

IT'S **Money,** BABY



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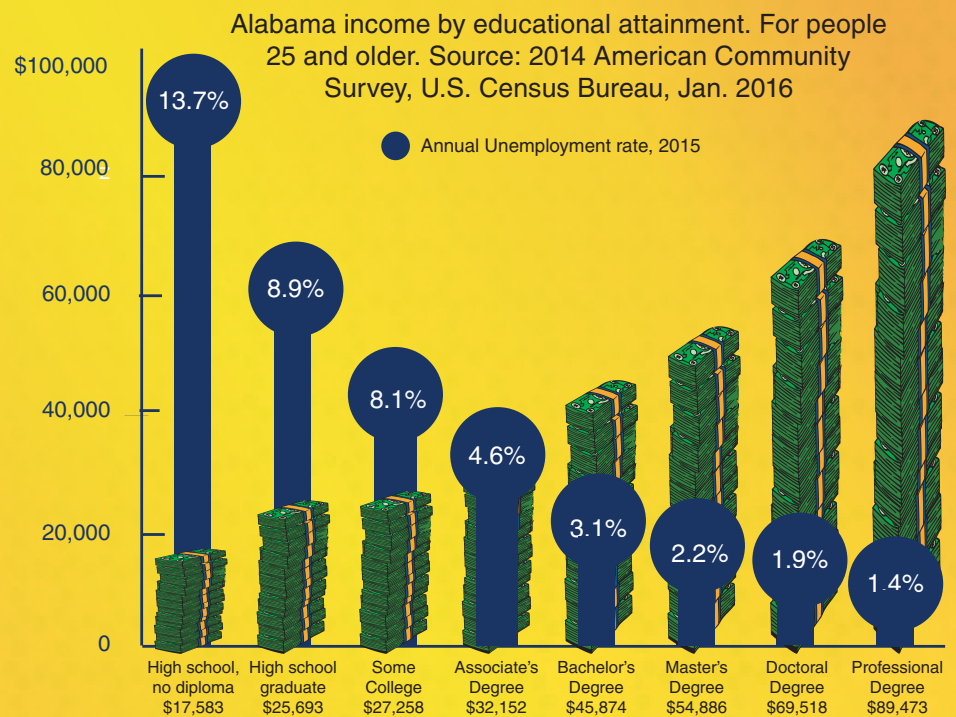
Everybody needs to know how to manage money and to make it grow. Knowing what to do with your money helps you manage your income and expenses throughout your life.

Is there a deal that costs you less? It's your job to find out — or pay the difference!

Entire sectors of the economy are dedicated to separating you from your hard-earned cash. ***It's Money, Baby*** will help you keep more of your money in your pocket, not theirs.

ATTENDING COLLEGE
OR TECHNICAL SCHOOL CAN BOOST
YOUR LIFETIME EARNINGS
WITH HIGHER SALARIES.

Median Earnings and Unemployment Rate by Educational Level in Alabama



Cash Basics



Knowing how and when you get your money and where you spend it is the foundation of financial planning.

Track Your Cash

A budget, or a money plan, tracks the money you make versus the money you spend.

If you're not on your own, your parents may cover most of your expenses. But if you have a job, they might expect you to contribute toward your phone bill, car payments and insurance, not to mention concert or movie tickets.

You create a budget by estimating how much money you'll make each month and how much you'll spend. It's a great way to avoid running out of money when you need it most.

Best of all, a budget will show you how long it will take to save for a big-ticket item you really want.

OK, here's the difference between a **NEED** and a **WANT**:

You **NEED** new shoes.

You **WANT** \$125 shoes.

You **NEED** new clothes.

You **WANT** the \$150 coat/jacket/dress that's so hot and in-style.

You **NEED** to get around.

You **WANT** a new Mustang.

You **NEED** to eat.

You **WANT** to go out for every meal.

Every time you consider buying something, whether it's a soda or a new game, ask yourself, "Do I really **NEED** this?" If the answer is no, pat yourself on the back and put the money in your savings!

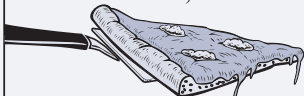


Read a Pay Stub

These sample pay stubs show you where your hard-earned dollars go. You set the federal and state tax rate on your salary based on how many exemptions you claim on your W-4 form.

STUB A

PIZZA House, Inc.




NAME: JANE BROWN
PAYROLL: 10/15/16
CHECK NO: 12345
EMPLOYEE NO: 6789
AMOUNT: \$125.11

EARNINGS			TAXES WITHHELD			OTHER DEDUCTIONS	
Description	Hrs.	Amount	Tax	Current	YTD	Description	Amount
REG.	7.25	166.75	FED INCOME TAX	14.97	149.70	MEALS	8.00
			SOCIAL SEC	10.34	103.39		
			MEDICARE	2.42	24.18		
			STATE INCOME TAX	5.91	59.10		
CURRENT		166.75					
YTD		1667.50					

1 2 3 4

STUB B

Rainbow Glacier Ice Cream



EMPLOYEE: SCOTT JOHNSON
SSN: 999-99-9999
PAY PERIOD: 10/1/16 TO 10/15/16
PAY DATE: 10/19/16
CHECK NO.: 3456
NET PAY: \$195.71
PAYROLL

EARNINGS			TAXES WITHHELD			OTHER DEDUCTIONS	
Description	Hrs.	Amount	Tax	Current	YTD	Description	Amount
REGULAR	33.0	239.25	FED INCOME TAX	32.06	961.88	401(K)	29.50
OVERTIME	5.75	62.53	SOCIAL SEC	18.71	445.01	HEALTH	14.75
CURRENT		301.78	MEDICARE	4.38	83.80		
YTD		8377.50	STATE INCOME TAX	6.67	200.01		

1 2 3 4 5

What's the Source of Your Riches?

Paycheck
Parents
Gifts
(save those birthday and graduation cards!)

Personal savings
Part-time work and summer jobs
Work-study jobs in college
Grants and scholarships
Student loans

Gross vs. Net Pay

Gross pay is what you earn before any deductions are taken out, like a 401k or health insurance. **Net pay** is the amount of your paycheck.



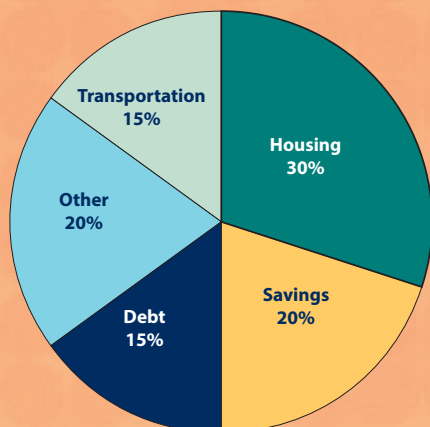
STUB A:

- 1 What is your hourly pay?
- 2 How much did you earn this pay period before taxes?
- 3 How much did you earn this year before taxes?
- 4 What are your deductions?

STUB B:

- 1 What pay period does this check cover?
- 2 What is your take-home pay?
- 3 How much federal income tax has been deducted this year?
- 4 How much did you put away in a retirement plan?
- 5 How much did you pay for health insurance?

Your Money Plan



BUDGET GUIDELINES

Plan Your Goals

Your biggest financial goal is to have more money at the end of the month. One easy guide is to live off 80% of your income, allowing for 20% savings. (Many financial planners recommend a 70-30 split, so aim for that if you can!) You should make that savings automatic by using direct deposit to a separate savings account.

Financial goals can also include saving for a trip, concert or car. Take out a sheet of paper and list your short- and long-term goals, estimating how much money you can set aside per week or paycheck to meet them. You'll get a better idea of how to finance what you really need.

Many jobs pay minimum wage. Others, like waiting tables, pay less because you're expected to earn the difference with tips. As you enter a profession, you'll likely earn a salary over a year, with benefits and, perhaps, bonuses.

However much you make, you'll have to allow for taxes, Social Security and possibly health insurance.



Income	Budget	Actual	Difference
Job #1	\$ _____	\$ _____	\$ _____
Job #2	\$ _____	\$ _____	\$ _____
Job #3	\$ _____	\$ _____	\$ _____
Allowance	\$ _____	\$ _____	\$ _____
Other income	\$ _____	\$ _____	\$ _____
Total monthly income		\$ _____	\$ _____

Fixed Expenses			
Rent	\$ _____	\$ _____	\$ _____
Car payment	\$ _____	\$ _____	\$ _____
Car insurance	\$ _____	\$ _____	\$ _____
Credit card	\$ _____	\$ _____	\$ _____
Savings	\$ _____	\$ _____	\$ _____
Food	\$ _____	\$ _____	\$ _____
Student Loan	\$ _____	\$ _____	\$ _____
Other	\$ _____	\$ _____	\$ _____

Variable Expenses			
Bus fare	\$ _____	\$ _____	\$ _____
Utilities (including cable)	\$ _____	\$ _____	\$ _____
Gas	\$ _____	\$ _____	\$ _____
Parking	\$ _____	\$ _____	\$ _____
Car repairs	\$ _____	\$ _____	\$ _____
Clothing	\$ _____	\$ _____	\$ _____
Entertainment	\$ _____	\$ _____	\$ _____
Personal items	\$ _____	\$ _____	\$ _____
School expenses	\$ _____	\$ _____	\$ _____
Total monthly expenses		\$ _____	\$ _____

Invest in YOU

If you can begin investing your money earlier, it will grow faster. With the 80-20 rule, you could invest 10% of your savings for retirement now (see compounding, page 11) and still have 10% in the bank for when you need it.

Once you've accumulated a chunk of savings, you can invest it in safe, short-term investments to help you meet the cost of inflation. By keeping access to your savings, you can tap into it for emergencies but still earn a little interest on it.

Don't think you make enough to save anything? Check over your receipts and spending records to find more ways to save money. Do you really need to drink sodas from the vending machine or to eat out for every meal? Watch your spending, and see your savings grow!



Banking

Learning more about the banking system is a key step in understanding personal finances.

Choosing a Bank

Research your local banks and credit unions. Find out what features banks offer for savings and checking accounts. Note how much in overdraft fees the bank will charge if you don't have enough money in your account to cover your purchase, ATM withdrawal or debit charge. Banks can require you to have a fixed balance or earn interest on deposit to waive an account fees.

Fees can add up quickly, so choosing your bank and the type of account can make a difference.




Consider your needs when choosing how you're going to handle your money. Every choice has different rules and benefits, so pick the one that's best for you. If your first choice doesn't work out, you can bank elsewhere.

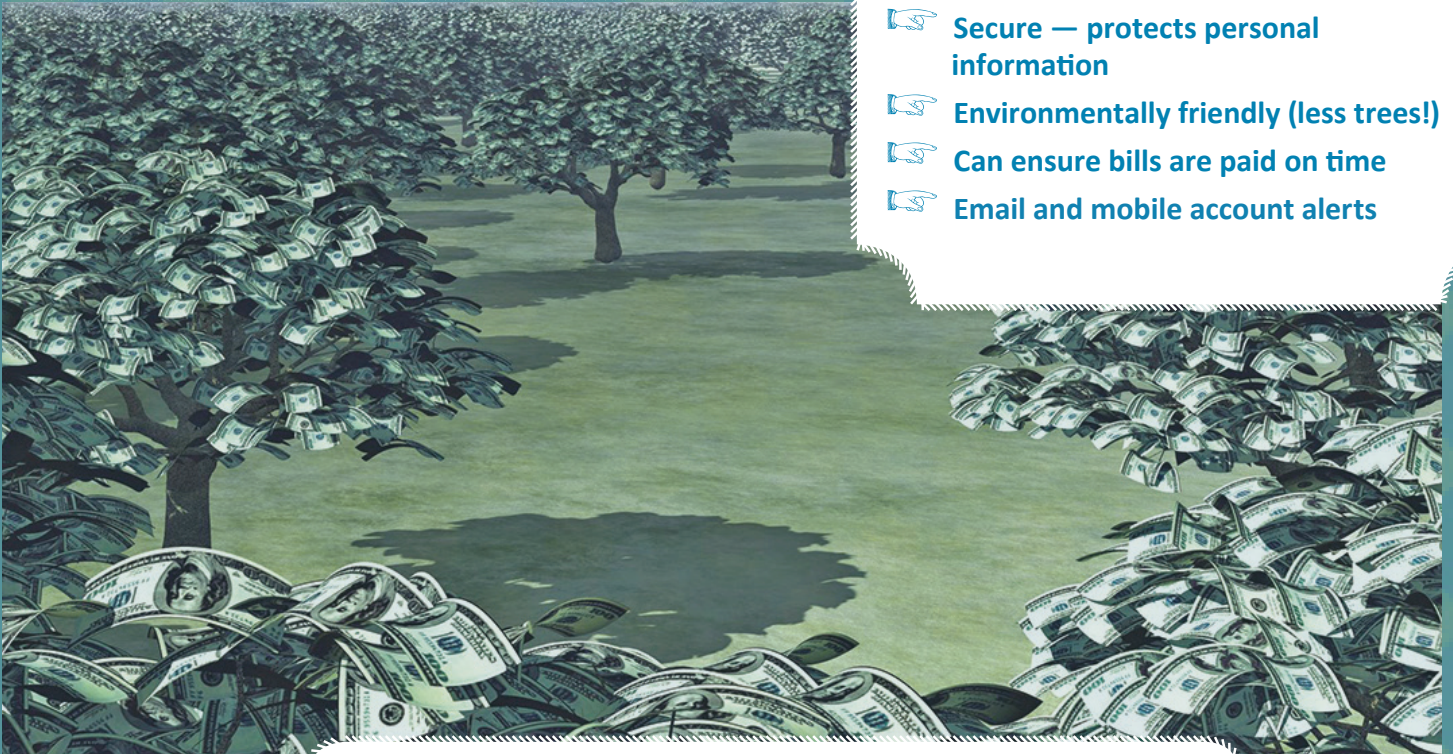


How to Open an Account

Some banks will do a full credit report (see page 24) to see if you're a good risk for them to add you as a customer. They'll take your identification (typically a driver's license) and your Social Security number to verify your information. Once they determine you're eligible, you can deposit money into your new account. Sign up or enroll in your bank's online program so you can check your balance, pay bills and manage your money electronically.

Why Bank Online?

-  24/7 access
-  Easy access from any computer
-  Budgeting tools and automatic spreadsheets
-  Printable online statements
-  Easy fund transfers
-  Shows copies of checks written
-  Secure — protects personal information
-  Environmentally friendly (less trees!)
-  Can ensure bills are paid on time
-  Email and mobile account alerts



Paying It Green

Paying bills electronically can help the planet. According to electronicpayments.nacha.org, if an average household switched to all e-bills, it could save 6 pounds of paper, saving 70 gallons of water and prevent the production of 29 pounds of greenhouse gases. E-billing is considered safer than paper delivery. Almost 85% of identity theft cases are due to lost checkbooks or stolen bills, statements and check payments, according to Javelin Strategy & Research. (See page 28 for more on identity theft.) Credit scores are higher when you get direct deposit for your paychecks and use auto payments for monthly bills.

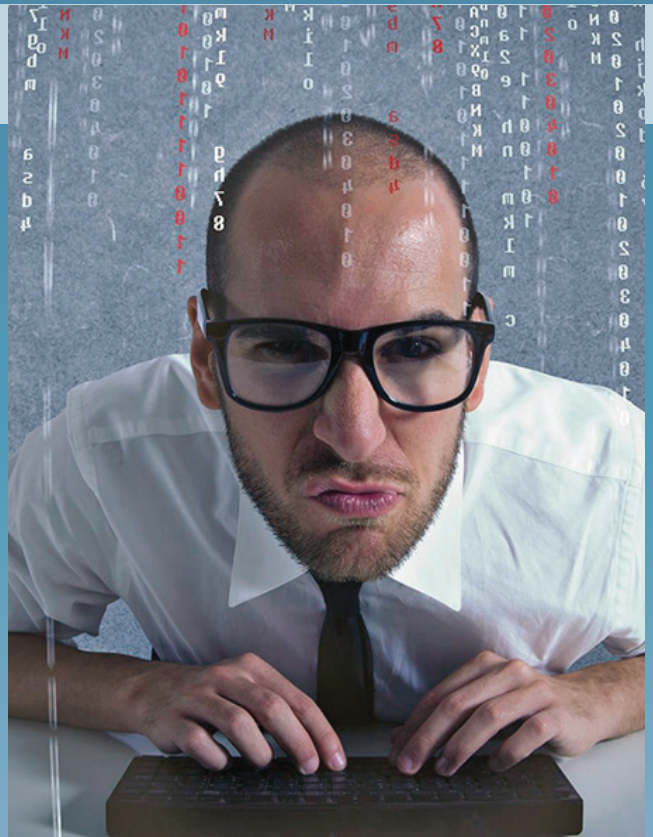
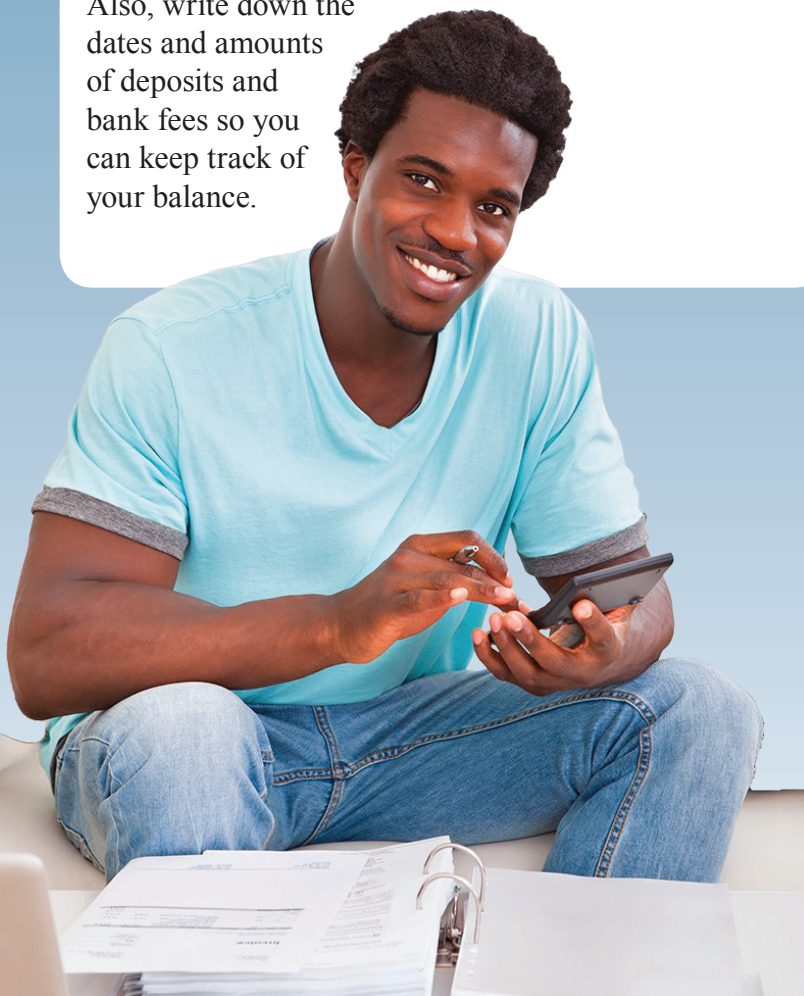
Plus, it's fast!

Savings Accounts

Most savings accounts don't earn much interest. To keep pace with inflation, you'll want to put some savings into certificates of deposits the other kind of CDs, savings bonds or Treasury bills to earn a higher return. But that's after you have a chunk of savings you can afford to put away for at least six months. Until then, stash away as much as you can and don't spend it unless you absolutely have to. Remember, pay yourself first. You've earned it!

Checking

Checking accounts let you write checks or use a debit card to withdraw money you've deposited. The bank pays the person or business and sends you a monthly list of deposits and withdrawals called a bank statement. As you write checks, use your debit card or take money out of an ATM, make a note of the amount. Also, write down the dates and amounts of deposits and bank fees so you can keep track of your balance.



Security Issues

Never provide bank, credit card or other sensitive data when visiting a website that doesn't explain how your personal information would be protected, including its use of encryption to safely transmit and store data. Make sure the website is secure by looking at the browser address. If it has "https" in front of it or a small padlock symbol at the bottom of the page, it's probably secure.

Install a free or low-cost firewall to stop intruders from gaining remote access to your PC. Download and frequently update security patches offered by your operating system and software vendors to correct weaknesses that a hacker might exploit.

Con artists often pose as charities or business people offering jobs, rewards or other opportunities. They hope that trusting souls will send cash or checks, provide SSNs or credit card numbers or wire money from a bank account.

DON'T BE A VICTIM!

ONLINE BANK STATEMENT

CHECK NUMBER	DATE	DESCRIPTION	PAYMENT /DEBIT(-)	DEPOSIT/ CREDIT(+)	\$ BALANCE
099	3/5/2016	SPEEDY MART	23.59		564.69
100	3/7/2016	PIZZA XPRESS	16.49		548.20
101	3/8/2016	KU UTILITIES	45.81		502.39
	3/5/2016	GLACIER IC PAYROLL		236.53	738.32
102	3/5/2016	SPEEDY MART	35.98		702.94
103	3/5/2016	SPEEDY MART	13.79		689.75

ONLINE BANK STATEMENT:

- 1 What check number is this?
- 2 What's the going rate for pizza these days?
- 3 How much was your paycheck?
- 4 What is your balance?

Balancing Know Your Balance

Monitor your spending carefully. Know your general bank balance each time you make a transaction, because if you write a check or try to debit money that isn't there, you've bounced a check or your card will deny you the purchase.

Balancing your account lets you keep an eye on your money and the fees your bank is charging. Sometimes, you can even spot a rare error. Most banks have a time limit on disputing errors on your account, so the sooner it's spotted, the sooner you can take care of it.

When you see your bank statement, make sure all your checks, deposits and debit card transactions are shown. With a calculator, double-check your register to make sure all your deposits are recorded. Also, if you earned any interest on your deposits, record that.

Then, double-check your spending transactions, including fees. Add the deposits and interest to the beginning balance, then subtract all the debits to get a balance. Compare that to the ending balance on your statement to make sure they match.

Now, note any debits not listed because the bank hasn't received them yet and list them in a column. Add them up, and subtract that number from the ending balance on your statement. If you've made deposits that aren't shown on your

statement, add them to your worksheet. Subtract your total outstanding debits, and the figure you get is your current balance.

Balancing Your Account

Outstanding Debits (not included on your statement)	Outstanding Deposits (not included on your statement)
Amount	Amount
Total	Total
1. Ending balance from your bank statement	\$ _____
2. Add total outstanding deposits	+ _____
3. Subtract total outstanding checks	- _____
4. New balance (should equal your balance after you record interest and fees)	_____

Debit or Credit? The Difference

Debit and ATM Cards:

Are tied to your checking account, so when you make a purchase or withdraw funds, the money is automatically deducted. There is no grace period. Some banks provide different debit and ATM cards. Some issue one card that you can use as both. ATM, incidentally, stands for automatic teller machine.

They're good in that you can't spend what you don't have in the bank. However, your bank may "loan" you the money if you don't have enough in your account. You have to give the bank permission to provide overdraft protection, and it will charge you. Consider that option carefully.

If you use your debit card, the business may put a "hold" for the amount on your account, which means the money isn't available for other purchases.

A "hold" can take up to a week to clear your bank, so be prepared.

There may also be charges if you use a PIN,

rather than signing for it like a credit card. **Note: if you sign for a debit purchase like a credit card instead of a PIN, it gives you zero liability protection, which means you have rights if the product is defective to get your money back.**

Federal law does not give you the right to stop payment on a problem purchase. Instead, you must resolve the problem with the seller. These protections are less than those for credit cards.

LOST OR STOLEN CARD? Call the issuing bank IMMEDIATELY. Your liability for unauthorized use can be much higher if you don't report it right away. If you report a debit or ATM card missing or stolen BEFORE it's used, you may not be responsible for unauthorized withdrawals.

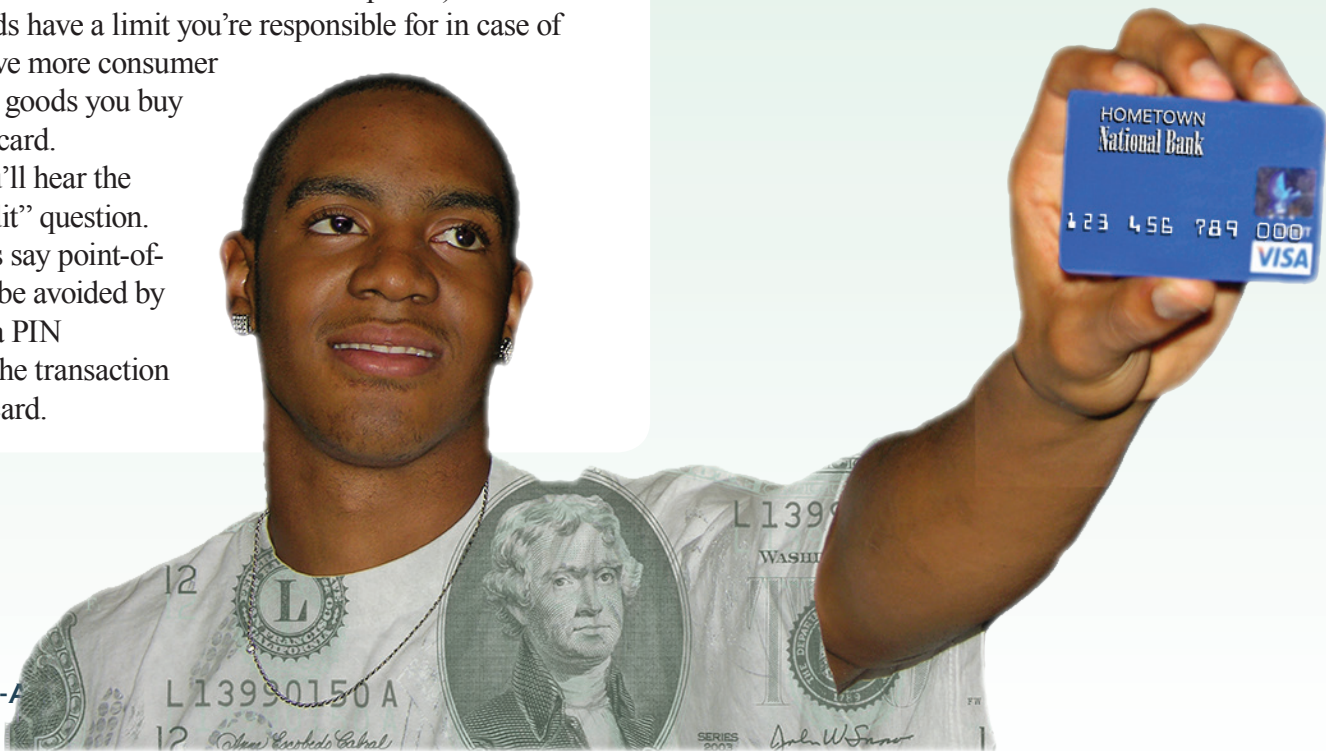
If you dispute a purchase, the seller already has your money. It will only be returned if you win the dispute.

Credit Cards:

Offer you a 30-day interest-free loan **if you pay the balance each month in full.** (Which you should always do. Who wants to pay 19 percent interest — or more — on pizza?)

Credit cards have a limit you're responsible for in case of theft. You have more consumer protection on goods you buy with a credit card.

Often, you'll hear the "debit or credit" question. Some experts say point-of-sale fees can be avoided by not entering a PIN and treating the transaction like a credit card.



Compounding

The money you invest earns interest. Compound interest is when your money (called capital) AND your interest earn money over the next year.

In the third year, you earn money based on your capital plus your first two years' interest.

If you start investing when you're young, you have years to take advantage of what has

been called "the most powerful force in the universe."

It doesn't take much cash to invest to make big bucks.

If you save \$100 a month for 40 years and earn a 10% return (stock markets average 10%, usually), you'll wind up with \$641,128!

So, save away and let your money work for you for a change.



Investor A			Investor B		
Age	Deposit	End of Year Accumulation	Age	Deposit	End of Year Accumulation
22	\$2,000	\$2,220	22	0	0
23	\$2,000	\$4,684	23	0	0
24	\$2,000	\$7,419	24	0	0
25	\$2,000	\$10,456	25	0	0
26	\$2,000	\$13,826	26	0	0
27	\$2,000	\$17,567	27	0	0
28	\$2,000	\$21,719	28	\$2,000	\$2,220
29	0	\$24,108	29	\$2,000	\$4,684
30	0	\$26,760	30	\$2,000	\$7,419
31	0	\$29,703	31	\$2,000	\$10,456
32	0	\$32,971	32	\$2,000	\$13,826
33	0	\$36,598	33	\$2,000	\$17,567
34	0	\$40,623	34	\$2,000	\$21,719
35	0	\$45,092	35	\$2,000	\$26,328
36	0	\$50,052	36	\$2,000	\$31,444
37	0	\$55,558	37	\$2,000	\$37,123
38	0	\$61,669	38	\$2,000	\$43,426
39	0	\$68,453	39	\$2,000	\$50,423
40	0	\$75,982	40	\$2,000	\$58,190
Total Contributions		\$14,000			\$26,000
Total Value		\$75,982			\$58,190



Investor A: Opens an IRA at 11%, deposits \$2,000 each year for seven years, then makes last deposit at age 28.

Investor B: During the first six years, spends money, then makes first deposit into an IRA at age 28 and continues to deposit \$2,000 each year (for 13 years!) until age 40.

Results: Investor A has much more money than Investor B even though Investor A saved only \$14,000 compared to Investor B's \$26,000!

Smart Banking

Payday, Tax Refund and Auto Title Loans

Payday loans are illegal in some states and cannot be offered to military personnel. With a typical payday loan, you might write a personal check for \$115 to borrow \$100 for two weeks, until payday. The annual percentage rate (APR) in this example is 390 percent! If you can repay the loan quickly, it may not appear such a bad deal. But if you can't pay the entire lump sum off at once, that relatively small loan can roll over into a large amount of debt. Despite having paid a fee, you will still owe the entire principal plus another installment of fees and interest. Lenders rarely accept partial payments beyond interest and fees, meaning you will never reduce the principal amount borrowed.

Other high-cost ways to borrow money are tax refund and auto title loans. These types of credit let you get an advance on a tax refund or use a vehicle with a clear title — for a fee, with the balance due in full within a month or less. APRs as high as 774% have been reported. If you're short of cash, avoid these loans by asking for more time to pay a bill or seeking a traditional loan. Even a cash advance on your credit card may cost less.



Banking Terms

Minimum deposit requirements:

Some banks will charge you a monthly fee if you go under a certain deposit amount. Others will not pay you interest and will charge a fee.

Limits on withdrawals:

Does the bank say when and how much you can access your money? Does it charge you for access?

Interest: That's money the bank pays you for keeping your money there. Some accounts pay, some don't. You're interested in how much and how often it's paid (daily, monthly, quarterly, yearly). Compare banks to find your best deal.

Deposit insurance: Make sure your bank is a member of the Federal Deposit Insurance Corporation (FDIC). Your account is insured for up to \$250,000 in case the bank fails.

Credit union: A nonprofit institution owned and run by its members. Like the FDIC, the National Credit Union Share Insurance Fund (NCUSIF) insures up to \$250,000.

Check-writing: Can you write unlimited checks per month, or only a fixed amount? Does the bank make you wait for a check to clear before the money is available to you? What happens if you write a check for more money than you have in your account?



Contracts

A **contract** is a written agreement between two or more parties in which an offer is made and accepted. If you lease an apartment or have your own cell phone plan, you've probably signed a contract.

An insurance policy (see pages 14-15) is an example of a contract.

Read contracts thoroughly and ask questions **BEFORE** signing. Complete everything and keep a copy for yourself.

Consumer protection laws let you cancel some contracts within three days of signing. Before you sign any contract, find out if you have that option. If you don't but have to cancel the contract later, you may have to pay a big penalty.

Otherwise, you'll have to pay what the contract calls for.

Never sign a contract unless you read and understand the terms of the agreement. If you feel pressured, walk away.



FINANCIAL PRIORITIES QUIZ

Are you a **SAVER** or a **SPENDER**? Let's find out:

It's your birthday, and Aunt Jennifer sent you a crisp \$50 bill. You:

- a) Put it in your savings account.
- b) Go to the movies, then McDonald's.
- c) Buy online music or songs.
- d) Go to the mall.

It's payday from your part-time job. With your check, you plan to:

- a) Pay your car insurance.
- b) Go see THE concert.
- c) Get a haircut, mani and pedi.
- d) Buy a new video game.

Your car breaks down and needs \$350 in repairs. You:

- a) Take it out of your savings. That's what it's for, after all.
- b) Ask your parents to help you. That's what they're for, after all.
- c) Save from your next two paychecks.
- d) Walk.



Insurance

ALABAMA LAW REQUIRES EVERY DRIVER TO HAVE CAR INSURANCE



Because young people don't have as much driving experience as adults, they're a bigger risk to insure. That means young people will pay more for insurance than someone who's older. There's no grace period for insurance for your premiums, either. If you don't pay your bill, you're not covered!

The Alabama Department of Insurance has uncovered fake insurance card scams that often cost more than legitimate insurance policies, so go with a reputable company. If you have questions, call the Consumer Protection Division at 1.334.241.4141.


You must have insurance to cover any damage you do to someone else's property or person. That's called liability and isn't negotiable. Collision insurance covers repairs to your car if you have an accident. Unless you owe the bank money on your car, you probably don't have to have collision or comprehensive coverage, especially if your car is older. Not having collision insurance will save you money — unless you have an accident.

Here are the main types of auto insurance:


Liability

-  Covers bodily injury and property damage if you hit someone else's car. Alabama law requires you to have at least \$25,000 for bodily injury per person per accident, \$50,000 for all bodily injuries per accident and \$10,000 for property damage per accident.
-  Liability insurance makes up about 40% to 50% of your premium.


Collision

-  Pays for physical damage to your car if you're in an accident. You must pay your deductible first.

Comprehensive

-  Replaces damaged windshields and repairs damage caused by hail, flooding, theft, vandalism, etc.

Personal Injury Protection

-  Pays medical expenses, lost wages and other out-of-pocket costs if you're hurt, regardless of who's at fault.

How Much?

Besides your age, there are several factors that affect how much you'll pay for insurance, like:

- Your credit history (See page 26)
- The kind of car you drive
- The kind of job you have
- The kind of grades you've earned
- Whether you've had any wrecks or gotten any traffic tickets

That's why it's important to find out how much insurance will cost **BEFORE** you buy your car. First, narrow your choices to two or three cars. Then call your insurance agent to get a quote. Sometimes a more expensive car can save you a lot on insurance. Finally, if you use your car on the job — say, delivering pizzas — you may have to pay more for insurance.


Uninsured Motorist

-  Covers your medical costs if you're hurt in an accident by an illegally uninsured driver.

Towing and Labor

-  Pays these emergency costs when you need them.

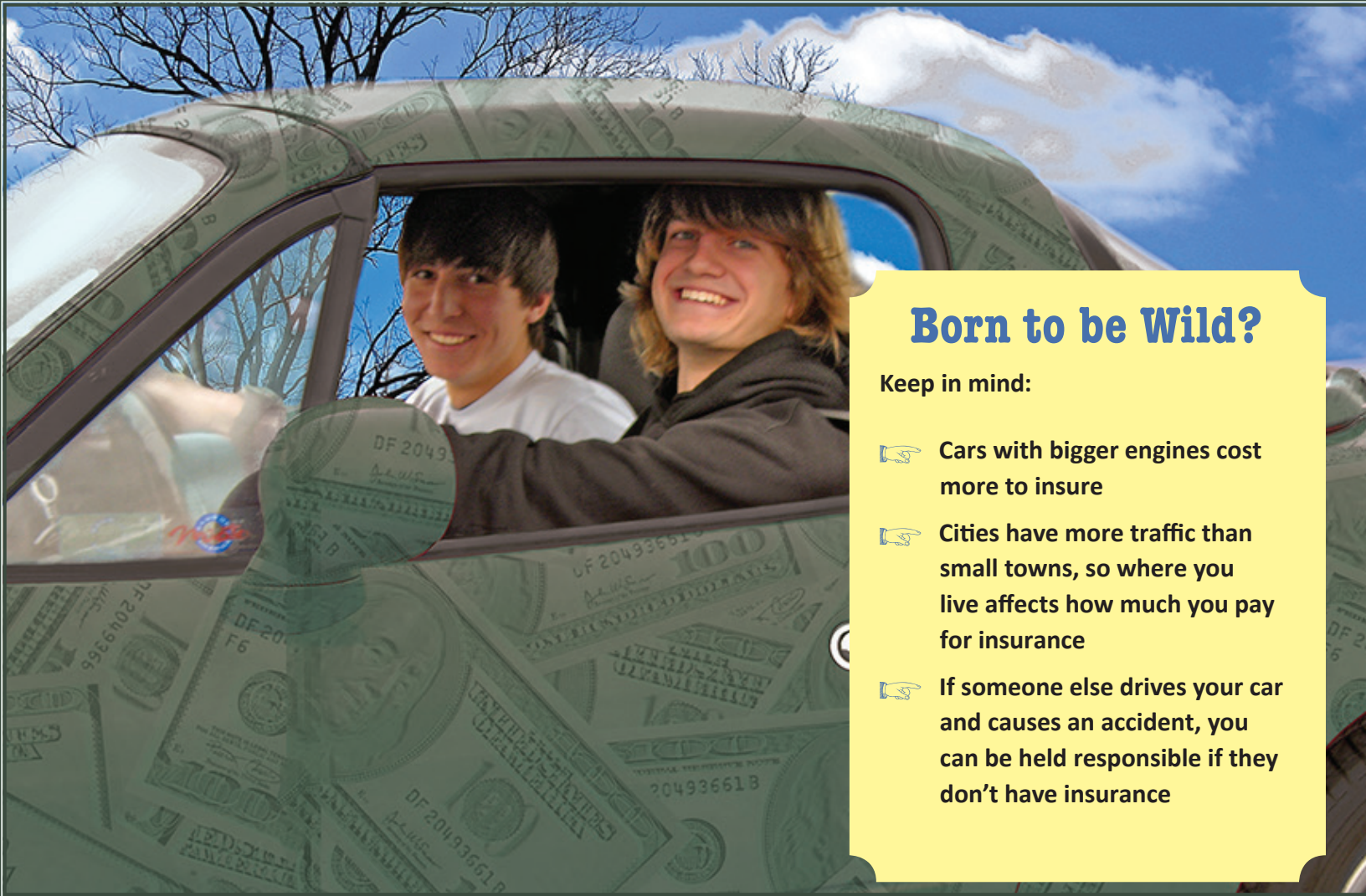
Rental Reimbursement

-  Pays for a rental car while yours is being fixed if you have an accident.

Word to the Wise:

If you customize your car with special wheels, lights or a sound system, you'll have to pay extra to have them covered by your auto policy.

YOU decide if it's worth the extra cost if they're damaged or stolen.



Born to be Wild?

Keep in mind:

- ☞ Cars with bigger engines cost more to insure
- ☞ Cities have more traffic than small towns, so where you live affects how much you pay for insurance
- ☞ If someone else drives your car and causes an accident, you can be held responsible if they don't have insurance

Besides car insurance, there are other types you'll need to know about.

**ASK IF
YOU'RE STILL
COVERED
BY YOUR
PARENTS AND,
IF SO, FOR
HOW LONG.**

Health

Health insurance is usually the most expensive insurance. Ask your parents if you're still covered under their policy and if so, for how long. Current law allows parents to provide health insurance until you reach age 26. However, keep in mind that laws can change at any time. Once you graduate and get your first "real job," you may be able to get insurance through your employer.

Renter's/Homeowner's

If you rent an apartment or house, you should check into renter's insurance. It can pay you if your belongings get stolen, burned in a fire or blown away by a tornado. Check with your parents' insurance agent to see if you're covered by an off-premises provision of their policy. When deciding how much coverage to buy, consider replacement vs. actual cash value costs. Replacement means you'll get the same new item; actual cash value will give you an amount based on its used value. If you have really nice stuff like jewelry or a sound system, consider buying extra coverage, called a rider, on those items.

A Sample Credit Card Offer:



Annual Percentage Rate for Purchases
(What you pay for the money you owe.)

Surprise! Yours will likely be much closer to the higher number. Why? Your rate depends on your creditworthiness, which is based on your debt, income, credit score and other factors, such as your history of paying bills on time.

What Credit Card Companies Don't Want You to Know

The fine print! The law requires this information (or something like it) be written on your credit card application form. To help you make sense of the fine print, we've listed what all that stuff means. Remember, credit cards (like debit cards) are useful tools. They can help you build a good credit history and help you get lower interest rates to buy cars, get insurance and maybe even rent an apartment.

A credit history or credit report lists all accounts you have and if you've paid your bills on time. If you haven't, you earn a much lower score than if you did. Prospective employers may also check your credit history before they offer you a job.

Credit cards offer security in emergencies and a reduced need to carry cash as well as enhanced personal responsibility. Save your credit for budgeted purchases and emergencies, and **try to pay the bill off in full every month.**








Penalty APR

(The \$35 "Oops!") Set up automatic payments and never pay this fee — or this interest rate.

This rate is the penalty for missing your payment due date, going over your credit limit or making a payment that is returned due to insufficient funds. And worse, you'll pay this rate for six months — or more.

ADVANTAGES

Convenient, cash free and zero liability for fraud. BUT, remember these things about credit cards:

-  Purchases are loans you repay.
-  Interest rates may go up.
-  You could rack up additional fees.
-  It's easy to overspend when using a credit card.
-  They can promote impulse buying.

Grace Period for Repayment
(“Pay as you play”)

If you can manage it, this is a great way to build good credit — although the credit card companies don’t like it much. Of course, if you *could* pay as you play, you wouldn’t need to put it on a credit card.

APR Information
(“When the banks are closed”)

It’s always nice to have cash on hand, but it comes with a price. So remember, cash costs more. And if you’re late paying it back — a lot more. If your credit card company sends you “cash advance” checks, tear them up immediately.

Annual Percentage Rate (APR) for Purchases

APR for Balance Transfers

Grace Period for Repayment

Cash Advances APR (Cash from your Card)

Penalty APR and When It Applies

This rate will vary with the market based on the prime rate. The variable rate, based on the current Prime Rate of 3.25%, would be **19.99%** APR, based on your creditworthiness.

0% Introductory APR, for the first 12 months. After that, your APR will be **19.99**. This APR will vary with the market based on the Prime Rate.

If you pay your previous balance in full on or before the due date shown on your previous statement, you will have a grace period on purchases of 25 days (from the statement closing date to the payment due date).

The rate for cash advance transactions is **22.69%** and will vary with the market based on the Prime Rate. Cash advances are defined as all advances to get cash over the counter, through an ATM or other “cash-like” transactions (such as purchasing a money order, traveler’s check, casino betting chip, or lottery ticket) as determined by us.

29.99%. This APR will vary with the market based on the Prime Rate. This APR may be applied to your account if you make a late payment.

How long will the Penalty APR Apply? If your APRs are increased for this reason, the Penalty APR will apply until you make the next six consecutive minimum payments when due.

FEES

Annual Fee

None on this sample offer. Some banks charge up to \$30 a year, though, and in 2012, the Consumer Financial Protection Bureau reports cardholders paid an additional \$475 million in annual fees as banks tried to make up revenue restricted by new laws.

Transaction Fees

Balance Transfer

Either \$10 or 5% of the amount of each transfer, whichever is greater.

Cash Advance

Either \$10 or 5% of the amount of each cash advance at an ATM or over the counter, whichever is greater. \$10 or 5%, whichever is greater, on all other cash advances.

PENALTY FEES

Late Payment Fee

Up to \$35.00.

Over-the-Credit-Limit Fee

Up to \$25.00 each month balance exceeds credit limit.

Returned Payment

Up to \$25.00

Late Payment Fee
(Every time you’re late)

This works the same way as exceeding your credit limit. The penalty is applied to your existing debt and can add to your interest charges.

Easy Street?

Let's say you have a credit card with a line of credit of \$2,000. But after pizzas, parties, books, student fees and things you didn't have the cash for, you owe \$1,500.

No problem, right? The minimum payment is just a few dollars a month. You're on easy street because credit cards aren't real money, right? Well, yes, they are. You'd have to be crazy to ruin your finances like that.

Compare Offers

SEE WHY 

If you're under 21, you may be eligible for a credit card if you have a qualified co-signer or can prove you can make required payments. But you need to compare credit card offers. Some cards charge an annual fee, while others require a deposit equal to the amount of credit you have available — not a bad idea, since you can't charge over this limit.

Interest rate charges on credit card balances are far greater than any rate you could earn on investments.

You can get in way over your head with bills you can't pay by charging on your card. College administrators say they lose more students because they have to go to work to pay their credit card bills than because of failing grades.

You might feel like your plastic really isn't money. But if you don't pay more than the minimum balance, or worse, avoid paying the bill for a couple of months, your credit will be shot. If you find yourself in trouble and unable to pay, that's a black mark on your credit report (more about that later) for up to seven years.

BALANCE

\$1,500

INTEREST
RATE

22%

MINIMUM
PAYMENT

\$30

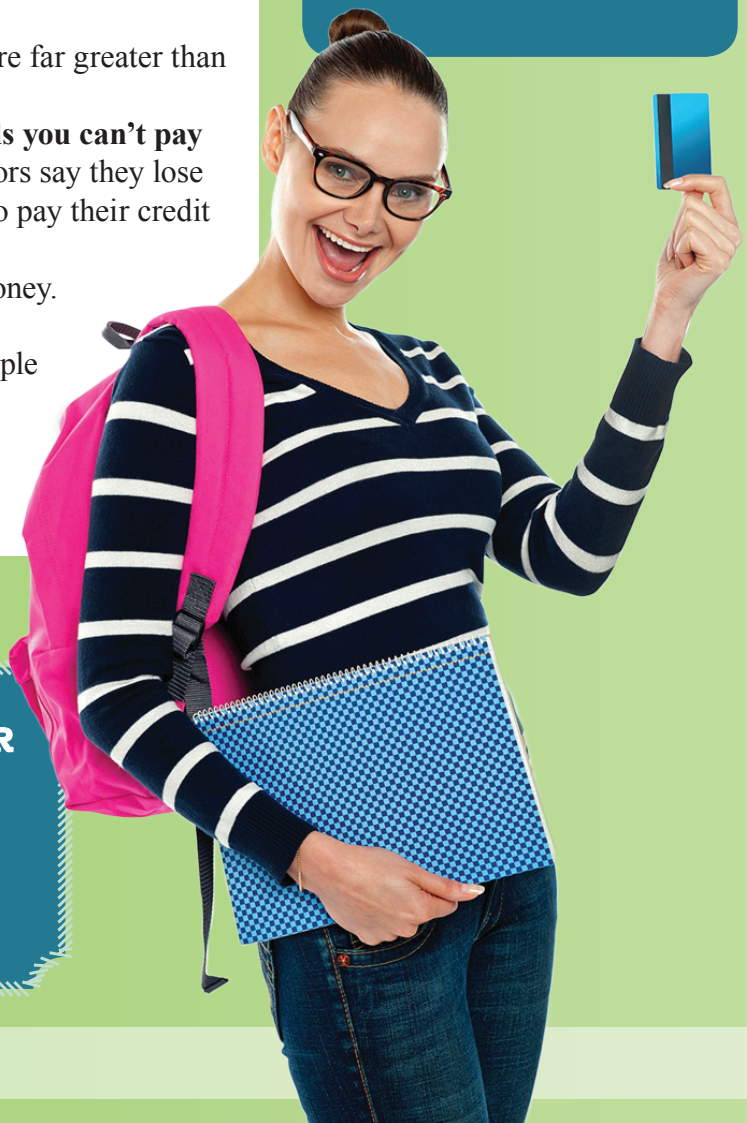
If you only pay the minimum payment, it will take you over 11 years to pay back, PLUS you'll pay...

\$2,603

IN INTEREST

NEVER RUN YOUR
LIFE ON

**BORROWED
MONEY**



**SURE, IT'S EASY TO
SPEND MORE
WITH A CREDIT CARD
BUT YOU PAY DEARLY
FOR THE PRIVILEGE**

Before making that swipe, ask yourself if you can REALLY afford it.

Once you've figured out how much you can responsibly charge on your cards, keep track of your spending just like you do for your checking/debit account.

Once you've drawn down to zero in your credit fund for the month, STOP using your card.

TEXTBOOKS

Textbooks are a great practice run for budgeting. You need them, but there's no law saying you have to buy them from the most expensive place. Most books will run you \$100 (or more!) per class, so a few dollars shaved is good indeed.

Tips include buying used, either at the campus bookstore or online.

If you use an online bookseller, make sure you're

getting the right edition and that you factor in delivery time and any charges to your final cost.

You may also rent textbooks. Some colleges now include textbook rental in their tuition and fees. You can also borrow or buy it from someone who's had the class before.










You can also check one out at the library, but you'll have to turn it in before the end of the semester and can't scribble in it like your own books.





Credit Cards' Rules

Here's the skinny on what you need to know about the laws on consumer credit accounts. Credit card companies:

-  Are limited in increasing the rate on transferred balances during the account's first year.
-  Can't typically apply higher interest rates to existing card balances.
-  Must inform consumers of rate increases or other significant changes 45 days in advance.
-  Must honor "teaser" rates for six months.
-  Must mail statements at least 21 days before payment is due.
-  Are required to provide more timely and clear disclosure statements displaying due date and potential late fees. The statement also must include interest paid in the current year, the monthly payment required to pay off an existing balance and a warning about the costs of making only minimum payments.
-  Are required to post standard card agreements on the Internet.
-  Must set a consistent due date for payments each month. If the due date falls on a holiday or weekend, the deadline is considered the next business day.
-  Are restricted on penalties they may charge for going over the credit limit.

Explain In Writing

If you have a bill you can't pay, contact the company immediately to work out a payment arrangement. Whatever you do, don't ignore letters from people you owe!

Explain everything in writing so you have a record of it. Most companies will work with you if you're upfront about a temporary lack of cash. Ask if the creditor will waive any penalty fees and extend your payment period after you explain you're having a temporary financial setback. If you do find yourself in a bind, look at your finances and figure out your budget before writing your creditors.

Here's a sample letter:

Dear Creditor,

I am currently having difficulty paying my bills because I have not found a job after graduation. Based on my household expenses, I am asking your company to accept a reduced payment on my debt for the next several months while I look for a job. Instead of the \$75 minimum monthly payment, I can pay \$45 during this emergency. Once I am employed, please rest assured I will resume my normal payments and notify you immediately.

Sincerely,
Your name
Address

Account number (Last four digits)

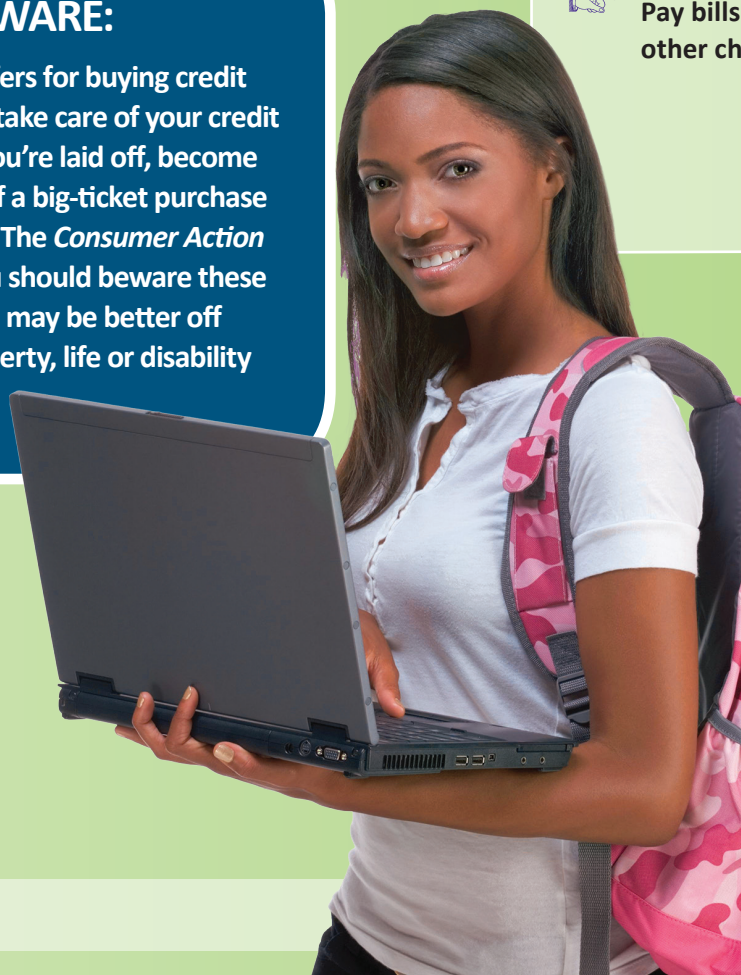


Did you know?

Gift cards! You love to get them, and by law, gift and other similar cards can't expire within five years from the date they were activated unless the expiration date is clearly disclosed. There also can't be an inactivity fee on gift cards except in certain circumstances, like if there has been no activity for at least 12 months.







BEWARE:

You may get offers for buying credit insurance that will take care of your credit card debt in case you're laid off, become disabled or die, or if a big-ticket purchase is damaged or lost. The *Consumer Action Handbook* says you should beware these types of offers. You may be better off to buy regular property, life or disability insurance instead.



Be Credit Smart












Read all application materials carefully — especially the fine print. What happens after the introductory rate expires? What happens to your interest rate if you're late with a payment or fail to make a payment? What's the interest rate for a cash advance?

-  If you think you might get in over your head, consider a secured credit card tied to a bank account or a debit card. Money is deducted directly from your checking account, so you can't spend more than you actually have.
-  Use credit only if you're certain you'll be able to repay the debt.
-  Avoid impulse shopping on your credit card.
-  Save your credit card for a money emergency. (A spring break vacation doesn't count.)
-  Carry only the cards you think you'll use. No more than two!
-  Pay bills promptly to keep finance and other charges to a minimum.

— CollegeBoard.com

A Sample Credit Card Bill:

Are You in over Your Head with Credit Card Debt?

-  Are you taking cash advances on your credit cards to pay your everyday living expenses?
-  Are you taking cash advances to pay on your other credit cards?
-  Are you spending over 20 percent of your income on installment credit?
-  Are you charging purchases you used to pay for with cash?
-  Are you making only minimum payments on your credit cards?
-  Is your overall debt increasing every month?
-  Do you owe more now than you did this time last year?
-  Are you using more than two credit cards?
-  Are you paying late fees and high interest charges?
-  Are you paying your bills later and later?
-  Are you hearing from bill collectors, asking when they can expect their money?

Recognizing the warning signs of getting in over your head is only half the battle. Once you know you have a problem, you have to do something about it.

Credit card bills may show more information than this design, which was mandated by consumer protection laws in 2009. Laws are subject to change at any time.

The Big Oops. Even though you've made a timely payment, with your balance transfer and cash advance, plus your purchases, you've gone over your credit limit and hit the penalty interest rate — which is more than double your current rate of 14.99%.

Always make more than the minimum payment — or pay your balance in full — to avoid interest rates and long-term credit card debt. You probably can't make 15% or 30% interest on any investment.



Summary of Account Activity

Previous Balance	\$535.07
Payments	-\$450.00
Other Credits	\$-13.45
Purchases	+\$529.57
Balance Transfers	+\$785.00
Cash Advances	+\$318.00
Past Due Amount	\$0.00
Fees Charged	+\$69.45
Interest Charged	+\$10.89
New Balance	\$1,784.53
Credit Limit	\$1,750.00
Available Credit	\$0.00
Statement Closing Date	3/22/2016
Days in Billing Cycle	30

Important Changes to Your Account Terms

You have triggered the Penalty APR of 29.99%. This change will impact your account as follows:

Transactions made on or after 4/9/16: As of 5/10/16, the Penalty APR will apply to these transactions. We may keep the APR at this level indefinitely.

Transactions made before 4/9/16: Current rates will continue to apply to these transactions. However, if you become more than 60 days late on your account, the Penalty APR will apply to those transactions as well.

Payment Information

New Balance	\$1,784.53
Minimum Payment Due	\$53.00
Payment Due Date	4/20/16

Late Payment Warning: If we do not receive your minimum payment by the date listed above, you may have to pay a \$35 late fee and your APR may be increased to the Penalty APR of 29.99%

Minimum Payment Warning: If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For example:

If you make no additional charges using this card and each month you pay	You will pay off the balance shown on this statement in about...	And you will end up paying an estimated total of...
Only the minimum payment	10 years	\$3,284
\$62	3 years	\$2,232 (Savings=\$1,052)
If you would like information about credit counseling services, call 1-800-555-5555 Please send billing inquiries and correspondence to: PO Box XXXX, Anytown, KY XXXXX		

Interest Charge Calculation

Your Annual Percentage Rate (APR) is the annual interest rate on your account. (V) = Variable Rate

Type of Balance	Annual Percentage Rate	Balance Subject to Interest Rate	Interest Charge
Purchases	14.99% (v)	\$512.14	\$6.31
Cash Advances	21.99% (v)	\$253.50	\$4.58
Balance Transfers	0.00%	\$637.50	\$0.00

If you would like information about credit counseling services, call 1-800-555-5555

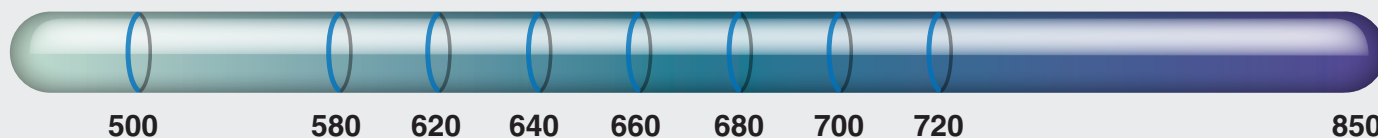
QUESTIONS? Call Customer Service 1-800-555-5555

Lost or Stolen Credit Card 1-800-555-5555

Check your credit

Under the Fair and Accurate Credit Transactions (FACT) Act, you can get a free credit report once every 12 months from each of the three nationwide consumer credit reporting companies.

What's Your FICO® Score?



Worst Interest Rates

Best Interest Rates

Equifax

1.800.685.1111

www.equifax.com

Trans Union

Corporation

1.800.916.8800

www.transunion.com

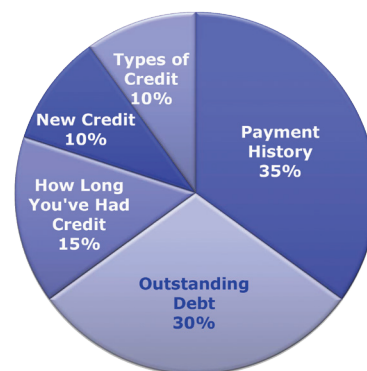
Experian

1.888.397.3742

www.experian.com

You can order a free report every four months, rotating through the three companies. You'll have to pay for extra reports. The Big Three credit bureaus created www.annualcreditreport.com as a central source to provide consumers with secure means to check their credit. You can also call 1.877.322.8228





Your FICO score ranges from 300 to 850. The exact formula used is proprietary information, but these items make up your score:



Why Worry?

A credit score is based on your payment history — a personal finance GPA, let's say. The higher the score, the better your credit and you'll pay less in interest.

Credit scores estimate the risk a company incurs by lending you money or providing you a service — specifically, the likelihood that you will make payments on time in the next two to three years. If you have a history of paying your bills late, it will be reported and will cost you more in purchase price or interest when you are:

-  **Buying a car (and getting insurance for it)**
-  **Buying a home or renting an apartment**
-  **Setting up utilities — A low score may mean paying a deposit**
-  **Getting a job — If you have a good credit score, bosses think you're responsible.**

Some people think you have to have a credit card to build a credit score. But if you open your utility accounts in your name and apply for and get a store credit card (buy something and pay it off in full), you can build a respectable credit score in six months.



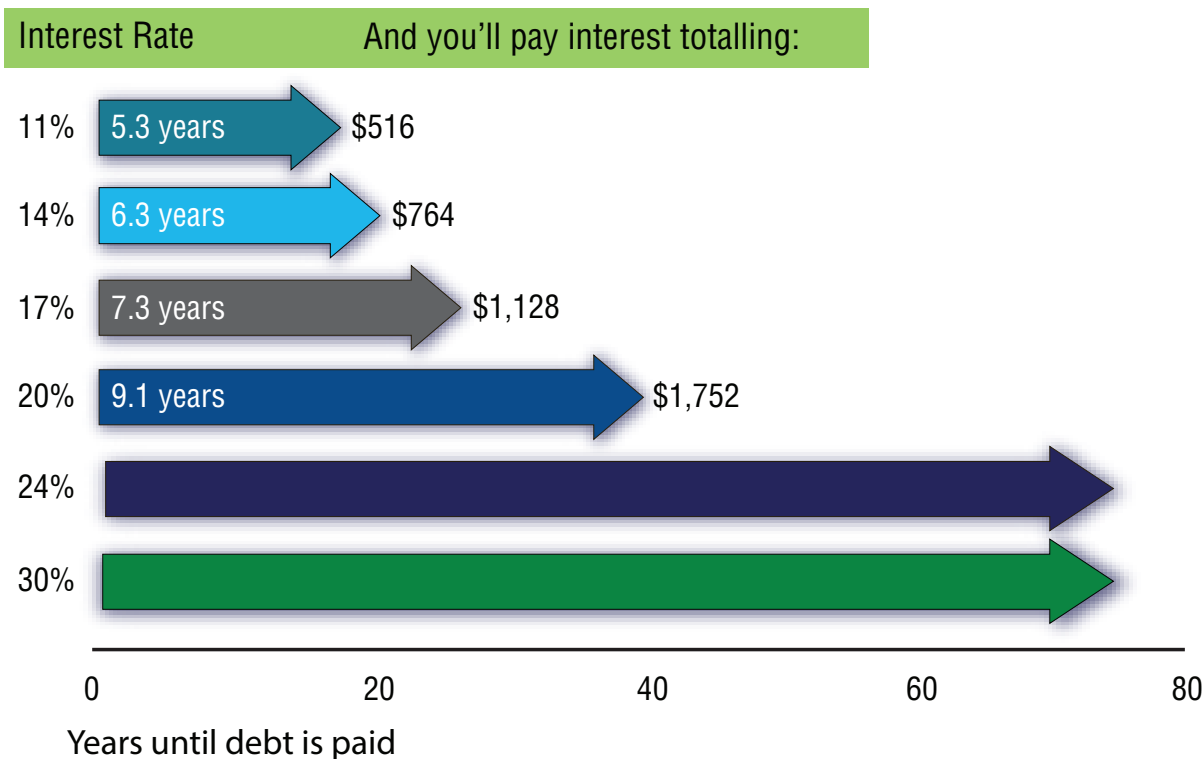
Buy Now, Pay Later?

Want to pay more for everything you buy? Easy. Open a bunch of credit card accounts, charge your credit cards to the limit, miss payments or pay late.

Any late payment stays on your credit report for seven years, even if you've completely paid off the creditor. It's better to start off on the right foot by establishing checking and savings accounts, pay all your bills on time, use your credit cards (if you HAVE to have them) sparingly and pay the bill off every month. Also, open new credit accounts only as needed. Don't open accounts just to have a better credit "mix." It probably won't raise your score.

How long does it take to pay off a \$1,500 credit card?

If you charge \$1,500 and only make a minimum 2% payment each month **WITHOUT** charging anything else, it can take **YEARS** to pay off. At 24% and 30% interest rates, making only the minimum payment is not enough to pay off your account.



College Money

Show Me!

If you earn a bachelor's degree, you can typically earn over \$16,000 more a year — that's more than half a million bucks during a 40-year career — than someone with only a high school diploma.

But college costs money, so find as much free scholarship and grant aid as you can. Your best source of information will be the college financial aid office.

A typical financial aid package includes grants, scholarships and student loans. You may want to work part-time to reduce the amount you have to borrow (and pay back later).

To find out what state and federal aid you qualify for, you and your parents must fill out the Free Application for Federal Student Aid (FAFSA) at fafsa.gov. **Make sure you go to the .gov website.** There are similar-sounding sites that will charge you a fee for something that's free.

Your college may require an additional application for its grants and scholarships — check with your financial aid office before submitting your application.

Even if you're already in college, you'll still have to file a FAFSA as soon as possible **starting October 1** to reapply for financial aid each year.



How Much Will I Pay?

Your student loan payments will depend on the interest rate, the amount you borrow and the payment plan you choose. Below, here's what payments on Federal Direct Stafford Loans, the most common loans, will look like at 3.76% interest. If you take out private loans, interest rates may vary from fixed to variable, meaning they can change at any time. Taking out a loan is a huge responsibility.

DON'T TAKE IT LIGHTLY.



Don't Borrow Trouble

One major financial goal should be to finish college owing as little money as you can. A college education increases your earning potential and opens doors of opportunity. But when you take out a student loan, you're borrowing against your future earnings.

The money you borrow for school must be paid back, and you can't erase the debt because you didn't graduate, you can't get a job in your field or you declare bankruptcy. Your monthly payment should be **no more than 10%** of your monthly gross salary.

Check with the career services or placement office at your school to get an idea of your expected salary based on your major and the year you'll graduate.

Estimated Student Loan Payments at 3.76%*

Initial Debt at Repayment	Monthly Payments	Total Repaid	Interest paid	Annual Salary Needed
\$5,000	\$50	\$6,007	\$1,007	\$13,833
\$10,000	\$100	\$12,012	\$2,012	\$16,837
\$20,000	\$200	\$24,026	\$4,025	\$22,843
\$25,000	\$250	\$30,033	\$5,032	\$25,846
\$30,000	\$300	\$36,038	\$6,038	\$28,850
\$40,000	\$400	\$48,052	\$8,052	\$34,856
\$50,000	\$501	\$60,065	\$10,065	\$40,862
\$75,000	\$751	\$90,098	\$15,098	\$55,879
\$100,000	\$1,001	\$120,130	\$20,130	\$70,895

Source: <http://www.finaid.org>

* Federal financial aid eligibility requirements and award amounts are subject to change. For the most up-to-date information, including interest rates, visit studentaid.ed.gov.

Learn more

Visit the Paying for College section of alstudentaid.com to find out the real cost of college, get an in-depth overview of state and federal financial aid programs, learn how to apply for aid and search for scholarships.



Fraud

Protect Your Identity

Unless you've begun a transaction with a bank, credit union or utility, don't hand over your personal info (like your Social Security, bank account or credit card numbers or PINs) to anyone. Sadly, most identity theft comes from those closest to you. They're in the best position to find and use confidential information.

Never provide this information in response to a phone call, a letter or email, no matter how friendly or official the circumstances. Be suspicious of people asking for your personal data. Some scammers attempt to bully you (especially by phone) to provide or verify personal information. Hang up, or ask for the offer in writing by mail so you can review the deal on your own time.

Review bank and credit card statements carefully. Report unauthorized transactions immediately to limit your losses. Often thieves will try making a small purchase on a stolen credit card (they don't even need the card if they have the number) as a test, so keep a close eye on your accounts.

Tear up or shred credit offers, bank statements, insurance forms and other papers with personal information on them. Pick up your mail as soon as possible after delivery or use a locked mailbox. Put outgoing mail in a blue Postal Service mailbox, hand it to a mail carrier or take it to the post office.



Tips It's a Ripoff



Don't feel pressure to make an immediate decision. A legitimate company will give you a day or two to consider the purchase.



If you get a message saying a friend is stuck somewhere and needs you to wire money to help, contact the friend to make sure it's real.



Don't invest your money without making sure the company is registered with the state securities regulator.









Always confirm a charity is registered before donating. Ask what your donation will be used for, and ask for a written description of the charity's operations.



Don't pay for something just because you've been promised a free gift.

— Adapted from the Alabama Attorney General's website

Tips for preventing identity loss:

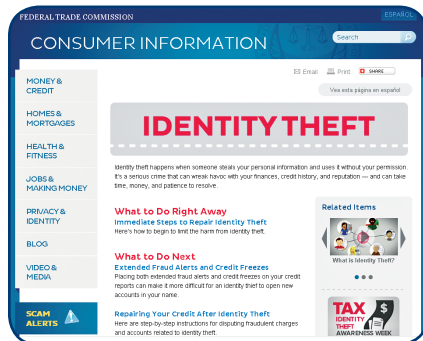
-  **Protect your PIN. Never write a PIN on a credit/debit card or on a slip of paper kept in your wallet or at your desk.**
-  **Watch out for “shoulder surfers.” Use a free hand to shield the keypad when using an ATM.**
-  **Collect mail promptly. Ask the post office to put your mail on hold when you’re away from home for more than a day or two.**
-  **Pay attention to your billing cycles. If bills or financial statements are late, contact the sender.**
-  **Keep your receipts. Ask for incorrect charge slips as well. Promptly compare receipts with account statements. Watch for unauthorized transactions.**
-  **Check your credit report at least once a year. Check it more frequently if you suspect someone has gained access to your account information.**



The Federal Trade Commission (FTC) offers *Take Charge: Fighting Back Against Identity Theft*, which includes the ID Theft Affidavit. You can use the affidavit to report the theft to most of the parties involved. All three credit bureaus and many major creditors have agreed to accept the affidavit.

Request a copy of the publication by calling toll free 1.877.438.4338 or visit www.ftc.gov/idtheft. You can also use this website to file a complaint with the FTC.

The FTC also publishes a series of publications about the importance of personal information privacy. To download, go to www.ftc.gov or request free copies of brochures by calling 1.877.382.4357.



Reporting IDENTITY THEFT

If you’ve become a victim of identity theft, follow these steps:






- 1** Report it to your financial institution. Call the phone number on your account statement or on the back of your credit or debit card.
- 2** Report the fraud to your local police. Keep a copy of the police report, which will make it easier to prove your case to creditors and retailers.
- 3** Contact the credit-reporting bureaus and ask them to flag your account with a fraud alert, which asks merchants not to grant new credit without your approval.

Social Networking

The popularity of social networking sites has exploded. Protect your privacy on these sites. Increasingly, potential employers and admissions counselors use the content on social networking sites to make employment and admission decisions. And, unfortunately, unscrupulous people will try to steal your posted personal information (or hack your credit card info if you've bought something online). Here are some tips to protect yourself in the social media age by using your privacy settings:

-  **Make your contact information private.** Never post your phone number, address or email address. Scammers can easily piece together your identity with this information.
-  **Don't list your exact date and place of birth.** That's gold to identity thieves. Don't answer these questions in quizzes!
-  **Limit who can search for your profile on Internet search engines.**
-  **Don't announce you're going on a trip ahead of time on social media.** That's an invitation for a burglar.
-  **Watch out when you take quizzes,** especially the information you're asked to give. If the quiz includes the name of the street you were born on or a favorite place to travel, that could give scammers a clue to your password.



-  **Change your password once a month.**
-  **Manage who can view images of you —** untag photos if necessary.
-  **Create several “friends” lists to manage who** sees particular information about you.
-  **Be careful about who can see your status updates.** And don't swear!
-  **Don't tell people where you are every** waking moment.

Do Not Call Registry

You can list up to three phone numbers with the National Do Not Call registry at <https://www.donotcall.gov/register/reg.aspx>, up to three numbers at one time. You can also call 1.888.382.1222 if you call from the number you want to register.

Telemarketers have 31 days to remove you from their calling lists when you're registered. However, there are scam artists out there who will call even if you're on the registry.

Remember that charities, political organizations and telephone surveyors may continue to call you, according to the FTC, until you ask them to stop. Debt collectors may also continue to call you whether your number is on the registry or not.

Spam-a-Lot?

Unlike the National Do Not Call Registry, there is no similar opt-out for spam emails (the FTC says compiling a list would be a boon to spammers). However, they offer these following tips from the FTC to help limit spam you receive:

- 👉 Don't give out your email address on Facebook, newsgroups, chat rooms or websites. Or set up two accounts: one for legit business, the other for websites you suspect will give out your address to spammers.
- 👉 Use a unique email address (that you can remember). Jdoe@ will get more spam than jd11qzk@ with most providers.
- 👉 Explore your email account to see if it provides a tool to filter out potential spam. Your Internet service provider may also have a spam filter.

Easy Money Tip\$

- 👉 Don't get in over your head with student loans, buying clothes, eating out or living a lifestyle you can't pay for. It's not cool to live large and be in debt to impress people.
- 👉 Buy used textbooks — and sell your unwanted books back, too.
- 👉 Use your student loans wisely and for school expenses (spring break trips to the beach are not school expenses).
- 👉 Buy smart by being a good consumer.
- 👉 Do research before making an expensive commitment to buy something on impulse.
- 👉 Comparison shop — you might find bargains farther away from campus.
- 👉 Finish your degree and get a job in the field you want.
- 👉 Always have a budget, a checking account you monitor carefully and a credit report you check every year for accuracy and for possible identity theft.

Thank you for letting KHEAA-Alabama help you reach your money goals.

Remember, it's YOUR money, baby!



**KHEAA-Alabama can help you
lasso your finances. We also
help with college planning and
financial aid.**

Ask us how.

www.alstudentaid.com

