

BETTER MONEY HABITS

College Guide to Managing Money

Money Management



Steps to better money management

1

Create a budget

2

Set savings goal

3

Manage credit



Step one: Create a budget

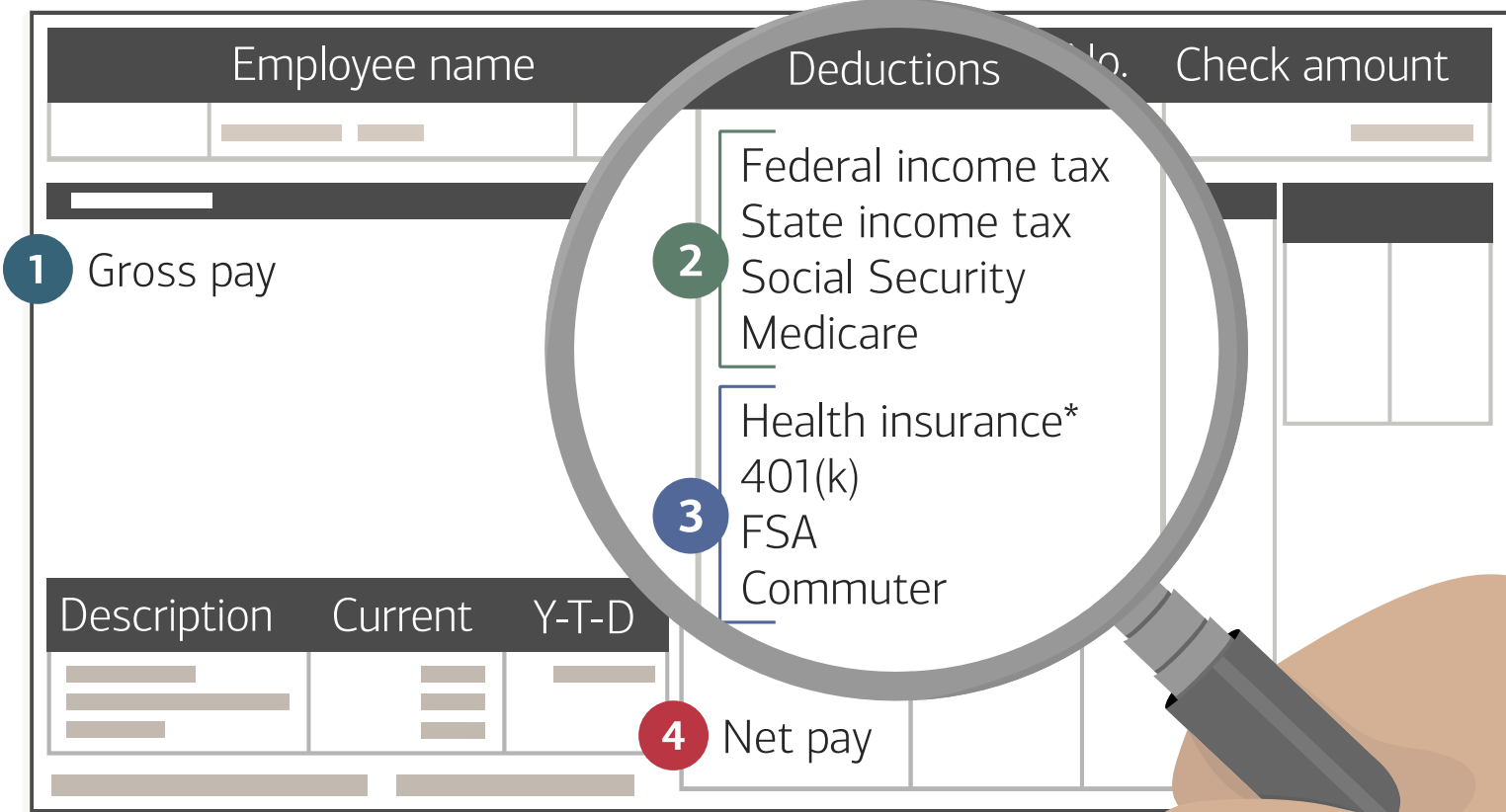


Know your income

INCOME	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY
Allowance	\$60	\$60	\$60	\$60	\$60	\$60	\$60
Gifts	\$0	\$0	\$100	\$0	\$0	\$200	\$0
Tips	\$50	\$50	\$50	\$50	\$50	\$50	\$150
Wages	\$100	\$100	\$100	\$125	\$100	\$100	\$300
Income total	\$210	\$210	\$310	\$235	\$210	\$410	\$510



How to read a paycheck



Track your spending

EXPENSES	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY
Cell phone	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Entertainment	\$80	\$80	\$80	\$100	\$80	\$100	\$100
Food (snacks)	\$15	\$15	\$15	\$15	\$15	\$15	\$15
Food (dining out)	\$30	\$30	\$30	\$30	\$30	\$50	\$50
Clothes	\$0	\$100	\$0	\$100	\$0	\$50	\$0
Haircuts	\$35	\$0	\$35	\$0	\$35	\$0	\$35
Expense total	\$210	\$275	\$210	\$295	\$210	\$265	\$250

EXPENSES	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY
Income total	\$210	\$210	\$310	\$235	\$210	\$410	\$510
Expense total	\$210	\$275	\$210	\$295	\$210	\$265	\$250
Difference	\$0	-\$65	\$100	-\$60	\$0	\$145	\$260



Adjust your habits

CHOICES YOU MAKE

AMOUNT SAVED



Coffee & snack
\$4.00
daily

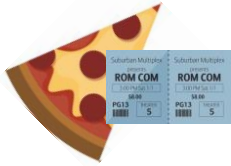
vs.



Coffee & snack
\$4.00
3x per week

\$8
weekly

\$416
yearly



Pizza & movie
\$12.00
weekly

vs.



Pizza & movie
\$12.00
2x per month

\$24
monthly

\$288
yearly



Vending machine snack
\$1.25
daily

vs.



Apple from home
\$0.65
daily

\$3
weekly

\$156
yearly



Keep checking in



Step two: Set savings goals



How to get started saving



Different ways to save

SAVINGS ACCOUNT

- A relatively low, variable interest rate. Money market or certain savings accounts may offer you higher rates based on your balance.
- Minimum balance to open varies, but may be lower than a CD. At Bank of America, it's \$100.
- You can withdraw your money when you want—in some cases with an ATM card. Note: Federal laws limit the number of certain types of transactions.
- Some accounts have maintenance fees, though they may be waived under certain conditions.
- Deposits are FDIC-insured.

VS.

CERTIFICATE OF DEPOSIT (CD)

- A fixed interest rate that is typically higher than savings accounts.
- Minimum balance to open varies, but generally higher than a savings account. At Bank of America, it's \$1,000.
- You agree to keep your money in the CD for a set amount of time—9 months, 12 months, 24 months or longer. If you access your funds before the maturity date, you may pay a penalty.
- Usually, there are no fees to open or maintain a CD.
- Deposits are FDIC-insured.



Compounding interest

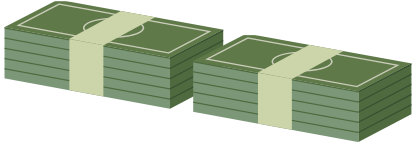
TYPE OF INTEREST	YEAR 1	YEAR 2
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Simple

$$\begin{array}{r}
 \$100.00 \text{ Deposit} \\
 + \quad \$5.00 \text{ Interest earned} \\
 \hline
 = \$105.00 \text{ Balance}
 \end{array}$$

\$105.00 Balance



Compound

$$\begin{array}{r}
 \$100.00 \text{ Deposit} \\
 + \quad \$5.00 \text{ Interest earned} \\
 \hline
 = \$105.00 \text{ Balance}
 \end{array}$$

$$\begin{array}{r}
 \$105.00 \text{ Deposit} \\
 + \quad \$5.25 \text{ Interest earned} \\
 \hline
 = \$110.25 \text{ Balance}
 \end{array}$$



Step three: Manage credit



Credit reports



Credit scores



*Average U.S. FICO® Score as of April 2018



Building credit

- Open a checking account.
- Open a secured credit card account.
- Be an authorized user on a family member's credit card.
- Have someone co-sign a loan for you.



The do's and don'ts

DO

- Pay your bills on time.
- Pay your bills in full/more than the minimum.
- Monitor your bills and credit report.

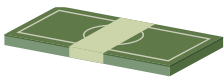
VS.

DON'T

- Use all your credit.
- Apply for too many credit cards or lines of credit.
- Close unused accounts.



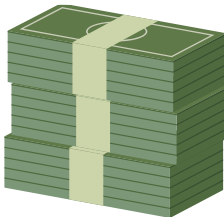
Using a credit card wisely



\$500

PAYMENT	PAYOFF TIME	TOTAL INTEREST	TOTAL COST
\$15 monthly	3.5 years	\$124	\$624

Assumes a minimum payment of \$15 per month and interest that is calculated as an annual percentage rate (APR) of 13%.



\$3,000

PAYMENT	PAYOFF TIME	TOTAL INTEREST	TOTAL COST
\$65 monthly	17 years+	\$3,000	\$6,000
\$200 monthly	1 year and 5 months	\$317	\$3,317

The results provided in this infographic are intended for illustrative purposes only. The terms and conditions for different credit cards will differ and may affect the total interest paid.



Key takeaways

1

Budget: Record your income and expenses regularly and adjust your spending when needed.

2

Save: Get out of the habit of spending all of your income and into the habit of saving.

3

Manage your credit: Establish good credit by using credit wisely.



Conclusion

Start building your financial know-how

When it comes to your money, a little knowledge can go a long way. Choose a topic and start exploring.

									
Credit	Debt	Saving & Budgeting	Home Ownership	Auto	Retirement	College	Privacy & Security	Personal Banking	Taxes & Income

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