



# Teens and Money

## Preparing for financial independence

# Teens and Money: Financial Independence



- **Manage money**
- **Prepare for future bills**
- **Open/maintain checking and savings accounts**
- **Use credit wisely**
- **Invest money**

# Money Management



1

Money: where is it going now;  
where do you want it to go?

2

Wants vs. Needs

- *Want is a desire*
- *Need is essential*
- *Question each purchase*

# Setting Goals



1

What do you want to do with your money?

2

Three basic goal types

Short-term < 1 year

Mid-term 1 to 5 years

Long-term 5+ years

3

Goals are specific

price/time =  
monthly savings

Be flexible!

# Budgeting



- Expenses should never be more than income
- Use pen and paper, computer spreadsheet, or budgeting software

# Income



- **What are your sources of income?**
  - Gross: before taxes
  - Net: after taxes
- **Avoid overestimating**

# Spending Plan



- **Where is your money going each month?**
  - Don't forget about periodic expenses
- **Make changes if needed**
  - What expenses are unnecessary?

# Preparing for Future Bills



Moving out	Household bills	Other
Moving costs	Utilities:	Cell phone
First/last month's rent	Cable/Internet	Gym
Cleaning/security deposit	Garbage	
Utilities deposit	Gas	
Furniture/appliances	Electric	
	Water	



# Checking and Savings Accounts



- **Have your own checking and savings account**
- **If under 18**
  - **Teen account**
  - **Custodial or joint account**

# Using Your ATM/Debit Card



## ATM Card

*Use for withdrawals, deposits, transferring money, and obtaining balance*

## Debit Card

*Use at ATM and stores – Money automatically deducted from account*

- Memorize PIN
- Never share card
- Contact financial institution immediately if lost or stolen

# Managing a Checking Account



Always know how much is in your account

Don't "bounce" checks

- Use overdraft protection
- Keep track of deposits, checks, ATM withdrawals, and fees
- Never write a check for more than you have in your account

Read statements for accuracy; dispute errors immediately

# Buying a Vehicle



- **Know how much you can really afford**
  - Revisit budget
  - Monthly payment, insurance, maintenance and repairs, gas, and parking
- **The more you borrow (finance), the more the vehicle will cost**

# Buying a Vehicle



- **Make as large a down payment as possible**
- **Compare the financing deals**

# Credit Cards



- Like a short-term loan
- To avoid delinquency, when bill comes can either
  - Repay in full
  - Pay less than full balance (at least minimum)
  - Remaining sum carries over to next month
  - Interest added

# What to Look for in a Credit Card



- **Low APR**
- **Long grace period**
- **No annual fee**
- **Low penalty fees**
- **No inactivity fees**
- **Low cash advance fees**

# Card User Types



Are you responsible  
for payments?

Authorized user

Co-signer/joint account

Individual

If under 18

Can only be  
authorized user

If under 21

Need co-signer or  
verifiable income to  
get credit card



# Credit History



- **Credit reporting bureaus:**  
**TransUnion, Experian and Equifax**
- **On reports**
  - **Date account opened**
  - **Late payments**
  - **Collection accounts**
  - **Current amount owed**
  - **Credit limits**
  - **Debt-related lawsuits**
- **Check reports for errors**

# Credit Scores



- **Mathematical risk assessment**
- **Need good score for**
  - Buying a vehicle
  - Getting a cell phone
  - Renting an apartment
  - Getting a job
  - Qualifying for low insurance rates

**Buying a home**

# Credit Example



Loan of **15,000.00** from **05/30/2019** at an Annual Percentage Rate of **3.490%**.  
Payment of **272.87** paid **monthly**.

Loan Amount:	<b>15,000.00</b>
Loan Date:	<b>05/30/2019</b>
Interest Rate:	<b>3.490%</b>
Payment Count:	<b>60</b>
Standard Payment:	<b>272.87</b>
First Payment Date:	<b>06/30/2019</b>
Final Payment:	<b>272.66</b>
Final Payment Date:	<b>05/31/2024</b>
Total Interest:	<b>1,371.99</b>
Total of Payments:	<b>16,371.99</b>



# Credit Example



Loan of **15,000.00** from **05/30/2019** at an Annual Percentage Rate of **11.740%**.  
Payment of **331.93** paid **monthly**.

Loan Amount:	<b>15,000.00</b>
Loan Date:	<b>05/30/2019</b>
Interest Rate:	<b>11.740%</b>
Payment Count:	<b>60</b>
Standard Payment:	<b>331.93</b>
First Payment Date:	<b>06/30/2019</b>
Final Payment:	<b>331.85</b>
Final Payment Date:	<b>05/31/2024</b>
Total Interest:	<b>4,915.72</b>
Total of Payments:	<b>19,915.72</b>



# Credit Differences



## **Payment difference of \$59.06**

- 331.93 v. 272.87

## **Total interest savings of \$3,543.73**

- \$4,915.72 v. \$1,371.99

## **Total car payments**

- \$19,915.72 (at 11.74%)
- \$16,371.99 (at 3.49%)



# Use Credit Wisely



- **Never charge more than you can afford to repay by the due date**
- **Always pay more than the minimum payment**
- **Pay on time**
- **Limit the number of cards**
- **Keep cards private and safe**

# Investing



- **Make your money work for you!**
- **Can buy and sell with brokerage firm**
  - The more guidance you get, the higher the fees (commission)
  - If under 18 may need custodial account or have parents buy for you

# Investment Types



- **Stocks:** percentage of ownership in a corporation
- **Bonds:** loans to a company or government
- **Cash equivalents**
  - Savings and checking accounts
  - Certificate of deposits
  - Money market deposit accounts
  - Money market mutual funds
  - U.S. Treasury bills
- **Mutual funds:** variety

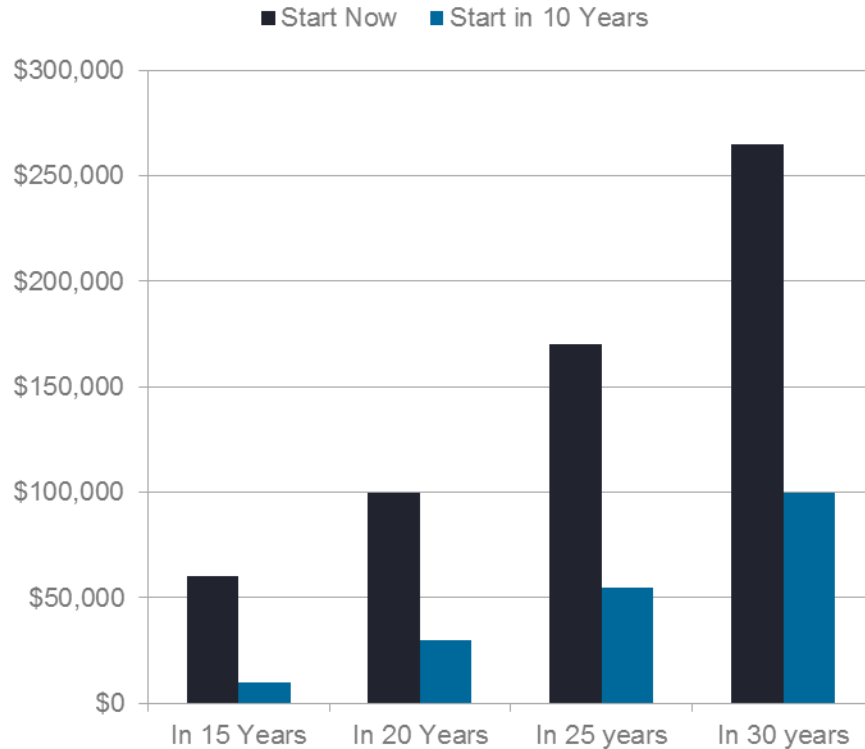


# Invest Now



- **Start early**
  - Compound interest increases savings
- **Make regular contributions**
- **Don't take out anything until you've reached your final goal**

# Harness the Power of Time



**How much will you have  
if you put aside \$2,000 a  
year in an investment  
with a 9% return?**

# Summary



- **Obtain more personal finance education**
- **Learn from mistakes**
- **Have fun – money is for security AND enjoyment!**



# Questions?

**BALANCE is a free financial education and counseling service available to all VCCU members. Services include:**

- **Webinars**
- **Counseling services**
- **Podcasts and short videos**
- **Online tools**
- **Debt repayment options**
- **Credit report review**
- **And more....**



**Call toll-free 888.456.2227 or visit  
[vccuonline.balancepro.org](http://vccuonline.balancepro.org)**

# Ventura County Credit Union



## 8 convenient locations

- Ventura
- RiverPark at the Collection in Oxnard
- Oxnard
- Port Hueneme
- Camarillo
- Thousand Oaks
- Moorpark
- Simi Valley

**Our mission** is to improve the financial well-being of our members and our community.

**805.477.4000 • 800.339-0496 • [vccuonline.net](http://vccuonline.net)**

We're social!



# Thank you!

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