Money After Highschool
What is Financial Wellness?

- Weathering emergencies
- Lower stress around money
- Meeting your goals
What We’ll Cover

- Spending Money
- Borrowing Money
- Paying it Back
Spending Your Money
Cashflow

What is coming in?

Income
How can this increase?

Expenses
How can this decrease?

What is coming out?
How do you know?

- Notebook
- Digital Spreadsheet
- Check Register
- Note on Your Phone

- Apps
  - You Need a Budget (YNAB)
  - Mint
  - Qube
  - Budget with Buckets
  - Goodbudget
  - Toshl
  - Simplifi
  - Everydollar
  - PocketGuard
  - Wally
## Current Spending

### Predictable Monthly Expenses

<table>
<thead>
<tr>
<th>Expense</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>900</td>
</tr>
<tr>
<td>Internet</td>
<td>89.99</td>
</tr>
<tr>
<td>Cell Phone</td>
<td>114</td>
</tr>
<tr>
<td>Student Loan</td>
<td>240</td>
</tr>
<tr>
<td>Credit Card</td>
<td>65</td>
</tr>
<tr>
<td>Car Payment</td>
<td>338</td>
</tr>
<tr>
<td>Car Insurance</td>
<td>223</td>
</tr>
<tr>
<td>Hulu</td>
<td>14.99</td>
</tr>
<tr>
<td>Amazon Prime</td>
<td>14.99</td>
</tr>
<tr>
<td>Spotify</td>
<td>9.99</td>
</tr>
<tr>
<td>Gym</td>
<td>59.95</td>
</tr>
</tbody>
</table>

### Unpredictable Monthly Expenses

<table>
<thead>
<tr>
<th>Expense</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric</td>
<td>88 average</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>75-145</td>
</tr>
<tr>
<td>Groceries</td>
<td>90 weekly</td>
</tr>
<tr>
<td>Restaurants</td>
<td>40 weekly</td>
</tr>
<tr>
<td>Coffee Shops</td>
<td>35 weekly</td>
</tr>
<tr>
<td>Gas for car</td>
<td>20 weekly</td>
</tr>
<tr>
<td>Laundry</td>
<td>25 bi-weekly</td>
</tr>
<tr>
<td>Entertainment</td>
<td>26 weekly</td>
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</tbody>
</table>

### Predictable Non-Monthly Expenses

<table>
<thead>
<tr>
<th>Expense</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renter’s Insurance</td>
<td>180 a year</td>
</tr>
<tr>
<td>Contacts</td>
<td>360 a year</td>
</tr>
<tr>
<td>Massage</td>
<td>150 twice a year</td>
</tr>
<tr>
<td>Travel</td>
<td>1,500 annually</td>
</tr>
<tr>
<td>Concerts</td>
<td>125 monthly</td>
</tr>
<tr>
<td>Haircut</td>
<td>80 every 3 months</td>
</tr>
<tr>
<td>Personal Hygiene</td>
<td>60 twice a year</td>
</tr>
</tbody>
</table>

### Unpredictable Non-Monthly Expenses

<table>
<thead>
<tr>
<th>Expense</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copays</td>
<td>725 last year</td>
</tr>
<tr>
<td>Car Repairs</td>
<td>2,000 last year</td>
</tr>
<tr>
<td>Household items</td>
<td>800 last year</td>
</tr>
<tr>
<td>Clothing</td>
<td>900 last year</td>
</tr>
<tr>
<td>Gifts</td>
<td>1,100 last year</td>
</tr>
</tbody>
</table>
## Monthly Expenses

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>900</td>
<td></td>
</tr>
<tr>
<td>Gas for car</td>
<td>87</td>
<td></td>
</tr>
<tr>
<td>Internet</td>
<td>90</td>
<td>Laundry</td>
</tr>
<tr>
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<td>Travel</td>
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<td>Haircut</td>
</tr>
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<td>10</td>
<td>Hygiene</td>
</tr>
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<tr>
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<td>Clothing</td>
</tr>
<tr>
<td>Restaurants</td>
<td>173</td>
<td>Gifts</td>
</tr>
<tr>
<td>Coffee Shops</td>
<td>152</td>
<td></td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$3,906</strong></td>
<td></td>
</tr>
</tbody>
</table>

- What surprised you?
- What five things would you pay first?
- What would you cut out?
- What would you cut down?
- What would you increase?
- What would you add?
- What change will be easiest?
- What can you change first?
Would you rather?

• Live in a city and bike or…
• Go out for lunch or…
• Get a new phone or…
• Dunkin every morning or…
• Work two jobs or…
• Have gym membership or…

• Live in the suburbs and drive?
• See a movie in the theatre?
• Go to a music festival?
• A new video game?
• Have no pets?
• Order delivery? (how often?)
Savings

- Continuing Education
- Housing
- Car
- Pets
- Vacation
- Retirement
- New Technology
- Convenience

- Paying off Debt
- Entertainment
- Supporting Family
- Furniture
- Art
- Hobbies
- Emergency Fund
  - 3-6 months of expenses
Unexpected Emergencies

- Car Accident
- Loss of income
- Illness
- Natural Disaster
- Vet
Over Draft vs. Non-Sufficient Funds

• Over Draft the purchase goes through
  • You essentially borrow the money
• Non-Sufficient Fund does not go through
  • You will not be charged for the purchase

Both have a fee!
How can you change your spending?

Modify

Plan Ahead

Shop Around

Create distance
Financial Future

Where do you want to be in 5 years? 10 years? 20 years?

What will it cost to get there?
Can you get more out of your savings?

Tax-Advantaged Accounts
• Vermont 529
  • Savings for education
• Retirement
• Health Savings Account

Interesting Earning Accounts
• High Interest Savings
• CD
• Investments
  • Bonds
  • Stocks
Borrowing Money
Who cares about credit?

- Credit Cards
- Car Loan
- Buying a Home
- Landlords
- Employers
Credit Score

F : 300-579: Poor
D : 580-669: Fair
C : 670-739: Good
B : 740-799: Very good
A : 800-850: Excellent
Checking Your Credit

- AnnualCreditReport.com
  - Guaranteed by the government
- Some Lenders & Financial Institutions
- Credit Monitoring Apps

Makes money by recommending products to consumers
What Makes Your Credit Score?

- Payment History: 35%
- Credit Utilization: 30%
- Age of Credit: 15%
- Types of Credit: 10%
- New Inquiries: 10%
How To Improve Your Credit

- Make on time payments
- Keep your credit card balance low
- Credit Building Products?
  - Secure Credit Card
  - Tracker Loans
- Only apply for loans you need
- Be Patient
Questions

• Do I need to “keep a balance” on my credit card?
• Will checking my credit will hurt my credit score?
• Does the amount of savings I have does impact my credit score?
• I’ve never taken out a loan, do I have good credit?
Loans
How do I get the best loan?

- Lower APR
- Higher Credit Score
- Bigger Down Payment
- Shorter Term
Thinking Long Term

<table>
<thead>
<tr>
<th>Total Financed: $20,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term</td>
</tr>
<tr>
<td>Interest</td>
</tr>
<tr>
<td>Monthly Payments</td>
</tr>
<tr>
<td>Total Principal</td>
</tr>
<tr>
<td>Total Interest</td>
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Vocabulary

• Down Payment: usually for auto or home loans, this the money you pay upfront towards what you are purchasing
• Principal: the original amount of money you borrow
• Interest: money you pay while you have a loan (expressed as a percentage)
• Annual Percentage Rate (APR): overall cost of the loan on an annual basis
• Term: the length of the loan
• Secure: lender has collateral
• Equity: the amount of an asset you own
What's different about Student Loans?

Federal Student Loans
- 6 Month grace period after graduation
- Low interest rates
- Variety of repayment plans, including income driven ones
- Options for Loan Forgiveness
- Borrowing limit

Private Student Loans
- Likely requires a cosigner
- Interest depends on credit
- Terms and repayment vary
- Limited options for loan modifications
Subsidized vs. Unsubsidized Loans

**Subsidized**
- You're not responsible for the interest while you're in school
- Amount is need-based
- Borrowing limit is lower
- Only available for undergraduate

**Unsubsidized**
- You must pay all the interest
- Amount is not need-based
- Available to undergrad and graduate students
Debt Management
Repayment Strategies

- Highest Interest
- Biggest Loan
- Smallest Loan
### Paying the Minimum

<table>
<thead>
<tr>
<th>Balance</th>
<th>APR</th>
<th>Payment</th>
<th>Interest Paid</th>
<th>Total Paid</th>
<th>Pay Off Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500</td>
<td>18%</td>
<td>$20</td>
<td>$122.48</td>
<td>$622.48</td>
<td>30 Months</td>
</tr>
<tr>
<td>$1,000</td>
<td>18%</td>
<td>$30</td>
<td>$331.17</td>
<td>$1,331.17</td>
<td>39 Months</td>
</tr>
<tr>
<td>$2,000</td>
<td>18%</td>
<td>$60</td>
<td>$662.33</td>
<td>$2,662.33</td>
<td>39 Months</td>
</tr>
</tbody>
</table>

- The average credit card minimum is 3% of the balance.
- APR increases if you are late, miss a payment, or go over your credit limit.
Trouble Paying Back Loans?

Contact Your Servicer

Refinance Secure Loans

Consolidate
Consequences of Missed Payments

- Late Fee
- Delinquency
- Charge-off
- Collections
- Repossession
- Eviction
- Foreclosure
- Legal Action
- Bankruptcy
What did you learn?