Money After Highschool
What is Financial Wellness?

- Lower stress around money
- Meeting your goals
- Weathering emergencies
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
Budget Basics

Balanced

Personal
Saving Goals

- 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
Would you rather?

• Live in a city and bike or…
• Go out for lunch or…
• Get a new phone or…
• Dunkin every morning or…

• Live in the suburbs and drive?
• See a movie in the theatre?
• Go to a music festival?
• A new video game?
Unexpected Emergencies

• 1 month of rent?
• 3 months of rent and bills?
• 6 months of all expenses?

$500
$1,000
$2,000
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!
Modify

How can you change your spending?

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: Credit
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 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?
Borrowed Money: Loans
How do I get the best loan?

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

### Total Financed: $20,000

<table>
<thead>
<tr>
<th>Term</th>
<th>36</th>
<th>84</th>
<th>36</th>
<th>84</th>
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<tr>
<td>Interest</td>
<td>2.99%</td>
<td>6.99%</td>
<td>7.99%</td>
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<tr>
<td>Monthly Payments</td>
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<td>$20,000.00</td>
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<tr>
<td>Total Interest</td>
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<td></td>
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<tr>
<td>Total</td>
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**Thinking Long Term**

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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
- Grace period after
- Low interest rates
- Variety of repayment plans
- Potential 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
Paying it back: 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>
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</thead>
<tbody>
<tr>
<td>$500</td>
<td>18%</td>
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<td>$122.48</td>
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<tr>
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<td>$30</td>
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<td>39 Months</td>
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<td>$2,000</td>
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<td>$60</td>
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<td>39 Months</td>
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</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?