictures!

**Host a video contest.** Ask local students to prepare a YouTube video highlighting how community banks help their town remain successful. Offer a prize to the school with the best video, and show all the videos at an in-bank reception. Share these videos on social media if you have active accounts for your bank. CBA will share top videos on our website also! Idea: You can have fun with this by having parents ask kids in the video how much things cost, how much

it costs to live, etc.

**Host an art gallery in your bank.** Ask local students to prepare specific artwork to display that shows what's unique or special about your community. Invite the parents and the public to an Art Gallery Exhibit evening. Allow members of the community to form a volunteer "jury" and give a ribbon to the best entries. Students may enjoy taking photos or making creations that display the "natural" things they love about your community.

**For immediate release:**

**Contact:**

**[BANK NAME]**

**[BANK CONTACT]**

**[BANK ADDRESS]**

**[BANK CITY, STATE ZIP]**

**[BANK PHONE NUMBER]**

## **CBA and [BANK NAME] Recognizes Community Bank Week April 22 - 27, 2019**

*Community Banking, a natural choice*

**Topeka, Kan. (April 15, 2019)** - Community Bankers Association of Kansas (CBA) and [BANK NAME] will recognize Community Bank Week April 22-27; a week dedicated to celebrating the longstanding tradition of local hometown community banking. Throughout the week, CBA and [BANK NAME] will encourage consumers, entrepreneurs, farmers and ranchers to learn more about community banks, their role in building stronger communities and the quality products and services that they provide—all with the relationship banking experience that customers can expect from a local financial institution.

“Community banks are a natural choice, as they continue to lend to local residents, entrepreneurs and agricultural enterprises—all of which keep Kansas’s rural, suburban and urban communities growing and thriving,” said CBA Chairman Rodger Van Loenen, president and CEO of Farmers State Bank, Phillipsburg, KS. “Community banks exist to serve the needs of their customers and communities, many have been around for decades. This time-honored business of community banks is something to be proud of and celebrate. CBA commends community banks for their continued support and advocacy of consumers and Main Street America.”

Community banks are relationship lenders that flourish when their customers and communities do the same. Taking care of customers and looking out for the best interest of local communities is the community banking business model. Across Kansas, community banks employ over 13,000 Kansans and hold more than \$71 billion in assets, have more than \$55 billion in deposits and more than \$47 billion in loans to consumers, small businesses and the agricultural community.

“Community banks such as [BANK NAME] are one-of-a-kind, as are our customers in [COMMUNITY COUNTY], which we are proud to serve on a daily basis. CBA Community Bank Week gives us an opportunity to celebrate the unique and critical role we play in our local hometown,” said **BANK SPOKESPERSON NAME, TITLE, BANK NAME**.

**About [BANK NAME]**

*Boilerplate information here. Boilerplate information here.*

**About CBA**

*Community Bankers Association of Kansas serves independently owned and operated banks of all sizes and charter types throughout the state of Kansas offering political representation, educational training and networking opportunities. Their purpose is to promote the economic strength in Kansas community banks. For more information, visit [www.cbak.com](http://www.cbak.com).*

**For immediate release:**

**Contact:**

**[BANK NAME]**

**[BANK CONTACT]**

**[BANK ADDRESS]**

**[BANK CITY, STATE ZIP]**

**[BANK PHONE NUMBER]**

## **CBA and [BANK NAME]: Where You Bank Matters**

*Community Banking, a natural choice*

[City, State] (Month XX, 2019) - Community Bankers Association of Kansas (CBA) and [BANK NAME] are reminding consumers: Where you choose to bank and with whom matters, by celebrating Community Bank Week, April 22 – 27, 2019.

“When you bank locally, you’re reinvesting in your community, contributing to the welfare of your neighbors and building a legacy of prosperity for future generations,” said CBA President and CEO Shawn Mitchell. “Community bankers power your area’s small businesses and influence job growth one loan at a time. They’re rooted in your community, ensuring they have a stake in your financial success and the strength of the community overall.”

Community banks support local startups—funding more than half of small businesses and a significant majority of agriculture loans—and contribute tax dollars that help maintain local municipalities and keep local neighborhoods viable and vibrant.

When choosing who to trust with your hard-earned money, CBA and [BANK NAME] want consumers to know that they have a choice and know the following:

- **Community banks respect and honor their community ties.** Community banks have symbiotic relationships with their communities—one cannot thrive without the other.
- **Community banks are relationship lenders.** They know their customers and understand their financial needs.
- **Community banks understand and embrace local businesses.** A study from the Federal Reserve Banks found that small businesses that apply for loans with community banks are the most successful and most satisfied.
- **Community banks give back.** Serving local communities is second nature to community banks.

### **About Community Bank**

*Boilerplate information here. Boilerplate information here.*

### **About CBA**

*Community Bankers Association of Kansas serves independently owned and operated banks of all sizes and charter types throughout the state of Kansas offering political representation, educational training and networking opportunities. Their purpose is to promote the economic strength in Kansas community banks. For more information, visit [www.cbak.com](http://www.cbak.com).*

# How to use your statement stuffers:

We believe community banking is a **"natural choice"** for success. As your community bank, we are celebrating what makes our community great this week. Stop by and help us honor the people, farms, businesses and families that give us our local strength. Don't forget to check out all our other services too! Find out how we can be part of your plans to grow something new in the coming years.

Member of  
**CBA** Member  
Community Bankers Association of Kansas **FDIC**

**April 22-27 is  
Community  
Bank Week**

April 22-27 is  
Community  
Bank Week!

2019 Theme:  
Community Banking,  
*a natural  
choice*



This is a week set aside to celebrate everything that makes our community great. Across our family businesses, local schools, family farms and hometown traditions, we're right there beside you as your community bank. Stop by this week and let us know why community banking is "a natural choice" for you and your family! We look forward to celebrating with you.

**CBA** Member FDIC  
Community Bankers Association of Kansas  
Representing Community Banks

Community Banking,  
*a natural  
choice*  
**APRIL 22-27 IS  
COMMUNITY  
BANK WEEK**

Kansas Community Banks are built on a strong commitment to people and the value of our combined strength. Across our community, from farms to locally-owned businesses – and from schools to organizations to families – we share your dreams and goals for growth. We celebrate and honor the goals and the needs of your family and your business, and we're with you every step of the way. We would like to show you our appreciation.

Please stop by the  
bank April 22-27  
during Community  
Bank Week.

Member of  
**CBA** Member  
Community Bankers Association of Kansas **FDIC**

## The originals are enclosed in this packet.

You can place them in your customers' bank statements and/or hand them out at the teller window. These statement stuffers are a great and inexpensive way to advertise the importance of your bank to the community. All you have to do is place your bank logo, stamp, etc. in the blank space in the middle of each stuffer, copy (colored paper recommended), cut, and then hand out.



# April 22-27 is Community Bank Week

We believe community banking is a "natural choice" for success. As your community bank, we are celebrating what makes our community great this week. Stop by and help us honor the people, farms, businesses and families that give us our local strength. Don't forget to check out all our other services too! Find out how we can be part of your plans to grow something new in the coming years.



This is a week set aside to celebrate everything that makes our community great. Across our family businesses, local schools, family farms and hometown traditions, we're right there beside you as your community bank. Stop by this week and let us know why community banking is "a natural choice" for you and your family! We look forward to celebrating with you.



Member FDIC  
Member of Community Bankers  
Association of Kansas  
Representing Community Banks

April 22-27 is  
Community  
Bank Week!

2019 Theme:  
Community Banking,  
*a natural  
choice*

Community Banking,  
*a natural  
choice*

APRIL 22-27 IS  
COMMUNITY  
BANK WEEK

Kansas Community Banks are built on a strong commitment to people and the value of our combined strength. Across our community, from farms to locally-owned businesses – and from schools to organizations to families – we share your dreams and goals for growth. We celebrate and honor the goals and the needs of your family and your business, and we're with you every step of the way. We would like to show you our appreciation.

**Please stop by the  
bank April 22-27  
during Community  
Bank Week.**



## Coloring Contest Rules

1. Only children between the ages of \_\_\_\_\_ and \_\_\_\_\_ may participate.
2. Children of this bank's employees are NOT eligible for the contest.
3. All entries are due by 5 p.m. on \_\_\_\_\_.
4. The judge's decisions are final.
5. The following prizes will be given (savings bonds, ad specialty items, etc.)
  - 
  - 
  - 
  -

### **IMPORTANT INFORMATION**

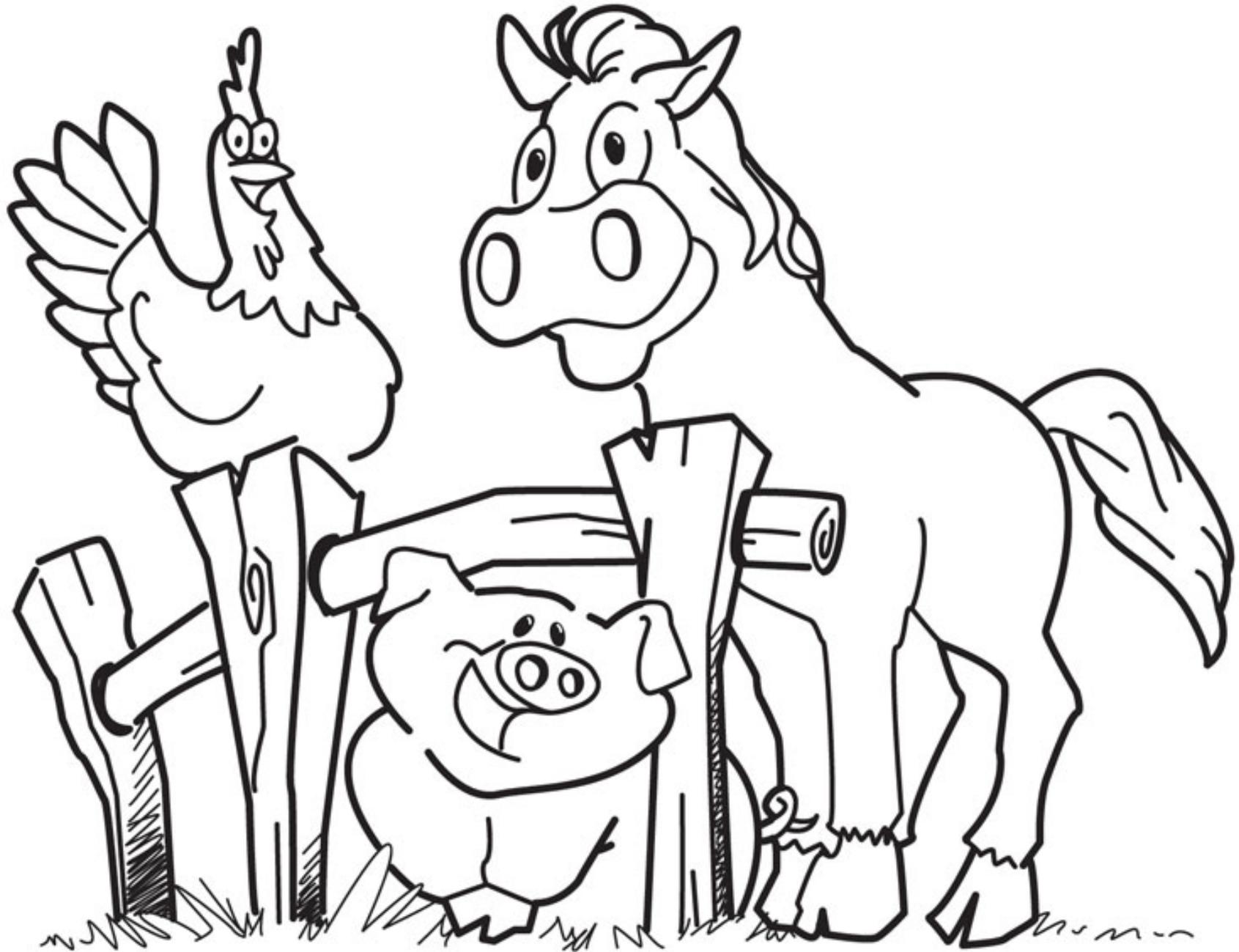
Entrant's Name \_\_\_\_\_ Age \_\_\_\_\_

Address: \_\_\_\_\_ Phone \_\_\_\_\_

Parent's or Guardian's Signature \_\_\_\_\_

# Community Banking, a *natural* choice

Kansas Community Bank Week April 22<sup>nd</sup> – 27<sup>th</sup>



COLORED BY: \_\_\_\_\_

AGE: \_\_\_\_\_

# Community Banking, a *natural* choice

Kansas Community Bank Week April 22<sup>nd</sup> – 27<sup>th</sup>

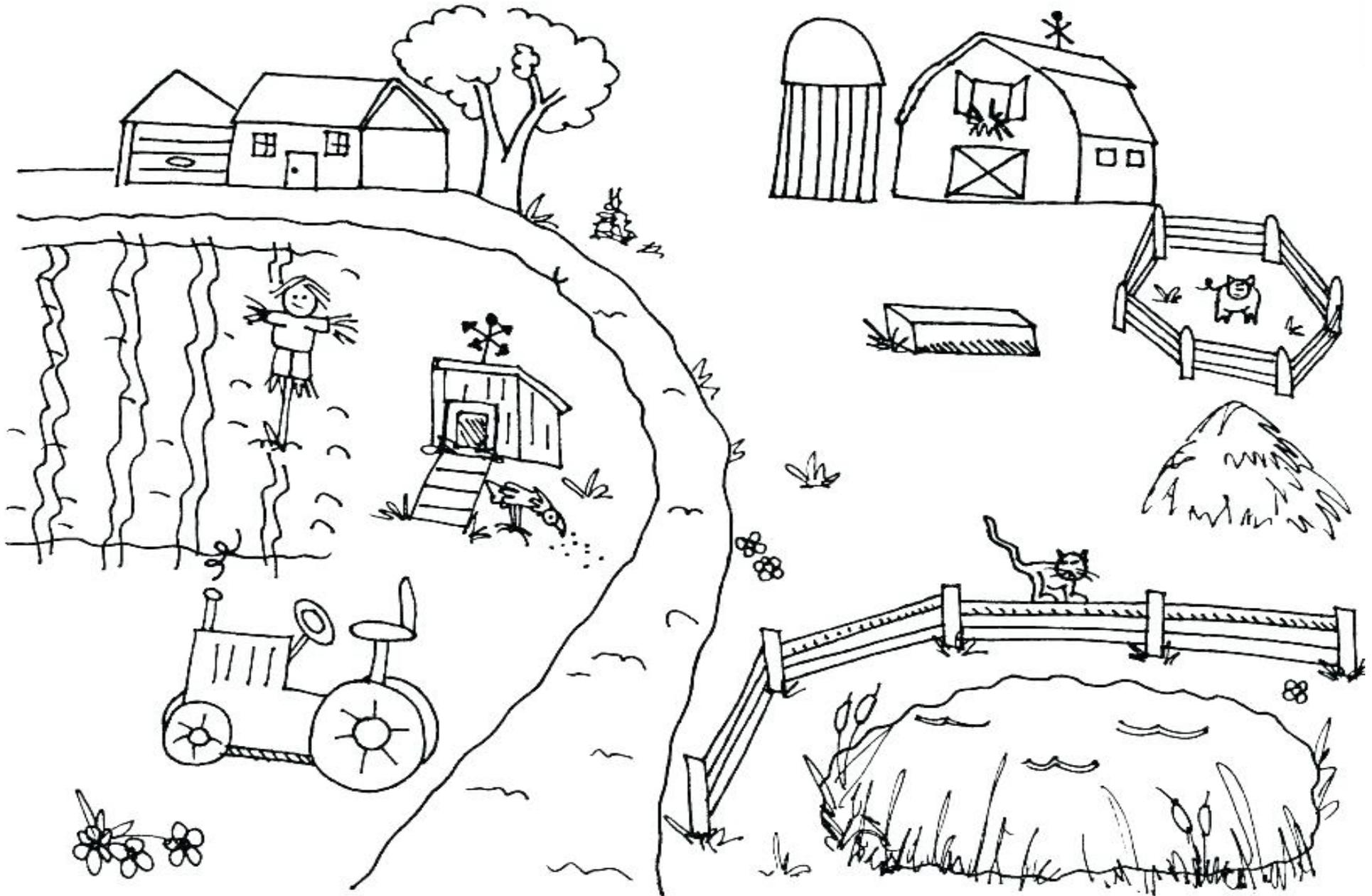


COLORED BY: \_\_\_\_\_

AGE: \_\_\_\_\_

# Community Banking, a *natural* choice

Kansas Community Bank Week April 22<sup>nd</sup> – 27<sup>th</sup>



COLORED BY: \_\_\_\_\_

AGE: \_\_\_\_\_

# Community Banking, a *natural* choice

Kansas Community Bank Week April 22<sup>nd</sup> – 27<sup>th</sup>



COLORED BY: \_\_\_\_\_

AGE: \_\_\_\_\_

# Community Banking, a *natural* choice

Kansas Community Bank Week April 22<sup>nd</sup> – 27<sup>th</sup>



COLORED BY: \_\_\_\_\_

AGE: \_\_\_\_\_

Community Banking, a *natural* choice

Kansas Community Bank Week April 22<sup>nd</sup> – 27<sup>th</sup>



COLORED BY: \_\_\_\_\_

AGE: \_\_\_\_\_



# Practical Money Guides

---

## The path to financial well-being begins with understanding the basics of personal finance.

Take the first step with these Practical Money Guides, covering topics such as credit and debit card use, budgeting, and the keys to establishing and maintaining good credit. Read on to discover the essentials of smart money management.

### Budgeting Basics

---



### Credit History

---



### Credit Card Basics

---



### Debit Card Basics

---



### Identity Theft

---



### Prepaid Card Basics

---





## PRACTICAL MONEY GUIDES

# Budgeting Basics

Learn to create and stick to a budget.

## Create Your Budget

A budget helps you pay your bills on time, be prepared for emergencies and reach your financial goals. Take control of your finances by following these five steps.

### 1. Set Guidelines

If you choose to spend more on some expenses, remember to reduce other costs accordingly. Set guidelines on how much money should go toward different expenses.

### 2. Add Up Your Income

To set a monthly budget, you need to know how much money you're earning. Make sure you include all income like salary, interest, pension and any other sources.

### 3. Estimate Expenses

Reevaluate needs and wants when determining monthly fixed and flexible expenses.

### 4. Find the Difference

Subtract your expenses from your income to find how much disposable income you have. If it's a negative number, reduce your expenses.

### 5. Track, Trim and Target

After creating your budget, track your actual income and expenses. You may be surprised to see what you spend on unnecessary expenses. Adjust your budget to fit your lifestyle and financial goals.

## Elements of a Budget

There are some basic guidelines on how much of your income should go toward different expenses (after taxes). You can adjust these numbers to fit your finances.



Smartphone apps and online services can help you create a personalized budget and will automatically track your spending for you.

### Average Americans' Spending Habits

- 25%** Housing
- 20%** Transportation
- 14%** Life Insurance & Pensions
- 10%** Groceries
- 10%** Health Care
- 10%** Utilities
- 8%** Entertainment

Source: U.S. Bureau of Labor Statistics, 2015



Reevaluate your budget any time there are significant changes in your income or expenses, like a salary raise or a change in rent.

## Getting Started

The first step in creating a budget is to determine how much income you have and how you're spending it. Use our Budget Worksheet to gain a better understanding of your current budget and how much you should be saving and spending in order to reach your financial goals. Remember that fixed expenses stay the same from one month to the next, while flexible expenses are costs that change each month.

## Budget Worksheet

Monthly Net Income	
Income #1	\$
Income #2	\$
Interest	\$
Other	\$
<b>Total Income</b>	\$

Monthly Flexible Expenses	
Food/Groceries	\$
Entertainment	\$
Medical	\$
Utilities	\$
Other	\$
<b>Total Flexible Expenses</b>	\$

Monthly Fixed Expenses	
Housing	\$
Debt Payments	\$
Transportation	\$
Insurance	\$
Other	\$
<b>Total Fixed Expenses</b>	\$

Total Expenses	
<b>Total Monthly Income</b>	\$
<b>Total Monthly Expenses</b> <small>(Add flexible and fixed expenses)</small>	\$
<b>Total for Saving &amp; Investing</b> <small>(Subtract total monthly expenses from total monthly income)</small>	\$

## Get SMART About Expenses

With your budget in place, let the tracking begin. After determining where your money is going, it will be easier to make decisions and gain control of your spending. Cutting back is usually a better place to start than completely removing an expense. After trimming extra spending, it helps to have a goal to save for each month. Setting a goal needs to be SMART:

<b>S</b>	Specific enough to suggest action.
<b>M</b>	Measurable to know when you have met your goal.
<b>A</b>	Attainable goals that are reasonable and possible.
<b>R</b>	Relevant goals that make sense for your life.
<b>T</b>	Time-related objectives with a target date.



Reallocate the money you have saved each month and divert it to an emergency fund for unexpected expenses.

## Budgeting Resources

**Creating and maintaining a budget**  
[practicalmoneyskills.com/budgeting](https://practicalmoneyskills.com/budgeting)

**Budget worksheet**  
[practicalmoneyskills.com/budgetplanner](https://practicalmoneyskills.com/budgetplanner)

**Financial calculators**  
[practicalmoneyskills.com/calculators](https://practicalmoneyskills.com/calculators)

This guide is one of a series on *Practical Money Skills*.

- Budgeting Basics
- Credit History
- Credit Card Basics
- Debit Card Basics
- Identity Theft
- Prepaid Card Basics

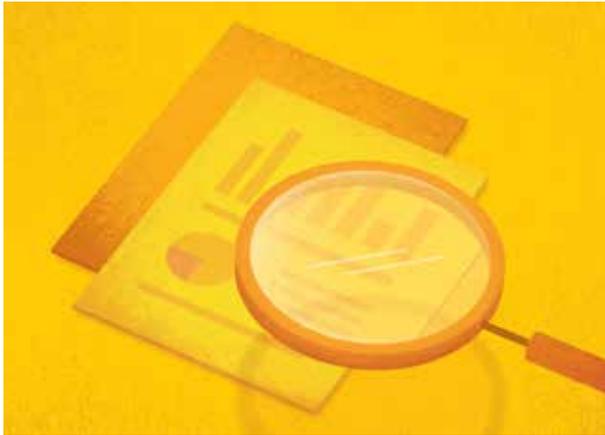
### Follow Us

 [facebook.com/PracticalMoneySkills](https://facebook.com/PracticalMoneySkills)

 [twitter.com/PracticalMoney](https://twitter.com/PracticalMoney)

 [youtube.com/PracticalMoneySkills](https://youtube.com/PracticalMoneySkills)

For more information, visit [practicalmoneyskills.com](https://practicalmoneyskills.com)  
 ©2018 Visa Inc.



## PRACTICAL MONEY GUIDES

# Credit History

Your credit history and how it affects your future.

### What Is a Credit History?

To predict your financial future, many businesses look at your financial past through your credit report. A credit history is a profile within a credit report that shows how you've handled money in the past.

Your credit report is kept on file by three independent credit bureaus: Experian, TransUnion and Equifax.

#### It May Include Information Like:

- How promptly you have paid off credit cards and loans.
- How reliably you have paid other bills, like rent and utilities.
- Your total outstanding debts.
- Your available credit on mortgages, bank cards, auto loans and other lines of credit.

You are entitled to receive a free copy of your credit report once every 12 months. Order yours online from [annualcreditreport.com](http://annualcreditreport.com) or call 1-877-322-8228. You will need to verify your identity with your name, birth date, address and Social Security number.

### Who Can See Your Credit Report?

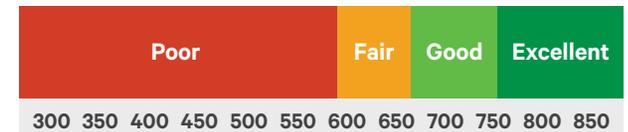
Your credit report can and most likely will be reviewed by anyone planning to give you a loan or credit, such as:



Anyone with a legitimate business need can access your credit report, though a potential employer typically requires your written consent to do so.



You can download free resources and estimate your FICO® credit scores online at [whatsmyscore.org](http://whatsmyscore.org).



### Your Credit Score

When you apply for credit, lenders determine risk by checking your credit scores (also known as FICO® scores). Credit scores are calculated by measuring your ability to repay credit and are recorded in your credit reports. FICO® scores range from 300 to 850, and only 1 percent of Americans have a perfect score according to the Fair Isaac Corporation (FICO). The higher your score, the lower your perceived risk to a lender, and the more likely you are to receive favorable credit terms. If you have a low credit score, you may be rejected or charged a higher rate of interest.

## Eight Tips to Keep Your Credit Score Strong

- ✓ Complete credit applications carefully and accurately.
- ✓ Use your credit cards responsibly: don't let them reach their limit or spend beyond your means.
- ✓ Attempt to pay your credit card balance in full each month, but at least make the minimum payment by the due date.
- ✓ If you have problems paying your bills, contact your creditors. They'll often work with you to figure out a payment plan.
- ✓ If you move, let your creditors know your new address as soon as possible to avoid missing bills or other important correspondence.
- ✓ If your credit card is lost or stolen, report it immediately.
- ✓ Review your credit reports periodically and report any errors immediately.
- ✓ Establish a consistent work history.



If your credit card is lost or stolen, report it to the issuer immediately to protect your credit score from being affected.

## Correcting Credit Report Errors

If your credit report contains any mistakes, credit bureaus are legally bound to correct them at no charge if you inform them of the problem in writing within 30 days of receiving your report. Be sure to include documentation to support your claim. If you're not satisfied with the result of the bureau's investigation, you can send a written statement of up to 100 words to clarify your claim. In many cases, the bureau will include your statement with any future reports that contain the disputed information.

### Avoid "Fast Fixes" For Accurate Credit Problems

If you've had any late payments, foreclosures, or repossessions, this information stays in your credit report for up to 7 years. If you've filed for bankruptcy, this information can stay in your report for up to 10 years.

### Late Payments, Foreclosures, Repossessions

7 Years

### Bankruptcy

10 Years

Beware of companies who claim they can "fix" or "remove" these issues for a fee: it is legally impossible to alter an accurate credit history.

If you find yourself in financial trouble, contact the National Foundation for Credit Counseling (NFCC), the nation's largest national nonprofit credit counseling network, by calling 1-800-388-2227 or visiting [nfcc.org](http://nfcc.org).

## Credit Bureaus

### Equifax

Report Order: 1-800-685-1111  
Fraud Hotline: 1-888-766-0008  
[equifax.com](http://equifax.com)

### Experian

Report Order: 1-888-397-3742  
Fraud Hotline: 1-888-397-3742  
[experian.com](http://experian.com)

### TransUnion

Report Order: 1-877-322-8228  
Fraud Hotline: 1-800-680-7289  
[tuc.com](http://tuc.com)

This guide is one of a series on *Practical Money Skills*.

- Budgeting Basics
- Credit History
- Credit Card Basics
- Debit Card Basics
- Identity Theft
- Prepaid Card Basics

### Follow Us

 [facebook.com/PracticalMoneySkills](https://facebook.com/PracticalMoneySkills)

 [twitter.com/PracticalMoney](https://twitter.com/PracticalMoney)

 [youtube.com/PracticalMoneySkills](https://youtube.com/PracticalMoneySkills)

For more information, visit [practicalmoneyskills.com](http://practicalmoneyskills.com)  
©2018 Visa Inc.



## PRACTICAL MONEY GUIDES

# Credit Card Basics

What you need to know about managing your credit card.

## The Convenience of Credit

Credit cards can be powerful financial tools for you and your family, and as with all financial products, they need to be used carefully. A credit card is a powerful payment option that allows you to purchase necessary items now and pay later.

### Advantages to Using a Credit Card:

- Being able to buy needed items immediately and earn rewards for purchases.
- Credit cards can also offer more security than other options, as they protect from fraud and eliminate the need to carry large amounts of cash.

### With These Advantages Come Responsibilities

Using a credit card is like taking out a loan. If you don't pay your card balance in full each month, you'll start paying interest on that loan.

- Credit cards have to be managed wisely in order for you to avoid paying interest and accruing debt.
- Understand all terms and conditions.
- Stay on top of payments and realize the true cost of purchases made with credit.
- Maximize the benefits of credit while minimizing the risks to become a responsible credit card owner.

## Choose Wisely

The best way to maximize the benefits of credit cards is to understand your financial lifestyle—what you need, what you want and how much money you spend. Begin your search for a credit card by determining key factors like how often you'll use it, whether you'll want to use it overseas and if the financial institution that offers it has a branch near you. It's important to make sure you know the terms of the credit card in the following areas:

- Annual Percentage Rates (APRs) and whether rates are fixed or variable
- Annual, late and overdraft-limit fees
- Credit limit on account
- Grace periods before interest begins accruing
- Rewards including airline miles or cash back



Many banks offer lucrative travel rewards deals if you are willing to pay the annual credit card fees.

## Use Your Credit Card Responsibly

Except in case of emergency, you should use your credit card the way you would use a debit card. Don't charge purchases that you can't afford to pay for. You should keep track of your spending and ensure you can make your payments on time. Missed payments and compound interest can lead to debt, so manage your spending and make payments on time.



Secured cards can be a good option for those who don't qualify for unsecured credit cards. They limit the credit line to an initial cash deposit carried on the card.

## Understand Your Rights

Credit card holders are entitled to protections. Zero liability means you are not responsible for fraudulent charges when you report them promptly. In some cases, you have the right to dispute purchases with merchants for unsatisfactory products or services. If you see fraudulent activity on your card or need to dispute a charge, call your financial institution immediately.

### Write It Out

Do you have a clear idea of how much debt you have? Many people may avoid thinking about their debt load because it causes stress. Learn to cope with debt by paying it off strategically.

- Start by making a list of everything you owe, whether it's a mortgage, a credit card or student loans.
- Focus on paying off the most urgent debts—loans with the highest interest rates cause the greatest financial impact if you don't pay them off.
- Cut back on other spending so you can pay off debt faster. It will save you money in interest and allow you to focus on other financial goals.

## The True Cost of Credit

If you don't pay off your credit card balance every month, the interest that adds up could mean you'll be paying more than you planned. See how much extra you might pay on a \$1,000 credit card purchase with varying interest rates.

<b>Total Purchase Amount</b> The balance due on your credit card	<b>\$1,000</b>	<b>\$1,000</b>	<b>\$1,000</b>
<b>Credit Card APR</b> The annual interest rate on your credit card	<b>10%</b>	<b>15%</b>	<b>25%</b>
<b>Monthly Payment</b> The minimum monthly payment	<b>\$40</b>	<b>\$40</b>	<b>\$40</b>
<b>Number of Months to Pay Off Purchase Amount*</b> Time it will take to pay off the balance	<b>29</b>	<b>31</b>	<b>36</b>
<b>Total Finance Charge</b> The total amount of money you will pay in interest alone	<b>\$126.02</b>	<b>\$206.50</b>	<b>\$427.22</b>
<b>Total Cost</b> The final amount you will pay for your purchase	<b>\$1,126.02</b>	<b>\$1,206.50</b>	<b>\$1,427.22</b>

\*In general, this assumes that your account has no new charges and that your Annual Percentage Rate does not change.

## Debt Management Resources

There's help available when you're struggling financially. If you think you're falling behind in payments, credit counseling resources are available at little or no cost.

### National Foundation for Credit Counseling

1-800-388-2227

[nfcc.org](http://nfcc.org)

### The Federal Trade Commission

1-877-382-4357

[ftc.gov/bcp/menus/consumer/credit/debt.shtm](http://ftc.gov/bcp/menus/consumer/credit/debt.shtm)

### American Consumer Credit Counseling

1-800-769-3571

[consumercredit.com](http://consumercredit.com)

This guide is one of a series on *Practical Money Skills*.

-  Budgeting Basics
-  Credit History
-  Credit Card Basics
-  Debit Card Basics
-  Identity Theft
-  Prepaid Card Basics

### Follow Us

 [facebook.com/PracticalMoneySkills](https://facebook.com/PracticalMoneySkills)

 [twitter.com/PracticalMoney](https://twitter.com/PracticalMoney)

 [youtube.com/PracticalMoneySkills](https://youtube.com/PracticalMoneySkills)

For more information, visit [practicalmoneyskills.com](http://practicalmoneyskills.com)  
©2018 Visa Inc.



## PRACTICAL MONEY GUIDES

# Debit Card Basics

What you need to know about using your debit card.

### Using Debit Cards

While credit cards allow you to purchase now and pay later, debit card transactions are paid instantly, not in the future. A debit card is tied directly to a checking account, so when you make a purchase with that card, money is withdrawn from your account.

Consumers concerned with debt load can limit their spending by using debit cards, which only allow them to spend what is in their limited checking account funds.

### Choosing a Debit Card

Selecting a debit card can be simpler than choosing a credit card—for example, you won't need to think about interest rates—but there are a few key factors to consider.

- Look for banks or credit unions with branches near you.
- Investigate fees the bank will charge if you withdraw money from another institution's ATM.
- Consider transfer fees if you think you'll want to move money between your checking and savings accounts frequently.
- Select a debit card that will let you manage purchases, checks and bill paying from your smartphone.

### Tips for Using Your Card

When using a debit card, consider these tips for managing your account.

- Keep sales and ATM receipts or copies.
- Always know your current bank account balance and available funds.
- Keep track of all transactions, including withdrawals that are still pending.
- Review monthly statements carefully. If you suspect a mistake or fraudulent use, contact your financial institution immediately.



Your financial institution may send alerts to your mobile phone when debit card activity exceeds your dollar limit, your online ID or passwords change, or large transactions are made.



To keep your debit card PIN safe, avoid giving it out over the phone or in an email.

### Secure Your Information

Use of your debit card will require a Personal Identification Number (PIN) for security. Choose a unique number. Avoid obvious choices like your address or birthday. Keep the PIN private.

## Know Your Limits

Many debit cards have daily spending and cash withdrawal limits that protect you in case your card is stolen. Remember, your card might be declined if you exceed your limits, even if you have enough money in the bank. Know your limits and contact your lender if you need to raise or lower amounts.

When you make a purchase, withdraw money from your account or pay bills in amounts that exceed your account balance, you may be subject to overdraft fees. Some financial institutions offer overdraft protection, and they'll cover your check or debit transaction so it doesn't bounce. But you may be charged fees for being overdrawn and for each purchase that uses overdraft protection. Balance your account regularly to avoid added fees.

### Temporary Holds on Cards

Sometimes when you use your debit card for a "credit-type" transaction like reserving a hotel room, your financial institution may put a temporary hold on your account. Once the transaction is complete and the final bill is settled, the hold will be released.

Many people opt to use a credit card in these situations so they don't tie up their checking account balance.

## Extra Protections

Many of the same features and protections offered by credit cards are also offered by debit cards, including:

### Zero Liability

You are generally not liable for unauthorized purchases on your debit card as long as you notify your financial institution immediately.

### Funds and Fraud

Federal law mandates that financial institutions replace funds for losses resulting from fraudulent use within 10 business days of notification.

### The Right to Dispute

You may have dispute resolution options should an issue arise with a debit card purchase. This often applies to signed purchases only, but check with your card issuer.

### Plan Ahead

Like credit cards, debit cards are accepted at millions of locations worldwide. Before you travel, remember to notify your financial institution of your plans. Using your card across state and international lines can cause your institution to flag and even freeze your card.

## Debit Card Resources

To learn more about debit cards, visit the Practical Money Skills website:  
[practicalmoneyskills.com/debit](https://practicalmoneyskills.com/debit)

**This guide is one of a series on *Practical Money Skills*.**

-  Budgeting Basics
-  Credit History
-  Credit Card Basics
-  Debit Card Basics
-  Identity Theft
-  Prepaid Card Basics

### Follow Us

 [facebook.com/PracticalMoneySkills](https://facebook.com/PracticalMoneySkills)

 [twitter.com/PracticalMoney](https://twitter.com/PracticalMoney)

 [youtube.com/PracticalMoneySkills](https://youtube.com/PracticalMoneySkills)

For more information, visit [practicalmoneyskills.com](https://practicalmoneyskills.com)  
©2018 Visa Inc.



## PRACTICAL MONEY GUIDES

# Identity Theft

How to safeguard your identity and financial information from theft.

### What to Do If Your Identity Is Stolen

When your personal and financial information falls into the wrong hands, the consequences can be devastating. Identity thieves can steal money from your accounts, open new credit cards and apply for loans. This can have lasting effects on your credit score, so it's important to take steps to protect your identity.

#### Credit Bureaus

Contact the fraud departments of each of the credit bureaus listed on the back of this guide immediately if you are a victim of identity theft. Request a fraud alert on your file; doing so will not damage your credit score. You can also request a security freeze, preventing credit issuers from obtaining access to your credit files without your permission, hence keeping thieves from opening up new credit cards or loans.

#### Law Enforcement

Report identity theft to your local police department. If the crime occurred in an area other than where you live, you may wish to report it to law enforcement there as well. The police will create an identity theft report and give you a copy that you can send to the three credit bureaus.

#### Federal Trade Commission (FTC)

The FTC does not investigate identity theft cases, but can share your information with investigators.

#### Banks and Credit Card Issuers

Report the theft to your credit card issuers and banks and request replacement cards with new account numbers. If some of your checks were stolen, you can ask your bank to stop payment on them.

### Five Ways to Protect Yourself

There are some simple steps you can take to reduce the risk of becoming a victim of identity theft or card fraud.

#### 1. Practice Safe Internet Use

Delete spam emails that ask for personal information, and keep your anti-virus and anti-spyware software up-to-date. Shop online only with secure web pages (check the address bar for "https" next to an image of a lock). Never email credit card numbers, Social Security numbers or other personal information.

#### 2. Destroy Personal Financial Records

Shred unneeded credit card statements, ATM and debit card receipts and other documents that contain personal financial information.

#### 3. Guard Your Social Security Number

Thieves seek your Social Security number because it can help them access your credit and open bogus accounts. Never carry your card; instead, memorize your number and store the card securely.

#### 4. Check Your Credit Report

Regularly review your credit reports for suspicious activity. You can request one free copy of each report per year at [annualcreditreport.com](http://annualcreditreport.com) or contact the three credit bureaus directly.

#### 5. Beware of Scams

Never give out personal information via phone or email to someone claiming to represent your bank, credit card company, a government agency, a charity or other organization. If you think the request is legitimate, contact the company directly to confirm their claims.



Children are at high risk for identity theft and fraud. Identity thieves can use their Social Security numbers to illegally obtain jobs, credit accounts, mortgages and car loans. Use the same precautions handling your child's personal information as with your own and follow the same theft report procedures.

## Tips For Travelers

Whether you're traveling for business or pleasure, be on the alert for opportunities that thieves may try to take advantage of:

**Receipts.** Don't leave credit card receipts on restaurant tables; sign and hand them directly to the server. Keep your copy of all receipts.

**Wallets.** Instead of carrying your wallet in your pocket or bag, consider using a travel pouch worn under your clothing to keep it out of sight.

**Checks.** Leave your checkbook at home, safely stored in a locked safe or drawer.

**Phones.** Always protect your smartphone with complex passwords or passcodes. Turn off Bluetooth as a security measure, and be aware that many free Wi-Fi networks are not secure.

**Mail.** Put a delivery hold on your mail whenever you travel. It can be delivered the day after you return from your trip.

**Hotels.** Lock up all valuables in rooms or hotel safes while you are out, including laptops, passports and other documents containing personal identifying information.

**Airplanes.** Don't put any items that contain your Social Security number, card or account numbers in checked luggage. Always carry those items securely in carry-on luggage.



Send police reports to the credit bureaus by certified mail, return receipt requested.

## Identity Theft Resources

If you are a victim of identity theft, your first action should be to contact the fraud departments of the three main credit bureaus listed below. Request that a fraud alert be placed in your file.

### Federal Trade Commission's Identity Theft Hotline

1.877.IDTHEFT (1-877-438-4338)

### Credit Bureaus

#### Equifax

Report Order: 1-800-685-1111 / Fraud Hotline: 1-888-766-0008  
[equifax.com](http://equifax.com)

#### Experian

Report Order: 1-888-397-3742 / Fraud Hotline: 1-888-397-3742  
[experian.com](http://experian.com)

#### TransUnion

Report Order: 1-877-322-8228 / Fraud Hotline: 1-800-680-7289  
[tuc.com](http://tuc.com)

This guide is one of a series on *Practical Money Skills*.

-  Budgeting Basics
-  Credit History
-  Credit Card Basics
-  Debit Card Basics
-  Identity Theft
-  Prepaid Card Basics

### Follow Us

 [facebook.com/PracticalMoneySkills](https://facebook.com/PracticalMoneySkills)

 [twitter.com/PracticalMoney](https://twitter.com/PracticalMoney)

 [youtube.com/PracticalMoneySkills](https://youtube.com/PracticalMoneySkills)

For more information, visit [practicalmoneyskills.com](http://practicalmoneyskills.com)  
©2018 Visa Inc.



## PRACTICAL MONEY GUIDES

# Prepaid Card Basics

What you should know about using prepaid cards.

## What Are Prepaid Cards?

A prepaid card can be loaded with funds to make purchases anywhere a debit card is accepted. It looks like a debit or credit card and is a safe alternative to carrying cash and paying check-cashing fees. They are a good option for traveling and are a popular gift-giving idea because they are widely accepted.

Unlike credit cards, you cannot take on debt with a prepaid card, nor are prepaid cards linked to your bank account like debit cards. A prepaid card has a zero balance until money is added to it. When you make a purchase with a prepaid card, the amount is subtracted from the balance on the card. Once the balance reaches zero, the card is empty.

### With Prepaid Cards You Can:

- ✓ Make purchases in person, online or by phone
- ✓ Give gifts to friends and family
- ✓ Withdraw cash from an ATM or bank
- ✓ Receive wages or funds by direct deposit to the card
- ✓ Pay bills
- ✓ Once the card balance reaches zero, it can be thrown away unless it is a reloadable card

## Types of Prepaid Cards

**Open Loop.** An electronic payment network-branded card honored wherever the network is accepted.

**Closed Loop.** A card used for transactions exclusively at a particular merchant's locations.

**Reloadable Cards.** A prepaid card that you can add money to.

**Gift Cards.** A non-reloadable card that can be given as a gift and used until the balance is zero.

**Teen and Student Cards.** Parents can teach teens and students financial responsibility while monitoring their spending with these cards.

**Travel Cards.** An alternative to cash and traveler's checks, some cards offer lost luggage reimbursement, emergency card replacement and zero liability.

**Payroll Cards.** A card provided by your employer to receive your paycheck.

**Government Cards.** Used by government agencies, they can pay certain benefits such as unemployment insurance.



Some prepaid cards can have money reloaded onto them so they can continue to be used. Others, such as gift cards, can be discarded when all of the funds are spent.

## Prepaid Card Features

There are many prepaid cards out there, and choosing the right one is important. What features are most important to you?

### Reloadable

Some prepaid cards allow you to add money once the balance reaches zero. Gift cards are not reloadable.

### Liability Protection

Some prepaid cards will protect your balance in case the card is lost or stolen. Look for a card that offers a zero-liability policy.

### Expiration Dates

While many cards do not expire, some carry monthly maintenance fees, which can reduce your card balance. Prepaid cards are best for storing money you intend to spend in the short term.

### Low Fees

Is there an activation fee charged when you set up the card? What are the fees charged for ATM withdrawals? Take note of any fees associated with the card you choose.

## Protect Yourself and Your Money

Once you've chosen a prepaid card or received one, it's up to you to keep your money safe.

### Use the Card Carefully

Keep track of your balance so you don't get charged a fee for trying to spend more than is available. If your wages or other benefits are deposited directly onto the card, make sure you know the amount and timing of the deposit.

### Keep Your PIN Secret

Pick a number that's hard for someone else to guess—not your birthday or address. Don't tell it to anyone or write it where it could be easily found.

### Remember Important Info

Make sure you know your card issuer's policies for lost or stolen cards and keep your card number and the customer service phone number in a safe place at home.

### Act Quickly

If your card is lost or stolen, let the card issuer know right away. Most card issuers will freeze the funds so the card can't be used and send you a new card with your remaining balance on it.

## Prepaid Card Resources

To learn about prepaid card insurance coverage, visit the Federal Deposit Insurance Corporation site at [fdic.gov](https://www.fdic.gov)

**Or** call 1-877-275-3342 (877-ASK-FDIC)

To learn more about prepaid cards, visit [practicalmoneyskills.com/prepaid](https://practicalmoneyskills.com/prepaid)

To see frequently asked questions about prepaid cards, visit the Consumer Financial Protection Bureau website at [consumerfinance.gov](https://www.consumerfinance.gov)

**This guide is one of a series on *Practical Money Skills*.**

-  Budgeting Basics
-  Credit History
-  Credit Card Basics
-  Debit Card Basics
-  Identity Theft
-  Prepaid Card Basics

### Follow Us

 [facebook.com/PracticalMoneySkills](https://facebook.com/PracticalMoneySkills)

 [twitter.com/PracticalMoney](https://twitter.com/PracticalMoney)

 [youtube.com/PracticalMoneySkills](https://youtube.com/PracticalMoneySkills)

For more information, visit [practicalmoneyskills.com](https://practicalmoneyskills.com)  
©2018 Visa Inc.

For College Students

---

# Money 101

## Presenter's Guide

---

A Crash Course in Better Money  
Management For College Students



**VISA**

# Getting Started

The What's My Score Money 101 presentation features six topics that should take approximately 20 minutes each, depending on discussion.

## **DEAR PRESENTER,**

Many students lack basic money management skills. They're in a new environment, possibly away from home for the first time, and most aren't prepared for the financial responsibility that comes with student loans, credit card offers, lease signings and more. And the stakes are high — poor decisions today can have serious consequences for years to come.

Research shows that financial literacy programs work, and early intervention education offers outstanding benefits. Students who learned about personal finances before they received a credit card had dramatically more responsible behavior than students who lacked education. Those students who went through a program similar to this one had 42% fewer late fees on their credit cards and had revolving balances that were 26% lower.

Visa is committed to helping young adults learn the fundamentals about wise money management. That's why we're sharing this Student Money Guide 101, aimed at college students and other young adults. What's My Score Student Money Guide 101 joins the Practical Money Skills program ([www.practicalmoneyskills.com](http://www.practicalmoneyskills.com)) as a core piece of Visa's effort for over 22 years to raise Americans' financial literacy using effective, compelling and relevant educational resources.

Together, we can help teach young adults the basics of sound financial skills that will last a lifetime.

## **PRESENTER'S GUIDELINES AND SUGGESTIONS**

What follows is a lesson-by-lesson breakdown of the presentation. We encourage you to use this general outline as background information to help you flesh out your own presentation. Think of it as talking points, not as a script.

## **STUDENT WORKBOOK**

The Money 101 Student Workbook is available through our website, [www.practicalmoneyskills.com](http://www.practicalmoneyskills.com), as a printable download. Prior to beginning your presentation, hand out this student workbook with activities on each of the topics. Take advantage of some selected websites for additional student resources, which are included on the back page of the workbook.

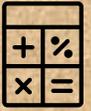
## **ADDITIONAL OPPORTUNITIES**

Work with the online campus bulletin to promote a money management campaign for students. Hold an informal seminar or a questions and answers session. Find a student who might be willing to talk about financial decisions that he or she has made — and the consequences of those decisions.

## **ADDITIONAL MATERIALS**

For additional free financial literacy materials, visit our orders page at [practicalmoneyskills.com/free](http://practicalmoneyskills.com/free). There you will find teaching materials, games and content all geared to educating consumers about the importance of financial literacy.

# Budgeting Your Money



We start this presentation with Budgeting Your Money because it's important for students to know what they have and where it's going. Let's start by tracking expenses and looking at spending patterns. From there, we explore making a plan and keeping a budget.

## BE THE MASTER OF YOUR MONEY

The key to understanding personal finance is being aware of expenses and income. Students need to track where their money is going and how much money is coming in each month. This plan will help them manage their money.

## WHY BUDGET?

What is a budget and why is it important? What are the consequences of not keeping a budget?

## KNOW YOUR INCOME

The first step in this process is to know how much you make. Have your students use the income chart to calculate how much they make each month. Emphasize that students should only include income that is reoccurring and reliable — no gifts or bonuses. See if they can set aside at least 10% to 15% of their income for long-term savings.

## TRACKING EXPENSES

Students need to save receipts and track every expense for a month. It's a true eye-opener to see where the money goes. Point out how much money goes towards small purchases, like daily coffee.

## THREE WAYS TO SAVE

Here are some simple ways to help stay on top of a budget by saving. Invite students to offer other ideas.

## MAKING A PLAN

After tracking expenses for a month, your students should have an idea of where their money is going. Now it's time to put a monthly budget down on paper. Have them estimate their monthly income in order to see what they've spent and make a spending plan for the coming month.

## BUDGETING TO MEET GOALS

Now students can learn how to budget to meet goals, both long- and short-term, by adjusting their budgets each month.

## BUDGETING APPS

Get your students familiar with budgeting apps that they can link to their bank accounts and help organize their spending into different categories and set personal budgeting goals.

## MONTHLY EXPENSE TRACKER

Walk your students through the first month of the monthly expense tracker worksheet. Then have them fill out the next seven months to give them practice and a sense of how expenses can fluctuate per month. This will teach them why it is so crucial to plan ahead.

## BALANCING YOUR BUDGET

Now that your students have tracked their expenses and calculated their income they can start balancing their budget. Walk them through the steps of looking at where their money is going. Show them how to cut back and save for larger expenses they plan to make in the future.

## WORKSHEET

Walk your students through the budget worksheet to help them balance their budget. Since spending habits can fluctuate month to month explain that if they are spending beyond their means they will need to make adjustments for the next month.

# Online & Mobile Banking



In this section, students will learn how to take advantage of all that online banking has to offer. Students will learn that online banking can streamline and provide accurate records for their budgets. Using it the right way, students can always have an accurate picture of what's going on in their accounts.

## **FUNDS TRANSFER**

Most banks offer online banking services. From a security standpoint, one of the best qualities of online banking is that it allows you to transfer funds electronically. This section will review what these services are and how students might use them to track their finances and saving strategies.

## **DIGITAL WALLETS**

There are many apps that also come in handy for making payments. Many services allow you to keep track of your debit and credit cards digitally. Have your students consider the pros and cons of paying with a digital wallet versus with a physical card.

## **ONLINE BANKING BENEFITS**

See if your students can come up with all the banking benefits listed and see if they can come up with additional ones.



# The Checking Account



The checking account is the central hub for all financial transactions and is accessible in numerous ways — ATM, check, debit card and your bank branch. Every payment and purchase made will be reflected in the accounts both offline and online. A mini-statement may be printed at your ATM in case you want to check in.

## **BANKING OPTIONS AVAILABLE TO STUDENTS**

In this section, students will learn how to choose a bank, open a checking account, take advantage of the convenience that online banking offers, and manage their checking accounts.

## **CHECK IT OUT**

It is important to understand the building blocks of budgeting and online banking — the checking and savings accounts. Help your students understand the banking basics of a checking account and why it is different from a savings account.

## **CHECKING ACCOUNT CHECKLIST**

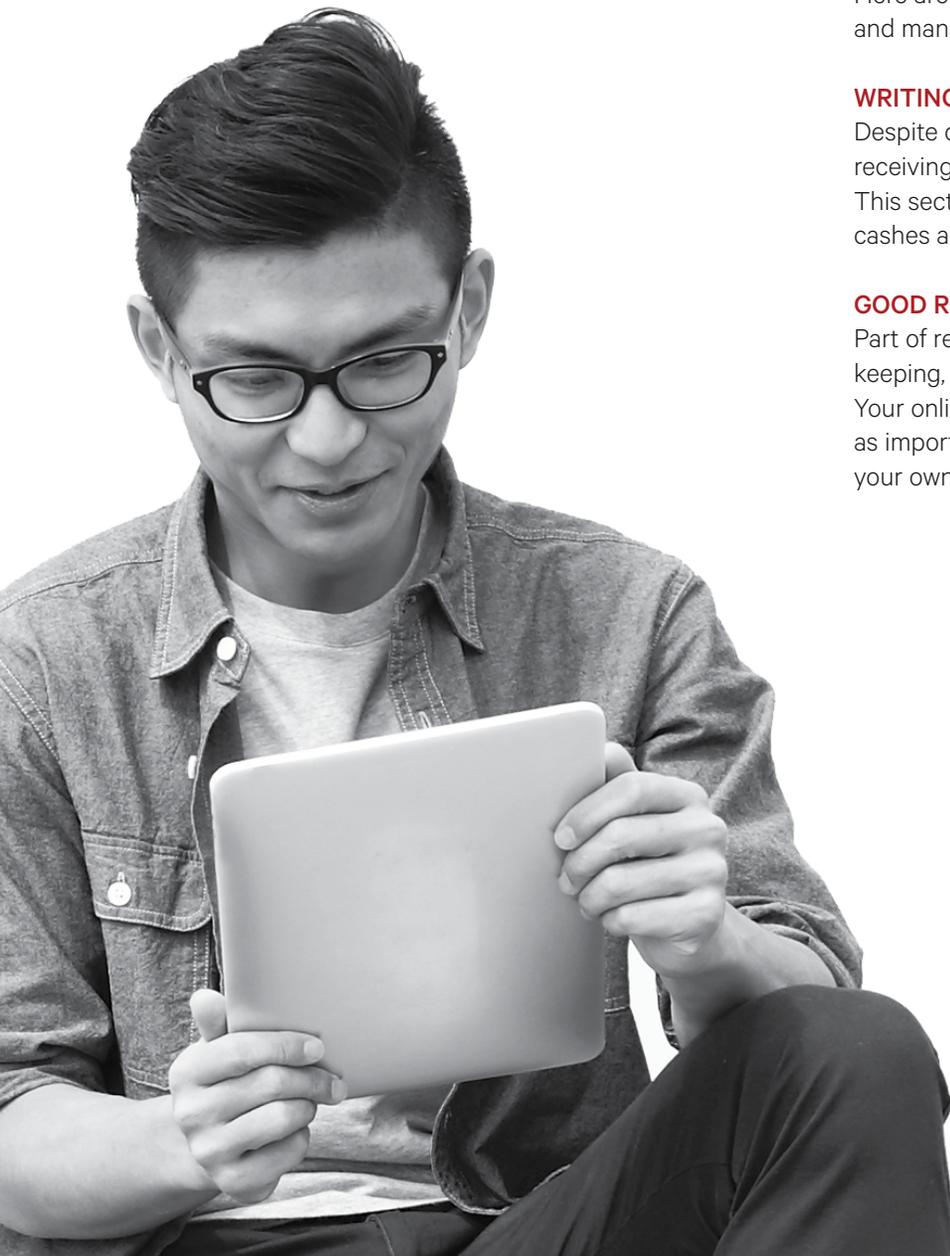
Here are some key tips to maintaining your checking account and managing your spending for your students.

## **WRITING A CHECK**

Despite checks being a less common method of sending or receiving money, they are important to know how to fill out. This section covers what happens when you or someone else cashes a check and how to keep track of your written checks.

## **GOOD RECORD-KEEPING**

Part of responsible financial management is good record keeping, and with automated bill pay, this is fast and easy. Your online account is a great organizational tool, but it's just as important for you to keep a hard copy of your finances for your own day-to-day records and budgeting purposes.



# Debit Cards



A debit card is an ATM card but an ATM card isn't necessarily a debit card. A debit card will have a VISA logo on it and can do some things that an ATM card can't. In this section, we'll go into the differences and things to look out for when using a debit card.

## **DEBIT vs. CREDIT**

It's important you emphasize that although a debit card looks a lot like a credit card, there are some key differences to keep in mind. Every debit card transaction is linked directly to the checking account and is only good for the amount currently available. It is not a credit card. While credit cards allow you to put off the payment, debit cards instantly withdraw the money spent from your checking account.

## **USE IT — DON'T LOSE IT**

Remind your students that a debit card is only as good as the checking account that's behind it. For that reason, it's a more prudent choice for some college students — less credit, less temptation. Like a credit card, it's nearly universally accepted and is as good as cash. This is why it is important to emphasize that students should be careful not to lose them. They are a good way to limit your spending since you can only spend what you have.

## **THINGS TO REMEMBER: HOW TO USE YOUR DEBIT CARD WISELY**

Go through these steps to use your card wisely. Key steps include creating and securing your PIN, knowing where your card will be accepted, keeping tabs on the account balance and saving receipts from your purchases.



# The Savings Account



Another key element of a financial plan is a savings account. It's normal for a checking account to continually fluctuate in size while a savings account is stable, if not growing at a steady rate. It's ideal for students to set aside at least 5% to 10% of their income for savings. This section will review how a savings account works and how easy it can be to start saving for the future.

## **SAVING FOR A RAINY DAY**

Developing a consistent savings habit is easier than most people think. It can mean putting away as little as 5% of income on a regular basis. Most students will be surprised how quickly savings grow when earning compounded interest.

## **COMPOUND INTEREST**

Savings accounts typically earn compound interest. Compounding means that whenever interest is calculated, it is based not only on the original amount in the account but also on any interest that has accumulated.

## **SIMPLE INTEREST**

This interest rate is based only on the original amount in the account. Emphasize how compound interest benefits the account-holder more and why. Even though accounts with simple interest are rare, it is still important to understand.

## **RULE OF 72**

This rule provides an approximation of how long it will take to double your money at a specific interest rate. For example, if you earn 2% compound interest, divide 72 by 2, which means it will take about 36 years for your original investment to double in value.

## **WORKSHEET**

Help your students truly understand why interest is so important in their savings accounts. Make sure they take away the lesson that the earlier you contribute to your savings account, the more you make from interest.



# Understanding Credit



By the time students reach college age, they may have started to establish some sort of credit history. In this section, students will gain an understanding of what goes into a credit score, as well as what goes into making and maintaining a good credit score. Credit and debit cards also pose challenges and temptations to students. What follows will help to minimize risk.

## OVERVIEW

It's important for students to understand the responsibilities and advantages of good credit. The first step is understanding what a credit score is and how it's established. This section also deals with credit cards and student loan information. The fees, the credit limits, interest rates — all the things people may not think about when they pull out their credit card or sign for a loan.

## THESE THINGS MAKE UP YOUR CREDIT REPORT

Go over the list of things that make up a credit report. Think of spending habits that could negatively impact the credit report.

## WHAT'S A GOOD CREDIT SCORE AND WHY IS IT IMPORTANT?

In the simplest terms, a credit score is a number that helps lenders determine how likely you are to repay your debt. It's like a student's personal finance GPA. The higher the number, the better the score. Help your students understand that the lower your score the higher your interest rates will be. Have them consider what spending habits could positively impact their credit score.

## WHEN DOES YOUR CREDIT SCORE MATTER?

Someone wouldn't give their friend money to buy something if they had a history of never paying it back, right? The credit score is a recorded history that proves how reliable (or unreliable) you are about repaying money borrowed. Have your students think of other areas where credit scores might matter; have them think in the perspective of their parents or their future selves (like those who go to college or want to buy a house).

## THE INS AND OUTS OF STUDENT LOANS

Student loans are a great option for those who might not otherwise afford to attend college; they are also expensive and only increasing in price. Walk your students through the basics of student loans and explain that even though you usually won't need to start repaying the loans until after graduation, a plan should be put in place to start repaying.

## HOW TO APPLY FOR A STUDENT LOAN

The necessary first step to take when applying for a student loan is to fill out the Free Application for Federal Student Aid (FAFSA) form. This will help the student match with qualified student loans. Remind your students that this form is extremely extensive and they should start the student loan process as early as they can. Mention that they should not limit their search to government provided loans. Research other loans, scholarships or grants that they could qualify for based on more than income.

## MAKING THE GRADE

Get your students familiar with Tess, the average college student, who is trying to manage her finances. Go through her financial choices and discuss why some choices may have been better than others. Then refer to the advice to make the best financial grade.

## TYPES OF STUDENT LOANS

There are many types of student loans. See if your students can create a pros and cons list for each loan, this will help them realize there is a lot to consider when choosing a loan or multiple loans. Go over how important it is to start planning loan repayment during your college career. Consider the list of options you will have for repayment and create a pros and cons list for these.

## CREDIT CARDS — KNOW YOUR LIMIT

A credit card is basically a loan. There's a predetermined credit limit and money spent can be paid back in full or in installments. Anything not paid back in full is assessed with an interest charge. Be sure to emphasize that credit cards are one way to build your credit history, as long as payments are made on time. If you are under the age of 21, you will have to get a cosigner\* on the card or prove you have a job and can make payments. (\*Credit CARD Act of 2009, [www.whitehouse.gov](http://www.whitehouse.gov))

# Understanding Credit



## CONSIDER A SECURED CREDIT CARD ACCOUNT

For people who are just starting to build or rebuild their credit, a secured credit card account is a good option. This keeps spending in check because it limits you to spending only what is in the account. Re-establish why this option is different from a regular credit card account.

## TAX SAVINGS LESSEN THE BLOW

One way to ease the sting of college costs is to tap into the tax advantages available to you and your parents. The three options are possible areas where tax savings could be made. Contact your tax advisor about the deductibility of interest.

## DON'T GET IN OVER YOUR HEAD

Credit cards are useful and can help build one's credit, but be sure to review the list of warnings that covers how the card could be misused and negatively impact their credit.

## ADVANTAGES AND DISADVANTAGES OF CREDIT CARDS

Consider the pros and cons of credit cards, then have students think of instances where it's better to use a credit card versus a debit card.

## KEEP YOUR EYES ON THE FEES

Credit cards also come with fees. Be sure to consider these factors before choosing a new credit card account.

## THINGS TO LOOK FOR IN A CREDIT CARD

In addition to credit card fees, there are other aspects of a credit card account that one should consider before signing up.

## DECODING OTHER CREDIT CARD TERMS

Choosing the right credit card starts with comparison shopping. Terms and conditions vary from card to card. Have students research and compare different cards. If students already have a card, advise calling current credit card issuers to see if they'll match the "other offer" terms. Encourage them to read all information closely, including mailing inserts, because they may announce changes in terms and conditions.



# Online Resources

## Budgeting your money

[Practicalmoneyskills.com](https://practicalmoneyskills.com) Money management portal

## Banking

[ABA.com](https://www.aba.com)

American Bankers Association

[FDIC.gov](https://www.fdic.gov)

Federal Deposit Insurance Corporation

[ICBA.org](https://www.icba.org)

Independent Community Bankers of America

[NCUA.gov](https://www.ncua.gov)

National Credit Union Administration

## Understanding credit

[Myfico.com](https://www.myfico.com)

Information about your FICO score

[Annualcreditreport.com](https://www.annualcreditreport.com)

Free comprehensive credit report

[Consumerfinance.gov](https://www.consumerfinance.gov)

Consumer Financial Protection Agency

## Student loan Info

[Finaid.org](https://www.finaid.org)

Student loan programs for families

[NSLDS.ed.gov](https://www.nsls.ed.gov)

National Student Loan Data System

[FAFSA.ed.gov](https://www.fafsa.ed.gov)

Free Application for Federal Student Aid

For more information, visit: [practicalmoneyskills.com](https://practicalmoneyskills.com)

For College Students

---

# Money 101

## Student Workbook

---

A Crash Course in Better Money  
Management For College Students



**VISA**



# A Note to Students

For many students, going to college means living independently for the first time, which also means having to make new and sometimes challenging financial decisions. Financial responsibility may be new to you — and even if it isn't, chances are you could still use a few pointers. The purpose of this workbook is to help you learn how to budget your money, as well as understand how financial services and products work so that you can take control of your financial future with confidence.

Whether you are buying a car, renting an apartment, saving for a spring break trip or building an emergency fund, this workbook is meant to be a guide to help you make wise financial choices. Some of these worksheets have answers that come only from your personal experience, while other worksheets require you do some studying before coming up with the correct answer.

## Why Now?

College is a time for new experiences and freedoms, but also new responsibilities — especially when it comes to your finances.

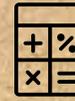
The earlier you start to create good habits with your money, the easier it will be to stick with them, especially when you get older and financial decisions become even more critical and complex. This workbook provides an opportunity to get a jump on becoming a better money manager from day one, so that you can enjoy some of the most important and memorable years of your life, free of undue financial stress.

That's why Visa has put together this program. We want you to understand the basics of managing money wisely. Our hope is that after you complete this workbook, you'll have a better understanding of living within a budget, the nuances of banking and how to handle credit responsibly.

# Table of Contents

	<b>Budgeting Your Money</b> .....	<b>2</b>
	Track Your Expenses .....	3
	Making a Plan .....	5
	Monthly Expense Tracker .....	6
	Balancing Your Budget .....	8
	Worksheet .....	9
	<b>Online &amp; Mobile Banking</b> .....	<b>10</b>
	Your Money and Online Banking .....	10
	Digital Wallets .....	12
	<b>Checking Account</b> .....	<b>14</b>
	Check It Out .....	15
	Good Record-keeping .....	17
	<b>Debit Cards</b> .....	<b>18</b>
	Debit vs. Credit .....	18
	Things to Remember .....	19
	<b>Savings Account</b> .....	<b>20</b>
	For a Rainy Day .....	20
	Savings Worksheet .....	21
	<b>Understanding Credit</b> .....	<b>22</b>
	When Does Your Credit Score Matter? .....	23
	Meet Tess .....	24
	Making the Grade .....	25
	Types of Student Loans .....	26
	Student Loan Repayment .....	27
	Tax Savings Lessen the Blow .....	28
	Don't Get In Over Your Head .....	29
	Keep Your Eyes on the Fees .....	30
	<b>Test Yourself</b> .....	<b>32</b>
	<b>Glossary of Terms</b> .....	<b>34</b>
	<b>Online Resources</b> .....	<b>Back Cover</b>

# Budgeting Your Money



## Be the Master of Your Money

In order to manage your money, you need to have a plan. That is why creating a budget, and sticking to it, is a critical foundation for financial order and stability. By tracking your income and expenses, you will be better able to distinguish between needs vs. wants.

## Know Your Income

The first step in this process is to know how much you make. Most college students have limited income. Figure out how much you have coming in each month, and then track your expenses. Use the chart below to track your monthly income. Make sure to only include income you can count on — no gifts or bonuses. To really get ahead of the game, before you budget your income, try to set aside 10% to 15% of it for long-term savings.

Income	Estimated Amount	Actual Amount
Salary		
Loans		
Grants		
Scholarships		
Money from Parents		
Other Income		
<b>Total</b>		

**Total Income**



*Tip: You can track your expenses using personal finance budgeting apps, which make budgeting more convenient than ever.*

## Track Your Expenses

Tracking your expenses is a key step toward financial responsibility. Track your spending for a month with the worksheet in this workbook. Get receipts for everything and enter the amounts into the worksheet each week. You'll be shocked by the way unplanned small purchases can add up. By making a habit of tracking your expenses, you can see where your money is going, which will help you curb your spending.

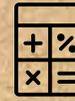
## Three Ways to Save

**Food:** Most schools offer several tiers of meal plans, so you can choose what's right for you without overspending. If you aren't relying on a meal plan, explore all of the stores around you for the best deals on groceries.

**Coffee:** That daily coffee run may cost you over \$850 per year, not including tip. Cutting back on these small daily expenses or purchasing an inexpensive coffee maker could help you save in the long run.

**Textbooks:** Buying a gently used textbook rather than a brand-new one — or buying an e-book instead of a printed textbook — can save big bucks.

# Budgeting Your Money



Share living expenses with a roommate. It's a great way to cut monthly costs in half.

Compare costs from different insurance companies.

Make a list before shopping for groceries. It will help you avoid pricey impulse buys.

Try to put money aside when you know big expenses like tuition and insurance are coming up.

Go easy on the credit cards. High monthly payments can cramp your budget.

Monthly Expense Tracker

Expenses	Week 1	Week 2	Week 3	Week 4	Monthly Total
<b>Living</b>					
Rent	\$350				
Utilities	\$35				
Cable					
Cellphone		\$15.50			
Internet			\$25		
Furnishings	\$12			\$38.50	
Misc.		\$25			
<b>Total</b>	<b>\$377</b>	<b>\$40.50</b>	<b>\$25</b>	<b>\$38.50</b>	<b>\$501</b>
<b>Transportation</b>					
Car Payment			\$75		
Insurance		\$200			
Fuel	\$25	\$15.00	\$30	\$15.00	
Parking	\$5.00		\$5.00		
Repairs			\$33		
Public Trans.				\$3.50	
Misc.					
<b>Total</b>	<b>\$30</b>	<b>\$125</b>	<b>\$243</b>	<b>\$18.50</b>	<b>\$416.50</b>
<b>School</b>					
Tuition	\$1500				
Books/Supplies		\$60			
Fees			\$15.00	\$10	
Computer					
Misc.					
<b>Total</b>	<b>\$1500</b>	<b>\$60</b>	<b>\$15.00</b>	<b>\$10</b>	<b>\$1585</b>

Expenses	Week 1	Week 2	Week 3
<b>Medical</b>			
Doctor			
Dentist			
Eyes			
Insurance	\$45		
Prescriptions		\$18.00	
Misc.			
<b>Total</b>	<b>\$45</b>	<b>\$18.00</b>	
<b>Personal</b>			
Entertainment	\$4.15		\$38
Clothing		\$42.50	
Laundry			\$6
Toiletries		\$5.00	
Misc.	\$10		
<b>Total</b>	<b>\$10</b>	<b>\$47.50</b>	<b>\$44</b>
<b>Food</b>			
Groceries	\$24.15	\$47.50	\$34.37
Meal Plan	\$54.25		\$37
Dining Out			
Misc.		\$12	\$6
<b>Total</b>	<b>\$78.40</b>	<b>\$47.50</b>	<b>\$77.37</b>
<b>Other</b>			
Loans	\$54.25	\$12	\$53
Credit Cards	\$100		
Savings			
Misc.			
<b>Total</b>	<b>\$100</b>		

## Making a Plan

Track your expenses for a month on the worksheet on pages 6 and 7. Look at all of your expenses by category (living, school, personal, food, and other), estimate your monthly income, see what you've spent, and make a spending plan for the coming month. Tracking your expenses will allow you to find areas of discretionary (items you want) vs. non-discretionary (items you need) spending where you can cut back and increase your savings. (See example, opposite page.)

Every month you should balance your budget to make sure that you're not spending more than you're making. Entertainment expenses can add up quickly in college, but they're also easy to cut back. Housing and utilities aren't as easy. A personal budget is a work in progress, and spending within your budget will soon become second nature.

## Budgeting to Meet Your Goals

- > Prioritize your savings goals
- > Set short-term, medium-term and long-term goals
- > Consider what you need to do to accomplish these goals within your projected time frame

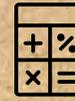
## Budgeting Apps

Budgeting apps allow you to link your bank account and separate your income into different categories like rent, loans, groceries and entertainment costs. You can set a budget for each category to keep your expenses organized and controlled.



**Tip:** Set aside 15 minutes each week to make sure that your expenses are matching up with your online bank statement and your budget is on track.

# Budgeting Your Money

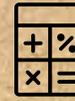


## Monthly Expense Tracker

	Expenses	Week 1	Week 2	Week 3	Week 4
Living	Rent				
	Utilities				
	Cable				
	Cell Phone				
	Internet				
	Furnishings				
	Misc.				
	<b>Total</b>				
Transportation	Car Payment				
	Insurance				
	Fuel				
	Parking				
	Repairs				
	Public Trans.				
	Misc.				
	<b>Total</b>				
School	Tuition				
	Books/Supplies				
	Fees				
	Computer				
	Misc.				
<b>Total</b>					<b>Monthly Total</b>

	Expenses	Week 1	Week 2	Week 3	Week 4
Medical	Doctor				
	Dentist				
	Eyes				
	Insurance				
	Prescriptions				
	Misc.				
	<b>Total</b>				
Personal	Entertainment				
	Clothing				
	Laundry				
	Toiletries				
	Misc.				
<b>Total</b>					<b>Monthly Total</b>
Food	Groceries				
	Meal Plan				
	Dining Out				
	Misc.				
	<b>Total</b>				
Other	Loans				
	Credit Cards				
	Savings				
	Misc.				
	<b>Total</b>				

# Budgeting Your Money

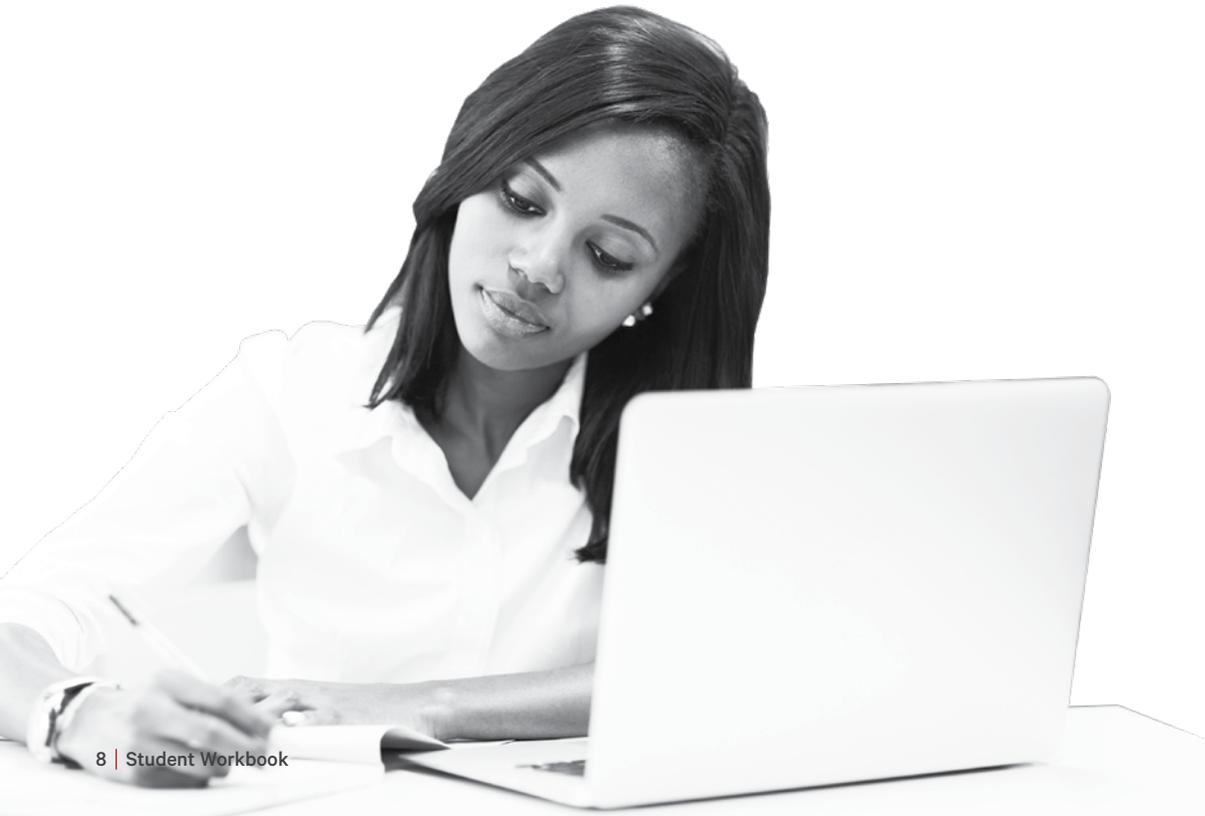


## Balancing Your Budget

Congratulations! The hard part is done. Once you get in the habit of tracking your expenses, you're ready to start balancing your budget. Take a look at how much you're spending every month in each category. You now have a picture of where your money is going, so you can scrimp in one category if you anticipate needs in another. For example, if a great concert is coming to town, you can cut back on snacks or be frugal with groceries for a couple of days so you can go to the concert and enjoy yourself without exceeding your budget. You can also get a side hustle, like driving for a rideshare company, to supplement your income so you can make unplanned expenses without blowing your budget.

## Worksheet

This budget worksheet will help you set up your personal budgeting system. Enter your income and expenses in the first column. After a month, compare the totals to your tracked expenses and income. How far off were you? If you're spending beyond your means, make adjustments, and track your spending again the next month.



Income	Estimated Amount	Actual Amount
Salary		
Money from Parents		
Loans		
Grants		
Scholarships		
Other Income		
<b>Total</b>		

**Total Income**

Expenses	Estimated Amount	Actual Amount
Housing		
Food		
Medical		
School		
Transportation		
Personal		
Other		
<b>Total</b>		

**Total Expenses**

<b>Total Income</b>		<b>-</b>	<b>Total Expenses</b>		<b>=</b>	<b>Net Income</b>

To use our online Budget Planner, visit [practicalmoneyskills.com/reworkbudget](https://practicalmoneyskills.com/reworkbudget)

# Online & Mobile Banking



## Technology: The Center of Our Universe

Today's banking technology can help us more than ever before. One of the areas where technology has been fully utilized is mobile and online banking. Now, just about every customer transaction can be completed on your mobile device. Checking balances, paying bills, tracking your spending, finding the closest ATM, transferring funds and depositing checks can all be done in the palm of your hand. Mobile banking is becoming one of the most secure ways to pay and transfer money, especially with features like fingerprint technology.

## Your Money and Online Banking

Online and mobile banking are convenient and valuable because they help keep you organized. However, remember that it's important to regularly keep track of debits and deposits that may not have cleared yet on your online banking statement. You can also make fast, easy, cashless transactions with peer-to-peer payment service apps. Today's financial institutions have sophisticated fraud protection services; however, the more you're on top of your daily transactions, the faster you can identify any suspicious activity.

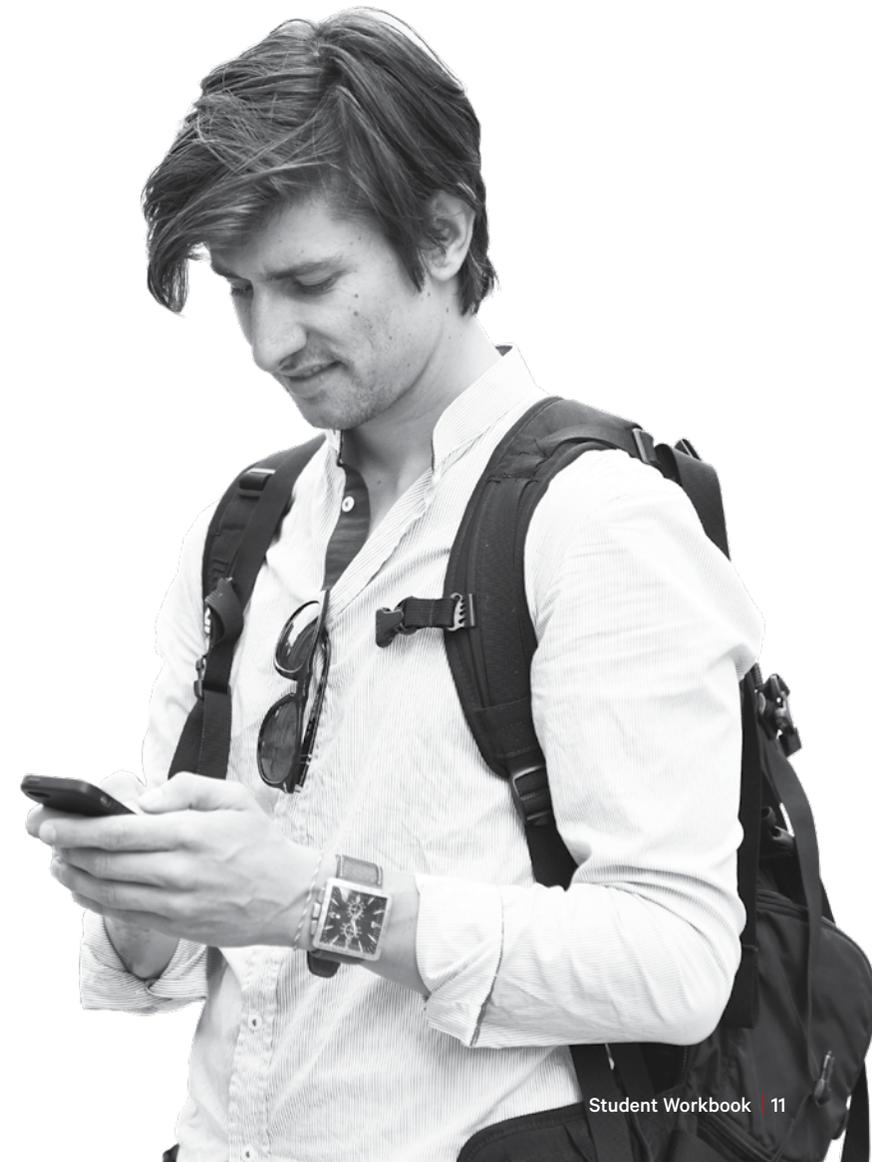
## Bill Pay

With online banking, scheduling and paying bills on time makes tracking your expenses fast and efficient. You can easily list payees such as your landlord, cell phone provider or car insurance company. By identifying your payee name, address and account number (if applicable) you can send payments from your account almost instantaneously. If you choose to, you can set it up to pay your bills automatically at a predetermined date or remind you when a payment is due. Many banks will have your bills sent to you online depending on whether or not the payee offers electronic billing.

Bill tracking apps allow you to link your bank account to pending bills so that you can pay your landlord or utility vendors with ease. You can pay your bills directly from the app to avoid late fees and stay organized.

## Statements

Another useful feature is the ability to view your statements online. Even better, you can view past statements too. It's convenient, it's paperless (saves trees) and it deters mail fraud and identity theft.



# Online & Mobile Banking



## Funds Transfer

From a security standpoint, one of the best qualities of online banking is that it allows you to transfer funds electronically. Transfer money between your personal accounts and outside accounts, such as student or car loans, credit cards and sometimes other contacts' accounts — like your landlord's. It may also allow your parents to send you money instantly. While there are many apps and payment services on the market, utilizing your bank's services is convenient and safe.

Another way to develop a saving strategy is to automatically have a portion of your paycheck or checking account balance transferred into a savings account or investment fund. You can typically set this up online or at your local branch or use an investment savings app.

## Digital Wallets

Apps also come in handy for making payments. Many services allow you to keep track of your debit and credit cards digitally. A digital wallet allows you to make cashless payments from your cards through your phone. More stores are beginning to accept these payments.



## Online Banking Benefits

- ✓ Available 24/7
- ✓ Email and mobile account alerts
- ✓ Access from any device
- ✓ Budgeting tools and automated spreadsheets
- ✓ View, download and print online statements
- ✓ Easy fund transfers
- ✓ View images of checks
- ✓ Link to student loan information
- ✓ Mobility to access accounts on smartphones and mobile devices
- ✓ Environmentally friendly by making electronic, paperless transactions
- ✓ Bill pay feature can ensure that bills are paid on time

# Checking Account



## Getting Started: Banking Options Available to Students

To open a checking or savings account, you can apply online or visit a bank's branch location. Once your account is opened, you'll be able to enroll in online banking via the bank's website and use your login information to download and start using the mobile banking app. In any event, it's a good idea to comparison shop for banks and look for minimal fees and the best interest rates on savings as well as all the tools and technology that suit your needs.

### Checking Account Checklist

- ✓ Balance your account monthly
- ✓ Know your schedule for automatic transactions
- ✓ Keep track of fees
- ✓ Look out for security features
- ✓ Report suspicious activity immediately

## Check It Out

It's important for you to understand the building blocks of budgeting and online banking — your checking and savings accounts. Before you open accounts it's important to understand basics about these accounts. Your checking account is the central hub for your money. You can access it several different ways: checks, ATM, debit card, banks and online banking. Your savings account, which can also be accessed with your debit card or at your banking center, is a great place to save for a rainy day or future expenses, like a car or tuition.



## Check Safety and Security

If you are going outside of your bank to get checks printed, make sure you do your homework on a third-party check provider. A reputable check printer offers security features built into the check. Items to look for are a padlock icon on the printer's website to the left of the web address, micro printing, security screen and warning boxes that appear on the front and back of the check. Do not put private information on checks like your Social Security number, your driver's license number or any unnecessary personal data.

# Checking Account



## Writing a Check

While you may not need to use checks often, you could find yourself in a situation where you need to know how to write one. It is important to know that those funds won't be debited from your account until the payee cashes or deposits the check. It's important to keep track of any checks you write so that you don't accidentally overdraw your account. Most mobile banking apps will allow you to photograph and upload the check for deposit.

Write the name of the person or company you're paying. Never leave this line blank.

Write out the amount of the check in words.

Put the date here.



To help you remember why you wrote the check.

Zero cents.

Sign here.

Write the amount of the check in numbers.

## Good Record-keeping

Part of responsible financial management is good record keeping, and with automated bill paying, this is fast and easy. Your online account is a great organizational tool, but it's just as important for you to keep a hard copy of your finances for your own day-to-day records and budgeting purposes.

Once you get in the habit of tracking expenses, it should be easier to monitor any outstanding checks you may have written, in addition to monthly automatic payments. This process of tracking expenses and outstanding checks is commonly known as balancing your checkbook, which includes factoring in auto-pay bills that won't hit your account until later in the month.

The problem most people run into is overdrawing their account. Every time you overdraw, you incur an insufficient funds fee. The best way to avoid it is to stay on top of your account balance and keep good records. You can also link your checking account to other accounts, such as a savings or credit account, for overdraft protection. This can be helpful because money can be automatically transferred from your savings or credit account when you don't have enough money in your checking account.



# Debit Cards



## Debit vs. Credit: What's the Difference?

A debit card looks just like a credit card whether you are presenting it for payment or using mobile banking services. It offers a lot of the same features of a credit card, but it's different in a few important ways. It's not backed by a loan from a financial institution, so you can only access your available funds. But like credit cards, they're nearly universally accepted and have a zero liability policy to protect you. They're also a good way to keep track of your expenses for budgeting purposes.

## Use it — Don't Lose it

Your debit card can be used with merchants similarly to how a credit card is used — meaning you can either sign for your purchase or enter your PIN number. When used with a signature, your debit card gives you valuable zero fraud liability protection if the card is ever used fraudulently.

Your debit card processes your transaction differently depending on how it is carried out. Some debit your account within 24 hours, while others may take two to three days.

A debit card is also a good way to stay financially responsible. With a credit card, it can be easy to succumb to impulse buys. The lure isn't so great when you can only spend what's in your checking account. Besides resisting temptation, you don't pile on the debt and interest payments that come with credit card impulse buying.

**To learn more about debit cards, visit [practicalmoneyskills.com/debitcards](https://practicalmoneyskills.com/debitcards)**

## Things to Remember

How to use your debit card wisely:

- > Look for the symbol of a processing network (like Visa) that indicates your card will be accepted.
- > Create a PIN (personal identification number) that a smart thief couldn't figure out. Avoid the obvious — your name, address, phone number, or birth date.
- > Keep your PIN private. Memorize it. Don't write it down (especially on the card) and don't tell it to anyone.
- > Know your current account balance. By law, to get a debit card you must sign up for your bank's overdraft protection, which automatically transfers available funds from the linked account to cover purchases and help prevent returned checks and declined purchases in the event you don't have enough funds in your eligible checking account. If you have overdraft coverage and you bounce a check, the overdraft fees can cost you a lot.
- > Some debit cards have transaction fees — check your cardholder agreement.
- > Your bank may have also issued you an ATM card. It may share many of the functions of a debit card; however, ATM cards do not have a Visa or other payment network logo and can only be used at your bank's ATM or at an authorized affiliate named on the back of your card. Also, ATM cards cannot be used for purchases.
- > Always keep receipts. Receipts contain information a thief could use to make mail, phone or online purchases on your account, so you should be careful about where you keep them and how to safely dispose of them. Financial documents such as property records should be kept indefinitely, while federal tax returns and payroll records should be kept for six years and income-related materials for three years. As for ATM receipts, deposit slips and bank statements, these can be shredded monthly or annually.
- > Keep track of your transactions online or on mobile devices. Remember to track any debit card fees that may apply (like when you use another bank's ATM).
- > Report lost or stolen cards immediately to your bank.

# Savings Account



## For a Rainy Day

Another key element of your financial plan is a savings account. Think of this account as a place where you'll keep your money long term and give it a chance to grow. While your checking account is continually fluctuating in size, your savings account should be stable, if not growing at a steady rate. Earlier in the workbook, we mentioned budgeting or planning to set aside 10% to 15% of your income for savings every time you get paid. This is a worthy goal. For a college student on a tight budget, however, this may be tough. You should set aside funds that you realistically work with in your budget. The good news is, the more you set aside, the more interest your account earns, so your money grows faster. While it's a good idea to have money set aside for emergencies at any time, you need to start building an emergency fund for unplanned expenses while you are still in school. Experts say it's smart to build and maintain an emergency fund with three to six months' worth of living expenses.

## Compound Interest

Savings accounts typically earn compound interest. Compounding means that whenever interest is calculated, it is based not only on the original amount in the account but also on any interest that has accumulated. The more frequently interest is compounded, the faster the balance grows. The yearly rate at which interest is compounded is referred to as the Annual Percentage Yield (APY). The APY measures the total amount of interest paid on an account based on the interest rate and the frequency of compounding. Banks must provide account disclosures for new accounts that reflect the APY.

## Simple Interest

Simple interest is based only on the original amount. If your account has \$100 in it and earns 2% simple interest per year, it earns \$2 interest. Multiply the dollar amount by the interest rate to get the annual return. By the end of three years, you will have earned \$6 in interest for a total of \$106. Although it's extremely rare, you may come across accounts with simple interest as you grow older and your investments diversify.

## Rule of 72

The Rule of 72 can give you an approximation of how long it will take to double your money at a specified interest rate. If you're earning 2% compound interest, divide 72 by 2. That means it will take about 36 years for your original investment to double in value at a 2% interest rate.

## Savings Worksheet

1. If you put \$200 in a savings account that paid 2% simple interest each year, how much interest would you earn in five years?

---

2. If you put \$150 in a savings account that paid 1.5% compounded yearly, how much interest would you earn in five years?

---

3. If you put \$25 each month into a savings account that paid a simple interest rate of 1.8% each year, how much would you have in your account at the end of two years?

---

4. If you put \$10 each week into a savings account that paid 2.2% interest compounded yearly, how much money would you have in your account after three years? (Hint: Use the *How Will My Savings Grow?* calculator on [practicalmoneyskills.com](http://practicalmoneyskills.com)).

---

Answers for the savings account worksheet:

1 \$20  
 $\$200 \times 0.02 = \$4$   
 $\$4 \times 5 = \$20$

2 \$11.59  
 $\$150 (1 + 0.015/12)^{60} = \$152.25$  (after 1 year)  
 $\$152.25 (1 + 0.015/12)^{60} = \$154.53$  (after 2 years)  
 $\$154.53 (1 + 0.015/12)^{60} = \$156.85$  (after 3 years)  
 $\$156.85 (1 + 0.015/12)^{60} = \$159.20$  (after 4 years)  
 $\$159.20 (1 + 0.015/12)^{60} = \$161.59$  (after 5 years)

3 \$605.40  
 $\$300.00 (1 + 0.018) = \$305.40$  (after 1 year)  
 $\$305.40 + \$300.00 = \$605.40$  (after 2 years)

4 \$1629.65  
 $\$10 \times 52 = \$520$   
 $\$520 (1 + 0.022/12)^{36} = \$531.44$  (after 1 year)  
 $\$531.44 + \$520 = \$1051.44$   
 $\$1051.44 (1 + 0.022/12)^{36} = \$1074.57$  (after 2 years)  
 $\$1074.57 + \$520 = \$1594.57$   
 $\$1594.57 (1 + 0.022/12)^{36} = \$1629.65$  (after 3 years)

# Understanding Credit



If you haven't already, you'll probably start building your credit history in college. You'll start the moment you take out a loan in your name or parents' name. The loan can be for school, a car or a credit card. Your performance in paying back these loans, and your other bills in your name, will determine how your credit is graded — this is called your credit score.

Credit reporting companies calculate scores in different ways, but all use a complex mathematical model to take certain factors into account. Your score changes over time to accurately reflect your current financial behavior. Credit reports contain your credit history, including things like debts, bankruptcies, unpaid bills and credit card use.

## These Things Make Up Your Credit Report:

- > Your repayment track record
- > The amount of debt you owe
- > How long you've used credit
- > How often you've applied for new credit
- > The types of credit you currently use
- > New credit

## What's a Good Credit Score and Why Is It Important?

In simplest terms, a credit score is a number that helps lenders determine how likely you are to repay your debt. It's like your personal finance GPA. The higher the number, the better the score. Credit scores are based solely on credit history and don't take into account things like race, religion, national origin, gender, age, education or marital status — just numbers.

Your credit score is fluid. Every time you apply for, use, make or miss a payment on a loan or credit card, you build another entry on your credit report, which in turn raises or lowers your credit score. The best way to have an excellent credit score is to start out doing everything right and keep it that way. If for some reason you fall behind, here are a few ways to improve your score quickly.

*In this range you need to work hard to improve your score. Getting a credit card or a loan will be a problem.*

*In this range, you're low to moderate risk and should get competitive interest rates.*

300 400 500 600 700 800 850

*You're a fair to good risk if you fall into this range, but interest rates will be a bit higher. Pay your bills on time and reduce credit balances and your score will go up.*

## When Does Your Credit Score Matter?

- > **Buying a Car or Home:** Lenders may look at your credit score before deciding whether you are a good risk for a car loan or home mortgage — or how much interest to charge if they give you the loan.
- > **Open Phone or Utility Accounts:** Utility companies may check your credit score before deciding whether you have to pay a deposit.
- > **Renting an Apartment:** Landlords may check your credit report before deciding whether to rent to you.
- > **Applying for a Job:** Employers typically run a credit check on you before making a decision to hire you or not — a good credit report demonstrates responsibility.

## The Ins and Outs of Student Loans

Student loans can be helpful for people who couldn't otherwise afford to attend college; they can also be expensive. With most student loans, you don't have to repay them until after you leave college and join the workforce. Sure, it's a drag to be saddled with debt right out of the gate, but a cost-benefit analysis may suggest it's worth it overall. College graduates earn, on average, nearly twice as much as high school grads over their lifetime.

College tuition costs are increasing. Many students owe \$37,000 or more in student loans by the time they graduate. That's why it's important to shop around for a loan with the most favorable terms. A percentage point here or there can cost you thousands later down the line.

## How to Apply for a Student Loan

The first thing you should do is complete the Free Application for Federal Student Aid (FAFSA) form. You can get a copy from your school's guidance counselor or financial aid office, or by visiting [www.fafsa.ed.gov](http://www.fafsa.ed.gov) or calling 1-800-4-FED-AID.

# Understanding Credit



## Meet Tess

Take a look at the ups and downs of Tess's credit score during her years in college. She learned some lessons the hard way and eventually learned what it took to maintain a good credit score.

To estimate your credit score, go to: [practicalmoneyskills.com/estimator](http://practicalmoneyskills.com/estimator)

Behavior or Action	Change in Score	Current FICO Score	Credit Score
<b>FRESHMAN YEAR</b>			
Tess gets a credit card with a \$1,000 limit. She breaks it in by buying her books and supplies over the semester. She pays at least the minimum due as soon as the bill arrives every month.	-	780	A+
Tess starts spring break in a great mood. She throws a party for all her friends and maxes out her card.	-150	630	C
Tess applies for and gets a second credit card.	-10	620	C
<b>SOPHOMORE YEAR</b>			
Over the summer, she works hard and pays the balance on her first card.	+180	800	A+
In September, Tess's car needs major repairs.	-180	620	C
In October, Tess forgets to tell one credit card company that she has moved and never received her bill, so her payment on her account, including late fees, is \$100 and 30 days past due.	-130	490	F
She makes up the late payment and pays just the minimum amount due on time on both cards for the rest of the year.	+110	600	C
<b>JUNIOR YEAR</b>			
Tess works very hard to pay down her debts by paying \$50 more than the minimum payment on each card and uses her cards sparingly, and pays them off regularly for the rest of the school year.	+70	670	B
<b>SENIOR YEAR</b>			
Tess decides to take better control of her credit. She pays off almost all of her debt by graduation and then pays her bills on time for a solid two years, and her credit is once again excellent.	+100	770	A+



(Grades in this chart are not reflective of behavior but of the current FICO score. Chart is for illustrative purposes only.)

## Making the Grade

All the factors contributing to good credit make it seem like a complex math equation. Here are some common-sense guidelines to establishing and maintaining a good credit score.

### > Establish a good credit record.

Open a credit account in your name and use it wisely. Limit the number of credit card accounts and loans that you take out. If you find yourself in financial trouble, consider contacting a debt counseling agency and verify that it is a member of the National Foundation of Credit Counselors, the nation's largest national nonprofit credit counseling network.

### > Be sure to make monthly payments on time.

If you miss the due date on a payment, send it as soon as possible — you'll incur penalties after the interest-free period has expired, and the longer your payment is overdue, the more your credit score will be affected.

### > Running up your credit card is not a good idea.

Use your credit sparingly, and keep well within the credit limit on the account. Most financial experts recommend not using more than 30 percent of available credit, if possible.

### > Pay off card balances instead of moving debt to other cards.

Opening new accounts you don't need can lead to more debt, and too many open accounts may lower your credit score.

### > Finally, check your credit report regularly to make sure it is error-free.

You can get one free credit report each year from each of the three major credit bureaus (Equifax, Experian and TransUnion). Your credit report is available for free once a year from each of the three major credit reporting agencies. Visit [annualcreditreport.com](http://annualcreditreport.com) to get yours today.



*Tip: It's important to remember that your credit score is going to determine what kind of interest rates you'll be offered when you apply for loans or credit cards.*

# Understanding Credit



## Types of Student Loans

> **Campus-based aid.** The Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS) and Federal Perkins Loan programs are funded by the government and provided to students with the greatest economic need. Individual colleges administer some or all of these programs themselves. Note that deadlines are usually earlier than those for filing a FAFSA.

> **Subsidized Stafford Loans** are federal loans that are based on demonstrated financial need. You're not responsible for interest that accrues while you're in school.

> **Unsubsidized Stafford Loans** are federal loans that aren't based on financial need. And unlike with subsidized, you are responsible for interest that accrues while you're in school.

> **Direct PLUS (Parent Loan for Undergraduate Students) Loans** are federally sponsored student loans for graduate students that are unrelated to financial need. They have greater borrowing capacity than Stafford Loans, but interest rates are higher, and there is a loan origination fee.

> **Federal Pell Grants** are the most common federal grant for higher education and are available only to undergraduate students who haven't earned a degree. Families that demonstrate financial need are eligible to receive a federal Pell Grant. However, there's a limited amount of Pell Grant money available to each borrower.

> **Private student loans** are offered by banks and other financial institutions. They aren't guaranteed or subsidized by the government and typically carry higher interest rates than federal loans. Their main advantage is you can borrow more than with federal loans. Details and rates vary widely.

> **College-sponsored loans** are offered by some colleges. Interest rates may be lower than with federal student loans. Check each college's aid materials to see what's available.

> **Federal PLUS loans.** These federally sponsored loans allow parents to borrow for their children's college expenses. Interest rates are fixed — although higher than for student loans — and there is a loan origination fee.

> **Private parent loans** are offered by banks and other financial institutions, usually at higher interest rates than for PLUS loans. They may also have a loan origination fee.

> **College-sponsored parent loans.** Some colleges offer their own parent loans, at rates below PLUS loans. Check each college's aid materials to see what's available.

## Student Loan Repayment

Keep in mind that you'll have to begin paying off your student loans once you graduate. Most federal and private loans offer a grace period.

If you can't afford your full monthly payment right away, talk to your lender about different repayment options, including:

- > Extended loan term (drawback: this will increase the overall interest amount paid).
- > Graduated repayment schedule, where payments start low and gradually increase as your income grows.
- > Economic hardship deferrals (available with federal loans under certain conditions).
- > Income-based repayment, where required monthly payments on certain federal loans may be reduced for low-income borrowers.
- > Some private loans allow "forbearance," where you can stop making payments for a fixed period of time (drawback: interest continues to accrue).
- > Refinance or consolidate loans at better terms (make sure added fees don't negate the savings).
- > Ask about discounts for degree completion, online or automatic deduction payments, or rate reductions for on-time payment history. You may be able to shave part of a point off your loan rate.

It's extremely important that you don't miss payments or default on your loan; otherwise, you could hurt your credit score and make it much harder to borrow money for a car or house later on. Remember: it's in your lender's best interest for you to continue paying off your loan, so don't hesitate to call them if you see problems arising.

To learn more about the different types of student aid available, visit the government's Federal Student Aid site at <https://studentaid.ed.gov>, and FinAid, at <http://www.finaid.org>.

# Understanding Credit



## Credit Cards – Know Your Limit

When you are entrusted with a credit line, you can spend money you may not have earned yet. Using your card responsibly shows that you know how to manage money and puts you on the road to building a solid credit history. If you are under the age of 21, you will have to get a co-signer on the card or prove you have a job and can make payments.

## Consider a Secured Credit Card Account

If you're opening your first credit card account or you're trying to rebuild a damaged credit score, a secured credit card account could be a good option. The main advantage of a secured credit card is that you cannot use it to spend outside your means. You are required to make an initial deposit to open a secured card, and after that you will only be able to spend up to 100 percent of that deposit amount.

## Tax Savings Lessen the Blow

One way to ease the sting of college costs is to tap into the tax advantages available to you and your parents. Contact your tax adviser about the deductibility of interest.

- > Consider opening a 529 qualified state tuition plan, where you or your parents save money for your education but don't pay federal (and in many cases, state) income tax on the interest it earns. 529 plans are most beneficial when they are started early and contributed to often.
- > Coverdell Education Savings Accounts ([www.irs.gov](http://www.irs.gov)) are another way to save money for education where the earnings will grow tax-free until withdrawn.
- > Once you start paying off your loan, you may be able to deduct the interest on your taxes; see the IRS website ([www.irs.gov](http://www.irs.gov)).

What will your loan really cost?			
Loan Amount	\$50,000.00	\$50,000.00	
Annual Percentage Rate	7.5%	8.5%	+1%
Monthly Payment	\$600	\$600	
# of Months to Pay Off	120	128	= +8 months
Total Finance Charge (amount of interest you'll pay)	\$20,848.34	\$25,848.38	= +5,000.04
Total Payment Amount (total of loan plus interest)	\$70,848.34	\$75,848.38	= +5,000.04

To learn more about student loans, visit [practicalmoneyskills.com/college](http://practicalmoneyskills.com/college)

## Don't Get in Over Your Head

- > A credit card is basically a loan from a financial institution. They assign you a predetermined credit limit, and you can pay back whatever you charge either in full or in monthly installments.
- > If you don't pay back the entire amount owed each month, you'll owe interest on the outstanding balance.
- > Remember, if you buy something with your card but don't pay off your entire balance with your next payment, the added interest may bump the cost over what you saved by buying on sale.
- > A rebate or rewards card may be a good option if you plan on paying your bill on time each month. They usually charge higher interest rates and may have annual fees but offer features like airline frequent flier miles, cash rewards and free or discounted merchandise.
- > It's easy to get in over your head by charging more than you can afford to pay off. Save credit cards for budgeted purchases and emergencies.
- > Try to use debit cards, secured credit cards, cash or checks for basic living expenses like rent, food, utilities, school fees and materials.
- > You can damage your credit score by having too many open accounts or carrying high balances (learn more about credit scores on page 22).

## Advantages and Disadvantages of Credit Cards

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



## Keep Your Eyes on the Fees

Before you open a new credit card account, ask the lender to spell out any possible fees or finance charges, including:

- > **Annual fee** – Charged for using the card. Many cards have no annual fee, so shop around.
- > **Cash advance fee** – Charged for using your credit card to withdraw cash from your available credit limit. It can appear either as a per-use flat rate or as a percentage of the transaction amount.
- > **Late payment fee** – Charged if payment is received after the due date. Credit card companies must send statements 21 days before a payment is due. (Caution: Miss a few payment deadlines, and your interest rate could quickly increase.)
- > **Balance transfer fee** – Sometimes charged to transfer balances from one card to another.
- > **Over-the-limit fee** – Charged if you go over your credit limit, but only if you have opted in and given them permission to authorize purchases that put you over your limit. (Overages can also lead to rate increases.)
- > **Minimum finance charge** – Imposed whenever you carry forward a balance to the next billing cycle. (This can be up to a \$2 charge even if your balance is only a penny.)

## Decoding Other Credit Card Terms

**Annual percentage rate (APR):** The interest rate you'll be charged if you don't pay the balance in full each month. Credit cards often have different APRs for purchases, cash advances and balance transfers, so make sure a low APR in one category isn't offset by unreasonably high APRs in others. Also, if there's a low introductory APR, note how long it's offered and what the rate rises to afterward.

**Interest-free period:** If your credit card offers "interest-free days," be aware that in most cases you get no interest-free period on purchases if you have an outstanding balance on your last statement. You begin paying interest immediately if you have cash advances, balance transfers or balances carried over from previous months.

**Cash advances:** Cash advances can bail you out of emergencies, but they can become very expensive loans if you don't pay them off quickly. Ask about each card's cash advance APR, fees and any other limits that may apply.

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

You'll pay a higher APR for cash advances than you do for purchases.

## Things to look for in a credit card

There's a lot of fine print to know about when you use a credit card.

Interest Rates and Interest Charges	
ANNUAL PERCENTAGE RATE (APR) FOR PURCHASES	<b>11.99% - 20.99%</b> when you open your account based on your creditworthiness. This APR will vary with the market based on the Prime Rate.
APR FOR BALANCE TRANSFERS	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.
APR FOR CASH ADVANCES	23.99%. This APR will vary with the market based on the Prime Rate.
HOW TO AVOID PAYING INTEREST ON PURCHASES	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.
MINIMUM INTEREST CHARGE	If you are charged interest, the charge will be no less than \$2.00
FOR CREDIT CARD TIPS FROM THE FEDERAL RESERVE BOARD	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>
Fees	
ANNUAL FEES	\$0 the first year and any year that you charge at least one purchase to the Account, otherwise \$20.
TRANSACTION FEES	
BALANCE TRANSFER	Either \$5 or 3% of the amount of each transfer, whichever is greater
CONVENIENCE CHECK ADVANCE	Either \$5 or 3% of the amount of each advance, whichever is greater
CASH ADVANCE	Either \$10 or 4% of the amount of each advance, whichever is greater
CASH EQUIVALENT ADVANCE	Either \$20 or 4% of the amount of each advance, whichever is greater
OVERDRAFT PROTECTION ADVANCE	\$10 per occurrence.
FOREIGN TRANSACTIONS	2% of each foreign purchase transaction or foreign ATM advance transaction in U.S. Dollars 3% of each foreign purchase transaction or foreign ATM advance transaction in a Foreign Currency
PENALTY FEES	
LATE PAYMENT	Up to \$35
OVERLIMIT FEE	Up to \$35
RETURNED PAYMENT	Up to \$35

(Sample Credit Card Agreement)

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

Annual fees may occur whether or not you use your card.

# Test Yourself

## Worksheet

Take our quiz to see how much you know about managing your money.

1. **T / F** The moment you take out a loan, you're starting to build your credit history.
2. **T / F** A car loan doesn't count on your credit report.
3. **T / F** Your credit score is directly related to your credit history.
4. **T / F** Your credit score rarely changes.
5. With a credit score in the 300 to 600 range:
  - a) Getting a credit card or loan should be a piece of cake
  - b) You'll need to work hard to improve your score
  - c) Getting a credit card will be a problem
  - d) Both b and c
6. **T / F** Paying off credit card balances completely and then cancelling improves your credit score.
7. **T / F** Credit reporting agencies can have inaccuracies in their reports.
8. **T / F** A credit card is a type of loan.
9. **T / F** If you sign for a debit card purchase, the funds clear your account.
10. **T / F** A debit card is backed by a bank loan.
11. **T / F** It's a good idea to write your PIN on your card so you don't lose or forget it.
12. **T / F** Impulse buying is one of the hazards of carrying a credit card.
13. **T / F** Credit cards usually have the same annual percentage rate (APR) for purchases, cash advances and balance transfers.
14. From page 24 of this workbook, Tess's credit score took the biggest hit when she:
  - a) Threw a big party and put it on her credit card
  - b) Got a second credit card
  - c) Paid only the minimum amount due on her balance
  - d) Forgot to tell one credit card issuer she moved, so her account went past due



9. F  
10. F  
11. F  
12. T  
13. F  
14. D

1. T  
2. F  
3. T  
4. F  
5. D  
6. F  
7. T  
8. T

Answers for Test Yourself worksheet.

# Glossary of Terms

**ATM:** Automated teller machine.

**Balanced budget:** Income equals or exceeds expenses.

**Budget:** An itemized estimate of income and spending during a specified period.

**Compound interest:** Is based not only on the original principal but also on any unpaid interest that has been added to the principal. The more frequently interest is compounded, the faster the balance grows.

**Credit bureaus:** There are three major credit bureaus that report an individual's credit activity: Equifax, Experian and TransUnion. For one free annual credit report from each bureau, call 1-877-322-8228 or log on to [annualcreditreport.com](http://annualcreditreport.com), a website co-operated jointly by all three credit bureaus.

**Credit limit:** The maximum amount you are authorized to spend on your credit card.

**Credit score:** A numerical score that's calculated based on information contained in your credit report. Lenders use your credit score, among other measurements, to determine your creditworthiness and potential ability to repay debt. (For more, check out [www.whatsmyscore.org](http://www.whatsmyscore.org) or [www.myfico.com](http://www.myfico.com).)

**Simple interest:** Cost of using money, expressed as a rate per period of time — usually one year, in which case it is called an annual rate of interest.

**Overdraft:** The amount that an account holder owes a bank because the balance in the account does not cover the amount he or she had withdrawn.

**Overdraft protection:** Advances money to cover a withdrawal from an account that does not have sufficient funds. Overdraft protection can loan money to cover ATM withdrawals, debit card purchases, electronic transfers and checks. When used to cover checks, the service prevents the check from bouncing. When used to cover other transactions, it lets you borrow money through a withdrawal.

**PIN:** Personal identification number.

**Rule of 72:** The rule says that to find the number of years required to roughly double your money at a given compound interest rate, you just divide the interest rate into 72. For example, if you want to know how long it will take to double your money at 8% interest, divide 8 into 72 and approximately get 9 years.



# Online Resources

## Budgeting your money

[Practicalmoneyskills.com](https://practicalmoneyskills.com)

Money management portal

## Banking

[ABA.com](https://www.aba.com)

American Bankers Association

[FDIC.gov](https://www.fdic.gov)

Federal Deposit Insurance Corporation

[ICBA.org](https://www.icba.org)

Independent Community Bankers of America

[NCUA.gov](https://www.ncua.gov)

National Credit Union Administration

## Understanding credit

[Myfico.com](https://www.myfico.com)

Information about your FICO score

[Annualcreditreport.com](https://www.annualcreditreport.com)

Free comprehensive credit report

[Consumerfinance.gov](https://www.consumerfinance.gov)

Consumer Financial Protection Agency

## Student loan Info

[Finaid.org](https://www.finaid.org)

Student loan programs for families

[NSLDS.ed.gov](https://www.nsls.ed.gov)

National Student Loan Data System

[FAFSA.ed.gov](https://www.fafsa.ed.gov)

Free Application for Federal Student Aid

For more information, visit: [practicalmoneyskills.com](https://practicalmoneyskills.com)

**AARP**<sup>SM</sup>

*Financial*

Credit Card Services

from

**CHASE** 

# 50 Ways to Love your Money

Your clear and simple guide to staying financially fit



**VISA**

# Here are 50 Ways to Love Your Money.

AARP Financial\*, Chase and Visa are pleased to present *50 Ways to Love Your Money*, a clear and simple guide on how to live happily within your means, manage budgets and use financial services wisely. Now is the time to make the most of your money and develop a plan for this phase of your financial life. Enjoy your life; love your money.



## A Message From Jean Chatzky

*Recent research shows that nearly three-quarters of people surveyed wish they had a better understanding of their finances. If the emails flowing into my inbox are any indication, that number should be closer to 90 percent.*

*All of those people are absolutely on the mark. Understanding and being able to manage your own money has never been more important. The responsibility for funding our own retirement, paying for (much of) our own healthcare, and managing our credit scores has landed squarely in our laps. And we need resources to help us make the right choices where all of those things are concerned.*

*This easy-to-use guide from AARP Financial, Chase and Visa, designed for everyone over 50 years old, is one of those resources. It contains loads of hands-on tips and tools to help you spend less than you make and ensure your money is working just as hard for you as you are working for yourself. You've worked hard for years — many of you will continue to do so — and you deserve to enjoy, rather than worry about, the fruits of those labors. The time is now to set a course for financial fitness.*

*Jean Chatzky*

Jean is the financial editor for NBC's Today, a contributing editor for More Magazine, a columnist for The New York Daily News, and a contributor to The Oprah Winfrey Show.

**Saving** ..... Page 4  
Saving is the Best Way to Love Your Money

**Budgeting** ..... Page 8  
Live Happily Within Your Means

**Credit Cards** ..... Page 14  
Take Charge When You Charge

**Debit Cards** ..... Page 20  
Money in the Bank

**Prepaid Cards** ..... Page 24  
An Alternative to Cash

**Managing Debt** ..... Page 26  
Don't Wait, Find Your Debt Comfort Zone

**Identity Theft** ..... Page 28  
Keep Your Identity to Yourself

**Caregiving** ..... Page 30  
The Sandwich Generation Squeeze

**Plan for the Unexpected** ..... Page 32  
Be Ready for What Tomorrow May Bring

# Saving

## Saving is the Best Way to Love Your Money

Americans spend more than we earn. Consider that the national personal savings rate has dipped to the lowest point since the Great Depression.<sup>1</sup> Today's high energy, home and food prices may make saving seem even more impossible. But the time is now. Especially as you plan for a retirement where cost of living expenses will increase even more.

Saving is crucial for your well being and for weathering the good and bad financial milestones in life — losing a job, getting ready for retirement, leaving a healthy financial legacy and inheritance for loved ones, and affording medical care.

The best way to love your money is to save it. Whether you're already retired or won't be for 5, 10, 15 or even 20 years out, saving should always be part of your financial plan. And starting now can add up to make a big difference tomorrow.

### #1 Pay Yourself First

You're probably inclined to pay everyone else first. You may even still be supporting children or other dependents. But it's vital to start paying yourself first by saving money. It's the only way to ensure your financial longevity and well being.

Most banks can automatically transfer funds from your checking account to your savings account, money market, mutual fund and other accounts. Automatic deposit makes the payment a habit you can maintain.

### #2 Save Tax Free

Join your employer's 401(k) or other retirement plan immediately and max out the amount you can contribute. Also make sure you're setting aside enough to be eligible for any matching funds — extra money for your retirement fund — given by many employers.

Saving is so crucial, the government even encourages it if you're a low-income worker. If you qualify, you can get a federal tax credit and receive as much as \$2,000, depending on your income and how much you put into retirement programs. For more information, read IRS Publication 590, Chapter 5, at [www.irs.gov](http://www.irs.gov).

### #3 Know the Truth (in Savings)

Make sure you know the details about your bank's savings account plans. The Truth in Savings Act requires financial institutions to disclose the following information on offerings:

- Fees on Deposit Accounts
- Other Terms and Conditions
- Interest Rates
- The Annual Percent Yield (APY)

*APY is how much a deposit will earn over the course of a year. The "yield" accounts for compounding interest based on interest rates, as well as the frequency of compounding.*

For more on the Truth in Savings Act, visit [www.fdic.gov](http://www.fdic.gov).

### Money Wise (Special Tips for Those 65 and Up)

**Planning for Social Security** Social Security is one of the largest sources of income for older Americans. Key factors to know include:

- Benefit amount — the amount you receive based on your retirement age, years working and overall contribution.
- Timing — the age when you can receive benefits. This can range from 62 to 67 years of age.
- Working — how you can continue to work and still receive benefits.

For more on planning and understanding your options, visit [www.chaseclearandsimple.com/aarp](http://www.chaseclearandsimple.com/aarp).



## In the Interest of Interest

Saving money means earning interest. Here you can see how money grows with compound interest.

### Compound Interest Calculation

Interest is paid on original amount of deposit, plus the interest you've already earned.

$$\text{Principal} \times \text{Interest Rate} \times \text{Time} = \text{Amount Earned}$$

#### Example:

If you had \$100 in a savings account that paid 4 percent interest compounded annually, the first year you would earn \$4 in interest.

Interest Earned:  
 $\$100 \times .04 \times 1 = \$4$

Total Savings:  
 $\$100 + \$4 = \$104$

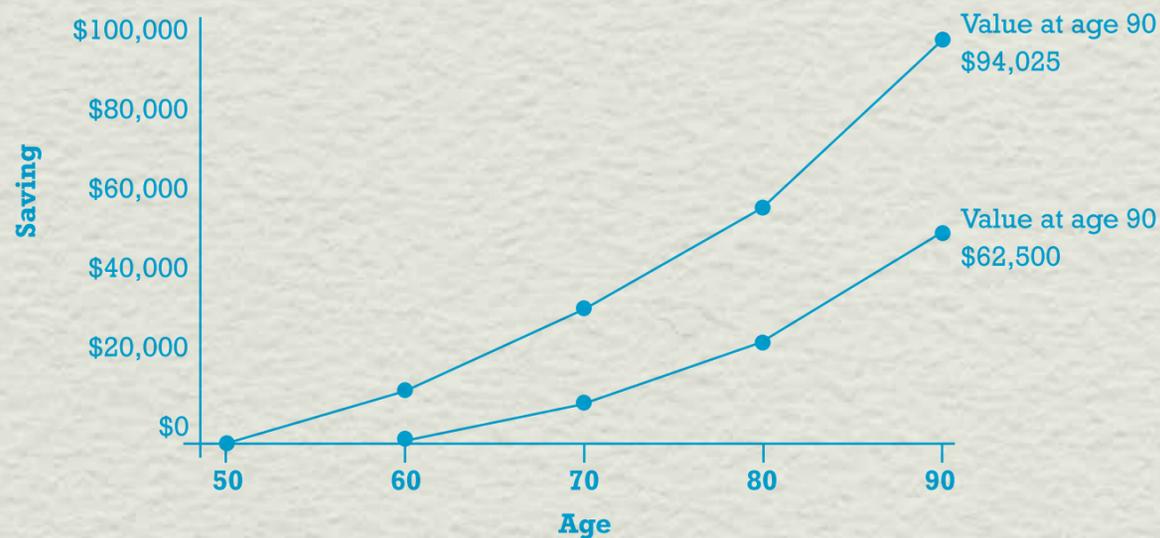
With compound interest, the second year you would earn \$4.16 in interest, because you're now earning interest on your interest from the first year as well.

Interest Earned:  
 $\$104 \times .04 \times 1 = \$4.16$

Total Savings:  
 $\$104 + 4.16 = \$108.16$

## Start Saving Early

The chart below demonstrates how compound interest can multiply your money over time.



\$1,000 saved each year at a 4 percent annual return

## #4 Consider the Future of \$80

If you have a credit card balance of \$3,000 (with an annual interest rate of 18%), and make monthly payments of \$120, it would take you more than 2.5 years to pay off your bill. This includes \$788 of added interest within that period.

Now, here's a great idea to save you money. If you pay an additional \$80 per month on that debt, for a total payment of \$200 a month, you would pay off the debt an entire year earlier and save over \$350 in interest payments. That's a great return for just \$80 a month.

## #5 Delay Before You Pay

This doesn't mean pay bills late. It means stop yourself before you buy. Online shopping has taken impulse buying to new levels. Give yourself a timeframe before you decide to commit to a purchase. Think over that new pair of shoes for two weeks. If, after two weeks, you still can't live without them, make room in your budget before you buy.

## #6 Sock it Away Somewhere

Once you decide to start saving, you need to determine where you're going to put the money. And remember "under the mattress" doesn't count.

Several common savings options include:

- Savings accounts
- Money market accounts
- Certificates of Deposit (CDs)

Some of the most important considerations in choosing a savings vehicle include:

- Access. How quickly can you access your money?
- Safety. How safe is your money? Is it federally insured?
- Interest. How much money will you earn? What are the interest rates and terms?
- Limitations. Are there minimum balances required? Are there limited checks that can be written per month or penalties for early withdrawals?

For more on savings options, visit [www.aarp.org/money](http://www.aarp.org/money).

## #7 Start Now

Even if you can only put aside a small amount at first, the sooner you start, the faster your savings will accumulate. For every five years you delay, you may need to double your monthly savings amount to achieve the same income at retirement. Try setting aside \$25 a week and if you don't miss the money, add another \$5 each week.

# Budgeting

## Live Happily Within Your Means

You want to love your money, right? Then you've got to live well within your means. That's important at any age, but it's especially important when planning for retirement, which often demands that you live on a fixed income. Not to mention that many of us are enjoying longer, healthier lives. Living more years means needing more money and stretching our dollars.

The best way to stretch, save and spend wisely is to build a budget. Only 40 percent of Americans use a budget to plan their spending.<sup>1</sup> But 60 percent of Americans routinely spend more than they can afford. A budget's end goal isn't to punish you, keep you from enjoying your golden years or make you miserable. It's to keep your dreams of the moment and your long-term goals truly alive and golden.



### #8 Question Your Needs and Wants

What do you want? What do you really need? Evaluate your current financial situation. Take a look at the big picture. Make two lists – one for needs and one for wants. As you make the list, ask yourself:

- Why do I want it?
- How would things be different if I had it?
- What other things would change if I had it? (for better or worse)
- Which things are truly important to me?
- Does this match my values?
- What will I need to live happily and comfortably in my retirement?

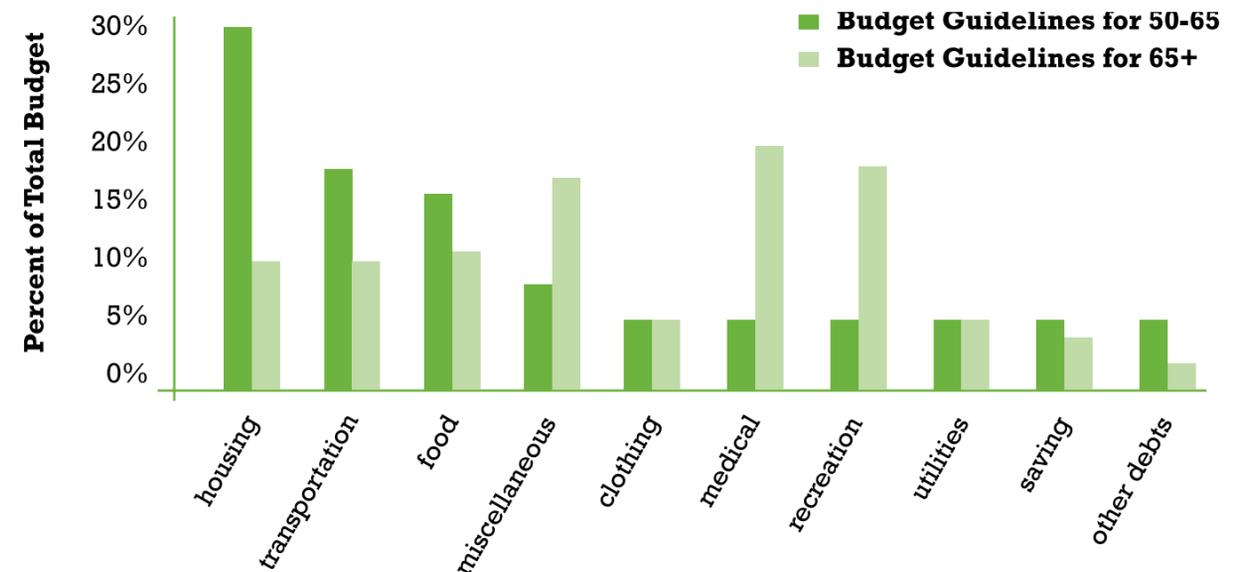
For more on budget building, watch an online video from personal finance expert Jean Chatzky. She offers valuable guidance on how to stop living paycheck to paycheck and to start living on a budget that works.



Visit [www.chase.practicalmoneyskills.com/jean](http://www.chase.practicalmoneyskills.com/jean) to see Jean.

### #9 Set Guidelines

We all have different budgets based on our needs and wants. But this chart shows some guidelines on how much should go toward different expenses. It's especially useful as you plan for retirement and living expenses. You may need to make adjustments for a daily latte fix or visits to children living on the other side of the country, but remember to subtract amounts from other areas if you do.



Source: Building a Budget-Guidelines, *PracticalMoneySkills.com*. 2008

Remember that your guidelines might change once you retire. You may downsize your house or give up a commute. Visit [www.chase.practicalmoneyskills.com](http://www.chase.practicalmoneyskills.com) for an interactive Retirement Calculator to make sure you have a big enough nest egg to retire comfortably and happily.

### Money Wise (Special Tips for Those 65 and Up)



**Talk to a Pro** At this stage in life, managing finances is something you've done for a long time. But it's never too late to talk to a certified financial planner for help. A professional can assist you in devising a financial plan and goals and help you stick to them.

To find a certified professional financial planner, contact one of the following:

- The Financial Planning Association** 1.800.322.4237 [www.fpanet.org](http://www.fpanet.org)
- National Association of Personal Financial Advisors** 1.847.483.5400 [www.napfa.org](http://www.napfa.org)
- Certified Financial Planner Board of Standards** 1.800.487.1497 [www.cfp.net](http://www.cfp.net)

The financial planning sources are not affiliated with Chase, AARP or Visa, which offer no opinion on the accuracy or quality of their advice.



## #11 Add Up Your Income

To set a monthly budget, you need to know what's coming in. Make sure you include all sources of income such as salaries, interest, retirement accounts, Social Security, pensions, and any other income sources.

## #12 Estimate Expenses

The best way to do this is to write down every penny you spend each month. Categorize spending depending on your needs and wants. Use the worksheet on the next page as a starting point.

## #13 Figure Out the Difference

Once you've created your budget, keep records of your actual income and expenses. This keeps you aware of the difference between what you budget and actually spend.

## #14 Track, Trim and Target

Once you start tracking, you may be surprised to find you spend \$50 a month on coffee or long calls to the grand kids. Some expenses are easily trimmed. Cutting back is usually a better place to start than completely cutting out. Be realistic. It will help you to be better prepared for unexpected costs.

Visit [www.chase.practicalmoneyskills.com](http://www.chase.practicalmoneyskills.com) to download a free copy of "My Budget Planner" to help you create and maintain your budget. Or, use the budget worksheet on page 12-13.

## #10 Get SMART

Wishful thinking has never made a budget work. Setting a goal for your budget needs to be SMART:

### Specific

Smart goals are specific enough to suggest action.

Example: Save enough to visit Rome for your 25th wedding anniversary. Not just "save money."

### Measurable

You need to know when you have achieved your goal, or how close you are.

Example: A trip to Italy costs \$2,000, and you have \$800 saved.

### Attainable

The steps toward reaching your goal need to be reasonable and possible.

Example: I know I can save enough money each week to purchase that trip to Italy.

### Relevant

The goal needs to make sense. You don't want to work toward a goal that doesn't fit your need.

Example: We would like to stay in four-star hotels in celebration of our anniversary.

### Time-related

Set a definite target date.

Example: I want to go to Italy by next summer.

## Monthly Income Worksheet

Write a dollar figure next to each relevant income source. Make sure that the figure you write down is the amount you receive from each income source on a monthly basis.

If you get a salary, be sure to use your take-home pay, not your gross pay. Taxes are usually taken out automatically, but if they're not, remember to include them as another expense. If you receive money from somewhere not listed, enter the source of that money along with the amount under "other income."

INCOME SOURCE	YOUR INCOME	SPOUSE/PARTNER INCOME	TOTAL
Salary/Wages from Employment	\$	\$	\$
Social Security Retirement Benefit	\$	\$	\$
Pension Benefit	\$	\$	\$
IRA Income (Distribution)	\$	\$	\$
Annuity Income	\$	\$	\$
Investment Income (If Same Every Month)	\$	\$	\$
Inheritance/Trust	\$	\$	\$
Other Income	\$	\$	\$
<b>TOTAL MONTHLY INCOME</b>	\$	\$	\$

## Monthly Expenses Worksheet

How do you typically spend your money? In other words, how do you live your life every month? The following worksheet divides spending into fixed and flexible expenses. If some of your expenses for one or more categories change significantly each month, take a three-month average for your total.

### Flexible Expenses These are expenses that can change or adjust in amount.

<b>Food</b>	Groceries (Average Bills)	\$
	Restaurants	\$
	Snacks (Coffee, Etc.)	\$
	Entertaining (Food and Beverage)	\$
	Other	\$
<b>Entertainment</b>	Movies, Theater, Concerts	\$
	Video Rentals	\$
	Cable Television	\$
	Sports — Golf, etc.	\$
	Vacation, Travel	\$
	Other	\$
<b>Debt Payments</b>	Debt Payment	\$
	Other	\$
<b>TOTAL</b>		\$

## Monthly Expenses Worksheet (continued)

### Fixed Expenses These are regular expenses that are roughly the same every month.

<b>Housing</b>	Rent or Mortgage	\$
	Real Estate Tax	\$
	Maintenance, Condo/HOA Fee	\$
	Lawn and Gardening	\$
	Other	\$
<b>Utilities</b>	Electric	\$
	Gas or Oil	\$
	Water/Sewer	\$
	Garbage	\$
	Telephone, Mobile Phone	\$
	Internet Account	\$
	Other	\$
<b>Transportation</b>	Car Payment or Lease	\$
	Gas	\$
	Subway, Bus or Train	\$
	Other	\$
<b>Health</b>	Health Insurance	\$
	Regular Prescriptions	\$
	Out-of-Pocket Medical Expenses	\$
	Fitness Programs	\$
	Life Insurance	\$
	Other	\$
<b>TOTAL</b>		\$

**Total Flexible Expenses**

\$

**Total Fixed Expenses**

\$

**TOTAL EXPENSES** (add flexible and fixed expenses)

\$

**Total Monthly Income**

\$

**Total Monthly Expenses**

\$

**TOTAL FOR SAVINGS & INVESTMENT** (Subtract total monthly expenses from total monthly income)

\$

# Credit Cards

## Take Charge When You Charge

Credit cards can be an important financial asset to you and your family. And like all financial tools, they need to be used carefully. Credit cards offer many useful features. There is the convenience of being able to buy needed items now and the security of not having to carry cash. You also receive fraud protection and in some cases rewards for making purchases.

With these advantages also come responsibilities. You need to manage credit cards wisely by: understanding all of the card's terms and conditions; staying on top of payments; and realizing the true cost of purchases made with credit. Using a credit card is like taking out a loan. If you don't pay your card balance in full each month, you'll start paying interest on that loan.

### #15 Choose Wisely

The best way to maximize the benefits of credit cards is to understand your financial lifestyle – your money needs and wants. Once you determine how you'll use a credit card, it's important to understand all of the card's features including:



- Annual Percentage Rates (APRs) and whether rates are fixed or variable
- Annual, late and over-limit fees
- Credit limit on account
- Grace periods before interest begins accruing
- Rewards including airline miles or cash back

You can find more about choosing credit cards and managing credit at [www.chaseclearandsimple.com/aarp](http://www.chaseclearandsimple.com/aarp).



### #16 Stay Alert

Some credit card issuers offer free, personalized and automatic alert messages to your phone and email to help you keep track of:

- Available credit
- Balances
- Payment due dates
- Payment histories
- Purchase activity

### #17 Compute the Cost

Understand the true cost of your credit purchase. Figure out the total price when you pay with credit based on interest you may pay. Make the largest payments possible on your bill. And know the penalties for missed payments.

Visit [www.chaseclearandsimple.com/aarp](http://www.chaseclearandsimple.com/aarp) to find resources and interactive tools for managing credit.

### #18

#### Follow the 20-10 Rule

This general "rule of thumb" helps you understand how much credit you can afford. Credit cards are loans, so avoid borrowing more than 20 percent of your annual net income on all of your loans (not including your mortgage). And payments on those loans shouldn't exceed 10 percent of your monthly net income.



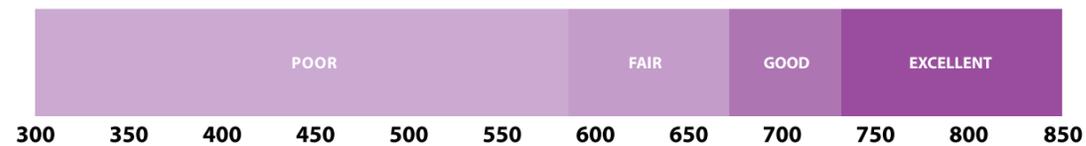
## #19 Understand Your Rights

Credit cardholders are entitled to protections:

- Zero liability means you are not responsible for fraudulent charges when you report them promptly.
- In some cases, you have the right to dispute purchases with merchants for unsatisfactory products or services.

## #20 Know the Score

We all change over time, and so do our credit scores. These scores are the numerical value used by lenders to assess individuals' "credit risk" at a given time. It changes based on history of payments, amounts owed, new credit and more. Credit scores range in number from 300 to 850. The higher your score, the better.



Credit scores are important because they influence whether you'll be approved for credit cards, mortgages and other loans, as well as the interest rates you're offered. Some of the best ways to keep your scores high are to:

- Pay all of your bills on time.
- Make more than the minimum payment.
- Avoid opening needless revolving credit accounts.
- Fill out credit applications only when necessary.
- Avoid keeping credit cards at or near the maximum spending limit.

## Keep an Eye on Your Credit

For a copy of your free annual credit report visit [www.annualcreditreport.com](http://www.annualcreditreport.com) or contact one of the three major reporting agencies below:

**TransUnion**  
P.O. Box 2000  
Chester, PA 19022  
1.800.888.4213  
[www.transunion.com](http://www.transunion.com)

**Experian**  
P.O. Box 2002  
Allen, TX 75013  
1.888.397.3742  
[www.experian.com](http://www.experian.com)

**Equifax**  
P.O. Box 740241  
Atlanta, GA 30374  
1.800.685.1111  
[www.equifax.com](http://www.equifax.com)



## The True Cost of Credit Card Purchases

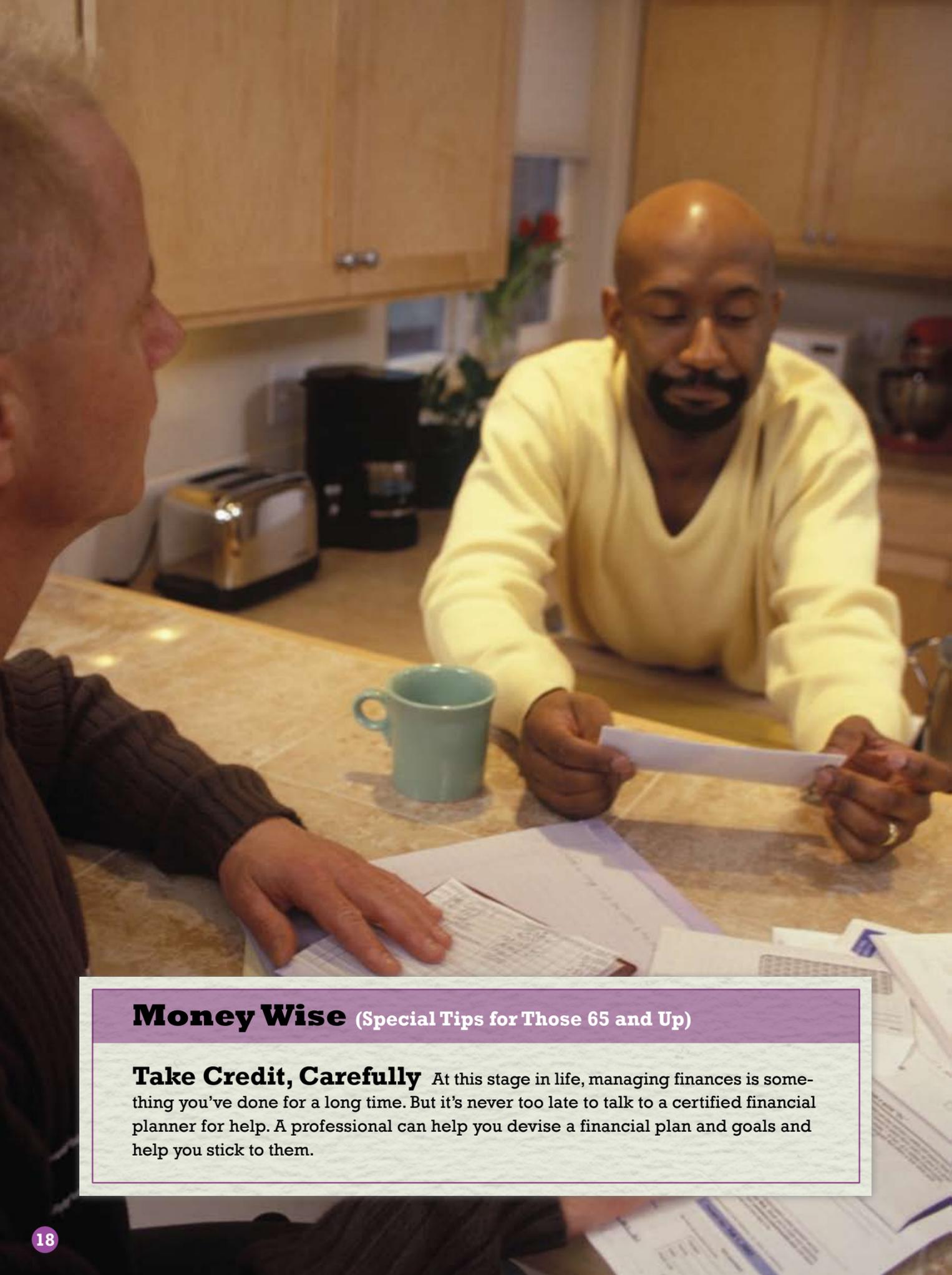
If you don't pay off your credit card balance every month, the interest assessed on your account means you may be paying more than you expect. And if you spend beyond your means, the resulting interest and debt can become significant.

See how much extra you might pay on a \$1,000 credit card purchase with varying interest rates.

<b>Total Purchase Amount</b> This is the balance due on your credit card.	\$1,000	\$1,000	\$1,000
<b>Credit Card APR</b> This is the annual interest rate on your credit card.	10%	15%	25%
<b>Monthly Payment</b> This includes paying just the minimum monthly payment, calculated in this example as \$40	\$40	\$40	\$40
<b>Number of Months to Pay Off Purchase Amount*</b> This is how long it will take you to pay off the entire balance.	29	31	36
<b>Total Finance Charge</b> This is the total amount of money you will pay just in interest.	\$126.02	\$206.50	\$427.22
<b>Total Cost</b> This is the final amount you will pay for your purchase.	\$1,126.02	\$1,206.50	\$1,427.22

\* In general, this assumes that your account has no new charges and that your Annual Percentage Rate does not change.

Visit [www.chaseclearandsimple.com/aarp](http://www.chaseclearandsimple.com/aarp) for a variety of financial calculators.



## Money Wise (Special Tips for Those 65 and Up)

**Take Credit, Carefully** At this stage in life, managing finances is something you've done for a long time. But it's never too late to talk to a certified financial planner for help. A professional can help you devise a financial plan and goals and help you stick to them.

## #21 Make No Mistakes

Over 13 million people a year find inaccuracies on their credit reports — incorrect late payments, accounts that should have been closed, other people's debt information and more. Report mistakes right away; errors could lower your credit score, costing you money.

You're the one who has to ensure your report is correct. If you find an issue:

- Check the last page of your report — instructions for claim disputes are usually on the last page.
- Contact the credit bureau and report the error immediately.
- Put it in writing — if the issue remains unresolved, provide a letter of explanation and request that it become part of your report.

### Your Credit Report

Please address all future correspondence to:  
Credit Reporting Agency  
Business Address  
City, State 00000

#### Personal Identification

This is all the information that uniquely identifies you from another person who may have the same name.

#### PERSONAL IDENTIFICATION INFORMATION

Your Name: 123 Current Address, City, State 00000  
SSN #: 123-45-6789  
Date of Birth: July 1, 1958  
Telephone Number: (555) 555-5555

#### Public Records

These listings show any legal information that may affect your credit ranking.

#### EMPLOYMENT DATE REPORTED

Employer Name: Employer 1  
Date Reported: 06/2005  
Position: Job/Occupation  
Hired: 04/2005

#### Collections

Any collection agencies assigned to recover outstanding debts you have will be listed here.

#### PUBLIC RECORD INFORMATION

Lien Filed 03/05; Fulton CTY; Case or Other ID Number-32114; Amount-\$26,667  
Class-State; Released 07/05; Verified 07/05  
Bankruptcy Filed 12/06; Northern District Ct; Case or Other ID Number-673HC12;  
Liabilities-\$15,787; Personal; Individual; Discharged; Assets-\$780  
Satisfied Judgment Filed 07/06; Fulton CTY; Case or Other ID Number-898872; Defendant-Consumer; Amount-\$8,984; Plaintiff-ABC Real Estate; Satisfied 03/07; Verified 05/07

#### Credit Accounts

Installment loan accounts will be listed here, such as school loans, auto loans and mortgages. Revolving credit accounts will also be listed. These may include credit cards, store cards and gas cards. This gives credit issuers information on your payment history.

#### COLLECTION AGENCY ACCOUNT INFORMATION

Pro Coll (800)XXX-XXXX  
Collection Reported 05/10; Assigned 09/07 to Pro Coll (800)XXX-XXXX Client-ABC Hospital; Amount-\$978; Unpaid; Balance \$978; Date of Last Activity 09/07; Individual Account; Account Number 787652JC

#### CREDIT ACCOUNT INFORMATION

COMPANY NAME	ACCOUNT NUMBER	WHOSE ACCT.	DATE OPENED	MONTHS REVIEWED	DATE OF LAST ACTIVITY	HGH CREDIT	TERMS	BALANCE	PAST DUE	STATUS	DATE REPORTED
Department St.	32514	J	10/07	36	9/11	\$950	X	\$0	X	R1	10/11
Bank	1004735	A	11/07	24	5/11	\$750	X	\$0	X	I1	4/11
Oil Company	541125	A	6/07	12	3/11	\$500	X	\$0	X	O1	4/11
Auto Finance	529778	I	5/06	48	12/10	\$1100	\$50	\$300	\$200	I5	4/11

Previous Payment History: 3 Times 30 days late; 4 Times 60 days late; 2 Times 90+ days late  
Previous Status: 01/08 - I2; 02/08 - I3; 03/08 - I4

#### COMPANIES THAT REQUESTED YOUR CREDIT FILE

09/06/11	Equifax-Disclosure	08/27/11	Department Store
07/29/11	PRM Bankcard	07/03/11	AM Bankcard
04/10/11	AR Department Store	12/31/10	Equifax-Disclosure ACIS 123456789

#### Requested Credit Files

This is a list of any companies who have requested information on your credit history. On this example, Equifax may have requested information in response to a credit application.

# Debit Cards

## Money in the Bank

If credit cards mean “pay later,” debit cards mean “pay now.” These cards are tied to your bank account and work like you were paying with cash.

With debit cards, you’ve got to have the money in the bank to cover your purchases. These cards look similar to credit cards so make sure you know what type of card your financial institution issued you.

### #22 Stay in Check

Always know your current bank account balance and available funds. And don’t forget about checks that haven’t cleared your account.

If you’re comfortable using the Internet, consider setting up online access to your banking account so you can manage debit card purchases, checks and bill paying all at once. You’ll have a one-stop shop for managing all the ins and outs on your account.

When using a debit card don’t forget to:

- Always take sales receipts or copies.
- Record your transactions in your check register as soon as possible or check transactions online.
- Remember to account for any bank fees that may apply.
- Review statements carefully. If you suspect a mistake, call your financial institution immediately. And always follow up with a confirmation letter.

### #23 Know Your Limits

Many debit cards have daily spending and cash withdrawal limits. These limits are meant to protect you in case your card is stolen. But remember, your card might be declined if you exceed your limits even if you have enough money in the bank. Know your limits and contact your lender if you need to raise or lower amounts.

Also remember to track your spending. When you make a purchase, withdraw money from your account or pay bills that exceed your account balance, you may be subject to “overdraft fees” if you’ve opted for overdraft service. Many financial institutions offer overdraft protection options. If you sign up, they’ll cover your check or debit transaction so it doesn’t bounce. But this protection often comes with a price tag, too. You may be charged a fee for each purchase that uses overdraft, as well as an additional fee for being overdrawn. Balance your account regularly to avoid added fees.



### #24 Stop Surcharges

Many banks charge a fee if you use another institution’s ATM with your debit card, and they usually charge non-account holders to use their ATMs. Instead of paying extra, choose a bank with ATMs convenient to where you live and work or use your debit card to get cash back when making purchases.

### #25 Be Secure

For maximum security, remember to take advantage of free alerts for your debit card. Most financial institutions offer the same free, automatic updates by phone or email for debit cards as they do for credit cards.

Receive customized alerts when:

- ATM withdrawals or any debit card activity exceeds your set dollar limits
- Your online ID or passwords change
- Large transactions are made

### #26 Keep a Secret

Your debit card will require a Personal Identification Number (PIN) for security. Choose a unique number. Avoid obvious choices like your address, phone number or birth date.

Always keep your PIN private. Memorize it. Don’t write it down anywhere. And never tell it to anyone. If you feel your PIN has been compromised or someone may have identified it, change your number immediately by contacting your financial institution.

## #27

### Hit the Road, Plan Ahead

Like credit cards, debit cards are accepted at millions of locations worldwide. Remember for your protection, usage across state and international lines can cause a fraud or security alert with your financial institution if it's different than normal spending patterns. If possible, let your bank know your travel plans in advance.

## #28

### Know When They Hold Them

Some transactions — like hotel stays — won't be immediately cleared. Banks place a "hold" on the transaction when the final amount isn't known.

So, when you go to a hotel and your card is authorized before any long-distance phone calls or room service charges are applied, funds are earmarked to cover potential additional costs. This protects you and the hotel owner. Most transactions have a less-than-24-hour hold, and all holds are removed within 72 hours.

## Debit Cards – The Extra Protections

Did you know that many of the same features and protections offered by credit cards are also offered with debit cards?

### Zero Liability

This generally means you're not liable for unauthorized purchases made with your debit card as long as you notify your financial institution immediately. Check with your financial institution to make sure Zero Liability applies to your card.

### Funds & Fraud

Federal law mandates that financial institutions replace funds for losses resulting from fraudulent card use within ten business days of notification. However, in many cases, you'll have access to funds within five business days of notification — sometimes sooner.

### The Right to Dispute

You have dispute resolution options should an issue arise with a purchase.

# Prepaid Cards

## An Alternative to Cash

A prepaid card is a card you load with your own money to make purchases anywhere a debit card is accepted. It's a safe alternative to carrying cash and paying check-cashing fees. In lieu of traveler's checks, prepaid cards can be good options for traveling. They're also a popular gift-giving idea because recipients can use them for whatever they want, and they're widely accepted.

### #29 Go Direct

Prepaid cards can offer security and convenience. With prepaid cards, it's possible to eliminate check-cashing fees, and get immediate access to your funds by directly depositing your paycheck, tax refund or other income on to a prepaid card.

### #30 Remember the "Holds"

Just like debit cards, prepaids can have "holds" on your funds. Hotels and some merchants may verify you have enough money on your card for the bill. They may make the amount temporarily unavailable for other purchases.

### Money Wise

(Special Tips for Those 65 & Up)



#### Prepare for Prepaids

When choosing a prepaid card, make sure you:

- Ask if you can put money on the card yourself, how to do that, and what it costs.
- Get information about where and how you can use the card.
- Find out if your prepaid card comes with monthly statements and how you can check the balance over the phone or online.
- Understand all associated fees for services like activation, monthly maintenance and balance reloading.



# Managing Debt

## Don't Wait, Find Your Debt Comfort Zone

If you're in debt, you're not alone. Consumer debt in America remains incredibly high. It's important that everyone know their own "debt comfort zone" and understand that it can change at different times during your life. It's especially important to take responsibility for our money as we face life events like: retirement; caregiving for elderly loved ones and spouses; and changes in our own health and abilities.

No one wants to be retired and deep in debt. There are some basic steps to help motivate you. You may be scared or overwhelmed. That's natural. But don't wait. Taking charge of your finances will make you feel better — you'll have less worry and anxiety.

### #31 Admit the Problem

If you feel deep in debt, admitting it may be difficult but it's important to tackle any problem early before it gets out of control. Here are some warning signs...

- Next month's bills are here before you paid last month's.
- You get frustrated when you pay bills — there are more than you thought.
- You know what past-due notices look like.
- You avoid opening letters and answering the phone.
- You rarely keep a running balance of spending.

### It's Okay to Ask for Help

There's help available when you're in trouble. If you think you're falling seriously behind, credit counseling resources are available at little or no cost.

**National Foundation for Credit Counseling**  
1-800-388-2227  
www.nfcc.org

**The Federal Trade Commission**  
www.ftc.gov/bcp/menus/consumer/credit/debt.shtm

**Consumer Credit Counseling Service**  
1-800-388-2227  
www.cccsatl.org

### Money Wise (Special Tips for Those 65 and Up)

**Don't Deny Debt** You're ready to live the good life of retirement, free of work and worries. But don't ignore debt you may be carrying. Now is the time to pay down debt as quickly as possible. Bringing large amounts of debt into retirement when your income is reduced can put your golden years at risk.

For more on managing debt, visit [www.chaseclearandsimple.com/aarp](http://www.chaseclearandsimple.com/aarp).

### #32 Write it Out

Do you actually know how much debt you have? Many people don't. Start by making a list of everything you owe, whether it's a mortgage, a credit card or even student loans you took for the kids' education. Write down:

- The lender name
- The amount you owe
- The term of the loan
- The interest rate and fees

Then total them up. The numbers will probably make you worry, but you've already made a positive step.

### #33 Think Three Years

Reducing debt is like losing weight. You're not going to lose 50 pounds in a month. You need realistic goals in reasonable timeframes. Same with debt. Most people take four to five years to become debt free. So aim for three years. It's not too long or too short.

### #34 Cut and Heal Spending

The best way to save money is to stop spending it. Cutting spending is the fastest way to reduce debt load. It's literally like a surgical "cut" of your finances. And once you start healing, you'll notice that your attitude, relations with others, emotions and sense of humor get better, too.

### #35 Just Walk Away

You don't have to add to your debt load with additional purchases. Remember, you can find a bargain on a new digital camera, but if you don't pay it off for three years, the money you "saved" won't matter. When you feel inclined to buy, just walk out of the store or get up from the computer when the purchase doesn't fit with your budget.

### #36 Bring in More

If you can reduce spending, you can also bring in more money. Think about creative ways to retain your income — consider a part-time job with a friend doing something you'd enjoy. Or think about making additional money out of a hobby — market craft talents, cooking skills or home-improvement abilities.

### #37 Ask for Help

If you're in over your head and having a hard time making changes, get help. The National Foundation for Credit Counseling ([www.nfcc.org](http://www.nfcc.org)) offers information on financial and consumer topics. Their member agencies can help with:

- Reviewing income
- Setting up a realistic personal budget
- Negotiating with creditors to arrange reduced payments on bills
- Planning for future expenses

# Identity Theft

## Keep Your Identity to Yourself

There's a national identity crisis in the works — and not the existential kind. It's identity theft that's plaguing many Americans. Every minute of every day, 17 people in the United States have their identity stolen.<sup>1</sup> That's as many as 9 million people each year. Identity thieves try to access your personal information in order to steal money from your accounts, open new credit cards, apply for loans and commit other crimes — all using your identity. Learn how to protect yourself.

### #38 Refuse, Politely

Give out your personal information on a “need-to-know” basis. Don't be afraid to politely refuse to divulge unnecessary info, like your account or Social Security numbers unless you initiated the contact and know with whom you're dealing.

### #39 Be Savvy About Scams

Keep up to date on new ways identity theft is being committed — like “phishing” — and learn how to avoid those traps. Pay close attention to unexpected requests for account information. Never give out your personal information over the phone unless you initiated the call. And never respond to emails saying you've won a contest or for an overseas business proposition or with links that ask you to complete personal information about online accounts.

### #40 Get Secure

Bank statements, credit card offers, and anything else that contains account info should be shredded before you recycle it. And consider getting a secure mailbox as well.

### #41 Stay in Check

Check your statements and credit report often. The sooner you discover fraudulent charges, the less damage can be done. Ensure your security by taking the following measures:

- Sign up for the “Do Not Call” list to stop getting telemarketing calls. You can register by calling 1-888-382-1222 or visiting [www.ftc.gov/donotcall](http://www.ftc.gov/donotcall).
- Remove your name from mailing lists to reduce solicitations by visiting [www.dmachoice.org](http://www.dmachoice.org)
- Keep all personal files locked up
- Don't carry your social security card in your wallet or purse
- Inquire about identity theft insurance offerings at your financial institution
- Check your credit reports often for mistakes or fraudulent charges

## Money Wise

(Special Tips for Those 65 & Up)

### Secure Your Social Security Number

It's important to know that the Social Security Administration can't fix your credit record if someone has misused your Social Security number (SSN) to obtain credit. It's your responsibility to resolve any problems by contacting the institution that unknowingly opened the fraudulent accounts. And you need to contact one of the three credit reporting agencies listed in the Credit section.

For more resources and information on fraud and identity protection, contact the Federal Trade Commission. Call toll-free at 1-877-IDTHEFT or visit [www.ftc.gov/bcp/edu/microsites/idtheft/](http://www.ftc.gov/bcp/edu/microsites/idtheft/).

## Suspicious Signs

If your personal information has been stolen or your identity has been compromised, the Federal Trade Commission recommends that you watch for the following signs:

- You may not get certain bills or other mail on time, which could indicate someone has taken over your account and changed the address to cover tracks.
- You receive credit card or other offers you didn't apply for.
- You're denied credit, or are offered less favorable credit terms, like an unexpectedly high interest rate, for no clear reason.
- You receive calls or letters from debt collectors or businesses about merchandise or services you didn't purchase.

For more on identity theft protection and what to do if you think you're a victim, visit the Federal Trade Commission at [www.ftc.gov](http://www.ftc.gov).

# Caregiving

## The Sandwich Generation Squeeze

More than one in every eight Americans aged 40 to 60 is both raising a child and caring for a parent.<sup>1</sup> Many people are “sandwiched” between raising young families and caring for older loved ones, placing some in an unprecedented financial strain.

### #42 Have the Talk

Caring for an aging loved one is tough. But if you take a little time to make three simple plans with your loved one, the process can be less stressful:

#### Financial Plan

Take inventory of everything: your loved one's income, assets and liabilities, and remember to consider interest and inflation rates.

#### Relocation Plan

Where will you and your loved one live? This decision is based on finances, physical abilities and personal temperaments. Remember to factor in living expenses, taxes, housing maintenance, climate, and proximity to family and a support network.

#### Estate Plan

Organize your loved one's assets so that when they die they pass on as much as possible. Estate taxes can be costly and complex, so seek advice from estate planning attorneys.

### #43 Get a Letter of Instruction

This is not a legal document, but a list of important instructions for the caregiver: contact details for all family and friends, lists of assets and liabilities, insurance policies, and all financial accounts.

### #44 Write Wills

This designates who will receive major assets after the person you're caring for dies. And complete a “living will.” This expresses the person's wishes regarding medical resuscitation measures and artificial life support. And in stressful times, it ensures that you honor your loved one's requests.

For more on legal issues related to caregiving and eldercare, visit [www.aarp.org/families/legal\\_issues](http://www.aarp.org/families/legal_issues).

### #45 Establish Power of Attorney

If people under your care can't make decisions for themselves for any reason, you need power of attorney to make decisions for them. There are two kinds: durable power of attorney for legal and financial decisions; and healthcare power of attorney for healthcare and medical decisions.

## Money Wise

(Special Tips for Those 65 & Up)

### Medicare 4-1-1

If you or someone you care for is 65 or older, or disabled, you need the 4-1-1 on Medicare. Medicare is the health insurance program administered by the US government. There are four key parts:

Part A, for hospital insurance. For anyone over 65 or who paid Medicare taxes for at least 10 years, Part A is free and helps pay for hospital stays, nursing facilities and more.

Next is Part B — for doctor, outpatient and clinical services. This is optional insurance that supplements anything not covered in Part A. You have to pay a monthly premium based on your income. A lot of services are covered, but it's always smart to check with Medicare before you visit a new doctor.

Part C is known as Medicare Advantage. Formerly Medicare + Choice, it lets people receive Medicare benefits through private insurance plans like HMOs and PPOs. It's ideal for anyone who needs the flexibility of a private insurance plan.

Finally, there's Part D for prescription drugs. This helps members pay for part or sometimes all of prescription drug costs. It's optional and requires a monthly premium.

For more information on Medicare, visit [www.medicare.org](http://www.medicare.org).

# Plan for the Unexpected

## Be Ready for What Tomorrow May Bring

You can't predict when tragic events will strike, but you can plan for them. The key to getting through tough times is to take steps to protect yourself and your family. Consider that in this country nearly 57 percent of people don't have a will, and an equal number don't have a rainy day emergency fund.<sup>1</sup>

In addition to applying all of the tips found here to your own finances, follow these important steps today to prepare for whatever tomorrow may bring.

### #46 Clean House

Get your financial house in order, that is. As if you needed another reason to shore up your financial situation, try this one: It'll give you some breathing room when you most need it. And let your children or trustees know where all important documents are.

Personal finance expert Jean Chatzky offers more useful tips about how to "Organize Your Financial Life" at:  
[www.chase.practicalmoneyskills.com/jean](http://www.chase.practicalmoneyskills.com/jean).

### #47 Build an Emergency Fund

Set aside money every month for this. You should have at least three months' living expenses available to you. Six months is even better. And make it liquid — your emergency fund isn't like your retirement savings. You should keep it in a savings account or a money market fund — somewhere where you can access it on short notice. Hopefully you'll never need this money. But if you do, you'll be glad it's there.

### #48 Lose Work, Find Work

If you lose your job, your first step is to take care of yourself. Hopefully you already have an emergency fund set aside, but you'll want to negotiate the best severance package you can from your former employer, and if it's a layoff, get letters of reference from supervisors.

Your next step is to get back on the horse. Use online job sites, talk to a headhunter or contact an outplacement counselor. Most importantly, keep yourself networking. Go to industry events, put the word out that you're looking for work. Get your name in front of as many people as you can. You never know who has a friend who's looking to hire.

### #49 Manage Through Loss

The death of a spouse or partner can be devastating. Sudden losses can be even harder. If your spouse or partner managed the majority of the financial responsibilities, even just paying bills can seem overwhelming. But you can work your way through it. It is manageable.

Try not to make any long-term decisions right away. Take your time. Gathering the proper paperwork is the first step in settling your spouse or partner's affairs. Start with the following:

#### Death Certificate

The death certificate will be needed for many financial procedures you will encounter.

#### Insurance Policies

These will help you determine benefits you are entitled to.

#### Marriage Certificate

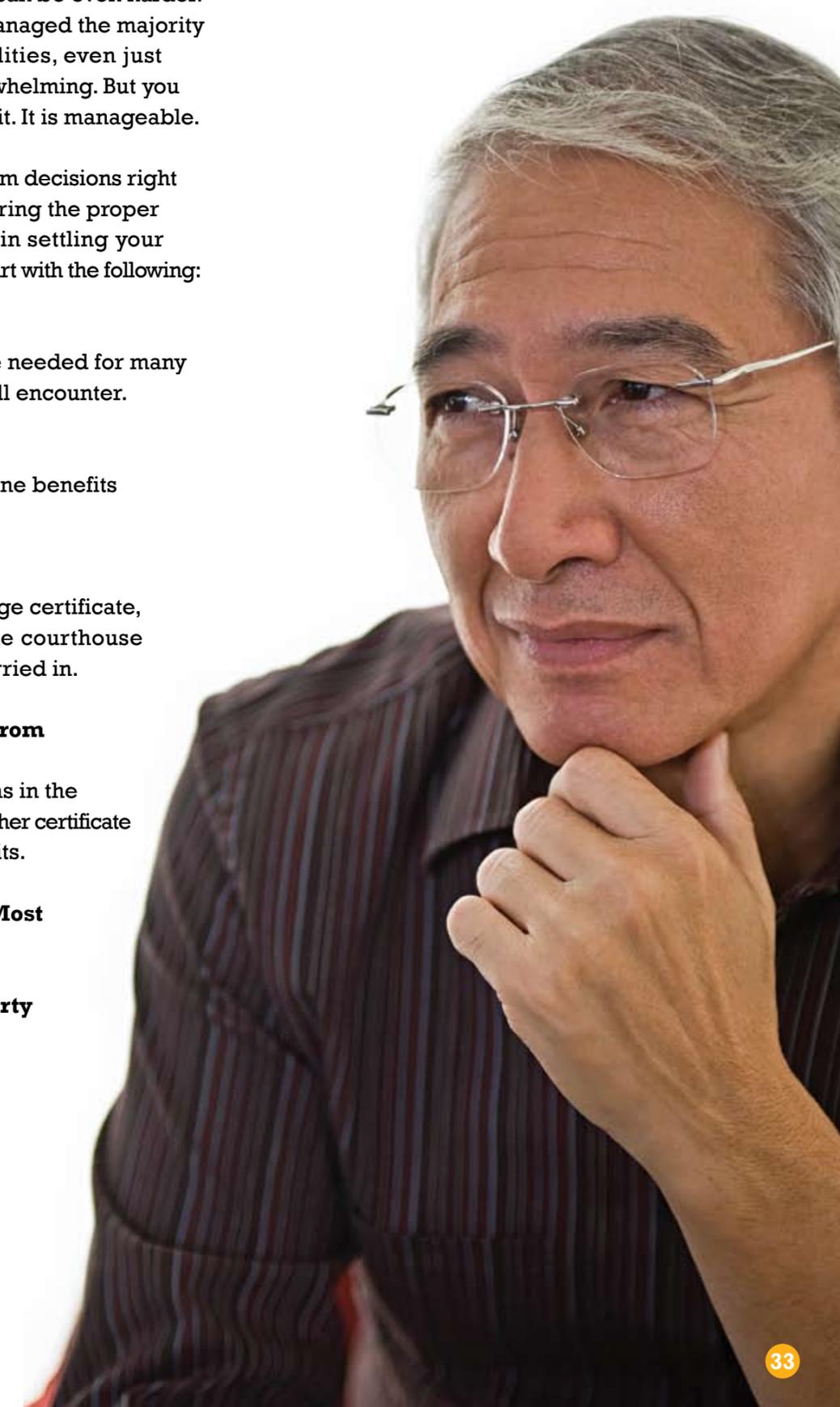
If you can't find your marriage certificate, you can get a copy from the courthouse of the county you were married in.

#### Certificate of Discharge From the Military

If your spouse or partner was in the military, you may need his or her certificate of discharge to collect benefits.

#### Your Spouse or Partner's Most Current Will

#### Complete List of all Property



# #50 Just Get Yourself Free

This is the time of your life. Free yourself of financial worry, and love your money. Make a new plan today. Hop on board. You deserve it.



.....

**AARP Financial, Inc.**

2 Highwood Drive, Ste 202  
Tewksbury, MA 01876

1.866.218.6142



P.O. Box 36520  
Louisville, KY 40233-6520

[www.chase.com](http://www.chase.com)  
[www.chaseclearandsimple.com/aarp](http://www.chaseclearandsimple.com/aarp)



P.O. Box 8999  
San Francisco, CA 94128

[www.practicalmoneyskills.com](http://www.practicalmoneyskills.com)

.....

These materials are provided for general information purposes only. As all consumers' situations differ, you should not rely on them for financial, accounting or tax advice. You should consult a qualified financial advisor for individual guidance in these matters.