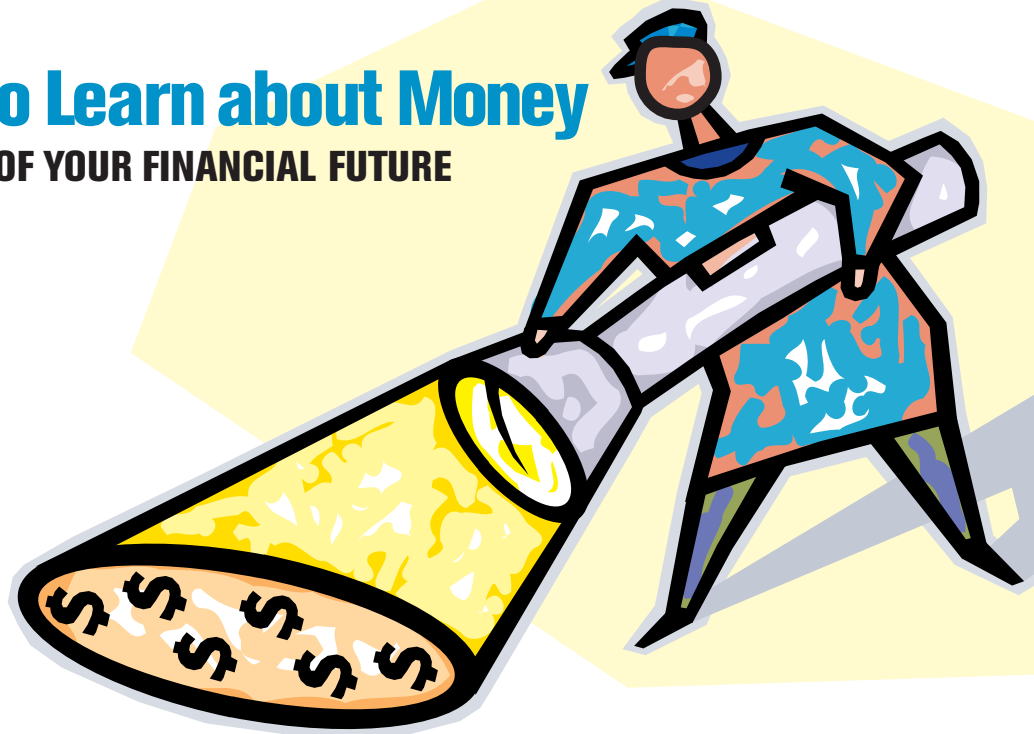


“No matter who you are, making informed decisions about what to do with your money will help build a more stable financial future for you and your family.” –Alan Greenspan

## There's a Lot to Learn about Money

**YOU CAN TAKE CHARGE OF YOUR FINANCIAL FUTURE**

Federal Reserve System





## Take Charge

It's possible to meet your financial goals—whether your income is small, medium or large.

By looking for good information on managing your finances, along with choosing to budget, save and use credit wisely, you can:

- Buy a home.
- Send your child to college.
- Start a business.
- Pay off debts.
- Put money away for a rainy day.
- Save for retirement.

No matter who you are, you can take charge of your financial future. Start today!

To get you started, here are some simple tips.

**THERE'S A LOT TO LEARN ABOUT MONEY.**

## Set Goals

Most people who have money didn't get it overnight. They set goals and worked hard to reach them.

**TRY THIS:** Write down your short-term and long-term goals. An example of a short-term goal is saving up for holiday gifts; a long-term goal is saving for a home.

- Set due dates for reaching your goals.
- Be realistic.
- Be flexible. (It's OK to adjust your goals and strategies.)
- Go back and look at your goals after six months to check your progress.



## Develop a Budget

Find out where your money is going. Unless you're tracking your money, it's probably not going where you really want it to.

**TRY THIS:** Write down your total monthly take-home pay. Then list your monthly expenses. At the end of the month, subtract those expenses from your total pay.

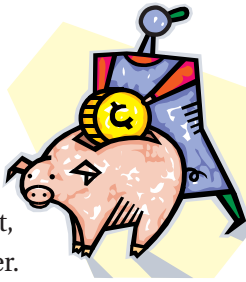
- Look for places to save.
- Use this information to set a monthly budget that includes saving.
- Review how things are going each month.

**TIP:** Carry a small notebook. Write down everything you spend. Include small things like candy bars.

**THERE'S A LOT TO LEARN ABOUT MONEY.**

# Start Saving

Small amounts of money saved regularly add up fast. Compound interest, which lets you earn interest on interest, will make your savings grow even faster.



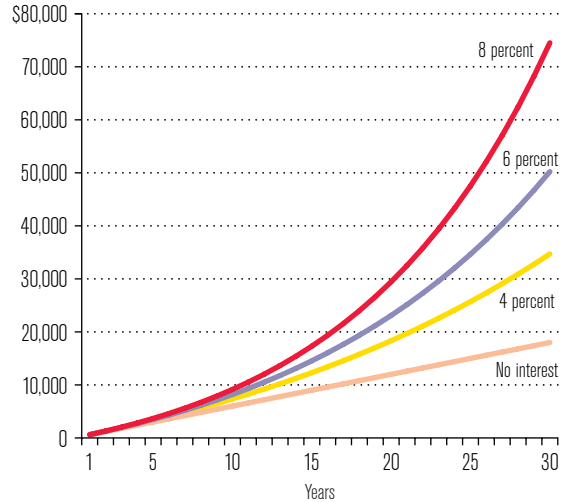
**TRY THIS:** Open a savings account. Have part of your paycheck deposited directly into your savings account every month.

- Shop for the best interest rates.
- Understand all fees and charges.
- Take advantage of your company's 401(k) or invest in an IRA (individual retirement account).
- As your income rises, increase the percentage you save.
- Know that the greater the potential profit on an investment, the greater the potential risk of losing your money.

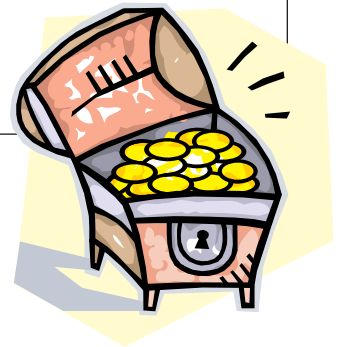
**TIP:** The earlier in life you start saving, the more you'll have later.

## TIP: COMPOUND INTEREST ADVANTAGE

Value of Savings



Note: Examples assume \$50 monthly deposits; compound interest examples assume interest is paid monthly on the sum of the deposits and accumulated interest.



**THERE'S A LOT TO LEARN ABOUT MONEY.**

## Manage Credit Wisely

Borrowing can help you meet your long-term goals for an education, car or home. But borrowing for day-to-day needs and wants gets many people into financial trouble.

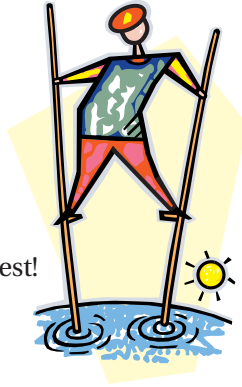
**TRY THIS:** Before using your credit card, getting a payday loan, renting-to-own or borrowing against your home's equity, ask yourself if you really need to borrow the money.

- Avoid spur-of-the-moment purchases.
- Set a monthly limit on credit card charges.
- Pay more than the minimum on your credit card bill.

### TIP: THE MINIMUM PAYMENT TRAP

It would take 61 years to pay off a \$5,000 credit card balance if you make only the minimum monthly payment. You would pay almost \$16,000\* in interest!

\* Assuming a 14% interest rate and minimum payment of 1.5% of the outstanding balance.



## Protect Your Credit Rating

Lenders use credit reports to decide whether to loan money. Insurance companies, landlords and employers also check credit reports. A report that shows defaults or late payments— even 30 days late—can mean not getting a loan or paying a higher interest rate.

**TRY THIS:** Find out your credit rating. Call a credit bureau for a copy of your report.

- Pay all bills on time.
- If you're having trouble paying bills, get advice from a reputable nonprofit organization before you become delinquent.
- Check your credit report every year.
- Alert the credit bureau if you see errors in your report.

### TIP: CREDIT BUREAUS

Equifax 1-800-685-1111

Experian 1-888-397-3742

Trans Union 1-800-888-4213

**THERE'S A LOT TO LEARN ABOUT MONEY.**

# Get the Best Deal

When you borrow money, you have a right and a responsibility to know all the loan's terms and conditions. Ask questions and compare interest rates and fees. Know what's at stake if you don't make your payments.

**TRY THIS:** Before you borrow money, ask these questions:

- What is the interest rate?
- What are all the fees?
- How much will I have paid in interest when the loan is paid off?
- Can I pay it off early without penalty?

**AND THIS:** Shop around and compare. Don't get taken.

- Question an offer that makes borrowing sound too good to be true.
- Always read and understand the fine print.
- Seek help if you need it.

## TIP: SAVE MONEY WITH THE RIGHT LOAN

### Get the Lowest Rate

\$15,000 Car Loan for 5 Years		
Lender	Interest rate	Total interest
Pixley Bank	6.5%	\$ 2,609.53
ABC Car Loan	7.5%	\$ 3,034.15
XYZ Finance Company	8.75%	\$ 3,573.51

### Choose the Shortest Term

\$15,000 Car Loan at 10 Percent Interest			
	3-year	4-year	5-year
Number of payments	36	48	60
Payment	\$ 484	\$ 380	\$ 318
Total paid	\$ 17,424	\$ 18,261	\$ 19,122
Interest saved	\$ 1,698	\$ 861	—



**THERE'S A LOT TO LEARN ABOUT MONEY.**

## Take Control

Getting the right information can help you gain control of your finances.

**TRY THIS:** When you need information, make sure the source is reliable.

- Know who you are dealing with.
- Make sure the resource is credible and properly trained, accredited or certified.
- Ask for references.
- Understand any fees or charges.
- Make sure they're not trying to sell a product or service.
- Avoid resources that charge excessive fees.
- Ask questions.

## Learn More about Money

There's a lot to learn about money, and there's plenty of free information available. The Federal Reserve education web site, [www.federalreserveeducation.org](http://www.federalreserveeducation.org), offers personal financial education information and links to many useful resources.

**TRY THIS:** Look for organizations in your community that can help you learn more about setting financial goals, budgeting, saving, using credit wisely and getting the best deal. Here are some possibilities:

Nonprofit credit counseling service

Library

Community college

Bank or credit union

Nonprofit community development corporation

Nonprofit housing organization

Religious organization

Senior citizen center

Employee assistance program

County extension service



**THERE'S A LOT TO LEARN ABOUT MONEY.**



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