



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	

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**

Checking and Savings Accounts



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

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

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

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

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**

Card Types



- **Unsecured credit card**
- **Secured loan**
- **Charge card**
- **Store/gas card**
- **Debit card**
- **Teen/prepaid card**

What to Look for in a Credit Card



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

Card User Types



Are you responsible
for payments?

Authorized user

Co-signer/joint account

Individual

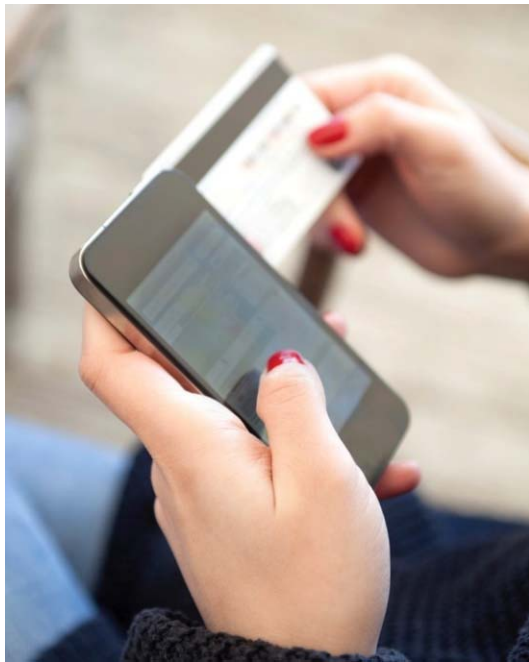
If under 18

Can only be
authorized user

If under 21

Need co-signer or
verifiable income to
get credit card

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



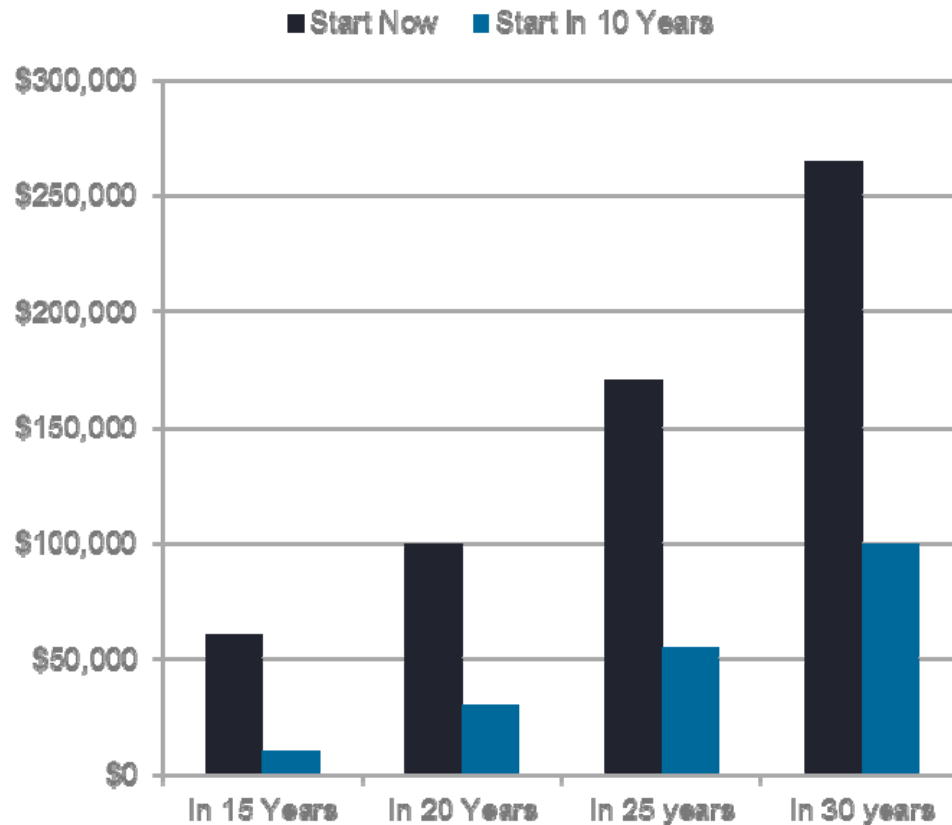
- **Stocks: percentage of ownership in a corporation**
- **Bonds: loans to a company or government**
- **Cash equivalents**
 - Savings and checking accounts
 - Certificate of deposits
 - Money market deposit accounts
 - Money market mutual funds
 - U.S. Treasury bills
- **Mutual funds: variety**

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**

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.

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We're social!





Thank you!

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