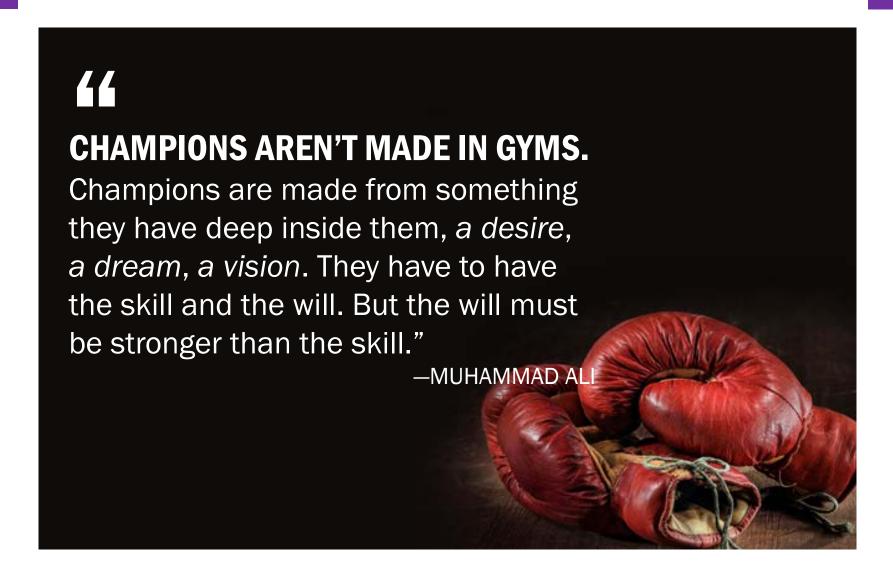


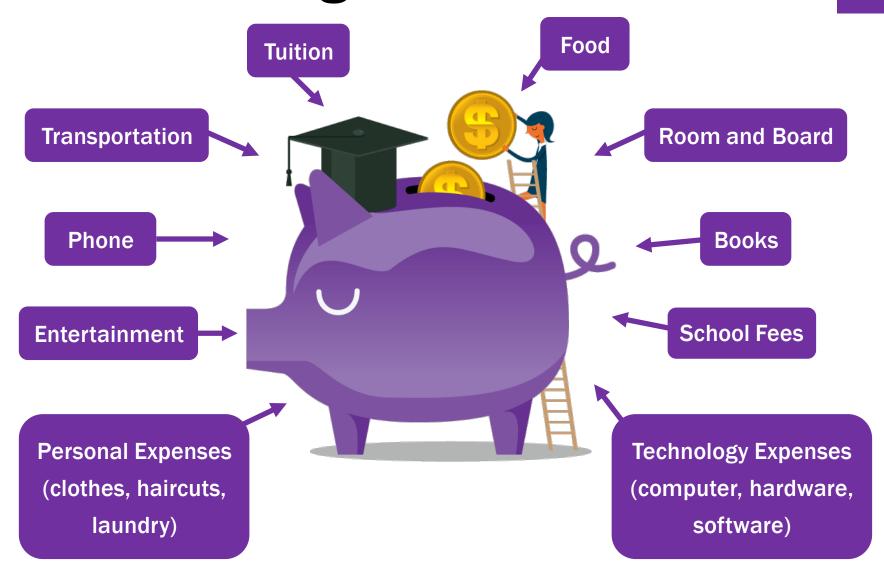
Money Smart for Young People

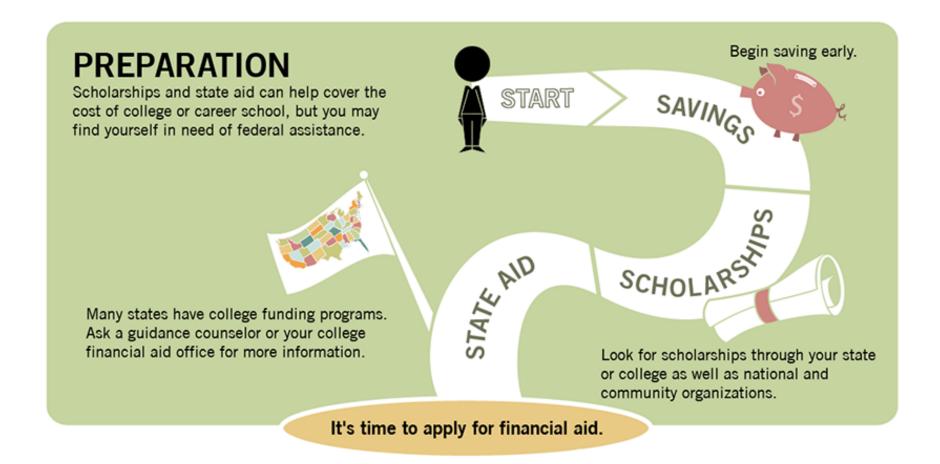
Grades 9-12

What is Your Skill and Will?

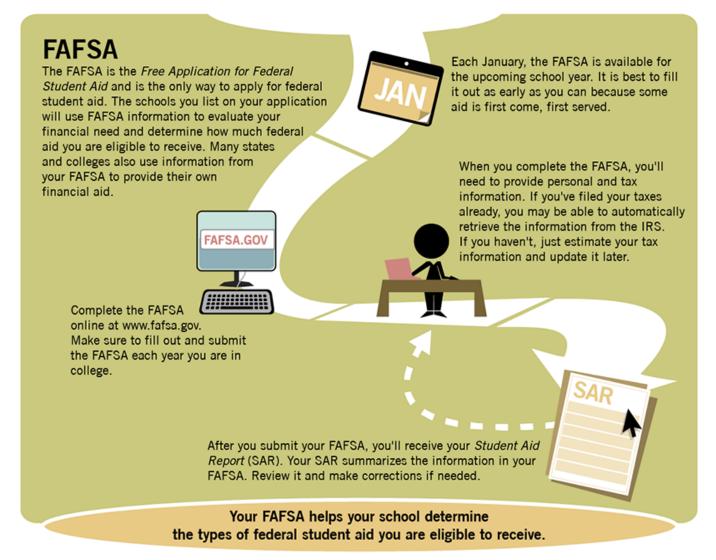


Cost of College

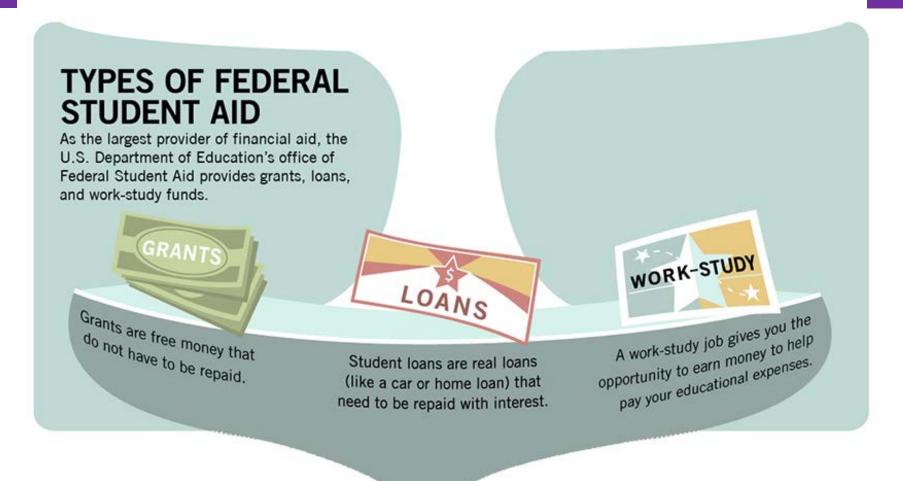




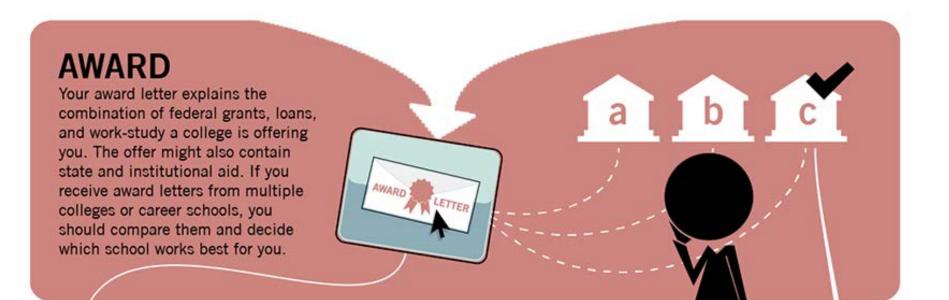
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BEYOND EDUCATION

WORKFORCE

When you take the time to plan for your education and let Federal Student Aid help you along the way, you'll be setting the foundation for a bright future and success in the workforce.

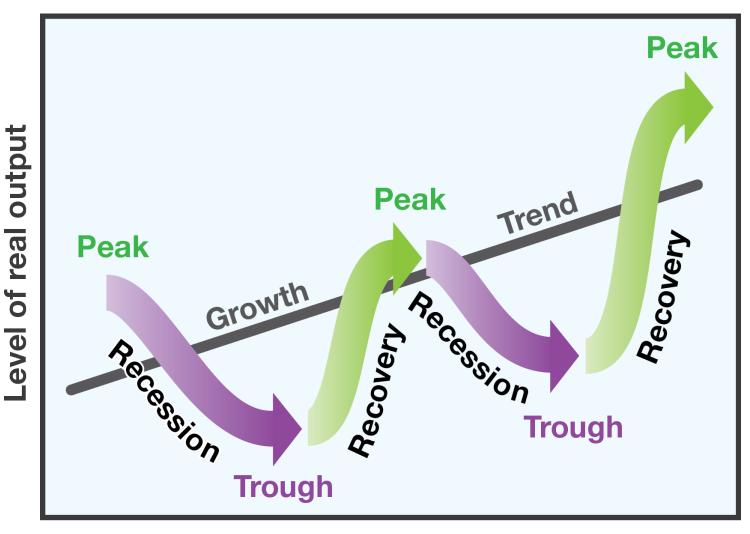
REPAYMENT

Once you leave school, you will need to repay your student loans. Contact your loan servicer to discuss your repayment options.





Economic Cycles

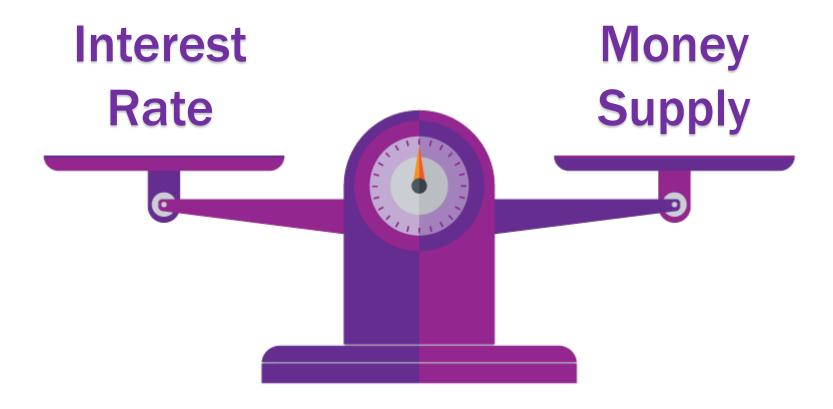


Time

Fiscal Policy



Monetary Policy



INVESTMENT VEHICLES: Stocks

When you buy a stock, you own part of the company, called a share. When the company does well, you may receive dividends or a portion of the company's profits.



The value of your investment changes as the company's stock price changes. When you sell the stock, you may receive more or less money than what you paid for it.

INVESTMENT VEHICLES: Bonds

Bonds are loans to corporations or to the government for a set period of time, or a term. You earn interest on your investment, and bonds can be purchased for as little as \$25.

INVESTMENT VEHICLES: Mutual Funds

Mutual funds are offered by companies that combine money from many investors to purchase numerous separate investments (for example: some include a mix of stocks and bonds or even a mix of stocks of companies in several different countries). They may pay dividends and they may also gain or lose money over time.

By combining your money with the money of other investors, you can **diversify** even a small investment.

INVESTMENT VEHICLES: Diversification

Diversification means "do not put all of your eggs in one basket." It spreads the risk of loss across many investment options.



INVESTMENT VEHICLES: Retirement Accounts

Individual Retirement Accounts (IRAs): IRAs are designed to help you save money for your retirement. Your contributions are generally tax-deductible. IRAs can include FDIC-insured deposit accounts offered by banks, and non-deposit investment accounts offered by investment firms that may include stocks or bonds.

Employer Retirement Accounts:

A **401**(k) plan is a retirement savings plan established by an employer that lets its employees set aside a percentage of their pay for retirement before taxes are taken out. This can help lower your tax bill.

A 403(b) plan is a retirement savings plan for employees of public schools and certain tax-exempt organizations.

Investor Considerations

Risk Tolerance: willingness to lose some or all of an investment in exchange for greater potential returns

Diversification: spreading your assets across multiple investments

Asset Allocation: the distribution of assets among investments to balance risk and reward

Rate of Return: the percentage of money earned or lost on investments

Money Grows

If you start with a \$100 principal and add \$200 to your retirement account each month, how much can you save by the time you are 65?

If you start at age 25...

Principal	\$100.00
Monthly Contributions	\$200.00
Years to Grow	40
Interest Rate (compounded annually)	7%
TOTAL	\$480,621.71

If you start at age 45...

Principal	\$100.00
Monthly Contributions	\$200.00
Years to Grow	20
Interest Rate (compounded annually)	7%
TOTAL	\$98,776.15

Would you rather have less than \$100,000 or almost half a million dollars?!

RETIREMENT VEHICLES: Where to Save?*

[note: edits are based on 2018 limitations]

Roth Individual Retirement Account (Roth IRA)

- You open the account
- Can contribute up to \$5,500 annually
- Not tax-deductible
- No employer match
- After-tax contributions (you do not pay taxes on the money when it is withdrawn)

401(k)

- Your company offers the account
- Can contribute up to \$18,500 annually
- Tax-deductible
- Possible employer match
- Pre-tax contributions (you are not taxed until the money is withdrawn)

Traditional Individual Retirement Account (Traditional IRA)

- You open the account
- Can contribute up to \$5,500 annually
- Tax-deductible
- No employer match
- Pre-tax contributions (you are not taxed until the money is withdrawn)

403 (b)

- If you work at a public school or a tax-exempt organization, your school or organization offers the account
- Tax-deductible
- Can contribute up to \$18,500 annually
- Possible employer match
- Pre-tax contributions (you are not taxed until the money is withdrawn)

^{*}Contribution limits based on 2014

RETIREMENT VEHICLES: Where to Save if Self-Employed?*

[note: edits are based on 2018 limitations]

Simplified Employee Pension Individual Retirement Account (SEP IRA)

- You open the account. It functions as a traditional IRA for self-employed, like single-member businesses or freelance income
- Contributions are made by the employer, not employees
- Can contribute up to 25% (limit \$55,000) of net income
- Contributions are tax-deductible for your business
- Pre-tax contributions (you are not taxed until the money is withdrawn)

Simple Individual Retirement Account (Simple IRA)

- Acts like a traditional IRA for small businesses that may have employees
- Contributions may be made by employees, but employers are required to contribute on behalf of employees
- Employee can contribute a percentage of salary up to \$12,500
- Employers must contribute 2% or a 1-to-1 match up to 3%
- Contributions are tax-deductible for the business
- Pre-tax contributions (you are not taxed until the money is withdrawn)

^{*}Contribution limits based on 2014

Pros & Cons of Renting



- Not responsible for property maintenance
- Generally, under a rental contract, or lease, for one year or less, creating greater flexibility to move
- You don't have costs associated with homeownership, like property taxes and homeowner's insurance. You may, however, have renter's insurance.

- You are not the owner of the home
- Your rent might increase over time
- You might not always be able to renew your lease
- You will not receive a federal tax deduction for rent payments, but when you own a home, mortgage interest is tax-deductible

Pros & Cons of Buying



- You may build equity, which is the value of your home minus the debt you owe on it
- Once you pay the mortgage in full, you own the home!
- Your income tax may be reduced, because mortgage interest and property taxes are generally tax deductible

- You will have to purchase homeowner's insurance and possibly other insurance such as flood insurance
- Buying a home requires more cash up front for a down payment
- You may need to purchase additional insurance, such as that covering earthquakes or floods
- It is not as easy to move when you own a home
- You may have to pay monthly condominium or homeowner association fees. These vary considerably, but generally cover expenses such as the maintenance of common areas in your community.

Renting Costs



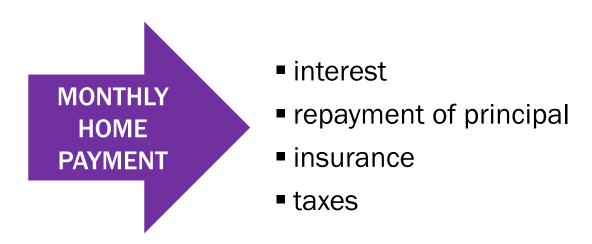
- security deposit
- fees (credit report fees, pet fees)
- connecting utilities
- first month's rent



- rent
- utilities
- renter's insurance (optional)
- fees (parking, pet fees, storage)

Buying Costs

A mortgage is a loan, provided by a financial institution, to buy a house or condo. Most first-time home buyers obtain a mortgage to help finance the home.



Housing Challenge 1

Jay is moving out on his own next month. He found a great apartment for \$695 a month. His total net income is \$1,590 and his current expenses, between his SUV, food, entertainment, and cell phone are about \$950 each month, give or take \$100.

Jay is signing the lease on the dotted line today. Is his choice wise?

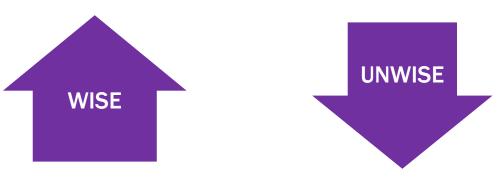




Housing Challenge 2

Rionna graduated from college several years ago, and her career as a graphic designer is going well. She works for one of the largest design firms in her area. Since she has started working, she has always rented a studio apartment to save on costs but now she is ready for more space. She has been working with a homeownership counselor, and she decided to buy next year when she will have saved up enough money to put a 10% down payment on the home.

Rionna will buy a house next year. Is her choice wise?



Housing Challenge 3

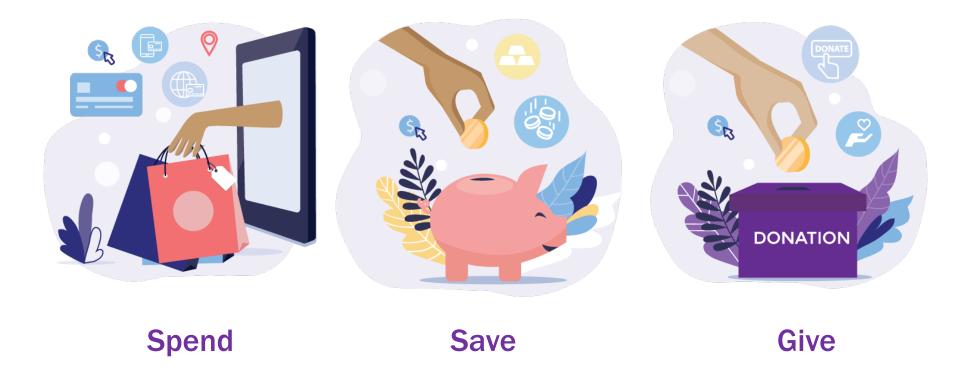
Mason has a steady job as a law clerk, but is living with his parents at home to save money while he prepares to buy a house. He has been approved for a \$200,000 mortgage. If he decides to borrow the full amount, his monthly mortgage payments would be \$1,300. Mason earns \$2,800 net pay each month and his expenses include credit card payments (\$500), groceries and eating out (\$300), entertainment (\$200), truck payment (\$250), and cell phone (\$75).

Mason finds a home he likes for \$195,000 and decides to put in a full-price offer. Is his choice wise?

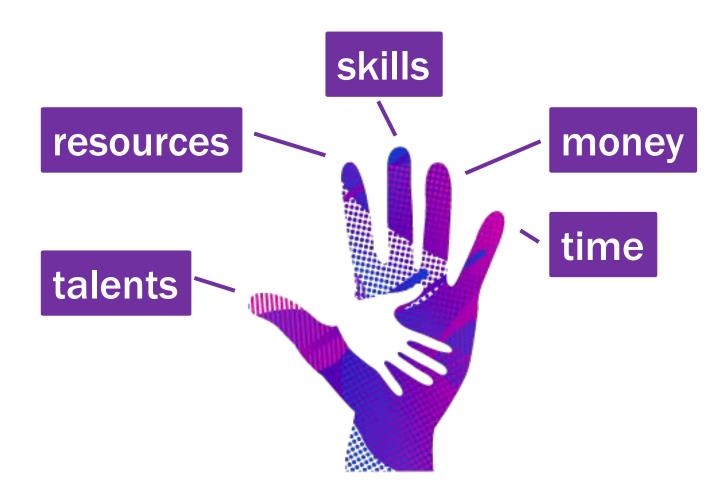




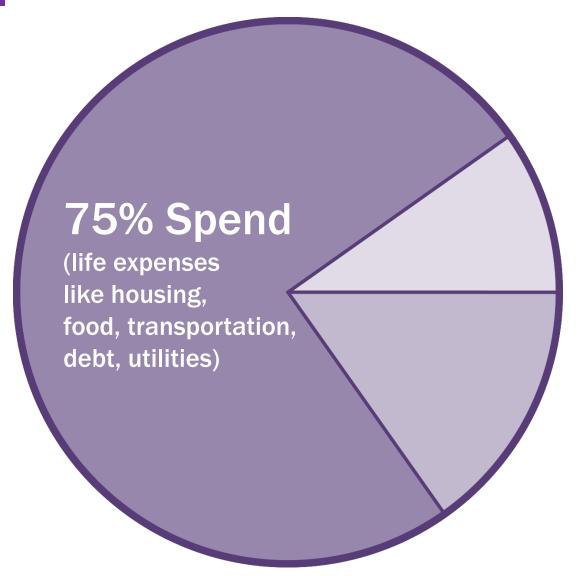
Spend, Save, Give



Philanthropy



BUDGET: Spend, Save, Give



10% Give

(donations to support the common good)

15% Save

(personal savings and investing)

Money Marooned

Your family is here



You are here



What would you do?

ESTATE PLANNING: Trusts & Wills

Will: legal document that you create outlining your last wishes

Trust: legal document used to transfer your property with the ability to set stipulations and conditions before an heir receives your assets (such as a minor child turning 18 before he or she inherits property)







ESTATE PLANNING: Power of Attorney

Power of Attorney: when you grant permission to someone to handle your affairs if you are unable to do so yourself

ESTATE PLANNING: Example of Titles

Tenancy in Common

- Shared ownership of a property
- Ex. five people each holding title
 to one property (does not have to be equal shares)



Joint Tenancy

- Shared ownership of a property with equal shares
- If one owner dies, the other owner(s) have Right of Survivorship, meaning the share of the property is transferred to them

Tenancy in Entirety

- Shared ownership of a property between a husband and wife
- A surviving spouse has Right of Survivorship and becomes the sole owner

ESTATE PLANNING: Life Insurance

Life Insurance: provides financial security to your family in the event of death by paying money to a beneficiary

Credibility 1



Credibility 2









Identity Theft

There is only one of you... or is there?



What Do Thieves Do With Your Information?

- Get into your bank accounts and steal your money
- Use your name to open up credit cards and run up the bills
- Set up utilities and rental agreements using your name
- Take out a loan in your name
- They may even try to use your health insurance!

TYPES OF IDENTITY THEFT: Phishing

Phishing is when criminals:

- Send out unsolicited, or spam, e-mails that appear to be from a legitimate source: perhaps from your bank, school, well-known merchants, your Internet service provider, or even a trusted government agency (e.g., the FDIC)
- Attempt to trick you into divulging personal information

TYPES OF IDENTITY THEFT: Pharming

- Criminals seek to obtain personal or private information by making fake websites appear legitimate
- Your browser will even show that you are at the correct website
- This makes pharming more difficult to detect than phishing

TYPES OF IDENTITY THEFT: Text Message Spam

- Similar to e-mail spam, but on your cell phone
- Criminals often text offers of free gifts or low-cost credit offers with a link
- Clicking the link can install malware on your phone, which is how your personal information is captured

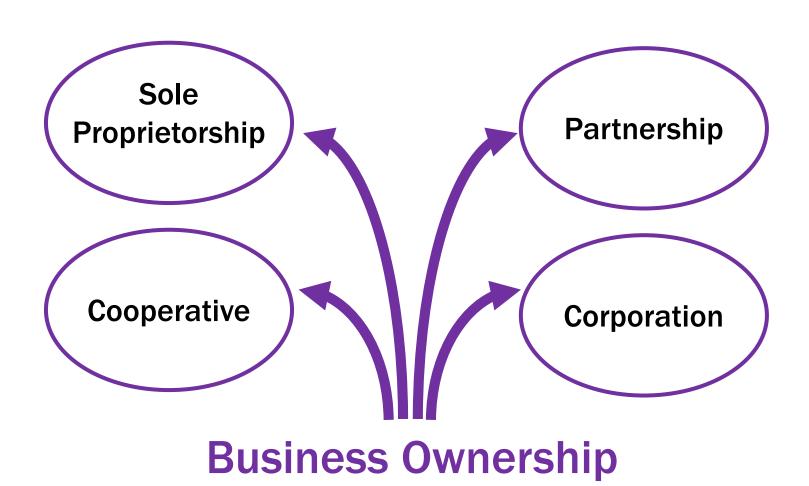


Job Scams

- Promise work, but usually ask you to pay for training or services
- They never deliver the promised employment
- They often advertise on real job websites, so it can be hard to tell them apart from true employment opportunities

Earn \$500 per week GUARANTEED! Sign up today and get started!

Business Type



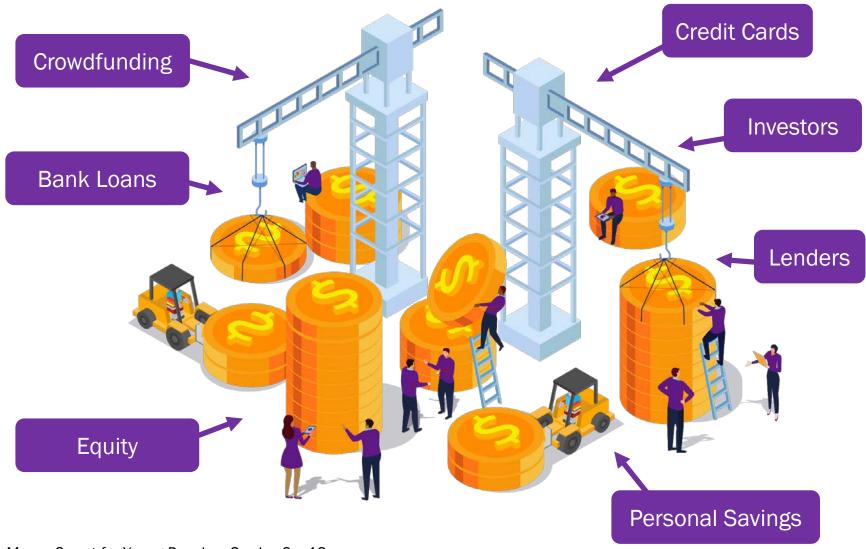
BUSINESS BUDGETING: Financial Statements

Profit and Loss Statement: includes revenues, expenses, and costs incurred by a business during a set period of time.

Balance Sheet: shows a company's liabilities, owner's equity, and assets at a set point in time.

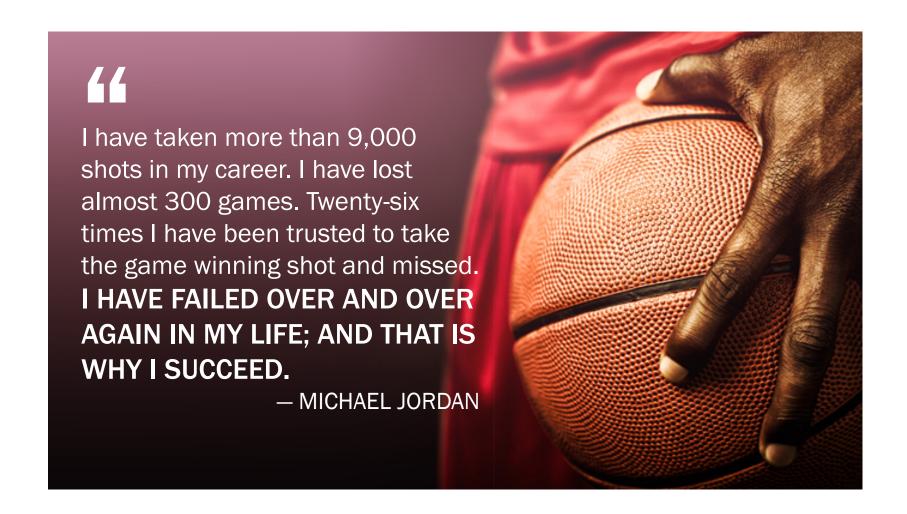
Cash Flow Statement: tracks money coming in and going out of the business.

Start-Up Capital



Money Smart for Young People Grades 9 - 12

Failure = Fuel to Success



Tax Requirements

Income Tax (federal, state, city)

Self-Employment Tax

Employment Taxes

Business Insurance

Liability Insurance: general, professional

Home-Based Business Insurance

Commercial Property Insurance

Required Insurance:

Worker's Compensation, Unemployment Insurance Tax, and Disability Insurance



Business Management

