

For College Students

Money 101

Presenter's Guide

A Crash Course in Better Money
Management For College Students



VISA

Getting Started

The What's My Score Money 101 presentation features six topics that should take approximately 20 minutes each, depending on discussion.

DEAR PRESENTER,

Many students lack basic money management skills. They're in a new environment, possibly away from home for the first time, and most aren't prepared for the financial responsibility that comes with student loans, credit card offers, lease signings and more. And the stakes are high — poor decisions today can have serious consequences for years to come.

Research shows that financial literacy programs work, and early intervention education offers outstanding benefits. Students who learned about personal finances before they received a credit card had dramatically more responsible behavior than students who lacked education. Those students who went through a program similar to this one had 42% fewer late fees on their credit cards and had revolving balances that were 26% lower.

Visa is committed to helping young adults learn the fundamentals about wise money management. That's why we're sharing this Student Money Guide 101, aimed at college students and other young adults. What's My Score Student Money Guide 101 joins the Practical Money Skills program (www.practicalmoneyskills.com) as a core piece of Visa's effort for over 22 years to raise Americans' financial literacy using effective, compelling and relevant educational resources.

Together, we can help teach young adults the basics of sound financial skills that will last a lifetime.

PRESENTER'S GUIDELINES AND SUGGESTIONS

What follows is a lesson-by-lesson breakdown of the presentation. We encourage you to use this general outline as background information to help you flesh out your own presentation. Think of it as talking points, not as a script.

STUDENT WORKBOOK

The Money 101 Student Workbook is available through our website, www.practicalmoneyskills.com, as a printable download. Prior to beginning your presentation, hand out this student workbook with activities on each of the topics. Take advantage of some selected websites for additional student resources, which are included on the back page of the workbook.

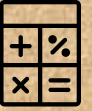
ADDITIONAL OPPORTUNITIES

Work with the online campus bulletin to promote a money management campaign for students. Hold an informal seminar or a questions and answers session. Find a student who might be willing to talk about financial decisions that he or she has made — and the consequences of those decisions.

ADDITIONAL MATERIALS

For additional free financial literacy materials, visit our orders page at practicalmoneyskills.com/free. There you will find teaching materials, games and content all geared to educating consumers about the importance of financial literacy.

Budgeting Your Money



We start this presentation with Budgeting Your Money because it's important for students to know what they have and where it's going. Let's start by tracking expenses and looking at spending patterns. From there, we explore making a plan and keeping a budget.

BE THE MASTER OF YOUR MONEY

The key to understanding personal finance is being aware of expenses and income. Students need to track where their money is going and how much money is coming in each month. This plan will help them manage their money.

WHY BUDGET?

What is a budget and why is it important? What are the consequences of not keeping a budget?

KNOW YOUR INCOME

The first step in this process is to know how much you make. Have your students use the income chart to calculate how much they make each month. Emphasize that students should only include income that is reoccurring and reliable — no gifts or bonuses. See if they can set aside at least 10% to 15% of their income for long-term savings.

TRACKING EXPENSES

Students need to save receipts and track every expense for a month. It's a true eye-opener to see where the money goes. Point out how much money goes towards small purchases, like daily coffee.

THREE WAYS TO SAVE

Here are some simple ways to help stay on top of a budget by saving. Invite students to offer other ideas.

MAKING A PLAN

After tracking expenses for a month, your students should have an idea of where their money is going. Now it's time to put a monthly budget down on paper. Have them estimate their monthly income in order to see what they've spent and make a spending plan for the coming month.

BUDGETING TO MEET GOALS

Now students can learn how to budget to meet goals, both long- and short-term, by adjusting their budgets each month.

BUDGETING APPS

Get your students familiar with budgeting apps that they can link to their bank accounts and help organize their spending into different categories and set personal budgeting goals.

MONTHLY EXPENSE TRACKER

Walk your students through the first month of the monthly expense tracker worksheet. Then have them fill out the next seven months to give them practice and a sense of how expenses can fluctuate per month. This will teach them why it is so crucial to plan ahead.

BALANCING YOUR BUDGET

Now that your students have tracked their expenses and calculated their income they can start balancing their budget. Walk them through the steps of looking at where their money is going. Show them how to cut back and save for larger expenses they plan to make in the future.

WORKSHEET

Walk your students through the budget worksheet to help them balance their budget. Since spending habits can fluctuate month to month explain that if they are spending beyond their means they will need to make adjustments for the next month.

Online & Mobile Banking



In this section, students will learn how to take advantage of all that online banking has to offer. Students will learn that online banking can streamline and provide accurate records for their budgets. Using it the right way, students can always have an accurate picture of what's going on in their accounts.

FUNDS TRANSFER

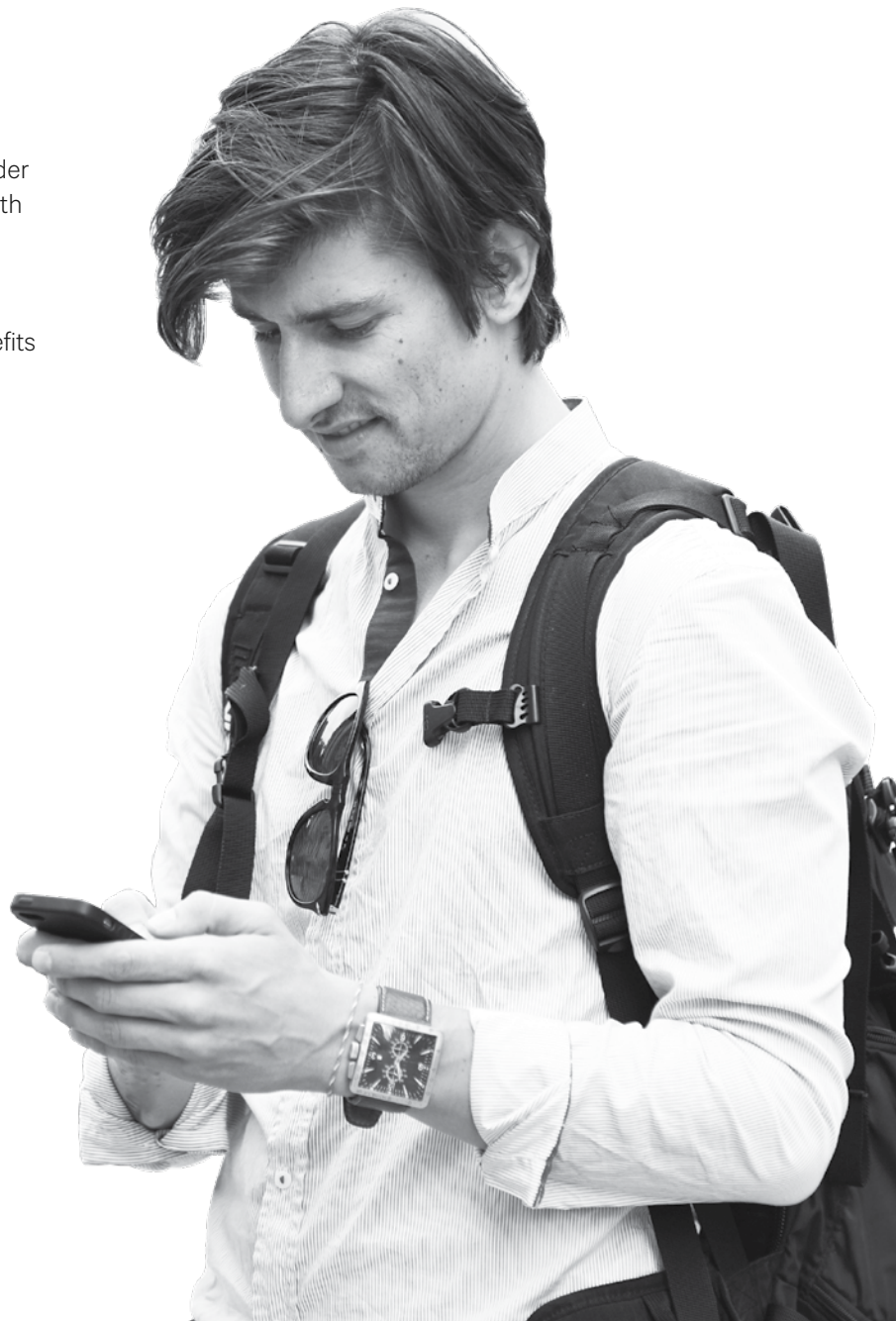
Most banks offer online banking services. From a security standpoint, one of the best qualities of online banking is that it allows you to transfer funds electronically. This section will review what these services are and how students might use them to track their finances and saving strategies.

DIGITAL WALLETS

There are many apps that also come in handy for making payments. Many services allow you to keep track of your debit and credit cards digitally. Have your students consider the pros and cons of paying with a digital wallet versus with a physical card.

ONLINE BANKING BENEFITS

See if your students can come up with all the banking benefits listed and see if they can come up with additional ones.



The Checking Account



The checking account is the central hub for all financial transactions and is accessible in numerous ways — ATM, check, debit card and your bank branch. Every payment and purchase made will be reflected in the accounts both offline and online. A mini-statement may be printed at your ATM in case you want to check in.

BANKING OPTIONS AVAILABLE TO STUDENTS

In this section, students will learn how to choose a bank, open a checking account, take advantage of the convenience that online banking offers, and manage their checking accounts.

CHECK IT OUT

It is important to understand the building blocks of budgeting and online banking — the checking and savings accounts. Help your students understand the banking basics of a checking account and why it is different from a savings account.

CHECKING ACCOUNT CHECKLIST

Here are some key tips to maintaining your checking account and managing your spending for your students.

WRITING A CHECK

Despite checks being a less common method of sending or receiving money, they are important to know how to fill out. This section covers what happens when you or someone else cashes a check and how to keep track of your written checks.

GOOD RECORD-KEEPING

Part of responsible financial management is good record keeping, and with automated bill pay, this is fast and easy. Your online account is a great organizational tool, but it's just as important for you to keep a hard copy of your finances for your own day-to-day records and budgeting purposes.



Debit Cards



A debit card is an ATM card but an ATM card isn't necessarily a debit card. A debit card will have a VISA logo on it and can do some things that an ATM card can't. In this section, we'll go into the differences and things to look out for when using a debit card.

DEBIT vs. CREDIT

It's important you emphasize that although a debit card looks a lot like a credit card, there are some key differences to keep in mind. Every debit card transaction is linked directly to the checking account and is only good for the amount currently available. It is not a credit card. While credit cards allow you to put off the payment, debit cards instantly withdraw the money spent from your checking account.

USE IT — DON'T LOSE IT

Remind your students that a debit card is only as good as the checking account that's behind it. For that reason, it's a more prudent choice for some college students — less credit, less temptation. Like a credit card, it's nearly universally accepted and is as good as cash. This is why it is important to emphasize that students should be careful not to lose them. They are a good way to limit your spending since you can only spend what you have.

THINGS TO REMEMBER: HOW TO USE YOUR DEBIT CARD WISELY

Go through these steps to use your card wisely. Key steps include creating and securing your PIN, knowing where your card will be accepted, keeping tabs on the account balance and saving receipts from your purchases.



The Savings Account



Another key element of a financial plan is a savings account. It's normal for a checking account to continually fluctuate in size while a savings account is stable, if not growing at a steady rate. It's ideal for students to set aside at least 5% to 10% of their income for savings. This section will review how a savings account works and how easy it can be to start saving for the future.

SAVING FOR A RAINY DAY

Developing a consistent savings habit is easier than most people think. It can mean putting away as little as 5% of income on a regular basis. Most students will be surprised how quickly savings grow when earning compounded interest.

COMPOUND INTEREST

Savings accounts typically earn compound interest. Compounding means that whenever interest is calculated, it is based not only on the original amount in the account but also on any interest that has accumulated.

SIMPLE INTEREST

This interest rate is based only on the original amount in the account. Emphasize how compound interest benefits the account-holder more and why. Even though accounts with simple interest are rare, it is still important to understand.

RULE OF 72

This rule provides an approximation of how long it will take to double your money at a specific interest rate. For example, if you earn 2% compound interest, divide 72 by 2, which means it will take about 36 years for your original investment to double in value.

WORKSHEET

Help your students truly understand why interest is so important in their savings accounts. Make sure they take away the lesson that the earlier you contribute to your savings account, the more you make from interest.



Understanding Credit



By the time students reach college age, they may have started to establish some sort of credit history. In this section, students will gain an understanding of what goes into a credit score, as well as what goes into making and maintaining a good credit score. Credit and debit cards also pose challenges and temptations to students. What follows will help to minimize risk.

OVERVIEW

It's important for students to understand the responsibilities and advantages of good credit. The first step is understanding what a credit score is and how it's established. This section also deals with credit cards and student loan information. The fees, the credit limits, interest rates — all the things people may not think about when they pull out their credit card or sign for a loan.

THESE THINGS MAKE UP YOUR CREDIT REPORT

Go over the list of things that make up a credit report. Think of spending habits that could negatively impact the credit report.

WHAT'S A GOOD CREDIT SCORE AND WHY IS IT IMPORTANT?

In the simplest terms, a credit score is a number that helps lenders determine how likely you are to repay your debt. It's like a student's personal finance GPA. The higher the number, the better the score. Help your students understand that the lower your score the higher your interest rates will be. Have them consider what spending habits could positively impact their credit score.

WHEN DOES YOUR CREDIT SCORE MATTER?

Someone wouldn't give their friend money to buy something if they had a history of never paying it back, right? The credit score is a recorded history that proves how reliable (or unreliable) you are about repaying money borrowed. Have your students think of other areas where credit scores might matter; have them think in the perspective of their parents or their future selves (like those who go to college or want to buy a house).

THE INS AND OUTS OF STUDENT LOANS

Student loans are a great option for those who might not otherwise afford to attend college; they are also expensive and only increasing in price. Walk your students through the basics of student loans and explain that even though you usually won't need to start repaying the loans until after graduation, a plan should be put in place to start repaying.

HOW TO APPLY FOR A STUDENT LOAN

The necessary first step to take when applying for a student loan is to fill out the Free Application for Federal Student Aid (FAFSA) form. This will help the student match with qualified student loans. Remind your students that this form is extremely extensive and they should start the student loan process as early as they can. Mention that they should not limit their search to government provided loans. Research other loans, scholarships or grants that they could qualify for based on more than income.

MAKING THE GRADE

Get your students familiar with Tess, the average college student, who is trying to manage her finances. Go through her financial choices and discuss why some choices may have been better than others. Then refer to the advice to make the best financial grade.

TYPES OF STUDENT LOANS

There are many types of student loans. See if your students can create a pros and cons list for each loan, this will help them realize there is a lot to consider when choosing a loan or multiple loans. Go over how important it is to start planning loan repayment during your college career. Consider the list of options you will have for repayment and create a pros and cons list for these.

CREDIT CARDS — KNOW YOUR LIMIT

A credit card is basically a loan. There's a predetermined credit limit and money spent can be paid back in full or in installments. Anything not paid back in full is assessed with an interest charge. Be sure to emphasize that credit cards are one way to build your credit history, as long as payments are made on time. If you are under the age of 21, you will have to get a cosigner* on the card or prove you have a job and can make payments. (*Credit CARD Act of 2009, www.whitehouse.gov)

Understanding Credit



CONSIDER A SECURED CREDIT CARD ACCOUNT

For people who are just starting to build or rebuild their credit, a secured credit card account is a good option. This keeps spending in check because it limits you to spending only what is in the account. Re-establish why this option is different from a regular credit card account.

TAX SAVINGS LESSEN THE BLOW

One way to ease the sting of college costs is to tap into the tax advantages available to you and your parents. The three options are possible areas where tax savings could be made. Contact your tax advisor about the deductibility of interest.

DON'T GET IN OVER YOUR HEAD

Credit cards are useful and can help build one's credit, but be sure to review the list of warnings that covers how the card could be misused and negatively impact their credit.

ADVANTAGES AND DISADVANTAGES OF CREDIT CARDS

Consider the pros and cons of credit cards, then have students think of instances where it's better to use a credit card versus a debit card.

KEEP YOUR EYES ON THE FEES

Credit cards also come with fees. Be sure to consider these factors before choosing a new credit card account.

THINGS TO LOOK FOR IN A CREDIT CARD

In addition to credit card fees, there are other aspects of a credit card account that one should consider before signing up.

DECODING OTHER CREDIT CARD TERMS

Choosing the right credit card starts with comparison shopping. Terms and conditions vary from card to card. Have students research and compare different cards. If students already have a card, advise calling current credit card issuers to see if they'll match the "other offer" terms. Encourage them to read all information closely, including mailing inserts, because they may announce changes in terms and conditions.



Online Resources

Budgeting your money

[Practicalmoneyskills.com](https://practicalmoneyskills.com) Money management portal

Banking

[ABA.com](https://www.aba.com)

American Bankers Association

[FDIC.gov](https://www.fdic.gov)

Federal Deposit Insurance Corporation

[ICBA.org](https://www.icba.org)

Independent Community Bankers of America

[NCUA.gov](https://www.ncua.gov)

National Credit Union Administration

Understanding credit

[Myfico.com](https://www.myfico.com)

Information about your FICO score

[Annualcreditreport.com](https://annualcreditreport.com)

Free comprehensive credit report

[Consumerfinance.gov](https://www.consumerfinance.gov)

Consumer Financial Protection Agency

Student loan Info

[Finaid.org](https://www.finaid.org)

Student loan programs for families

[NSLDS.ed.gov](https://www.nsls.ed.gov)

National Student Loan Data System

[FAFSA.ed.gov](https://fafsa.ed.gov)

Free Application for Federal Student Aid

For more information, visit: practicalmoneyskills.com