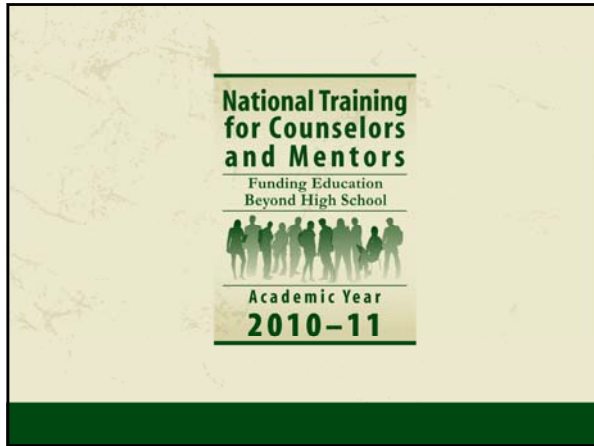
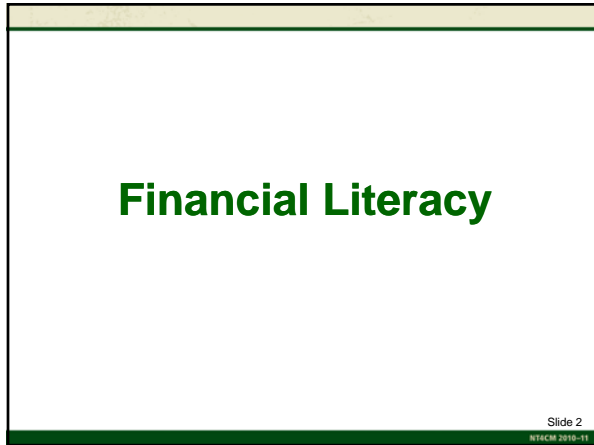
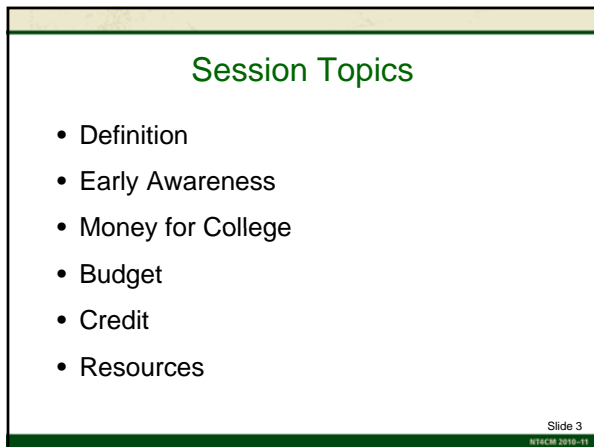


Financial Literacy







Financial Literacy

Definition

Financial Literacy is education on the management of personal finances

- Enables individuals to make appropriate decisions regarding their personal finances

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Early Awareness

Students should

- Start early when learning how to manage personal finances
- Educate themselves before making financial decisions
- Work consistently at making informed financial choices

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Money for College – Cost of Attendance (COA)

- Families have to plan early to meet the many costs associated with college
- COA includes
 - Tuition and fees
 - Room and board (meals)
 - Books and supplies
 - Transportation
 - Personal expenses

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Money for College – Ways for Students and Families to Pay

- Federal student aid
- Other financial aid sources
- Savings
- Scholarships
- Loans

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Money for College – Federal Student Aid

- Money from the federal government for higher education
 - Grants, work-study, loans
- *FAFSA4caster* is an on-line tool that calculates an estimate of eligibility for federal student aid

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Money for College – Federal Student Aid

Students apply for federal student aid by filling out the *Free Application for Federal Student Aid* (FAFSA) at www.fafsa.ed.gov

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Money for College – Other Financial Aid Sources

- Prospective schools' financial aid office
- State higher education agency
- Americorps
- Businesses and labor organizations
- Organizations, churches, and foundations
- U.S. Armed Forces
- Employers

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Money for College – Savings

- Education IRAs
- Prepaid tuition plans
- 529 college savings plans
- U.S. savings bonds

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Money for College – Scholarships

- Federal sources
 - www.students.gov
- Private sources
 - Foundations
 - Organizations
 - Businesses and employers

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Money for College – Loans

- Home equity loans
- Private loans

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Money for College – Financial Literacy Tips

Students and families should

- Pay attention to state and federal aid deadlines and school deadlines
- Know what aid is available; for loans, know their rights and responsibilities
- Avoid financial aid fraud
- Develop money-saving strategies
- Compare college costs and aid packages

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Budget

Budget is a forecast or prediction of cash sources and expenses recorded on a daily, weekly, monthly, or yearly tracking tool

- Helps identify potential financial problems in time to change spending habits

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Budget

Steps to budgeting

- Set important goals and review them on a routine basis
- Organize expenses, student loan papers, and other important documents
- Establish a realistic budget by figuring out spending patterns
- File financial records

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Budget

Budgeting tips for families

- Clip coupons or visit Web sites that offer coupons on-line
- Buy generic brands of products
- Discontinue premium cable channels
 - Purchase the monthly basic plan
- Make majority of cell phone calls during off peak hours
- Fix lunch at home and bring it to school or work

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Credit

Provision of money, goods, or services with the expectation of future payment

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Credit

Steps for students to build good credit

- Set a realistic budget and stick to it
- Charge only what they can afford to repay
- Make monthly payments for bills on time every month
- Pay balance in full to avoid interest charges

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Credit

Steps to good credit (continued)

- Use credit card only in case of emergencies
- Review credit report once a year to check its accuracy

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Credit – Credit Report

Credit report

- Report of risk level, which tells financial lender how likely an individual will repay a loan and make timely, monthly payments

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Credit – Credit Report

Reasons students should review credit report

- Know what others (landlords, banks, potential employers) are finding out by viewing their credit report
- Note their credit score on this report

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Credit – Credit Score

- Credit Score
 - Score creditors use to evaluate a person's potential to repay debt
- FICO score (most widely known score) can range from 300-800
 - Best Score = 750-800

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Credit – Identity Theft

Identity theft occurs when an imposter uses personal identifying information to obtain credit

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Credit – Identity Theft

Ways students can protect against identity theft

- Leave important documents at home
- Keep documents with personal information in a safe place and shred them when no longer needed
- Avoid giving Social Security and account numbers over the phone unless they initiated the call
- Protect PINs and computer passwords by using random combinations of letters and numbers

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Resources

- Federal Student Aid (www.FederalStudentAid.ed.gov) or 1-800-4-FED-AID
- MyMoney.gov (www.mymoney.gov) or 1-888-Money
- Federal Trade Commission's Consumer Protection (www.ftc.gov)
- FDIC Consumer News (www.fdic.gov)
- The Bad Credit Hotel (www.controlyourcredit.gov)

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Resources

- Navigating Your Financial Future (www.navigatingyourfuture.org)
- 360 Degrees of Financial Literacy (www.financialliteracy.org)
- College Savings Plan Network (www.collegesavings.org)

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