

Financial Literacy
*A College Student's
Decision Making Resource*

Brought to you by the **HSI Program!**



Module 1

Your Money Values and Influences

For more information, please visit:

[FDIC Module 1](#)

Are you SMART?

Understanding your values can help you set achievable **SMART** financial goals.

- **S**pecific
- **M**easurable
- **A**ction-oriented
- **R**eachable
- **T**ime-bound

External influences impact financial choices. Use strategies to stay focused on your goals.

THINK Before Spending!

$$\begin{array}{ccccc} \$ & \div & \$ & = & \text{Hours you} \\ \text{cost of} & & \text{hourly} & & \text{have to} \\ \text{item} & & \text{wage} & & \text{work to pay} \\ & & & & \text{for item} \end{array}$$

Module 2

You Can Bank On It

For more information, please visit:

[FDIC Module 2](#)

The Banking Basics

Know the general process for opening a savings or checking account, including options if you are initially unable to open an account.

Learn the rules of your account and keep track of how you use it. This can help you keep costs down and develop a positive banking relationship.

Can you name these Components?



Module 3

Your Income and Expenses

For more information, please visit:

[FDIC Module 3](#)

Income vs. Expenses

Understand the many different types of income and expenses in order to save, share and spend your income.

For example: Your state income tax is a deduction that can be taken out of your Gross Income.

What's your plan?



$$\text{Gross Income} - \text{Deductions} = \text{Net Income}$$

Module 4

Your Spending and Saving Plan

For more information, please visit:

[FDIC Module 4](#)

Bills, Bills, Bills

Use a monthly spending and saving plan to guide how you use your money.

Prioritize which bills to pay first when money is short.

To Be, Or Not To Be... Broke

Think about needs, wants and obligations.

- Conserve:
What can you get cheaper, or use less of?
- Adjust:
What can you renegotiate?
- Do without:
What can you eliminate?

The Ultimate Challenge



INCOME

EXPENSES

[FDIC Home Page](#)

[FAU Financial Aid Page](#)

Module 5

Your Savings

For more information, please visit:

[FDIC Module 5](#)

Where, How, Why?

You can save money and put it away for later/emergencies with several techniques. You can have trustworthy friends hold it for you, put it under your mattress or ideally, store it in a bank.

When shopping for bank accounts, look for accounts with the highest **APY** (annual percentage yield). Also, make sure to look for institutions insured by the FDIC to keep your money safe.

Saving money is important for both emergency situations as well as growth of personal wealth. Having extra money saved away can make life more flexible as you have the freedom to make difficult financial decisions.

The Rule of 72

When saving money and planning for the future, it is convenient to use the rule of 72.

$$72 / \text{APY} = \text{Years to double } \$\$$$

For Example:

If you had \$1000 and your annual percentage yield (interest) was 4%, then it would take 18 years to reach \$2000.

APY, sometimes referred to as **APR**.

APR = Annual Percentage Rate



[FDIC Home Page](#)

[FAU Financial Aid Page](#)

Module 6

Credit Reports and Scores (1)

For more information, please visit:

[FDIC Module 6](#)

Agencies & Scores

Three Nationwide Reporting Agencies:

1. Equifax
2. Experian
3. Trans Union

Who Uses Credit Reports and Scores?

- Landlords
- Employers
- Car Dealers
- Banks



Credit Invisible

Those with prior history of credit problems may have a more difficult time obtaining a loan, getting an apartment, or even securing some jobs.



Official website to order your free credit report from each credit reporting agency.



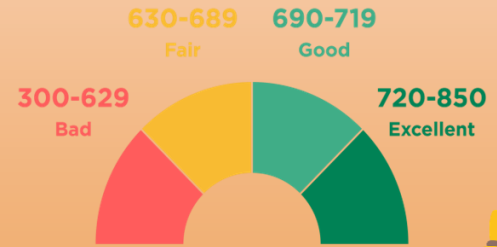
<https://www.annualcreditreport.com/index.action>

Credit Range

Lenders use credit scores to determine risk.

Higher Score = More money saved (Lower Risk)

Lower Score = More money spent (Higher Risk)



Higher Score = More \$\$\$



[FDIC Home Page](#)

[FAU Financial Aid Page](#)

Module 6

Credit Reports and Scores (2)

What Affects the Score?

- Repaying Debts on time
- Keeping the utilization rate (the amount of how much owed versus credit limit or loan amount) LOW
- Length of the account (Older = Better)
- Type of account (Credit Cards, Loans, etc.)



Ways to Build Credit!

- Apply for a credit card
- Open a secured credit card
- Open a credit building loan
- Become an authorized user
- Get a cosigner



Illustration by Chris Gash

Ways to Improve & Maintain!

- Review Credit Reports
- Pay bills on time
- Keep utilization rate low
- Keep old accounts open
- Keep good financial records
- Continue to pay off / down balances



Module 7

Borrowing Basics

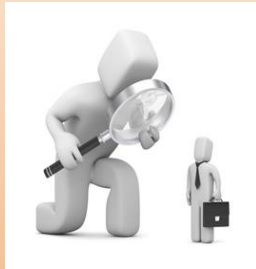
For more information, please visit:

[FDIC Module 7](#)

Principles & Tricks

Principles:

- Principal
- Interest Fee
- Fee
- Repayment



Tricks:

- Borrow only needed amount
- Choose loan without or minimum interest
- Research about interest free options
- Make the repayment as fast as you can

The Need. Don't Qualify? Save!

Find a loan with lowest interest or no interest.
Why pay high interest when low interest loans are available (federal loans)?

Do not worry! Look for a Co-Signer!
Discuss all the Repayment options with the Co-Signer.
Know that Co-Signer can sign a document taking responsibility of Principal amount only.

Try to get scholarships and grants to reduce loan amount.
Get loans who have good grade or Reward programs.

WHAT ABOUT INTEREST?

$$I = PRT$$

I = amount of interest
 P = principal amount
 R = interest rate (in years)
 T = amount of time

Car Loan Agreement
\$7500
5 years
10%

© study.com

Module 8

Managing Debt

[FDIC Module 8](#)

Understanding Your Debt!

Understanding your debt is the first step to managing it. Develop a plan to reduce your debt and get help if needed, such as from a trained credit counselor.



Remember Your Options!

Make sure any debt you are asked to pay is valid as soon as possible. When it's time to pay back your student loans, consider your options and understand what will happen if you are late with payments. Options include:

- **High Cost Debt First** method
 - ❖ First pay off debt with highest cost to you
- **Snowball** method
 - ❖ First pay off debt with lowest balance



Module 9

Using Credit Cards

For more information, please visit:

[FDIC Module 9](#)

What are Credit Cards?

- Buy now, pay later!
- There's a limit on how much you can borrow (credit limit or credit line)

Minimum Payment

- Minimum payments usually required every billing cycle (e.g., monthly)
- Unpaid balance will slowly accumulate interest (based on APR) – meaning you may pay more than your initial balance

Secured vs. Unsecured

Unsecured Credit Cards

- Does NOT require collateral
- May have a limit on how much you can spend
- May have different types of rewards

Secured Credit Cards

- Usually requires some evidence of financial resources (collateral)
- Your collateral may be your limit
- If payments are not made on time, the lender may go after your collateral

Payment Strategies

- Generally good to pay off credit card balances entirely
- If limited on money, one should aim for:
 - Make minimum payments on all credit cards loans
 - Then any money left over to pay credit card loans should be applied to the credit cards with the highest interest rates (generally)



Module 10

Building Your Financial Future

For more information, please visit:

[FDIC Module 10](#)

Assets

- An asset is something you own that has value.
- The three types of assets:
 1. Physical (Cars, Equipment, etc.)
 2. Financial (Cash, Stocks, Bonds, etc.)
 3. Productive (Education, Training, etc.)
- Building assets can lead to wealth and financial security!

$$\text{Equity} = \text{Value of Asset} - \text{Related Liability}$$

Net Worth

- Net worth is a measure of one's financial wealth.
- Calculating Net Worth:
 1. List all assets - calculate total assets
 2. List all liabilities - calculate total liabilities
 3. Subtract total assets from total liabilities

$$\text{Net Worth} = \text{Assets} - \text{Liabilities}$$



Module 11

Protecting Your Identity and Other Assets (1)

For more information, please visit:

[FDIC Module 11](#)

Reduce Risk, Protect Assests:

- Make informed choices that anticipate risks
- Be careful with personal information
- Know your rights and responsibilities
- Consider getting insurance

Asset: something you own that has value.

* YOUR IDENTITY IS AN ASSET *

Risk: potential for harm.

Keep an eye OPEN for:

- Phishing – trick you into giving personal information, often through email
- Vishing – phishing by phone
- Smishing – phishing by text messages
- Spear phishing – targeted phishing
- Pharming – fake websites
- Skimming – stealing credit card or debit card numbers
- Social media scamming



This website provides information about compromised emails:



<https://haveibeenpwned.com/>

[FDIC Home Page](#)

[FAU Financial Aid Page](#)

Module 11

Protecting Your Identity and Other Assets (2)

For more information, please visit:

[FDIC Module 11](#)

Signs you may be a victim...

- Withdrawals you didn't make
- Missing bills and statements
- Merchants refusing your checks
- Credit card transactions not going through
- Statements for credit cards you don't have
- Debt collectors calling about debts that aren't yours
- Unfamiliar activity under your name, such as credit accounts.

What if you ARE the victim?

- ✓ Work with credit reporting agencies to respond to the theft
- ✓ Place a free fraud alert on your credit reports -- initial or extended
- ✓ Dispute inaccurate information
- ✓ Consider placing a free credit freeze
- ✓ Alert them about fraudulent accounts
- ✓ Get copies of documents related to the theft of your identity
- ✓ Ask them to stop contacting you about fraudulent accounts
- ✓ Get written information about fraudulent accounts



Module 12

Making Housing Decisions

For more information, please visit:

[FDIC Module 12](#)

Goals of Module

Learn to estimate affordability.

Determine differences of renting and buying.

Explore rights and responsibilities.

Remember: To help prioritize your options, start by defining what safe housing means to you.

Decide Your Budget



An affordable payment for housing is one you can reliably make each month.

Learn Renter Rights

Ways to protect yourself as a renter include:

- Reading and understanding your rental agreement or lease
- Getting renters insurance
- Knowing your rights and responsibilities

Module 13

Buying a Home

For more information, please visit:

[FDIC Module 13](#)

Goals of Module

Identify steps in the home buying process.

Determine if you are ready to buy a home and key costs.

Discuss home financing options and compare estimates.

Remember: Buying a home is a process. Start by making sure you're ready to buy and figure out what you can afford.

Loan Management



Know your loan! Learn about your financing options for buying a home and shop around to get the best deal for you.

Buying Team

Ways to protect yourself as a buyer include:

- Get help with the home buying process
- Interview before you hire help and ask for references
- Understand what services you will receive and how much they will cost

Module 14

Disasters - Financial Preparation & Recovery

For more information, please visit:

[FDIC Module 14](#)

Goals of Module

Learn that preparing for disasters is part of being financially healthy.

Discover steps to prepare financially for disasters.

Review steps to recover financially from disasters.

Remember: Insurance is a critical support after disasters, but you need to get insurance before disaster strikes.



Prepare for the Worst

- Save time, money, and stress when disaster strikes by making financial preparations
- Develop an initial plan to recover financially from disaster
- Watch out for scams