



You and Your Money

Wells Fargo

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Budget Basics

Discussion

- What are the benefits of having a written plan for your money?
- What does it mean to make trade-offs?



What is the purpose of a spending plan?

Spending plans help you to:

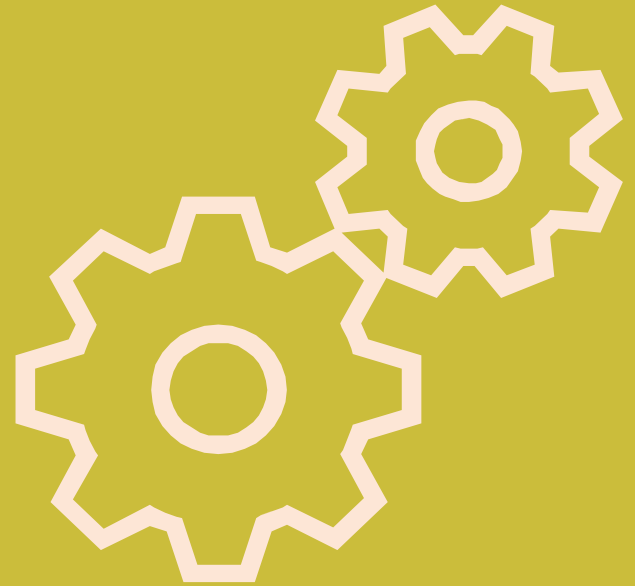
- Reach your goals
- Stay focused
- Show where you need additional help



Creating a spending plan

Spending plans help you to:

- 1 Track your spending
- 2 Itemize your income and expenses
- 3 Total and compare the income and expense columns to create your spending plan



Money saving tips

1. Obtain buy-in from family
2. Focus on the number of dollars you need to save per day
3. Look at lower-cost alternatives
4. Shop around for the best interest rate
5. Pay yourself first
6. Take advantage of your company's payroll deductions, if possible
7. Save bonus income
8. Save coupon money
9. Collect loose change
10. Review cell phone costs
11. Save lunch money
12. Save money from sales
13. Have a "Buy Nothing" week



Ten leading causes of overspending



1. The “latest and greatest” syndrome
2. Using credit instead of cash
3. Eating out
4. Borrowing from the future
5. Keeping up with the Joneses
6. Impulse buying
7. Money “burning a hole in your pocket”
8. Not knowing how much you have to spend
9. Rationalizing spending = “I need it because...”
10. Not knowing what you are spending your money on

Basics – right starting point

- Manage your accounts
 - Checking, saving, credit card and debit card
- Keep track of all your “spending”
 - If you don’t have it – don’t spend it!!
 - Use account options to save you \$\$ and time
 - Mobile and online banking
 - Account alerts
 - Direct deposit

Credit and You

Discussion

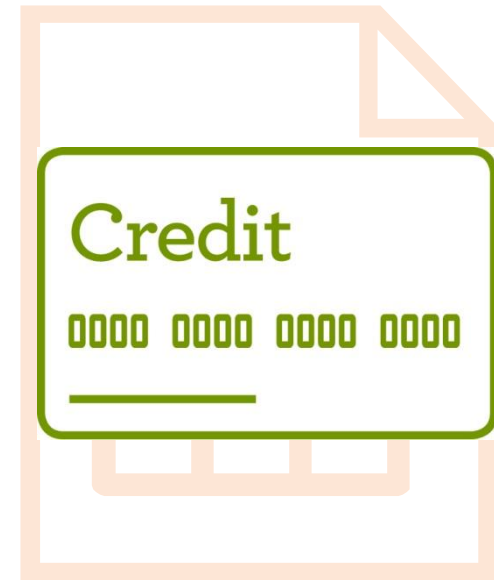
How is a debit card different from a credit card?



Credit Card Basics

You are borrowing money that you have to pay back

- A few things to consider
 - ✓ Annual Percentage Rate (APR)
 - ✓ Credit limits
 - ✓ Fees & Penalties
 - ✓ Payment Cycle
 - ✓ Rate Increases




The costs of minimum payment

You have got to have this \$1,500 computer!

Card balance	\$1,500
APR	14.7%
Lowest payment:	\$40
51 months & \$521 interest = \$2,021	
Double lowest payment:	\$80
22 months & \$215 interest >\$1,715	

Illustration only

The cost of credit card cash advance



Card limit	\$1,500
Cash advance	\$1,000
APR	24%
Fee	5% of amount borrowed
Minimum payment	\$35

It would take 47 months to pay off, paying a total of \$1620 including \$570 in interest

Illustration only

Student Loans

Discussion

What do you think is the average amount of student loan debt?



Paying for college

- Be sensible about where you get money for college
 - First, use money you won't have to repay like scholarships and grants
 - Next, consider money you earn through a work-study program at your school
 - Then, use student loans
 - Federal student loans – apply for these by completing a Free Application for Federal Student Aid (FAFSA)
 - Private student loans – available from private lenders to cover additional costs
- If you need to borrow
 - Borrow only what you need
 - Keep track of your loans and estimate your eventual monthly payments
 - Be realistic about what your starting salary might be

You can start to manage now

- While you are in school
 - Know your student loan total – build it into your spending plan (future expense)
 - Consider making interest payments while in school if you're able to
- After graduation
 - Stay connected with your lender
 - Discuss payment options
- Your effort is key

Test Your Financial Knowledge

Question 1

Gas and Groceries are examples of which type of expense?

- A) Discretionary
- B) Hidden
- C) Flexible
- D) Fixed



Question 2

What does Net Income mean?

- A) Money earned on the internet
- B) Take-home pay
- C) Income before taxes
- D) Income earned from salary



Question 3

Annual Percentage Rate refers to the interest on charges made on your debit card

True or False



Question 4

Which of these are ways to pay for college that students do not need to pay back?

- A) Grants
- B) Loans
- C) Scholarships
- D) Both A and C





Digital evaluation

bit.ly/HOBTCTS2

This link is case sensitive

Thank you