

YOUR MONEY MATTERS

OKMMTM
OKLAHOMA MONEY MATTERS

HIGH SCHOOL GUIDE

a guide to your personal finances

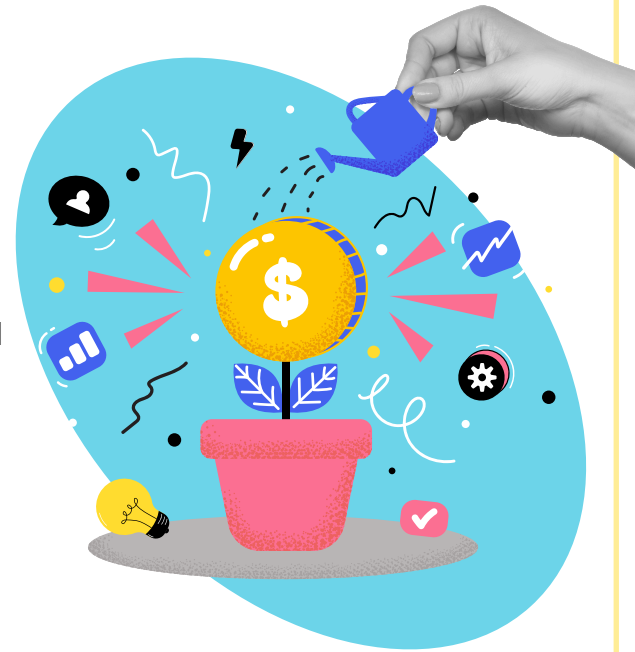


MAKE YOUR MONEY MATTER

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

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

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



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

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

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

SPENDING PLAN WORKSHEET

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

Know what's coming in.


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

Know what's going out.

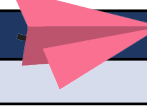
Track your spending for at least one month to see how and where you spend your money. Whether you write it down, keep receipts or use an app, pay close attention to what you purchase and decide what spending habits should go.

Assign categories.

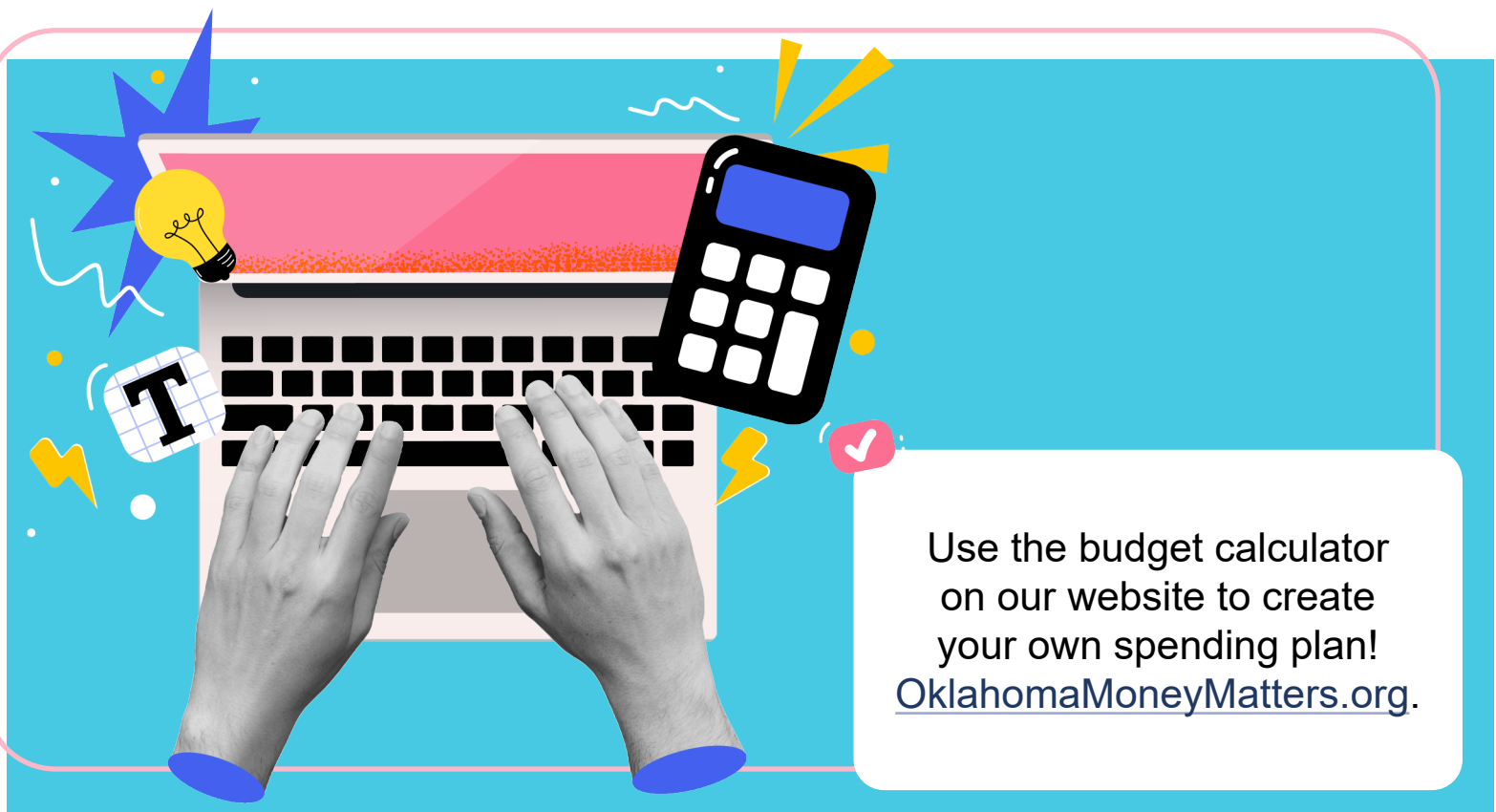
Once you're aware of your spending habits, assign categories to your spending plan (see examples to the right.) At the end of the month, subtract the actual amount you spent in each category from the amount you expected to spend. If you find yourself spending more or less, adjust your categories (or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



| INCOME | | |
|-------------|----------|--------|
| | Expected | Actual |
| Job | \$640 | \$640 |
| Allowance | \$25 | \$25 |
| Gifts/Misc. | \$0 | \$10 |
| Total | \$665 | \$675 |



| EXPENSES | | |
|-------------------|----------|--------|
| | Expected | Actual |
| Savings total | \$64 | \$20 |
| Car payment | \$219 | \$219 |
| Fuel | \$40 | \$45 |
| Car insurance | \$100 | \$100 |
| Entertainment | \$75 | \$85 |
| Cellphone | \$49 | \$49 |
| Clothes | \$30 | \$60 |
| Dining out | \$20 | \$38 |
| School activities | \$30 | \$30 |
| Total | \$627 | \$646 |



Use the budget calculator on our website to create your own spending plan!
OklahomaMoneyMatters.org.

MAKE SAVING A HABIT

Focus on your goals

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

Reduce expenses

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

Plan ahead

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

Save gift money

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

Save early, save often

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

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



WHAT IS COMPOUND INTEREST?

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

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

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

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

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

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

SAVINGS GROWTH CHART

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

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

This chart assumes a 5% return, compounded annually through the use of various investment options.



COLLEGE PREP CHECKLIST

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



FRESHMEN, SOPHOMORES & JUNIORS

- Talk to your school's counselor or administrator about any upcoming college fairs or college planning informational sessions. Schedule tours of the campuses you're interested in to see what majors, student organizations, extracurricular activities and services they offer. Many colleges offer virtual tours. Find links to the Oklahoma schools that provide this option at OKcollegestart.org.
- Explore opportunities to earn college credit during high school, like concurrent enrollment and advanced placement (AP courses). Both options save time and money in the long run.
- Take the PreACT, PSAT, ACT, and/or SAT exams. OKcollegestart.org offers free test prep resources and links to testing dates and locations. Consider testing again if your scores aren't as high as you'd like them to be.
- Research grants and scholarships available through your school, business community, and local civic and religious organizations. OKcollegestart.org and UCanGo2.org provide lists of scholarships from trusted sources.
- Apply for the Oklahoma's Promise scholarship. Oklahoma's Promise allows students whose families meet certain income requirements to earn a college or technology center tuition scholarship. Students must also meet academic

SENIORS

- Visit StudentAid.gov to create your StudentAid.gov account username and password. Then go to FAFSA.gov to complete the Free Application for Federal Student Aid (FAFSA) when it becomes available on October 1 each year. FAFSA completion is a graduation requirement for all Oklahoma seniors attending a public high school. Even if you don't think you'll qualify for aid, apply anyway. The FAFSA determines your eligibility for most financial aid, including federal (and some state) grants and scholarships.
- Submit admission and financial aid applications to your chosen college(s). Ask your counselor if your school offers a College Application Week event.
- Review your FAFSA Submission Summary from Federal Student Aid to ensure your information is correct; quickly make any corrections and respond to all requests for additional information.
- If you'll need a student loan to bridge the gap between family savings and financial aid, visit ReadySetRepay.org to learn about smart student loan borrowing decisions.
- If you haven't already, students have until December 31 of their senior year to apply for Oklahoma's Promise. Visit OKpromise.org for more information.

 **OKCOLLEGESTART.ORG**
CLICK · COMPARE · CHOOSE

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

PAYING FOR COLLEGE

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

Consider a part-time job

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

Complete the FAFSA

Visit [FAFSA.gov](https://fafsa.gov) to complete the online form as soon as it's available in your senior year, typically on Oct. 1. Complete the renewal FAFSA every year you attend college, even if you think you won't qualify for financial aid.



Seek free money first

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

Borrow wisely

If you must use a student loan to pay college expenses, explore all your options to find the loan that best meets your needs. Federal loans typically have better repayment options than alternative loans. Visit StudentAid.gov to learn more about federal student loan programs. Since student loans must be repaid, with interest, borrow only what you need to pay education expenses and talk to a college financial aid counselor before deciding which loan offers to accept. For more tips on smart student loan borrowing, visit ReadySetRepay.org.

Keep your future career in mind

When it comes to student loans, try to borrow less than your expected starting salary after graduation. Information about average starting salaries in Oklahoma is available at oklahoma.gov/oesc.html. You can estimate how much debt you can comfortably handle with your anticipated salary using the student loan payment calculator at FinAid.org.

Monitor your needs

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

Pay attention to interest

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

BANK ON IT

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

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

▶ **MINIMUM BALANCES**

Some institutions require you to keep a minimum amount in your account. If your balance falls below this amount, the bank may charge a fee or close your account within a certain period.

▶ **ANNUAL OR MONTHLY FEES**

Some institutions charge a fee just for housing your account.

▶ **NON-SUFFICIENT FUNDS CHARGE**

If you spend more money than you have in your account, some financial institutions will allow the purchase and charge you a non-sufficient funds fee — usually \$15 to \$35 per purchase! These fees add up quickly, but you can easily avoid them if you keep tabs on your account balance.

▶ **ATM FEES**

If you use your financial institution's ATM, there may be no cost. However, if you use a non-network ATM (one owned by a different bank or credit union), you may be charged as much as \$5, plus fees charged by your institution for using a machine outside their network! All these extra fees can quickly deplete your account balance, so do your best to avoid them.

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

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

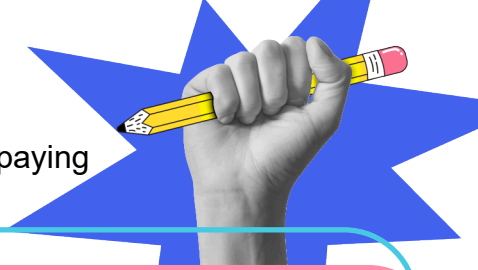
A debit card differs from a credit card. Debit cards directly connect to your bank account. When you use your debit card to purchase an item, money is immediately removed from your account. Using a credit card means you're borrowing money from the credit card company. You pay nothing at the time of purchase,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

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



CHECK OUT CHECKING ACCOUNTS

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



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

DIGITAL WALLETS

Digital wallets are apps that electronically store your payment information — like debit cards, credit cards or bank accounts — and let you pay or send money using your phone instead of cash or cards. Some digital wallets can hold money balances, while others simply connect to your bank account to complete purchases. Many families use digital wallets to give teens limited access to money, with features that let parents monitor spending and set limits. Digital wallets are not banks, but they often partner with banks to safely hold funds and process transactions.

The most commonly used digital wallets are:

- ▶ Apple Cash
- ▶ Venmo Teen Account
- ▶ Cash App Families

Pros of using digital wallets:

- ▶ Real-time money tracking
- ▶ Built-in parental controls
- ▶ Convenient and fast payments
- ▶ Safer than carrying cash
- ▶ No monthly fee

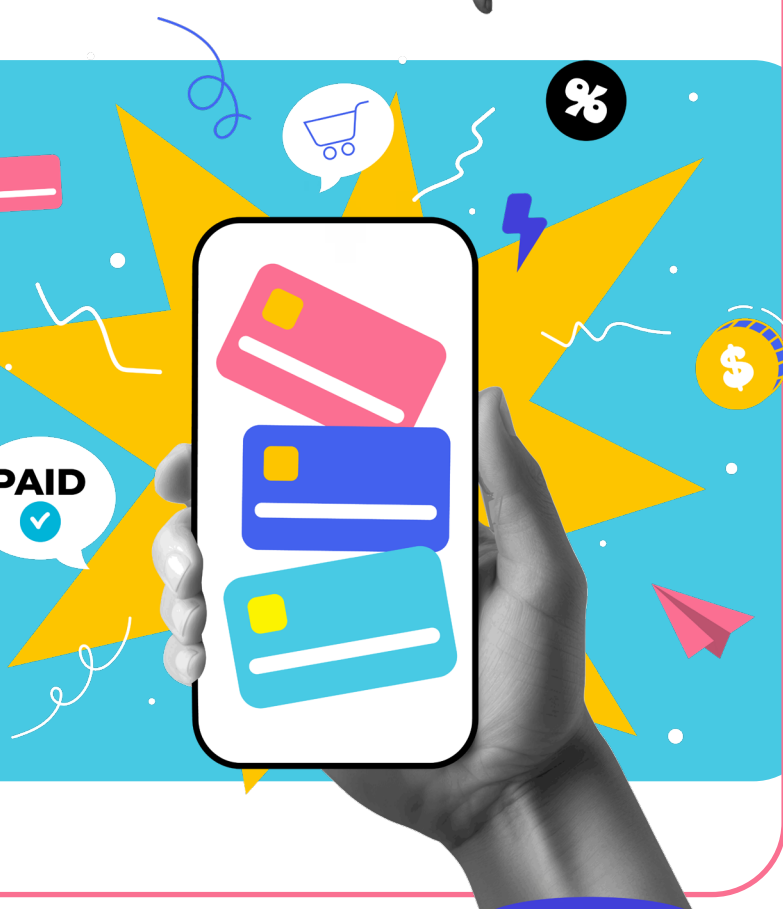
Cons of using digital wallets:

- ▶ Risk of overspending
- ▶ Security and scam risks
- ▶ Loss of access without phone
- ▶ Privacy concerns
- ▶ ATM fees may apply

IMPORTANT:

Digital wallets do not replace a checking account. They are helpful tools for everyday spending, but students still need to understand banks, credit unions and checking accounts for long term money management.

PAID



CRASH COURSE IN CREDIT

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

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

Building a Good Credit History

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

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

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

Managing Your Credit

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

It's best to pay off your credit card balance at the end of each month before interest can accrue. To make this easier, keep your credit limit low. For major purchases, it's not always possible to pay your balance in full, so make sure you have a repayment plan before you charge it.

Making only the minimum required monthly payment isn't an ideal repayment plan. If you paid only the minimum due on a \$1,000 balance at 18% interest, it would take you **more than nine years** to pay off the debt! If you can't pay the balance in full, always pay more than the minimum payment.



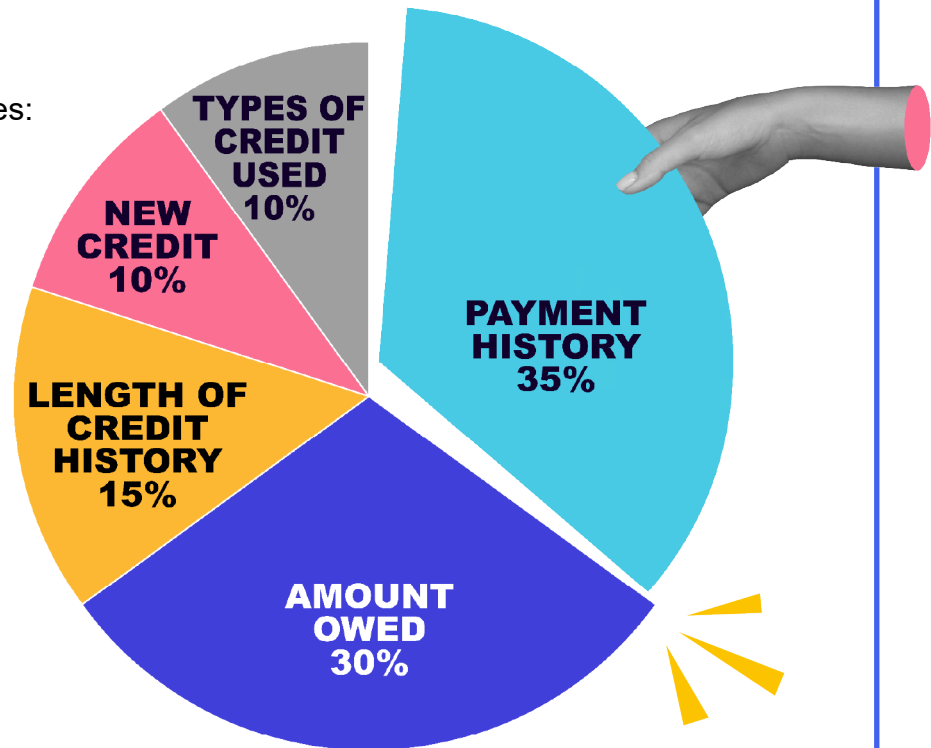
Maintaining a Good Credit Score

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

Your credit rating is based on five categories:

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

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



Monitoring Your Credit Report

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

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



CHOOSE THE RIGHT CARD

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

Look for a credit card that:

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

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

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



AVOID AN IDENTITY CRISIS

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

▶ **Watch what you put online**

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

▶ **Shred sensitive information**

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

▶ **Protect your SSN**

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

▶ **Mind your money**

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

▶ **Be suspicious of requests for information**

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

▶ **Monitor your credit reports**

Visit [AnnualCreditReport.com](https://www.annualcreditreport.com) to order a free credit report from each of the three largest consumer reporting agencies: Equifax, Experian and TransUnion.

▶ **Be password savvy**

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

▶ **Shop secure**

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



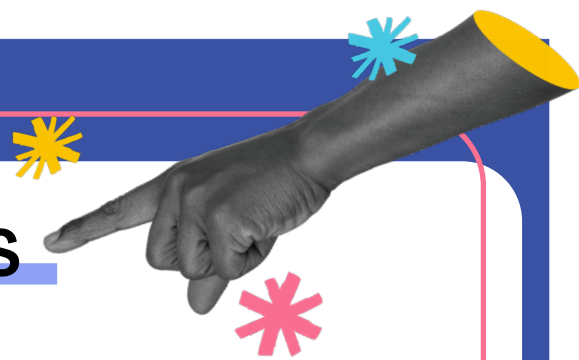
Identity theft affects 1.25 million kids (one in 50 children) every year, according to [JavelinStrategy.com](https://www.javelinstrategy.com).



FINANCIAL STRATEGIES CHECKLIST

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

- Create a plan** to help you meet your financial goals. Use the budget calculator at OklahomaMoneyMatters.org to build a customized spending plan.
- Routinely track your financial habits** and monitor how money flows in and out of your hands. Take measures to ensure your income is always greater than your expenses by earning more or cutting back when necessary.
- Make savings a habit.** Identify short-term and long-term savings goals so you can plan ahead for emergency expenses, major purchases and other lifestyle choices you'll make in the future.
- Prepare for life after high school.** Visit OKcollegestart.org to take a skills assessment or interest inventory, prep for college entrance exams, explore career options, and learn about Oklahoma's colleges, universities and career technology centers.
- When paying for your education, **look for free money first.** Grants and scholarships are essential tools for paying for your education, and websites like UCanGo2.org and OKcollegestart.org are sources of reliable information.
- If you decide to borrow student loans to pay for college, remember you have to pay the money back with interest. **Borrow only what you need to pay college expenses** and as a guideline, aim to borrow no more than the annual salary you expect to earn the first year after you graduate. Visit ReadySetRepay.org to learn more about making smart borrowing decisions.
- Research local banks and credit unions** to learn about available services and compare options to find the provider that's right for your financial needs.
- Building your credit history is a smart move**, but tread carefully. How you handle credit serves as a character reference in many situations, so avoid negative credit behaviors like missed payments and carrying large balances. A low credit score can affect your ability to get the job you want, purchase a car, or rent or buy a home.
- Monitor your credit reports** frequently by visiting AnnualCreditReport.com. If you find errors, simply follow the instructions to dispute inaccurate information. Keep records and follow up to make sure that mistakes are corrected.
- Take steps to **protect your personal information.** Shred unnecessary papers, make sure your passwords are strong, protect your Social Security number and use secure shopping practices. Report any fraudulent or suspicious activity to your bank or service providers immediately to limit the damage.



HANDY RESOURCES



OklahomaMoneyMatters.org

Take control of your financial future today. Visit our website to explore the Personal Financial Literacy (PFL) modules, customized information, tools and resources that can help you reach your financial goals.



UCanGo2.org

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



OKcollegestart.org

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



ReadySetRepay.org

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



OCAP.org

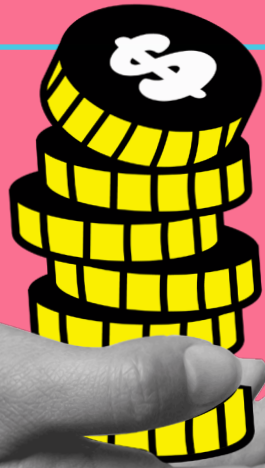
An operating division of the Oklahoma State Regents for Higher Education, OCAP provides college access, aid awareness, financial literacy and student loan management programs and services for students, parents, schools, and community partners.



OKLAHOMA STATE REGENTS
FOR HIGHER EDUCATION
Improving our future by degrees

OKHigherEd.org

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



Do you manage your money, or does it manage you?



Oklahoma Money Matters

800.970.OKMM (toll free)

OklahomaMoneyMatters@ocap.org

OklahomaMoneyMatters.org

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



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OklahomaMoneyMatters](https://www.facebook.com/OklahomaMoneyMatters)



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