



I Know Where I'm Going

(But Will My Cash Keep Up?)

PART ONE

Second Edition

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NATIONAL ENDOWMENT FOR
FINANCIAL EDUCATION

Partnering for Financial Well-Being



The Annie E. Casey Foundation

FEPPP

Financial Education
Public-Private Partnership
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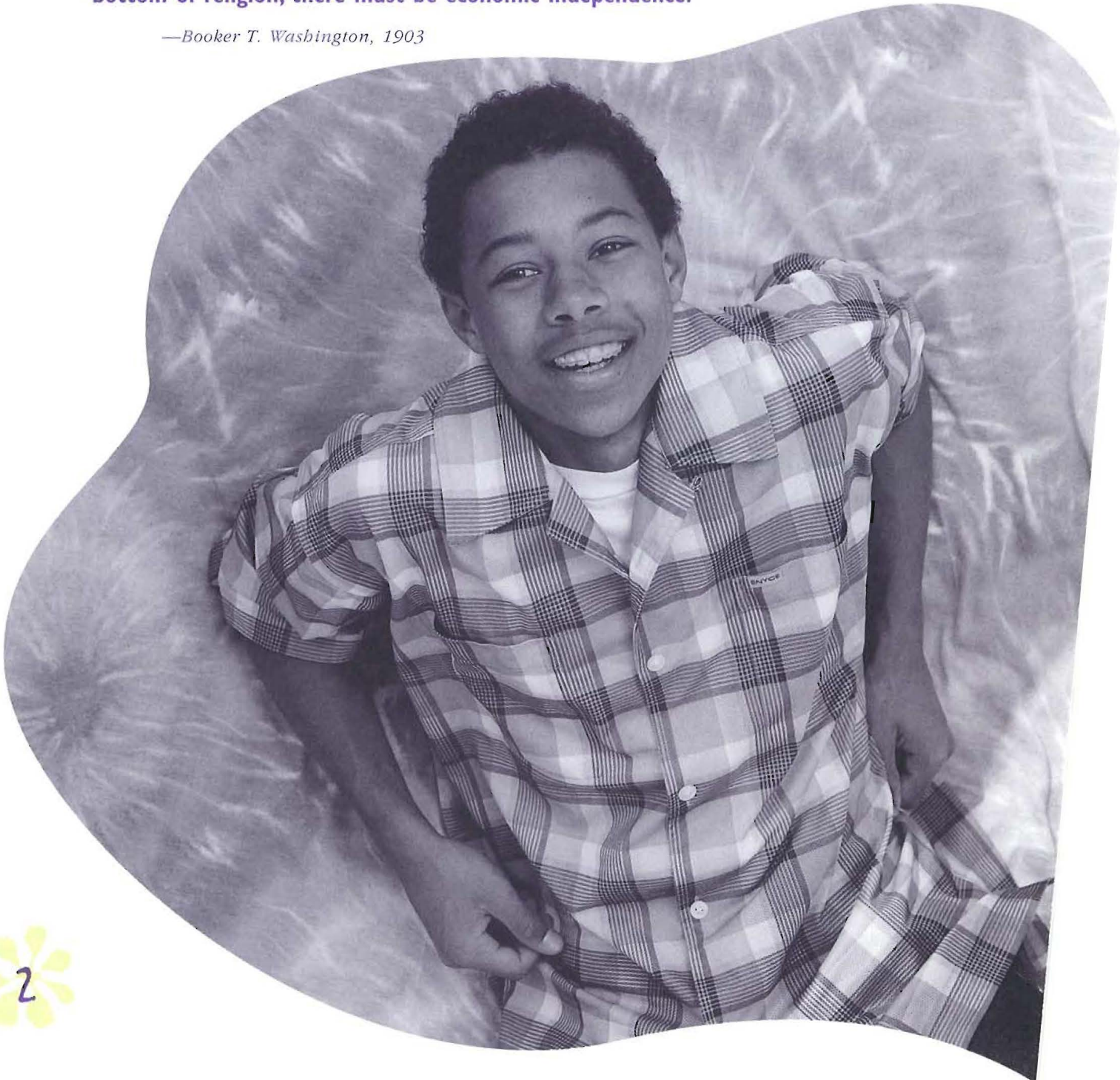
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I'm On My Way to Tomorrow

“At the bottom of education, at the bottom of politics, even at the bottom of religion, there must be economic independence.”

—Booker T. Washington, 1903





You have plans and dreams. There are things you want and things you want to accomplish. You already know that money has a big effect on getting what you want. If you want a new skateboard, it'll take money. If you want a career, it'll take money to get training or to go to college.

Right now you probably don't have a lot of money. You also may be thinking, *"My foster parents don't have a lot of money. My birth parents don't have a lot of money. I'll never be able to get very far in life."* It may be true that your birth parents and your foster care family don't have a lot of money—at least not enough to buy you everything you want. But it just isn't true that you'll never be able to get very far in life because you don't have money now.

Frankly, some teenagers with lots of extra cash have only ended up making a mess of their lives. Other teenagers who grew up poor and often with troubled families turned their lives around. Just think of Tyler Perry, Selena Gomez, Jay Z. Jay Z grew up poor, got involved with drugs and violence, but turned his life around. He created his own record label, and is now a billionaire business person. What happened? He made a choice—He chose to change his life.

And choice is what life is all about. The better choices you make, the better your life will be. Of course, we realize that certain parts of your life are beyond your choice right now. You didn't choose to live in foster care. Caring adults had to make hard choices about where you live today. But as you grow older, you will have more and more choices to make about how to lead your life. Money can help you make choices about where you live, how you live, and what you do.

Now that you're a teenager—or just about to become one—it's time to start thinking less about *today* and more about *tomorrow*. Today is out of your control; but someday soon there will be a tomorrow that *you* get to control. Will you be ready? Will you have the money skills to go along with your survival skills?

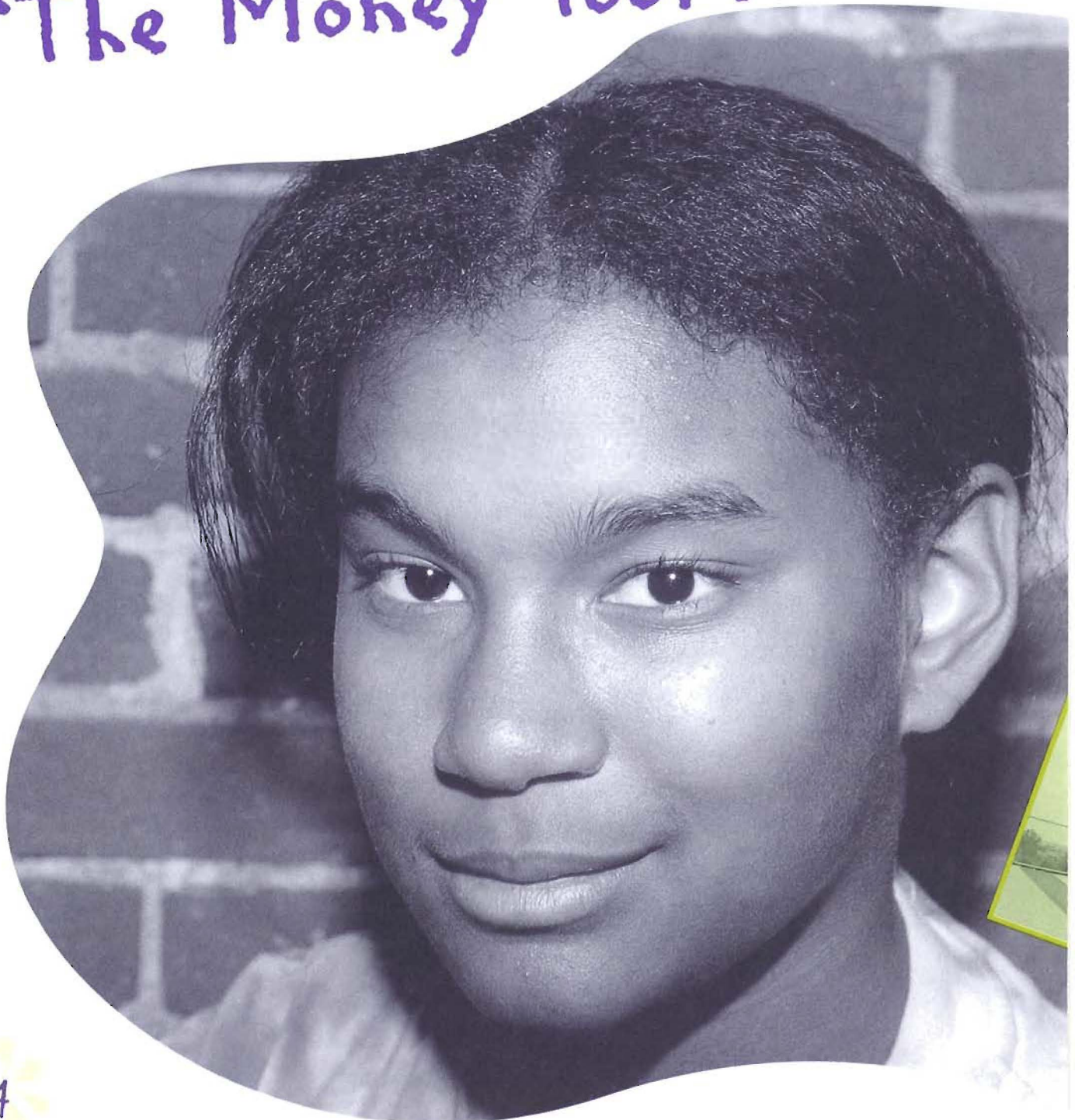
This guide was written to help you answer "yes" to these questions. It's meant to help you fine-tune your money skills. It doesn't matter if your money right now comes from an allowance, from your birth family, or from work you do. This guide will help you understand:

- ◆ what money is
- ◆ how and where to save it
- ◆ how to earn it
- ◆ how to spend it

So go ahead and use this guide to help you prepare for tomorrow—that "tomorrow" *you* get to control. We also urge you to talk with the trusted adults in your life: foster parents, case workers, child advocates, teachers, or guidance counselors. Ask them questions. Ask for advice. You may know where you're going, but they may be able to smooth out some of the bumps along the path.



I've Heard of 'The Money Pit'—But 'The Money Tool'?





MIND GAMES:

What if I won a million dollars?

Everybody thinks about winning the lottery. If you won a million dollars, what would you do with it? List below the first three things you would do if you won that much money.

1. _____
2. _____
3. _____

You know that money is what allows us to buy “stuff.” The stuff we buy can be **electric scooters, or **drones**, or cool clothes. But money is even more than that. It is a tool. With this tool, you can shape your life. But, like any tool, you have to know how to use it. After you have mastered this tool—money—you can build your life the way you want.**

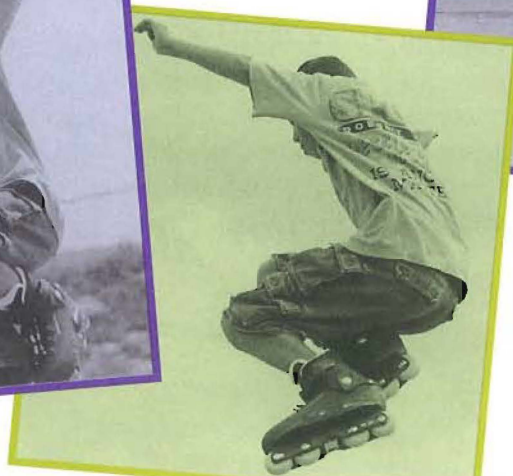
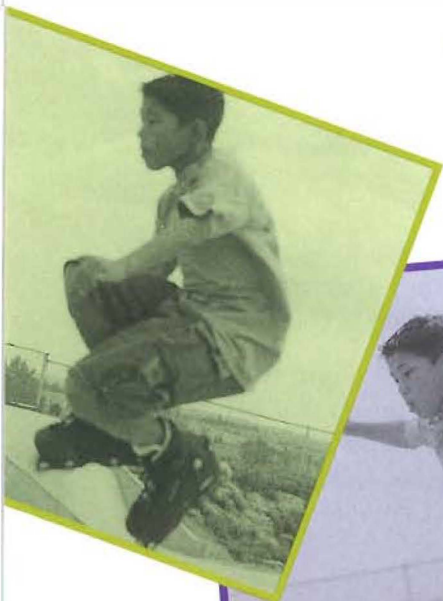
It's fun to think about winning the lottery and being “set for life.” But there are two problems with that idea.

First, it is probably not going to happen to any of us. You are more likely to be struck by lightning than to hit a big jackpot. Second, most big lottery winners *aren't* set for life. In fact, they go bankrupt at a higher rate than the majority of people. So it's a good idea to learn as much as you can about how to get the most out of the money you have.

I WON THE LOTTERY!

Ask your friends and family what they would do with a million dollars. A recent survey showed how adults would spend their money if they suddenly became wealthy. The top three answers were:

1. buy a house
2. Buy a car
3. take a vacation
4. _____





MONEY VALUES

I value money, so I must have money values. Not exactly. Wanting—or valuing—money is one thing. But money values are another thing entirely. Your **values** (the things in life that are important to you) will help determine what you will do with your money.

You can use your money for three things:

1. You **spend** it on things you need or want now.
2. You **save or invest** it for things you need or want later on.
3. You **share** it or use it to help others in need.

How do you use your money? That will tell you a lot about your money values.

Watchin' Wendell

Wendell's birth mom sent him a card that had a \$20 bill inside. He decided to splurge a little on himself. He planned to use the money to eat lunch with some of his friends at a fast food restaurant.

After that, Wendell wanted to go shop for a wrist band with the logo of his favorite sports team at the store on the way back to the group home.

Around lunchtime, Wendell's friends were all gathering outside their classroom. Wendell's friend, José, realized he didn't have any money with him. He told the group that he wouldn't be able to go with them and would have to go home for lunch that day. Wendell knew that José was responsible about money and would pay back loans quickly. So he pulled out his wallet and said, "Here, José, use some of my money. I have enough. You can pay me back tomorrow."

Wendell values José's friendship and he wanted José to be able to come with all their friends for lunch. He didn't want José to have to miss out on their fun. So, he lent José the money to go with them. José paid the money back to Wendell the next day.

What did Wendell value?

Below are some words and phrases. Check the words and phrases that show what Wendell valued when he gave José some money.

- ◆ Time with friends is important.
- ◆ Friendship is more important than anything.
- ◆ Money is more important than anything.
- ◆ Let's have fun.
- ◆ You can trust your friends.
- ◆ ...
- ◆ ...
- ◆ ...



MIND GAMES:

What do I value?

Decide how important each of the following is to you.

Very Important	Not Very Important	
<input type="checkbox"/>	<input type="checkbox"/>	1. Being a good friend.
<input type="checkbox"/>	<input type="checkbox"/>	2. Sharing things with a friend.
<input type="checkbox"/>	<input type="checkbox"/>	3. Buying things for a friend.
<input type="checkbox"/>	<input type="checkbox"/>	4. Having a neat appearance.
<input type="checkbox"/>	<input type="checkbox"/>	5. Wearing designer clothes.
<input type="checkbox"/>	<input type="checkbox"/>	6. Looking cool with the clothes I have.
<input type="checkbox"/>	<input type="checkbox"/>	7. Buying only what I need.
<input type="checkbox"/>	<input type="checkbox"/>	8. Being able to spend money freely.
<input type="checkbox"/>	<input type="checkbox"/>	9. Making good shopping decisions.
<input type="checkbox"/>	<input type="checkbox"/>	10. Watching my money grow.

Now, put a star next to the answer that would use up the most money.

Answers: 3, 5, or 8.

Is there another choice in the answers that could be a good compromise between spending a lot of money and not spending any? Circle it.

Answers: 2, 6, or 9.

Explain why you picked the statement you starred. Also, describe your reasoning for choosing the statement you circled.

More things to think about



Here are some new ideas to think about. How important to you is each of the following?

**Very
Important**

**Not Very
Important**

1. Working to have things now.

2. Working now for things in the future.

3. Working to help others.

4. Having spending money.

5. Saving money for a major purchase.

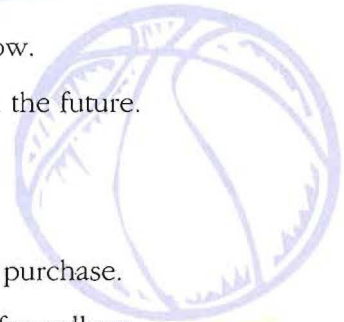
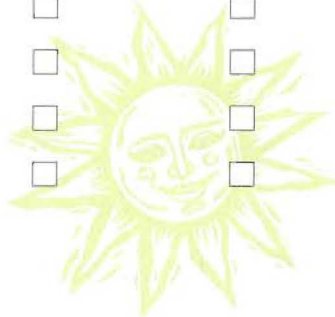
6. Having money in savings for college.

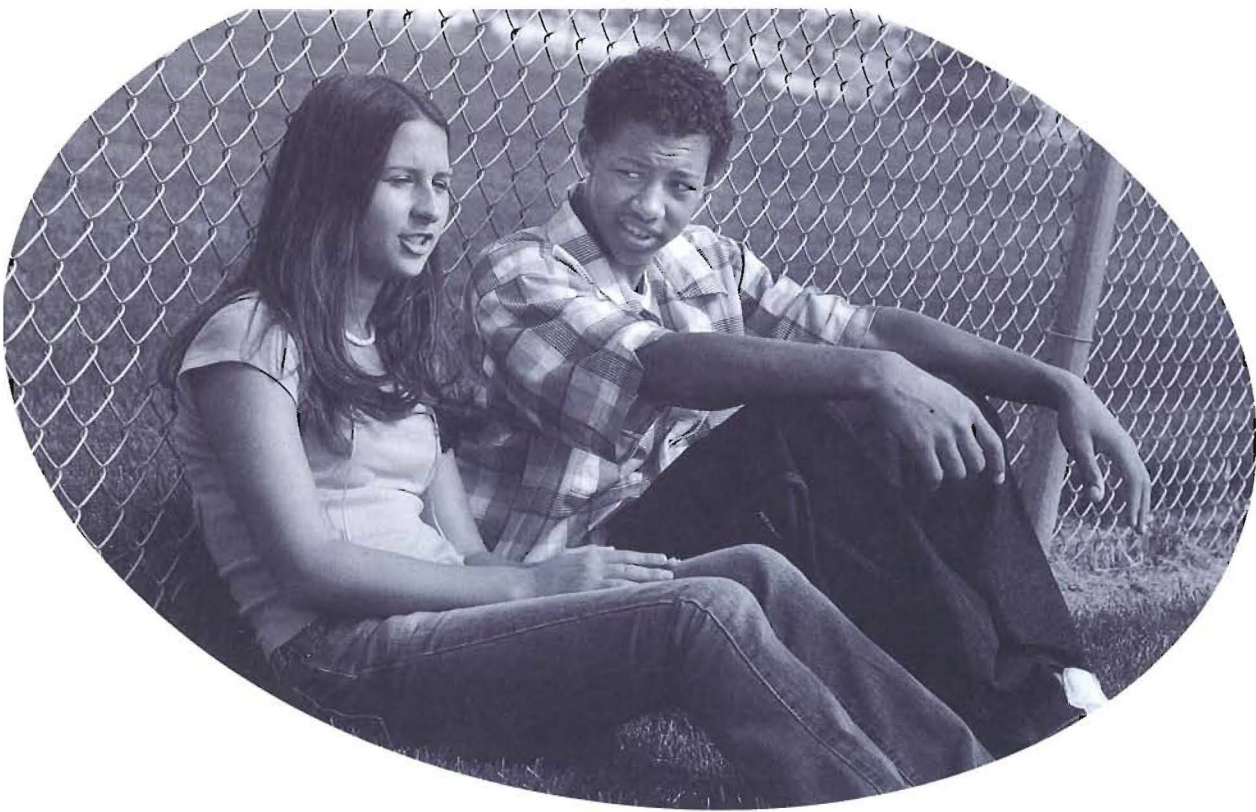
7. Being thrifty.

8. Having a job now.

9. Going to school now to get a better job later.

10. Exploring my career interests by volunteering.





Look at the items you checked as being “very important.” Draw a circle around one of them and complete the following phrase.

This is very important to me because _____



Can you see how your values affect what you want to spend money on? In the next chapters, we’ll talk a lot about how to get money and make smart spending decisions. But it’s important to remember the other things and people that you value—such as your friends and family.

Chapter 1, I’ve Heard of ‘The Money Pit’—but ‘The Money Tool’?, completed (date)

I did all the exercises and answered all the questions in Chapter 1.

By (sign your name) _____

Caregiver signature _____



You’re ready to cruise into Chapter 2!



What's the Latitude of My Money Attitude?



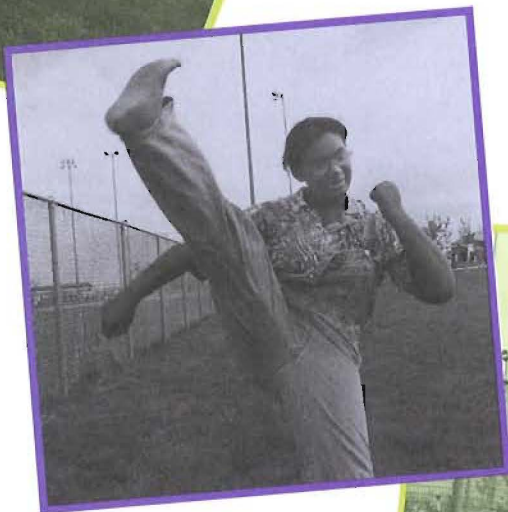
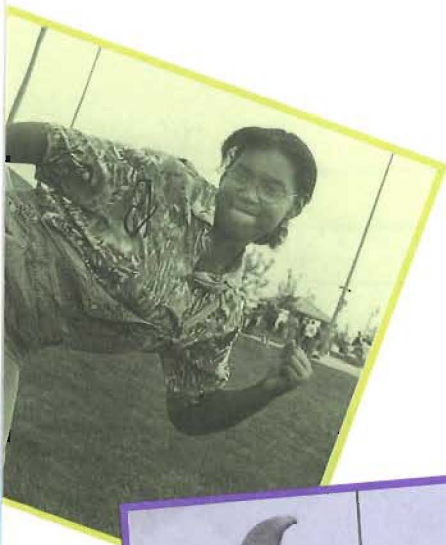
In school, you probably learned that you can pinpoint a place on a map if you know its latitude and longitude. These are simply forms of measurement. Your attitude about money also can be measured. For example, maybe you have a warm attitude about money. Or, maybe your attitude about money is in the arctic.

To pinpoint your money attitude, start by asking yourself the following questions:

- ◆ Do I like money?
- ◆ Am I suspicious of people with money?
- ◆ Do I resent friends who have more money than I do?
- ◆ Do I think money causes problems—or solves problems?

Another way to know your money attitude is to circle all the ideas you've heard, or maybe even said, about money.

- ◆ Money talks.
- ◆ Money can't buy happiness.
- ◆ Why do I work if I can't buy the things I want?
- ◆ I'm not made of money.
- ◆ Money doesn't grow on trees.
- ◆ A fool and his money are soon parted.
- ◆ A penny saved is a penny earned.
- ◆ Oh, well, it's just money.
- ◆ You can't take it with you.



DO I HAVE A MONEY ATTITUDE?

Pick two of the ideas that you circled and write them here. Go ahead and pick two that seem like powerful messages.

1. _____

2. _____

Now, write down in the space below what you think the phrase means and whether you agree with it or not.

Phrase No. 1 means _____

Agree Disagree

Why I agree or disagree _____

Phrase No. 2 means _____

Agree Disagree

Why I agree or disagree _____

Knowing what we believe about money helps us decide how to use it.

So, how's your money attitude? If you're still not sure, read the following stories.



WHO DO I SOUND LIKE?

Here's a look at four teenagers. Which one sounds the most like you?

Rosa's got game

Rosa wants to go to college and then on to law school. Her dream is to one day become a judge in family court so she can protect the rights of kids.

Because Rosa is committed to her dream, she saves her money. Whenever she receives an allowance from her foster care family or money from her grandparents, she puts most of the money into the bank. Her foster care case worker helped her set up a savings account at a bank so she can safely save her money. Rosa is what we would call a **saver**.

Wendell fuels the economy

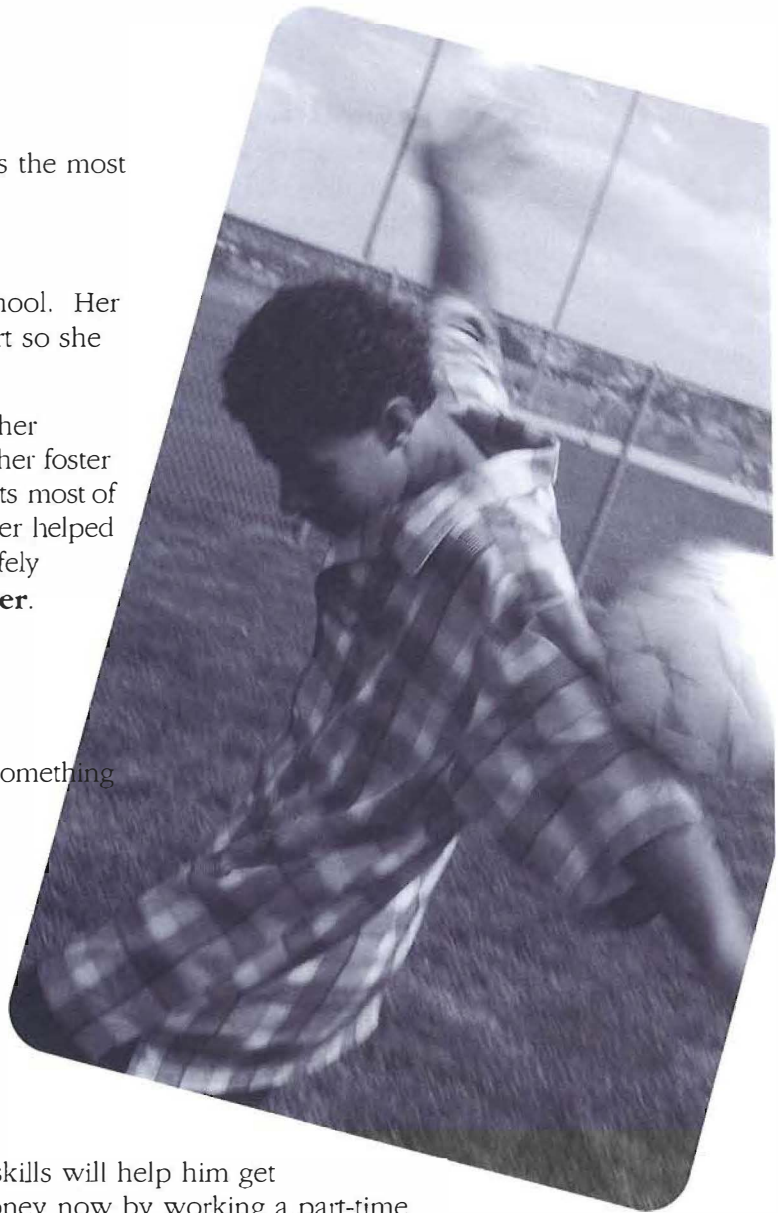
Wendell loves to spend money—he loves to buy things! Whenever his birth mother sends him money, he spends all of it almost immediately on something he wants: fast-food meals or some video games.

Wendell lives in a group home and doesn't get an allowance. So, he likes to "treat" himself whenever his mom sends him money. But he sometimes buys things, like trading cards, that he gets tired of in a few weeks. When he has money, he says, "it burns a hole in my pocket." Wendell is a **spender**.

José divides and conquers

José wants a computer. He knows that computer skills will help him get a good job after he finishes college. He makes money now by working a part-time job at a fast-food restaurant.

When José gets his paycheck or allowance, he always divides it up. Part of the money he uses to save for things he wants, like his computer. Part of his money he saves for college. The last part of the money he gives to his grandmother, who lives on Social Security. José is getting interested in investing. He sees investing as a way of making his money work for him. José wants his money to grow so it can help him reach his goal of becoming a computer programmer. José is a **planner**.



Tonya's motto: 'Be afraid...Be very afraid'

Sometimes people worry about money. They have a hard time spending money and they worry that they will never have enough. That describes Tonya. Tonya has a hard time spending money—even on things she needs.

Last week, Tonya went shopping because she needed new sneakers. The tread on her old ones was nearly gone. But she couldn't make herself buy a new pair, even though it was a good pair at a good price. She was afraid she might be "caught short" on money. Tonya became so nervous that she walked out of the store and decided not to think about the sneakers—at least for a while. Tonya is a **worrier**.

You decide

1. Raoul wants to own a trucking company. He helps his foster dad manage the yard for 100 long-distance rigs. His goal is to take over the trucking company when his dad retires. To do this, Raoul always saves part of his money for business school and spends part of his money for fun stuff, like clothes and videos. He also takes some of his money every week and buys food for the local shelter. Raoul is a _____.
2. Latisha loves clothes! She goes shopping almost every weekend. Sometimes she buys so many clothes on the weekend that she doesn't have enough money to buy her lunches at the school cafeteria on Friday. Latisha is a _____.
3. Larry is always afraid there will never be enough money. He worries about going to the movies twice in one month because he is afraid he won't have enough money to buy things when he's older. Larry is a _____.
4. Carol likes to put money in a bank. She keeps part of her money for things she wants to buy, but she also really likes putting her money in the bank and watching her savings grow every month. Carol is a _____.

Answers: 1. Planner 2. Spender 3. Worrier 4. Saver



I DON'T LIKE MY MONEY ATTITUDE!

Maybe you're a money worrier, like Tonya. Your worries could keep you from having a good time or making plans for the future. So what could you do to help yourself worry less? Last week, after talking with Rosa and José, Tonya decided to make a list of her worries about money.

Tonya's 'Worry' List

I am worried because my family is poor and I am afraid I will always be poor, too.

I am worried because I can't afford all the fun things my friends do every weekend and I can't keep up.

I am worried that I will not have enough money to go to college.

I am afraid that my friends won't like me if I don't have enough money.

I am afraid that if I'm asked out on a date, I won't have any nice clothes to wear.

After she made her list, Tonya made a second list of things she could do to feel better.

Tonya's 'Can Do' List

Things I am worried about

What I can do about it

I am worried because my family is poor and I am afraid I will always be poor, too.

Go to the store down the street and apply for a grocery clerk job. They are hiring and I could work 7 hours a week. That would give me about \$105 a week more money.

I am worried because I can't afford the fun things my friends do on weekends.

Pick one fun thing to do every weekend that I can do, even if it doesn't cost money ... like going to the park or riding my bicycle.

I am worried that I will not have enough money to go to college.

Talk to my foster mom, case worker, or child advocate about how to open a savings account at the bank. Find out about college scholarships, loans, and grants that I could apply for eventually.

I am afraid that my friends won't like me if I don't have enough money.

José and Rosa like me. Talk to some of my other friends that I trust about this, too!

I am afraid that if I'm asked out on a date, I won't have any nice clothes to wear.

Ask my foster mom if we can shop at a used clothing store for a nice outfit to wear on special events.

After Tonya listed her worries and what she might do about them, she felt better. She also liked her decision to do at least one fun thing each weekend. This made her feel a *lot* better!

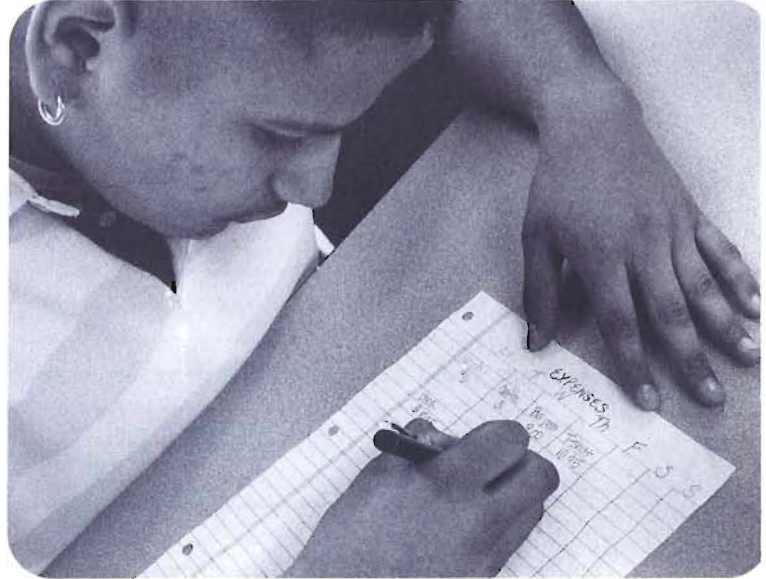
Where do you fit in? Are you a spender or a saver? Do you worry about money or avoid thinking about it at all? Do you think about what money you'll have next week, or next month, and plan how you will use it?

I'M READY TO CHANGE MY MONEY ATTITUDE

Fill in the sentence below by checking one (or more) of the boxes. Then, in the space below the boxes, explain what qualities you have that made you check that box. **Remember, there are no right or wrong answers.** This is for you! And you get to be whoever you are.

When I think about money, I think the following box(es) describe me the best:

- I am a saver.
- I am a spender.
- I worry about money.
- I make plans for my money.



I have these qualities: _____

I checked the box(es) above because: _____

Here's what I like about my attitude toward money: _____

Here's what I would like to change about my attitude toward money: _____

I THOUGHT MY 'WANTS' WERE MY 'NEEDS'

To start using money as a tool to build your future, you need to know the difference between a “need” and a “want.” A **need** is something you must have to survive, like a place to live and enough food to eat. A **want** is something you might like to have, but don’t need to have it right away or even at all. Sometimes it’s hard to know the difference.

For instance, we all agree that we *need* food. But when we’re hungry, we may *want* anything from a hot fudge sundae to a hamburger to a salad. We need someplace to live, but wishing for a big house is a want.

List some of your needs in the spaces below. Try to think of things you need to survive as well as things you might need in the next few weeks. Next, list some of your wants.

List Your Needs

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

List Your Wants

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

Now, talk to your foster parents or other caregiver about your two lists. Do they agree with what you’ve listed as wants? How about your needs list?

Parents and teens have disagreed for generations about what is a “need” and what is a “want.” For example, let’s say you live close to your school. Your family thinks you should walk to school, but you would rather have a new mountain bike to cycle to school.

Think back to the last few disagreements you have had with someone about money. Were you disagreeing about needs or about wants? **When spending money, it’s important to let your needs come first.**

Now you know what attitudes you have about money, how to change those attitudes (if needed), and how to tell your needs from your wants. This is knowledge that puts you ahead of many adults. Congratulations!

Chapter 2, *What’s the Latitude of My Money Attitude?*, completed (date)

I did all the exercises and answered all the questions in Chapter 2.

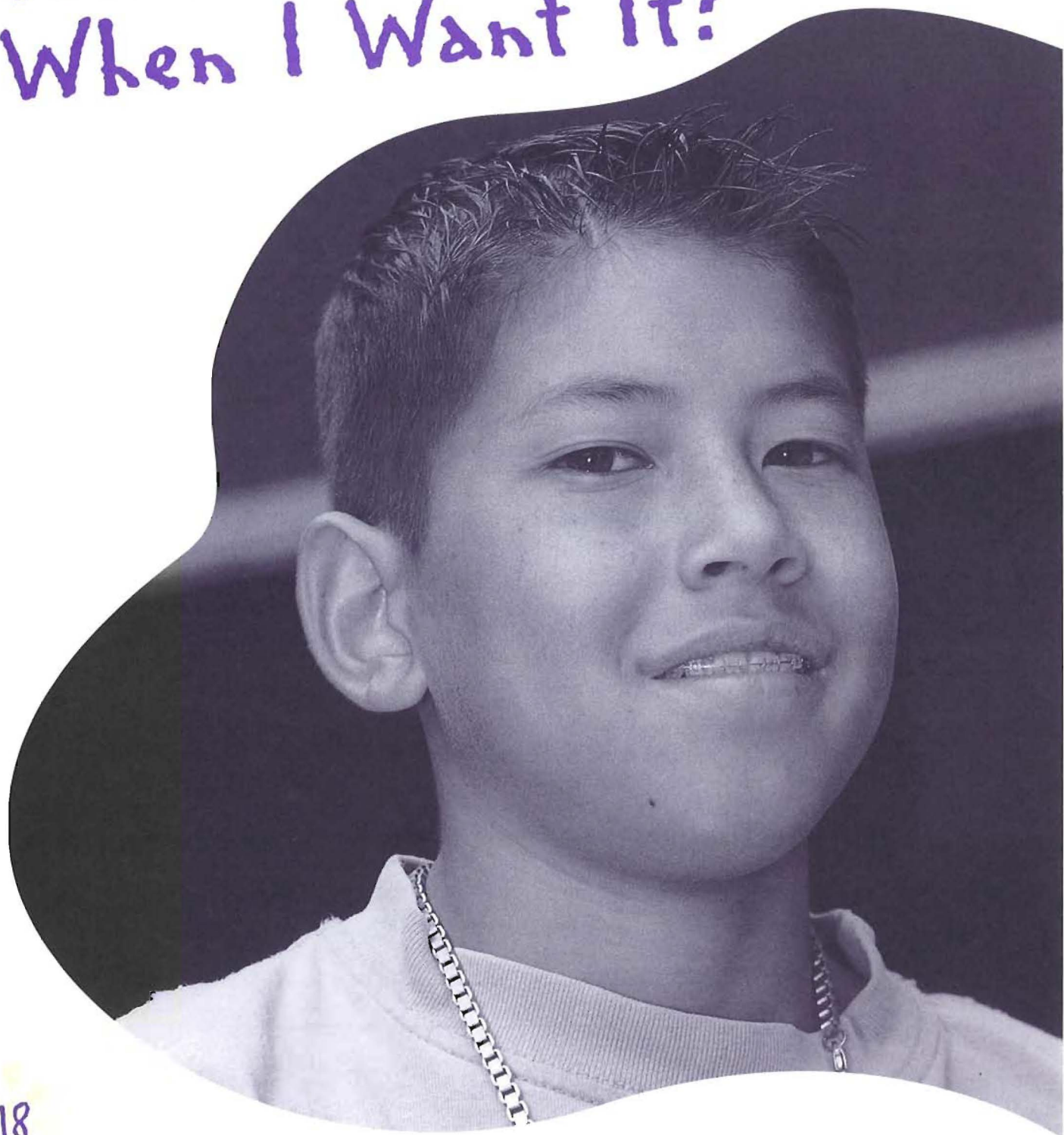
By (sign your name) _____

Caregiver signature _____

You’re ready to move on to Chapter 3!



How Can I Have What I Want— When I Want It?



All of us would rather have the good things in life today—instead of tomorrow. And if our home life has been difficult or challenging, we may be in a rush to grab what we can today instead of looking toward the future.

But there's trouble in that approach. It can lead to dead-end jobs, unexpected parenthood, overwhelming debt, and a dangerous lifestyle. Planning and working toward the future isn't easy, but it's the only path to a stable, fulfilling life. This is the kind of life you owe yourself and any family you one day create.

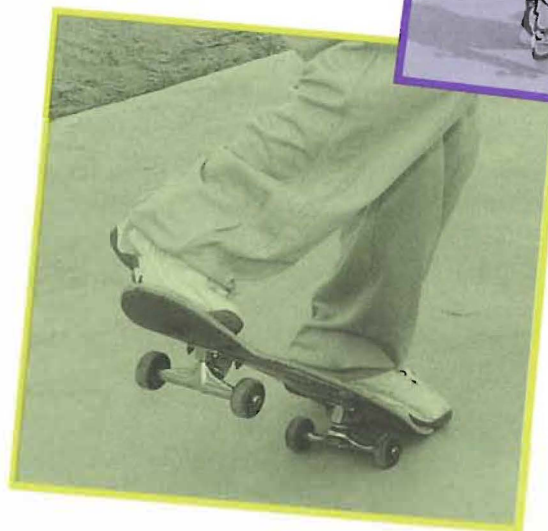
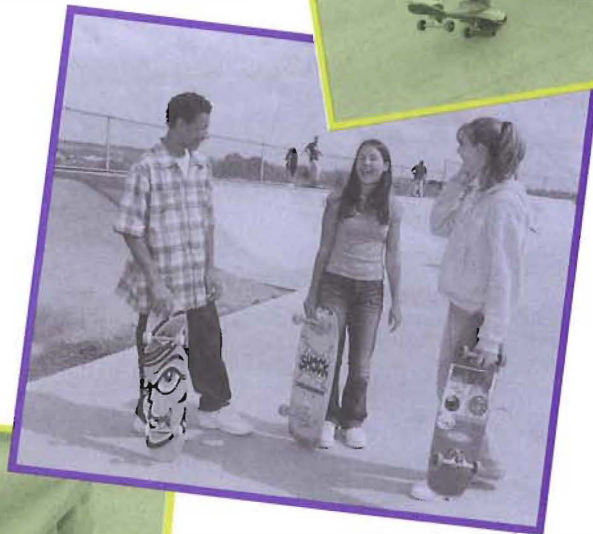
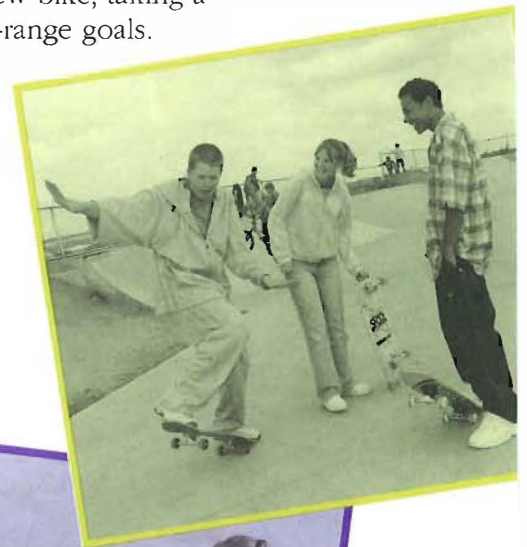
To take a step toward a solid future, start by setting some goals.

GOALS AND GOALIES— I'M CONFUSED

In sports, when you make a goal, you're well on your way to winning the game. The same is true for money. Your "game" is your solid financial future. When you make savings goals, you start to win that game.

Goals come in many sizes. Let's decide that, for now, we will use these definitions:

- ◆ **Short-term goals** are goals for things that you can get or have in three months or less. Going to the movies, buying a video, or getting tickets for a rock concert are all types of short-term goals.
- ◆ **Mid-range goals** are goals that take longer than three months but less than a year to achieve. Buying a new bike, taking a trip, or buying a computer are types of mid-range goals.
- ◆ **Long-range goals** are things that take over a year to achieve. In fact, they may take many years. Goals that take several years to achieve could include saving enough money for college or for technical training, or saving to buy a new car. Saving for retirement would certainly be a long-range goal for you, too!



THIS IS WHAT I WANT

Think about your own plans. What are some savings goals you would like to accomplish by next month, by the end of the year, or by five years from now?

My short-term goals

1. _____
2. _____
3. _____

My mid-range goals

1. _____
2. _____
3. _____

My long-range goals

1. _____
2. _____
3. _____

It's important to focus on your long-range goals. If you don't, you'll never reach them. What you want to do or have in the short term (less than three months) will always seem more urgent and pressing, even if it's really not.

So make it a point to start saving money as soon as possible—like now—for things you want to achieve in the mid-range and long-term periods. Later on, we'll list places where you can set aside the money you save.



TRICKS OF THE GOALS GAME

Here are some good tricks to help you save to meet goals that may take one or more years.

1. Remember to always **pay yourself first**. If you have a job where you make \$50 a week, set aside the first \$10 or \$20 you make and put it into savings before you spend it on other things or give it to other family members.
2. Another good trick to help you save is to cut out a picture of what you plan to buy (or do) and put it in your dresser drawer or keep it in your wallet or pocket. When you are tempted to spend money on something you know you don't really need, take a look at the picture. Imagine the fun you will have when the item you're saving for is yours.
3. Another good idea—which isn't really a trick—is to keep your savings quiet. The other kids in your foster family or group home (or even your own relatives) may not have developed the discipline to put money aside. If they know you are setting money aside, they may look to you for loans—the kind of loan that doesn't get repaid.

Don't shortchange your future. Keep your savings for your goals.



INDEPENDENCE DAY IS COMING

Quick! Your future—and independence—is almost here. Well, that's not exactly true, but it's important to "keep your eyes on the prize." So, what is your "prize"?

Look at the statements below and mark all the boxes that apply.

1. When I think about the future, I feel:

- | | |
|--|---|
| <input type="checkbox"/> Scared | <input type="checkbox"/> I think more about the present |
| <input type="checkbox"/> I don't think much about the future | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Excited about the possibilities | <input type="checkbox"/> Other _____ |

2. As a career, I think I would like to:

- | | |
|---|--|
| <input type="checkbox"/> Work with computers | <input type="checkbox"/> Own a business |
| <input type="checkbox"/> Be a teacher | <input type="checkbox"/> Write a novel |
| <input type="checkbox"/> Work in construction | <input type="checkbox"/> Become an actor/actress |
| <input type="checkbox"/> Be a dentist | <input type="checkbox"/> Be a politician and work for change |
| <input type="checkbox"/> Be a mom/dad | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Learn to _____ | <input type="checkbox"/> Not sure, but maybe _____ |

3. In the future, I would like to own a:

- | | |
|--|--|
| <input type="checkbox"/> House | <input type="checkbox"/> Rental property |
| <input type="checkbox"/> Dog/cat/other pet | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Car | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> College or technical degree | <input type="checkbox"/> Other _____ |

4. In my spare time, I would like to:

- | | |
|--|--|
| <input type="checkbox"/> Volunteer in a homeless shelter | <input type="checkbox"/> Learn to ski |
| <input type="checkbox"/> Join a choir | <input type="checkbox"/> Volunteer in a hospital |
| <input type="checkbox"/> Play in a band | <input type="checkbox"/> Learn to play chess |
| <input type="checkbox"/> Join a book club | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Play on a volleyball team or other team | <input type="checkbox"/> Other _____ |

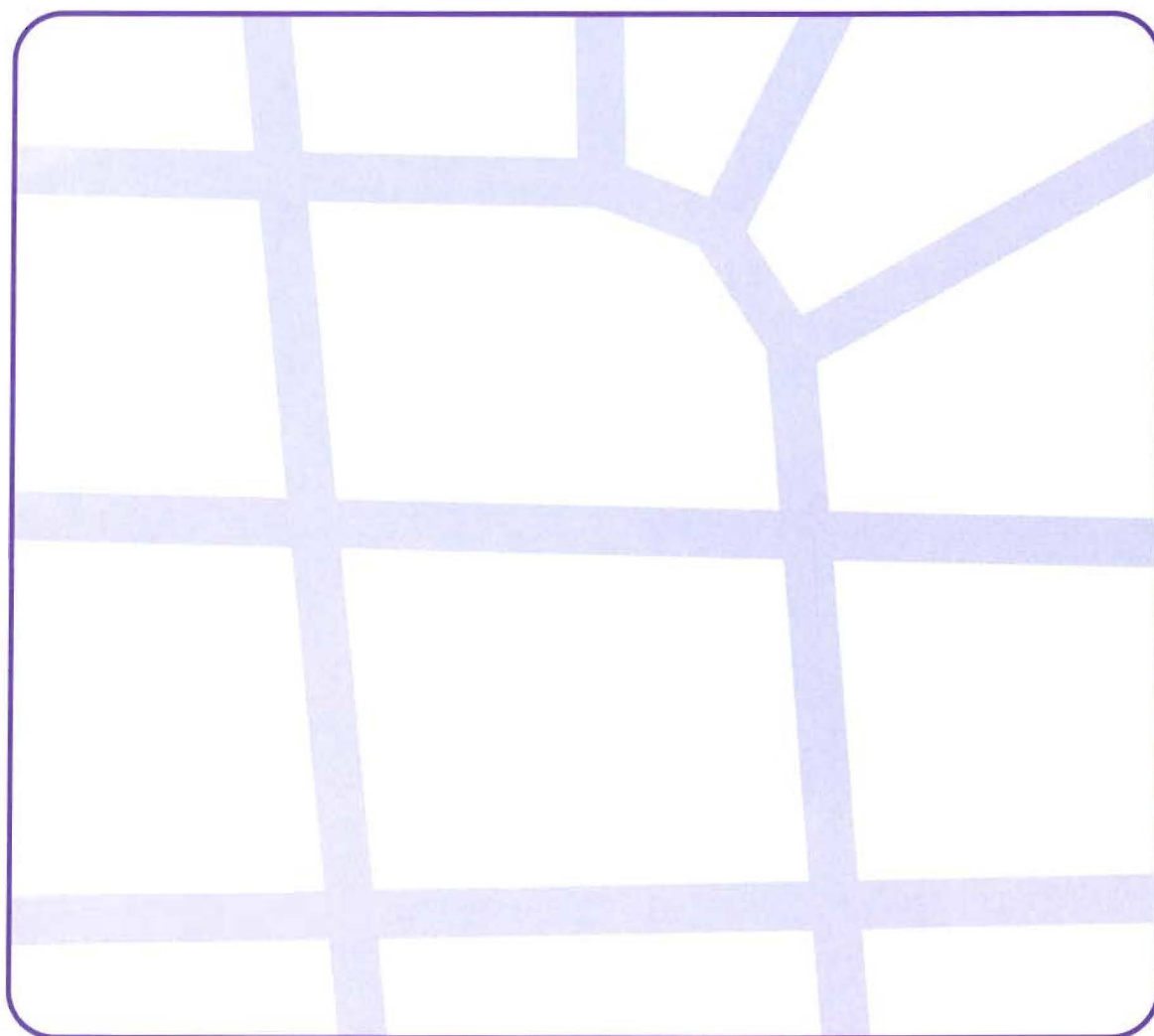
It's fun to think about the future and to think about how you will get there. Here is another way to visualize your life.

I DREAM A LITTLE DREAM FOR ME

You'll read in Part Two of this series about some people who made a difference in the world because they had an idea of what they wanted their lives to look like and they worked hard to make their dreams come true. You can do this, too!

With planning and hard work, you can get what you want and not just what you need. Let's take a moment to imagine what your future will be. What does your home look like? Who are your family and friends? Where do you work? How will you be helping your community?

Fill the road map below with pictures—either that you've drawn or that you've cut out of magazines. Show the people and things you want in your life. Show what you might like to be doing. As you get older, your dreams might change. In fact, they probably will! But it's always a good idea to "start where you are." You can adjust your road map as you travel along your path.





HOW 'CASH COMFORTABLE' AM I?

Now that you have had a chance to think about your ideas and attitudes about money, the values you have that may affect your spending and saving, and some dreams about your future, take a minute to check yourself. Put a check in the box that best describes what you know.

- | Yes | No | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | I know what some of my ideas are about money. |
| <input type="checkbox"/> | <input type="checkbox"/> | I know how I feel about money—whether I'm a saver, spender, worrier, or planner. |
| <input type="checkbox"/> | <input type="checkbox"/> | I know what some of my values are about money. |
| <input type="checkbox"/> | <input type="checkbox"/> | I know what some of my dreams are for my future. |
| <input type="checkbox"/> | <input type="checkbox"/> | I know how to imagine what my life will look like, feel like, or be like. |

Did you answer "yes" to all the statements? Congratulations! You understand how you can get and use money in a way that will help you reach your goals.

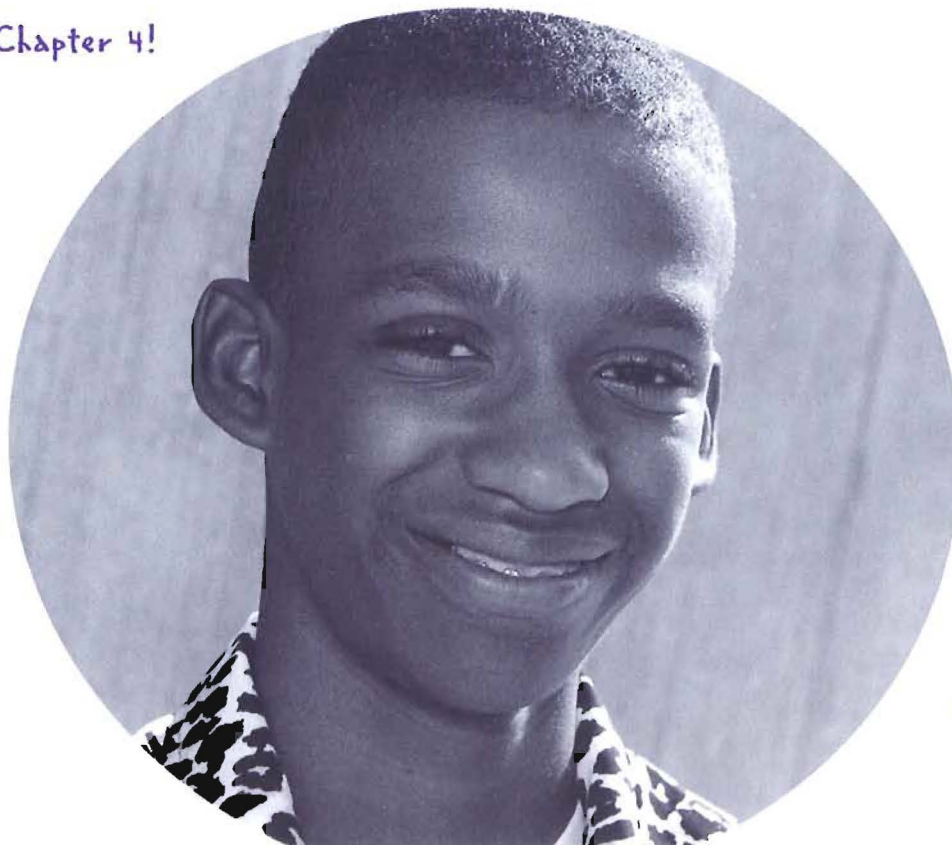
Chapter 3, How Can I Have What I Want—When I Want It?, completed (date)

I did all the exercises and answered all the questions in Chapter 3.

By (sign your name) _____

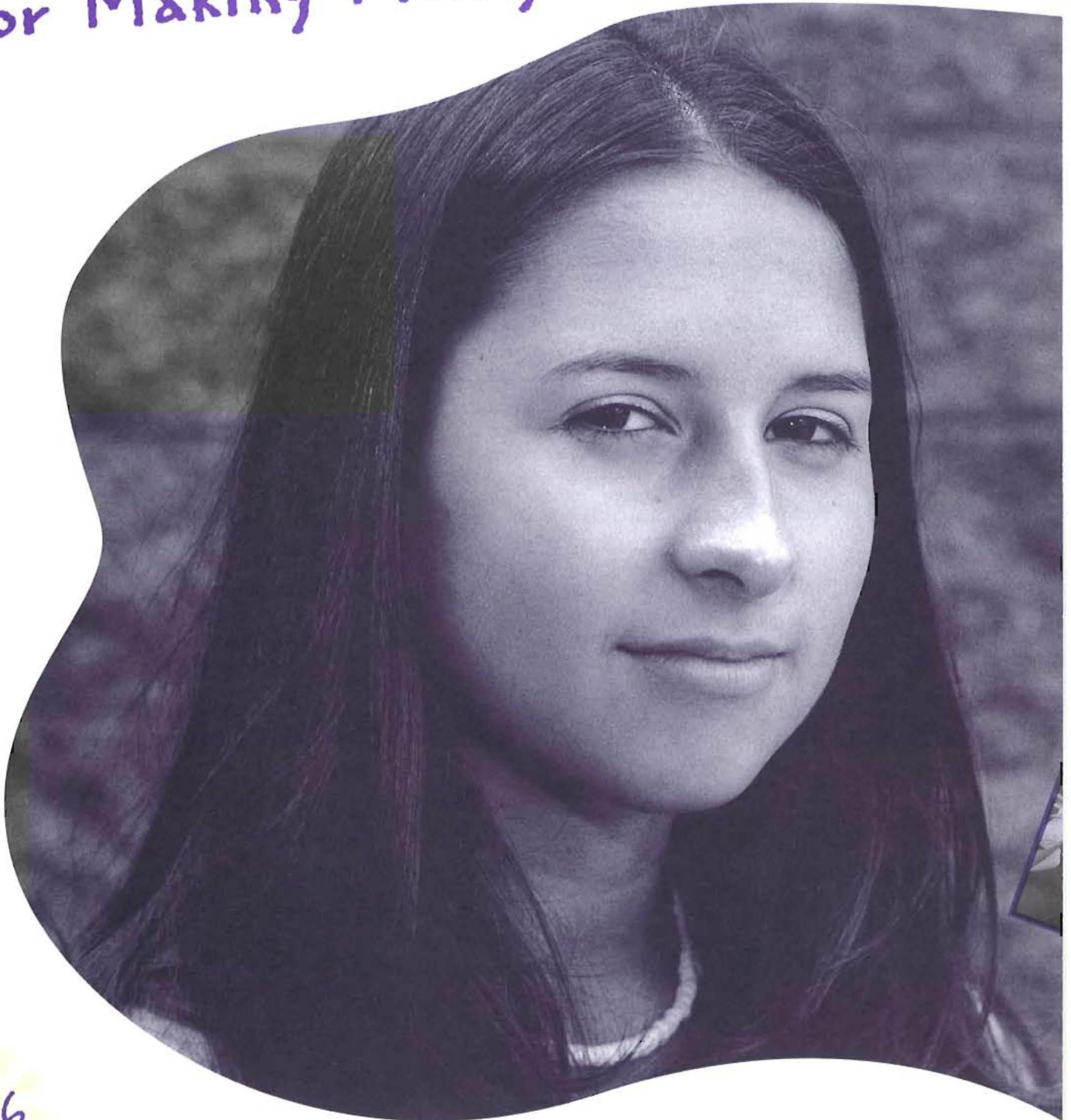
Caregiver signature _____

Roll on to Chapter 4!





Hard Choices: The Last of My Money, or Making Money Last?



Like most people, you probably don't have enough money to buy everything you would like to have. So you have to make choices. Welcome to a lifetime of learning how to make good choices for yourself!

HOW DO I CORRAL MY CASH?

It's easy for money to slip through our fingers. That \$1.00 candy bar you buy every day after school adds up over time. Let's figure out how much money the teens below could save if they changed some of their spending habits.

1. Every afternoon, Maria buys a candy bar (\$1.00) and a soda (\$1.50) at a store on the way home. How much money does Maria spend on these items each week? How much money would she spend throughout the school year (which is 36 weeks long)?

$$\$2.50 \times 5 \text{ days} = \$12.50 \text{ each week}$$

$$\$12.50 \times 36 \text{ weeks} = \$450 \text{ each school year}$$

2. Marcus walks to the group home from school every day. At least twice a week, he and his friends stop at a fast-food restaurant for a soda and fries, which cost \$4.00. How much money does Marcus spend on this treat a year?

$$\$4.00 \times 2 \text{ days/week} = \$8.00$$

$$\$8 \times 36 \text{ weeks} = \$288 \text{ during the school year}$$

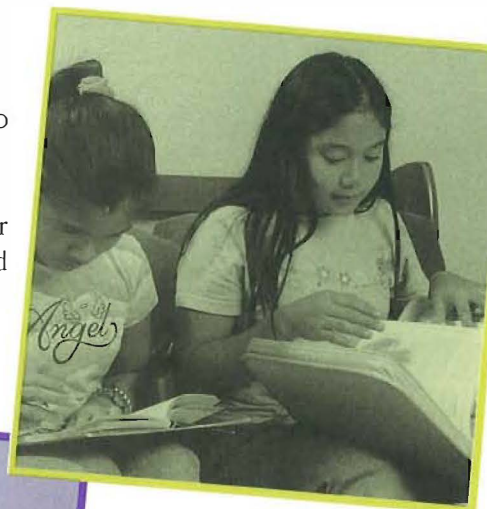
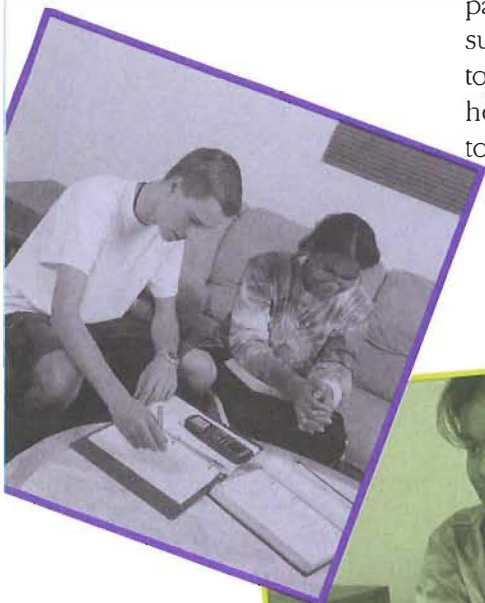
3. Carla joined a CD club. She usually buys 2 digital CDs each month. Each CD costs \$17.50 plus \$2.50 for shipping and handling on each CD. How much does Carla spend on the CD club each year?

$$\$17.50 + \$2.50 = \$20 \text{ per CD}$$

$$\$20 \times 2 \text{ CDs each month} = \$40 \text{ a month}$$

$$\$40 \times 12 \text{ months} = \$480 \text{ a year}$$

Another way to talk about how much things cost is to figure out how many hours you must work to pay for something. For example, if Carla got a summer job making \$15 per hour, she would have to work *close to* 3 hours each month just to pay for her CDs ($\$40/\text{month for CDs} \div \$15/\text{hour}$ is rounded to 3 hours).



Do you see how easily it can all add up?

Habits are meant to be changed

Imagine how much Maria, Marcus, or Carla could save if they changed their habits. They could cut back on how often they bought these items, or they could make better spending choices. For example, Maria could save money by buying soda in six-packs at the super-market for much less.

If a 6 pack cost her \$6, even if she drank an extra soda a week, how much could she save?

If you guessed \$1.50 a week, you were right! Vending machine soda costs her \$1.50x 5 days or \$7.50 a week. The six-pack saves her \$1.50 each week (\$7.50 - \$6.00). Without cutting back, Maria could save \$54 over the school year (\$1.50x36 weeks)!

What about Marcus? If he ate at the fast-food restaurant only once a week, he would save half of his weekly money (\$4) or \$144 by the end of the school year (\$4x 36 weeks).

Carla could really save a lot of money if she did two things. First, she could cut back the number of digital CDs that she buys. Second, she could shop at stores that have lower CD prices.

If Carla can buy each CD at a local store for \$14.95, she could save \$2.55 on each CD, in addition to saving the shipping and handling fee (\$2.50). In other words, Carla could save a total of \$5.05 on each CD.

If she also cut back her spending to one CD a month, she would now spend \$179.40 on CDs in a year (\$14.95 x 12). These simple changes would mean that Carla could save \$300.60 in a year (\$480 - 179.40). That's a lot of savings!





I NEVER KNEW I LEAKED MONEY!

By now you realize that spending small amounts regularly can add up to BIG BUCKS over time. Use the chart below to see where money might be leaking out of your pocket.

We've put an example in the first line to show you how to fill out the table. Remember, plugging leaks will put cash in your pocket and allow you to save for a goal.

MY SPENDING LEAKS

Purchase	Cost of Item	Number Bought per Month	Cost per Month	Cost per Year (monthly cost x 12)
Soda (example)	\$ 1.25	20	\$25	\$300
Soda				
Candy				
Eating out				
Digital CDs				
Magazines				
T-Shirts				
Going to movies				

WAYS TO SAVE? BRING IT ON!

Here are three good ways to save:

1. **eliminating**
2. **cutting back**
3. **just making better spending choices**

For example, suppose you buy three magazines every month at the grocery store. How could you save money? One way would be to get magazine subscriptions for a year instead of paying full price for each issue. What about splitting the cost with your friends? If two of your friends agreed to share the cost of the three magazines you now buy (so that each of you only needed to buy one magazine a month), how much could you save? What if you went to the library to read the magazines, instead of buying them at all? You'd save the whole amount! You get the idea.

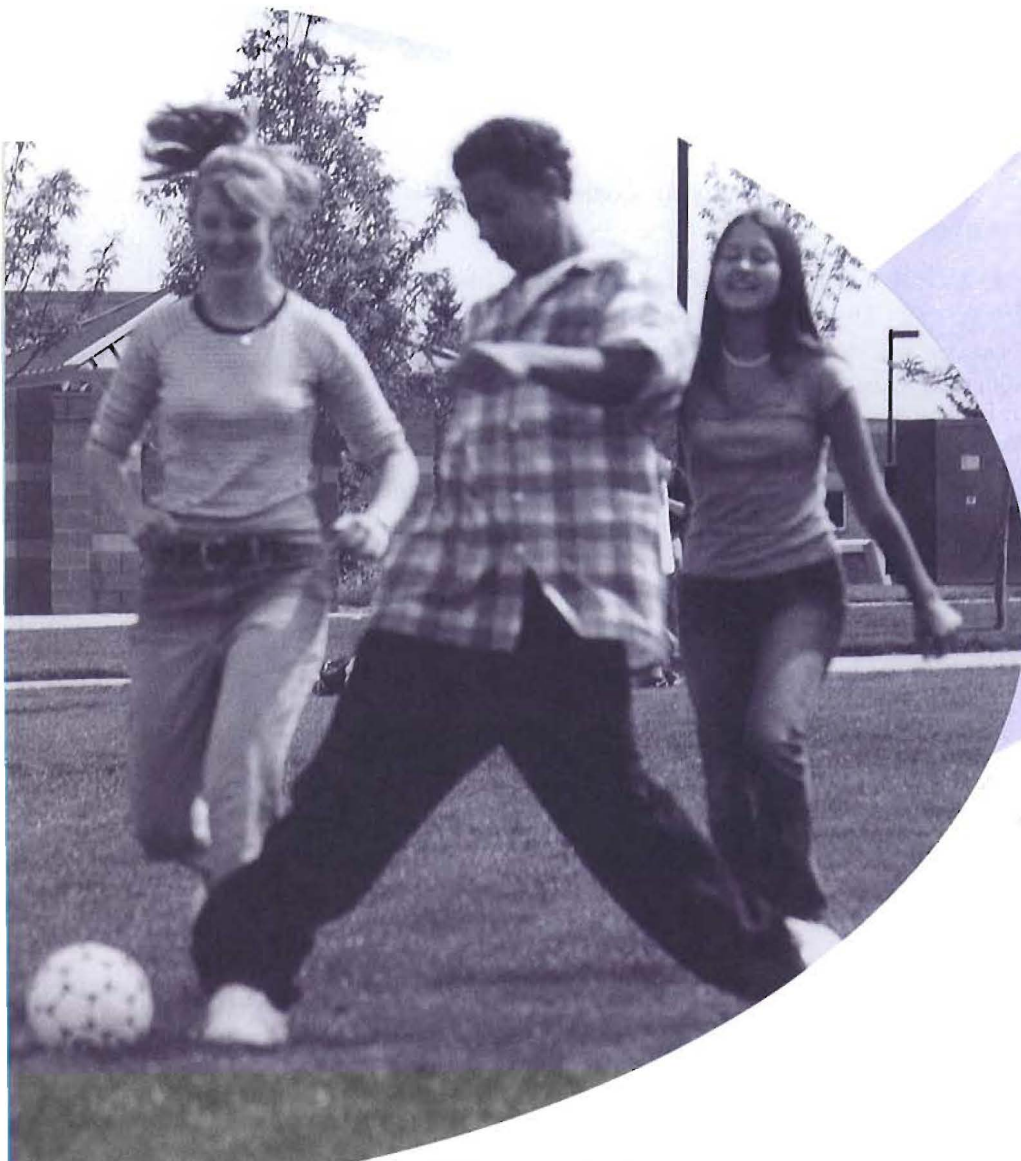
Now, it's your turn. Write down three things that you spend small amounts of money on regularly. Then think of different ways you could save money. Figure out how much you could save over time. You may want to ask friends or family members for savings ideas, too.





WAYS I COULD SAVE MONEY

I Spend Money On:	Ways to Save	Amount I Could Save in One Year
	1. _____	
	2. _____	
	3. _____	
	1. _____	
	2. _____	
	3. _____	
	1. _____	
	2. _____	
	3. _____	





PUTTING ACTION INTO THE PLAN

Ruben's concert tickets

How do you make a plan of action for reaching your goals? One way is to think about how much time you have to reach your goal.

For example, Ruben wants to buy a ticket to attend a concert by his favorite group in a few months. The ticket will cost \$88. The tickets go on sale in 8 weeks. Ruben divided \$88 by 8 weeks and figured out he will need to save \$11 from his allowance each week for the next 8 weeks to have enough money for the ticket.

$$\$88 \div 8 \text{ weeks} = \$11 \text{ each week}$$

See if you can come up with a plan to reach one of your short-term goals. Divide the total amount you need by the time frame (in weeks) before you need it. How much money do you need to put aside each week?

I have _____ weeks before I need to make my purchase.

Total amount needed (_____) \div number of weeks (_____) = \$ _____ per week you must save.

What if there's no set time frame for your purchase? Maybe you want a new set of earbuds when you can afford it. To develop a plan of action, use the amount you know you can save each week. Then you can figure out how many weeks it will take before you can buy it.

I can save \$ _____ each week.

Total amount needed (_____) ÷ savings each week (_____) = _____ weeks until I can buy it.



Jennifer saves for a trip

If you can't save the money you need, there is another way. You can try to raise the extra money you need to reach your goal. Here's how Jennifer developed a plan of action to save the money she needs for a trip next year.

Jennifer's choir is planning a trip to Washington, D.C. next year. The total cost of the trip will be \$1,500 per person. Jennifer's foster care family can't afford to give Jennifer any money to go toward the trip. Jennifer has already raised \$250 of the money she needs by selling chocolate bars.

$$\begin{array}{l} \$1,500 \text{ (the cost of the trip)} - \$250 \text{ (the amount she has raised)} = \$1,250 \\ \text{(the amount she needs)} \end{array}$$

She has 10 months left to raise the rest of the money. But she also needs some new clothes and other items, so she won't be able to set aside any money from her part-time job at the mall to pay for the trip.

How can Jennifer find a way to get the money she needs?

Jennifer talks with several of her neighbors about taking care of their pets when they will be away at Christmas. Some of the neighbors are interested in her pet-care services, and Jennifer estimates she can make \$250 this way. Now she needs \$1,000 for the trip.

$$\$1,250 \text{ (the amount she needed)} - \$250 \text{ (pet-sitting income)} = \$1,000$$

Now, she figures she will need to make an extra \$250 each month for the 10 months before the trip. She plans to baby-sit more often to help make the extra income. Jennifer sends flyers out to people in her neighborhood to let them know she's available for baby-sitting.



Michael wants a computer

Michael loves computers and hopes to have a career in computers one day. He wants to buy his own computer so he can improve his computer skills. He's willing to start with an inexpensive computer and then add on to it later.

Michael figures he will need at least \$1,200 to get a good basic computer, printer and software. He knows it will take him many months to save up enough money for this purchase. Right now, Michael has a summer job. His pay is \$559.00 per week, after taxes have been deducted, without any overtime. He has three months (12 weeks) to work before he starts back at school. Right now, he has no money saved. Michael plans to save half of his income for life after high school plus an additional \$50 a week for spending money during the school year. His take home pay after saving is \$229.50 per week.

Michael has two expenses each month that don't change. The first is his bus pass and the second is his layaway payments for clothing.

Michael takes the city bus to work. He buys a bus pass for \$55 a month (or \$13.75 a week). The bus pass is cheaper than paying each time he gets on the bus. Michael also is paying \$75 a month (or \$18.75 a week) for school clothes he will need next year. These clothes are on layaway.

Michael likes to buy his lunches instead of bringing a sandwich from home. His lunch usually is a sandwich, a bag of chips, and some milk. The lunch costs about \$9.00 a day, or \$45.00 a week. Most days, he stops for a snack on his way home. This costs him about \$25.00 a week. He spends \$10.00 a week renting a couple of videos and buys two digital CDs (\$20 per CD) each week. On weekends, Michael goes to the mall with his friends. At the arcade, he usually spends \$40 playing arcade games. Because he wants to buy a computer, he also has been buying computer magazines to see what's available. This costs him \$28.00 a month (\$7 a week).

What is Michael's savings goal? _____

How much will it cost?

How much time does Michael have to save the money? _____

Answers: 1. to buy a computer. 2. \$1,200 3. 12 weeks

Michael's savings and spending plan

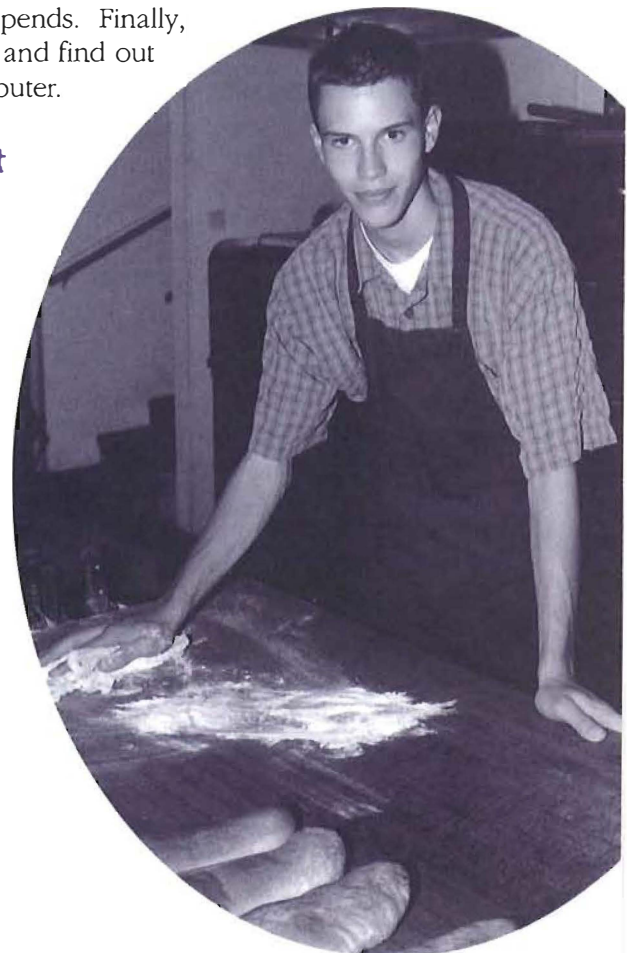
To make a savings plan, Michael needs to know how much money he can make in 12 weeks. That is his income. Then he has to figure out his expenses for the 12 weeks. In other words, he has to know how much he spends. Finally, Michael needs to subtract his expenses from his income and find out how much money he has left over to spend on his computer.

Michael's 12-week income and expenses list

Michael's net pay after savings is \$229.50 a week.

How much income will Michael have made in the 12 weeks?

Answer: His total income would be \$2,754 (or \$0.622 x 12 weeks).



Next, Michael added up his expenses for the next 12 weeks if he continues with his current spending habits. He filled in each of his current weekly expenses on the table below in the column labeled "Cost per week." Then he multiplied the weekly cost by 12 weeks. He discovered his total expenses would add up to \$2,154 over the 12-week period!

1. How much savings would Michael have to use for his computer? _____
2. He knew that wasn't enough for the computer he wanted. How much more money does he need to save over the 12 weeks to afford the computer? _____
3. How much more money does he need to save every week? _____

Answer: 1. Michael would have \$596 saved at the end of 3 months ($2,154 - \$2,754 = -596$)
 2. Michael needs to save \$28.00 to buy his computer ($\$1,200 - \$596 = \$604.00$)
 3. Michael needs to save \$48.33 each week to save \$604.00



MICHAEL'S WEEKLY EXPENSES

Item	Cost per week	Number of weeks	Total expense
City bus pass	\$13.75	12	\$165
School clothing	\$18.75	12	\$225
Lunch	\$45	12	\$540
Snack	\$25	12	\$300
Video games	\$ 10	12	\$ 120
Digital CDs	\$20	12	\$248
Arcade games	\$40	12	\$480
Computer magazines	\$ 7	12	\$ 84
Total Expenses			\$2,154

Michael went over his current expenses and came up with ways to cut costs. When looking at his expenses, he realized that some of these expenses can't change, like the cost of his city bus pass. Michael has no control over how much the pass costs and he has to have the bus pass to get to school. But he *does* have control over other expenses. He can adjust those. Michael decided he could do the following things to save \$50.33 a week:

What Michael Will Cut Back On	Money Saved per Week
Start bringing his lunch instead of buying it	\$45
Buy snacks three days a week instead of five days a week	\$10
Spend \$20 on arcade games each week instead of \$40	\$20
Buy one magazine every other week	\$3.50
Buy one digital CD instead of two	\$20
Rent one video per week	\$5
Total Saved per Week	\$103.50

Michael's plan is called a spending plan. It's what he used to figure out how he could get what he wanted (his computer) using the money he had (\$2,754.00 income in 12 weeks). He reached his goal by coming up with this spending plan for saving money by eliminating, cutting back, or making better spending choices.



My savings and spending plan

Let's see if you can develop a plan like Michael did to save for something you would like to have. Pick out something you would like to own. _____

How much will it cost? _____ Use the chart below to summarize information about your monthly income.

Sources of Income	Amount per Month
1. Jobs	\$
2. Allowance	\$
3. Gifts	\$
4. Other	\$
Total Monthly Income	\$

Next, fill in your current expenses on the chart below to find out how much you are currently spending. We've put an example in the first row so you can see how to fill out the chart.

Monthly Expense	Cost	Number of Times per Month	Monthly Cost
Movie tickets (example)	\$12	2	\$24
1.			
2.			
3.			
4.			
5.			
Total Monthly Expenses			

Now subtract your monthly expenses from your monthly income. Did you have money left over? Fantastic! How much was it? _____ If you save that money every month, how long will it take to be able to buy the item you want to buy? (To figure out how many months it will take, take the total cost of the item and divide it by the amount of money you have left at the end of the month.) It will take me _____ to be able to buy _____.

If you didn't have money left over at the end of the month, yikes! Now we'll have to find a way to cut back your expenses *and* save for the item you want.

Let's start by looking over your list of monthly expenses. Is there something you can eliminate? Is there something you can do or buy less often? Are there places where you could make a less expensive spending choice? (For example, if you go to the movies three times a month, could you go at least twice to the less expensive matinee movie?)

These are the kinds of choices you will be making your whole life. It's wonderful to have choices! You get to pick how you spend your money. And when you really want something, you get to choose how to save your money to buy it. It takes work, but it's well worth it.

STRETCHING MY MIND TO STRETCH MY DOLLARS

How prepared are you to stretch your money? Check everything that applies to you.

- | Yes | No | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | 1. I know how much money I have to spend on things like clothes and school supplies. |
| <input type="checkbox"/> | <input type="checkbox"/> | 2. I know how much money I have to spend on food and entertainment. |
| <input type="checkbox"/> | <input type="checkbox"/> | 3. I keep track of my expenses. |
| <input type="checkbox"/> | <input type="checkbox"/> | 4. I think about how important something is before I buy it. |
| <input type="checkbox"/> | <input type="checkbox"/> | 5. I try not to waste my money on things I don't need. |
| <input type="checkbox"/> | <input type="checkbox"/> | 6. I have at least one savings goal toward which I am working. |
| <input type="checkbox"/> | <input type="checkbox"/> | 7. I have a realistic spending plan to reach a goal I have. |
| <input type="checkbox"/> | <input type="checkbox"/> | 8. I know what my long-term goals are. |
| <input type="checkbox"/> | <input type="checkbox"/> | 9. I know the approximate costs to reach my long-term goals. |
| <input type="checkbox"/> | <input type="checkbox"/> | 10. I have someone to help me work on my long-term goals. |

Congratulations! You are becoming a financial whiz kid. You are learning to find ways to spend money more wisely and make a savings pool. That's a real achievement.

Chapter 4, Hard Choices: The Last of My Money, or Making Money Last?,

completed (date) _____

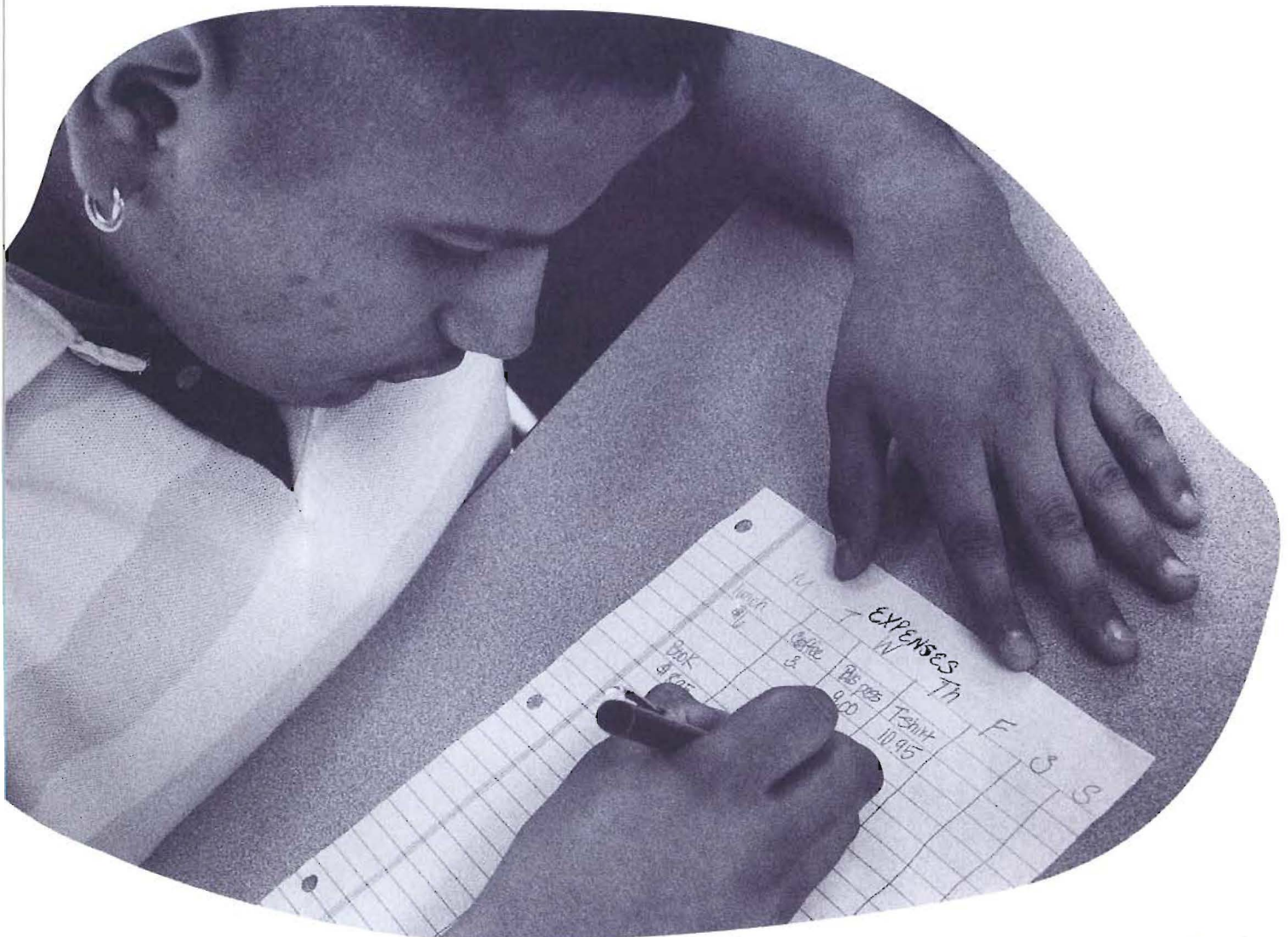
I did all the exercises and answered all the questions in Chapter 4.

By (sign your name) _____

Caregiver signature _____

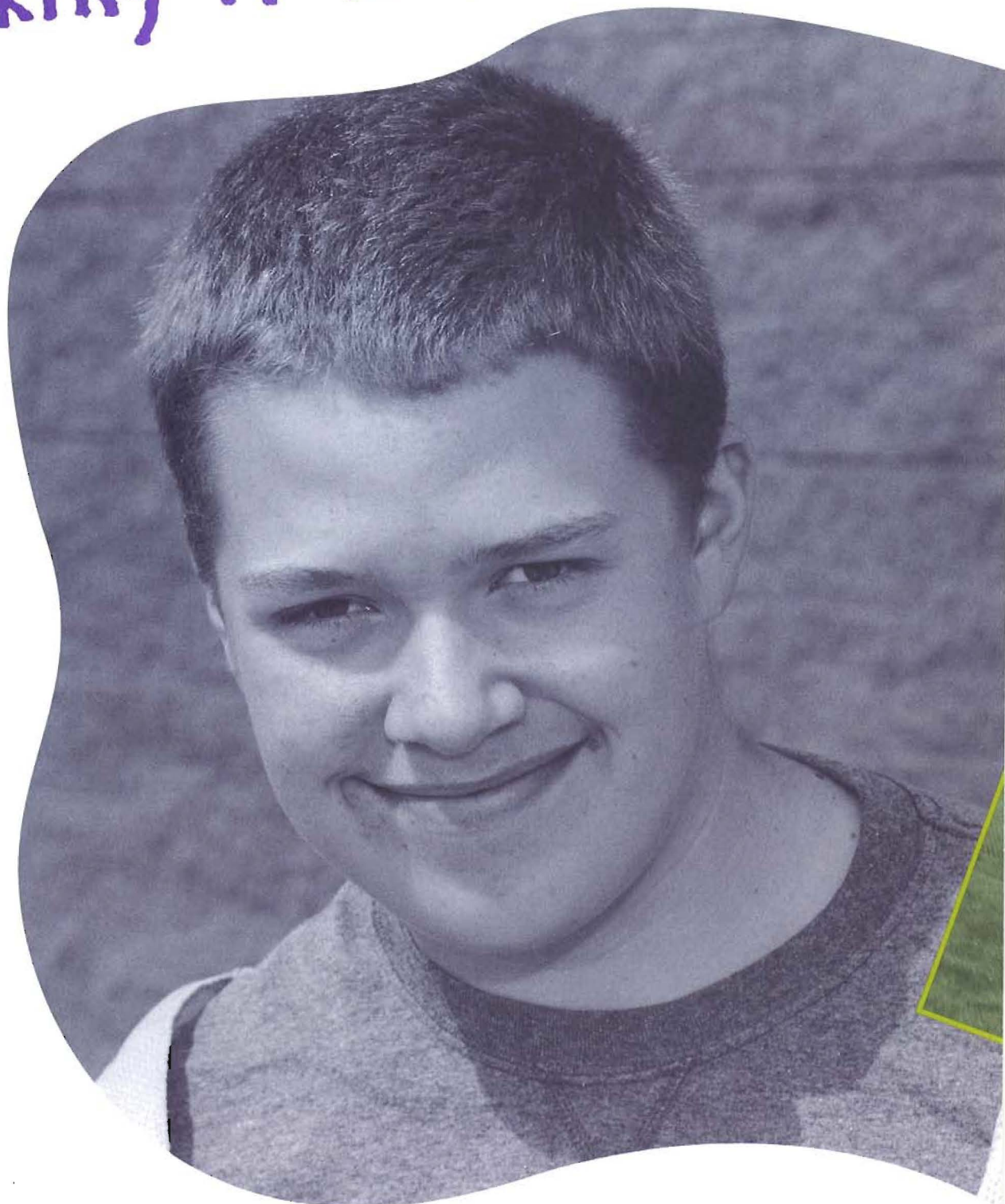


You are on your way and ready to leap into Chapter 5!





Taking It to the Bank



Maybe you're already earning money. The money could come from baby-sitting, an allowance, taking care of neighbors' pets, or even a regular part-time job. Maybe you occasionally receive money from a relative. The money could be in the form of cash or maybe a check.

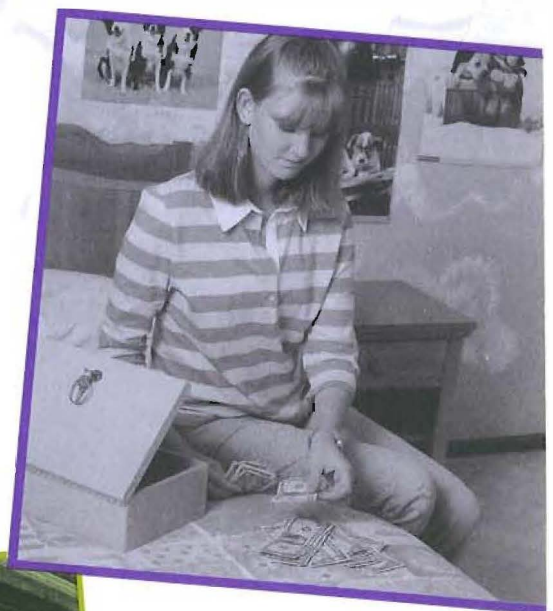
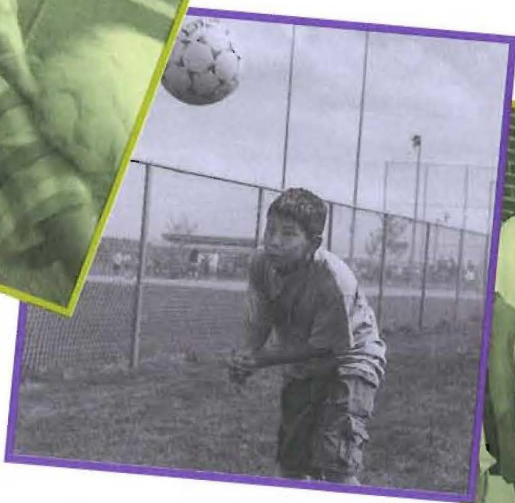
Where can you safely keep this money?

PLACES TO KEEP YOUR MONEY

Keeping money in a drawer or some other space where others can find it means that your hard-earned money could easily disappear. What are your other options? Consider these choices:

- ◆ If you have a good and trusting relationship with your foster care family, talk with them and see if they can keep the money safe for you—for a while. Perhaps they may even be willing to add a little something to your savings—as an incentive to you. When you start to see your savings grow, you may want to ask them or your case worker if they will help you set up a savings account. We'll talk more about that later.
- ◆ If you live in a group home or with a foster care family where you don't yet have a trusting relationship, perhaps your money could be kept in a locked box. Such boxes are available at most discount stores. Just remember that a foster parent or other caregiver has the right to ask you to open the box to make certain you're not hiding any illegal or dangerous items in the box.

The best option by far to keep your money safe is to open a savings account. How much do you know about savings accounts?



I KNOW EVERYTHING ABOUT SAVINGS ACCOUNTS—RIGHT?

Mark whether you think the statements are true or false.

True False

- | | | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | 1. To open an account, a minimum deposit is often required. |
| <input type="checkbox"/> | <input type="checkbox"/> | 2. Savings accounts for anyone under age 18 require joint ownership with an adult. |
| <input type="checkbox"/> | <input type="checkbox"/> | 3. You'll need your Social Security number to open a savings account. |
| <input type="checkbox"/> | <input type="checkbox"/> | 4. A maintenance fee is charged if your savings balance falls below a certain amount. |
| <input type="checkbox"/> | <input type="checkbox"/> | 5. The money in your savings account can make money just by staying in the bank. |
| <input type="checkbox"/> | <input type="checkbox"/> | 6. You must keep a certain amount of money in your account to earn interest. |
| <input type="checkbox"/> | <input type="checkbox"/> | 7. The bank will send you a report on a regular basis to let you see how much money you have. |

Check your answers with those below.

- Answers:**
- 1. True:** However, some banks offer teens special accounts, which have no minimum deposit.
- 2. False:** Many financial institutions offer savings accounts without an adult cosigner.
- 3. True:** The bank uses your Social Security number to help identify your account. You may be asked to provide a school ID or other photo ID when you open your account.
- 4. False:** OBUs and passbooks are not noninterest-bearing. Check with your bank for details.
- 5. True:** All savings accounts pay interest, as do some checking accounts.
- 6. True:** To get interest, the bank may require a minimum average daily balance.
- 7. True:** Banks usually send reports to savings account holders on a monthly or quarterly basis. Check with the bank when you open your account.

In a savings account, the bank pays you money, called “interest,” on the money you leave in the account. **Interest** is the price paid for the use of someone’s money. The longer you leave money in a savings account, the more interest you will make, and the more your savings will grow. You earn interest at a rate (for example 3.5%) that is set by the borrower (in this case, the bank).



I'M IN FOSTER CARE—HOW CAN I OPEN A SAVINGS ACCOUNT?

Many teens in foster care have savings accounts. With money in the bank, you can pay the deposit and first month's rent on an apartment. You may even have the money to pay for college tuition or some other training that will lead you to a meaningful career.

How can you open a savings account? Consider these options:

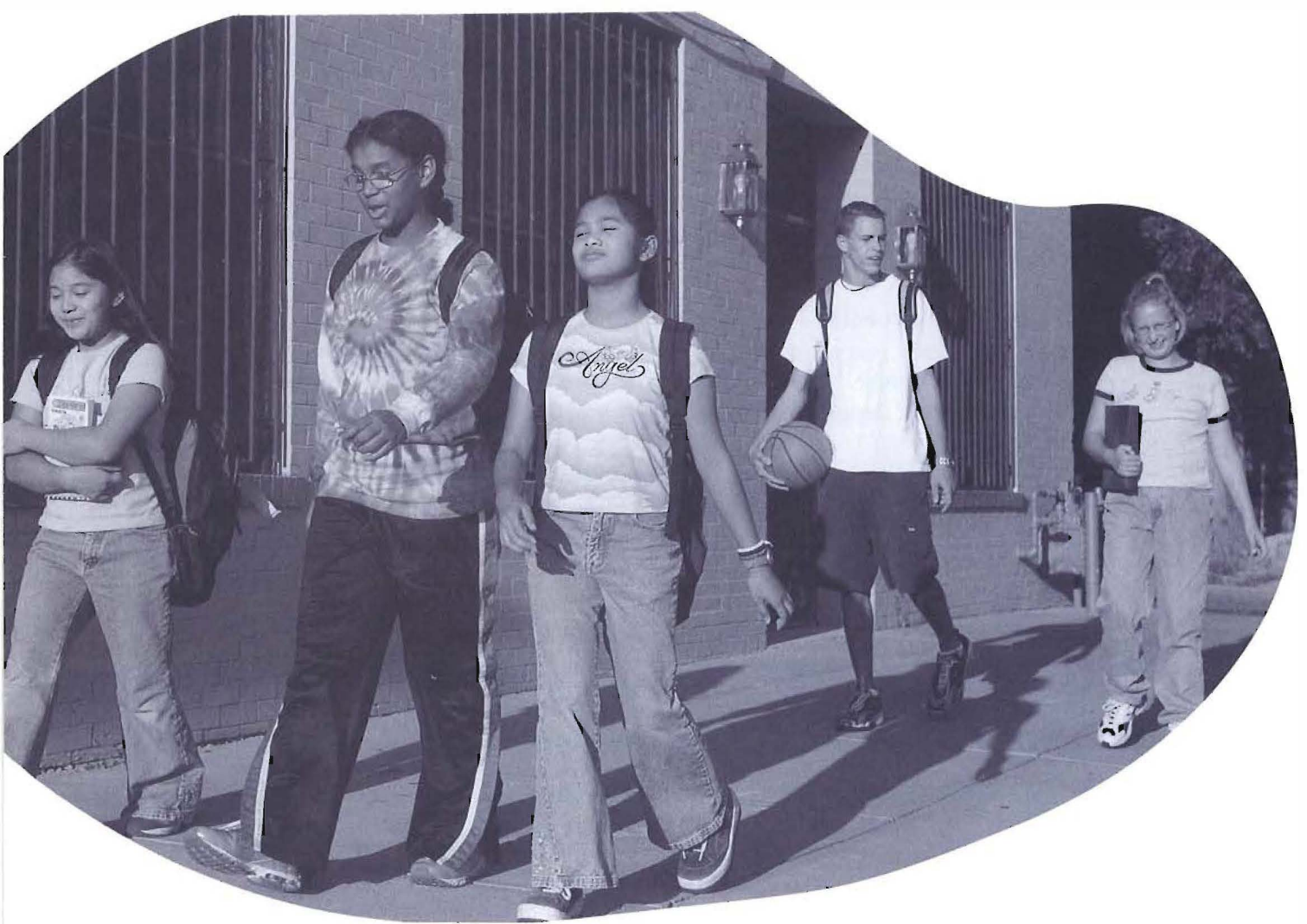
- ◆ Think about the relationship you have with reliable adults in your life. You can ask your social or case worker or child advocate, or independent living provider to help you set up your account(s).
- ◆ Many of these people are used to opening accounts for the youth in their care. If yours is not, push them to learn! You can open a savings account even if you are less than 14 years old, without an adult at many credit unions. Once you are 15 years old, you can open both a savings and a checking account. This means that you can make deposits on the account. This checking account comes with an ATM/Debit card. In both cases, you (no one else) will have on—line access to your accounts.

SOUNDS SIMPLE—IS THAT ALL?

There are a few other things to consider before setting up a savings account:

- ◆ What financial institution will you choose? Different financial institutions offer different advantages. However, while you are in foster care, it is wise to first look for one that has many locations. As you may already know, youth in foster care may stay with different families or in group homes. If you choose a financial institution with many branches, you have a better chance of staying close to your money.
- ◆ What if you *do* end up living far away from the financial institution that holds your money? Ask about on-line services. You can make deposits at any of your financial institution's ATMs at no cost. Most financial institutions will give you deposit slips so you can mail in your deposit. Of course, you don't want to send cash through the mail, and many financial institutions do not require deposit slip. Just write your account number on the back of the check and then write **For Deposit Only**.
- ◆ How will the account be set up? If a reliable adult helps you open the account, his or her name also is listed on the account. That means the reliable adult has access to your money. This may make you uncomfortable. Ask the financial institution if the reliable adult can be named on the account solely as the "POD" or "payable on death" person. This means that the only way the reliable adult can access the money in your account is in the event of your death or you can set it up on your own without an adult on the account.
- ◆ Where will the bank statements be sent? Every month or every quarter, the bank will mail you a statement showing how much money is in your account. You will have to decide where you want these statements sent. In some cases, it may be best to have them mailed to a case worker or child advocate. As we talked about earlier, some teens—and adults—haven't learned to set money aside. If they learn about your savings, they may pressure you to hand over your money to them. Your money could disappear—along with your dreams.
- ◆ Another alternative is to ask your financial institution to email you your statements.





WHY NOT JUST USE A CHECK-CASHING STORE?

The good news is that while you're still under 18, it's unlikely that a check-cashing or cash-advance store is going to cash your check. Why is that *good* news? Because these stores charge hefty fees to cash checks or give out cash advances based on payroll checks.

Too many adults lose a chunk of their hard-earned wages by cashing their checks at these stores. An adult who earns \$550 a week and uses a check-cashing store may pay a fee of around \$16.50 each week. This may not sound like much at first, but in a year it could cost the worker several hundred dollars (or more).

Choose to be money savvy. Save as much of your money as possible and keep it some place safe, like a financial intermediary.

I'M READY—IS THE BANK?

The last things you need to know about savings accounts are how to make a deposit and a withdrawal. Try to master the “making a deposit” part and keep the “withdrawal” part until you’re absolutely positively sure you need the money.

Understanding deposits

When you put money into a bank account, it’s called a “**deposit.**” You may deposit cash or checks into an account. When you go to the bank to put money into your savings account, you fill out a deposit slip. Here is a deposit slip that Rosa has filled out.

The City Bank				SAVINGS DEPOSIT
Today's Date	October 25, 2024	CURRENCY	5 00	
Customer Name (please print)	Rosa Miller	COIN	75	
Address	140 Lincoln Ave	CHECK	20 00	
City State Zip Code	Anywhere, MI 49655	TOTAL FROM OTHER SIDE		
Sign Here (if cash is received from this deposit)	Rosa Ann Miller	SUB TOTAL	25 75	
<small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL. Checks and other items received for a deposit are subject to the provisions of your Savings Account Agreement with The City Bank.</small>		LESS CASH		
ACCOUNT NUMBER		TOTAL \$	25 75	
	:559102156:			

- How much money did Rosa deposit into her account? _____
- Is she depositing a check, coins, or currency (cash)? _____

2. Rosa deposited a check for \$20. She also deposited \$5 cash and 75¢ in coins.

1. Rosa deposited a total of \$25.75.

Answers:



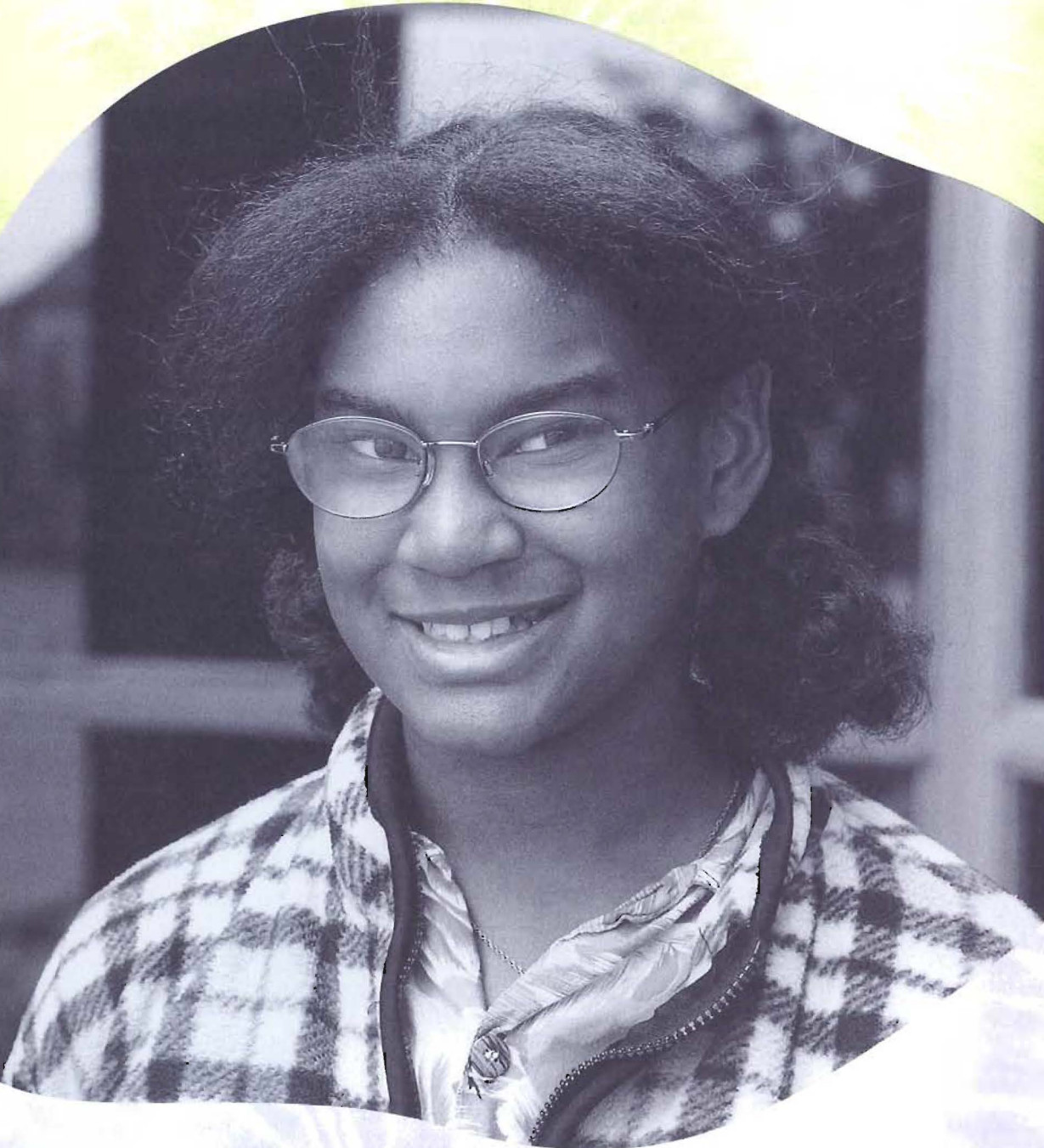
I CAN HANDLE THIS 'DEPOSIT' AND 'WITHDRAWAL' THING

Now it's your turn. Your Aunt Tessa sent you a check for \$35 for your birthday. You decide to put \$25 into your savings account. Complete the deposit slip below, showing a \$25 deposit and keeping \$10 in cash.

Next month, you need to take out \$30 to go on a school trip. Fill out the withdrawal slip for \$30.

The City Bank		SAVINGS DEPOSIT	
Today's Date _____	CURRENCY ▼		
Customer Name <i>(please print)</i> _____	COIN ▼		
Address _____	CHECK ▼		
City _____ State _____ Zip Code _____	TOTAL FROM OTHER SIDE ▼		
Sign Here <i>(if cash is received from this deposit)</i> _____	SUB TOTAL ▼		
<small>DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL. Checks and other items received for a deposit are subject to the provisions of your Savings Account Agreement with The City Bank.</small>	LESS CASH ▼		
ACCOUNT NUMBER	TOTAL \$		
:559102156:			

The City Bank		WITHDRAWAL	
Date _____	Please sign here in teller's presence		
Name <i>(please print)</i> _____	X		
Address _____			
City _____ State _____ Zip Code _____			
Received of The City Bank _____			
Amount _____			
CHECKING, SAVINGS ACCOUNT NUMBER	Dollars \$		
:559102156:			



WHY DO I HAVE TO LEARN ABOUT CHECKING ACCOUNTS, TOO?

One day you will be on your own. Of course, you will need to keep putting money away into savings—and even investments (which we'll talk about later). But, also, you will need a checking account because this is how you will pay most of your bills. And, yes, along with that independence and freedom comes bills.

Most people put their paychecks into a checking account at a bank or credit union. A checking account keeps your money safe. But you can still get to the money easily whenever necessary either by writing a check or using a debit card.

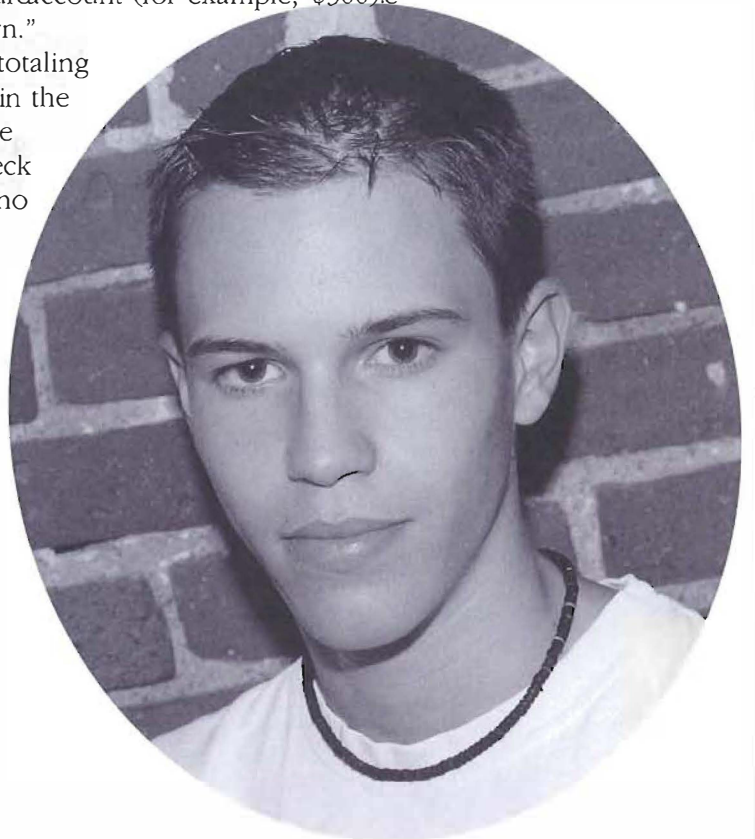
A checking account comes in handy when you are working at a regular job and have regular monthly bills to pay. A checking account makes it easy to pay bills and keep track of your expenses. (In most cases, you can't write checks on a savings account.) Writing a check also is much safer than carrying around a large amount of cash.

Not all checking accounts are the same. Each has different rules, such as how much money you must keep in the account at all times. This is known as a "minimum balance." **"Balance"** is the amount you have "left over" after you add in all deposits and subtract all checks and cash withdrawals you have made. If your money drops below this amount, a fee may be taken out of your account each month.

Some checking accounts pay you interest on the money that stays in your account. The interest you will earn will be small, but it is extra money. Some checking accounts may charge you a small fee on every check you write. Others do not, as long as you keep a certain minimum balance of money in your account (for example, \$300).

All banks charge you if you are "overdrawn." Overdrawn means that you wrote checks totaling more than the amount of money you had in the bank. What happens when you don't have enough money in your account? Your check **"bounces."** In other words, the check is no good (it "bounces" back to you).

Your bank will charge you a large fee for overdrawing your account. It could be as much as \$40 for each overdrawn check. Bounced checks also cost you another way: They hurt your reputation with the bank and with the person who had to be paid a second time, after you had enough money in your account.





Alfred bounces a check

On Wednesday night, Alfred went to the music store and wrote a check for \$23.95 to buy two digital CDs that were on sale. But, he only had \$15 in his checking account. He wasn't going to put any more money into his checking account until he got paid on Friday. The music store sent Alfred's check to the bank on Thursday to get its money from his account. But instead of the money, it got a notice back that said Alfred didn't have enough money in his account to cover the cost of the CDs. Alfred's check had just bounced.

This was a hassle for the music store. It wasn't paid for the digital CDs and now it had to spend time contacting Alfred and trying to get him to pay the money he owed. Because it was such a hassle, the store charged Alfred a fee for having written a bad check. So, Alfred now owes \$23.95 to the music store, plus the fee charged by the store. He also owes his financial institution a fee for having written a check that bounced. It really adds up!

OK, I'M ONE OF THE MASSES NOW AND EARN A PAYCHECK. WHAT DO I DO WITH IT?

If you already have a savings account, then the process of putting money into a checking account is similar. You simply make out a deposit slip. Only, this deposit slip is just for checking accounts. When depositing a check, you also “endorse” it by signing your name on the back of the check.

Your signed name certifies that you are the “**payee**” (the person to be paid) and tells the bank to pay you the money written on the check.

Never endorse (sign) any check until you are inside the bank. That’s because as soon as you sign a check, it’s like money. If you endorsed your check and it is stolen, a bank could give your money to a thief instead of you. Because you signed it, you would lose the money!

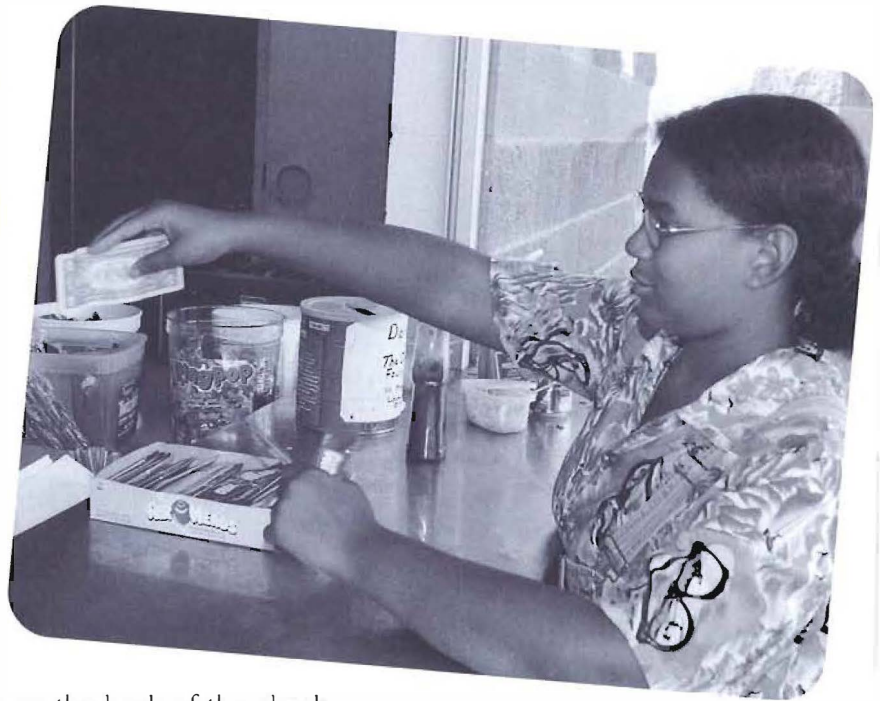
There are two other safe ways to get checks into your checking account.

The first way is similar to the method above—only you don’t sign the check. Instead, write the words “for deposit only” on the back of the check where you would sign your name. Then, if a thief stole your check, the only things he or she could do with it is deposit it into your account or tear it up! “For deposit only” takes the thunder out of a thief.

So why not write “for deposit only” all the time? When you are at the bank, you may want to deposit most of the money, but take some amount back in cash. With “for deposit only,” you have to deposit the whole amount. “For deposit only” works well if you are mailing in a deposit or are using an automated teller machine (ATM). We’ll talk more about ATMs later.

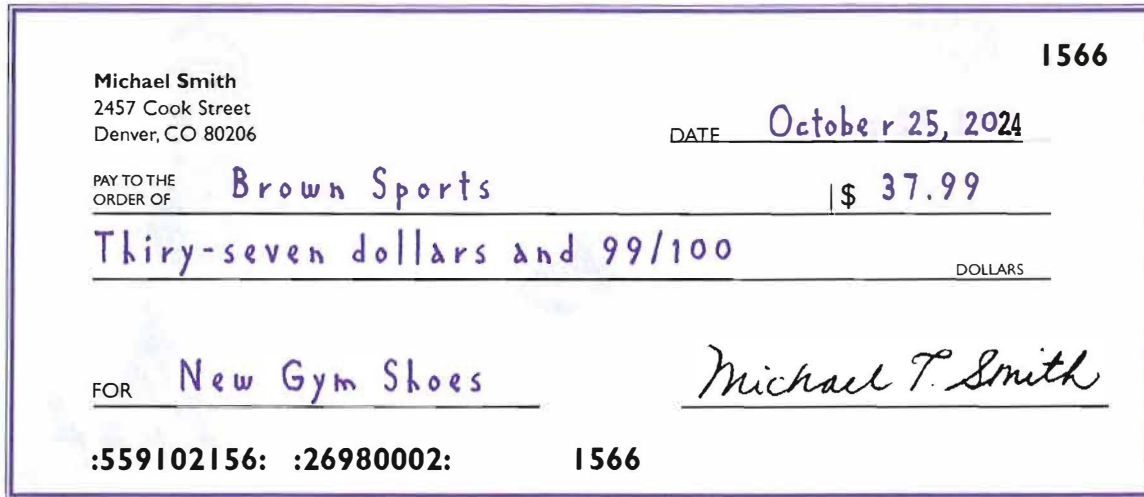
There is an *absolutely* easy way to get paychecks into the bank. That’s called “**direct deposit.**” With direct deposit, your employer transfers money electronically (by computer) into your bank account every payday. That saves you a trip to the bank. Instead of a paycheck on payday, you receive a statement that shows how much money was put in your bank account and the day it was deposited.

If you end up working for an employer that offers direct deposit, take advantage of it! It’s the easiest and fastest way to put your paycheck in the bank. And the sooner your paycheck is in the bank, the sooner it can begin to earn interest.



SO A CHECK IS THE SAME AS MONEY, RIGHT?

This is almost true. A check “stands for” money. Think of a check as a note. The note tells the bank to take out a certain amount of money from your account and give it to the person (or business) to whom the note is made out. The person getting the money is called the “payee.” The bank gives the payee that amount in cash or electronically transfers that amount from your account to the payee’s bank account. Look at the sample check below.



As you can see, it contains a lot of information:

1. Your name and address or the address you feel comfortable receiving mail, if you do not have a permanent address.
2. The check number
3. The date you wrote the check
4. The amount your check is for, written in numbers
5. The “payee” or person or company to be paid money from your account
6. The amount of money to be withdrawn from your account and paid to the payee, written in words
7. A note to yourself to remind you what the check was for
8. The bank’s number and your checking account number
9. Your signature

Never give anyone a *blank* check. A “blank” check is where the amount of the check has not been filled in—but you have signed the check. This means you are letting the person to whom the check is made out decide how much money to take out of your account. How many people do *you* trust to decide how much money to take out of your account? Play it smart. Never hand over a blank check.

PRACTICE, PRACTICE; ALL I DO IS PRACTICE!

Sorry, but the best way to learn to write checks is by practicing. Use the blank checks below to practice your check writing skills.

1. On January 12, 2024, you bought two sweaters on sale at Rink's Department Store for \$75. Fill in the check to complete the sale.

Michael Smith 2457 Cook Street Denver, CO 80206	DATE _____	1567
PAY TO THE ORDER OF _____	\$ _____	
		DOLLARS
FOR _____	_____	
:559102156: :26980002:	1567	

Did you remember to write down "sweaters" or "clothing" in the note area, so you have a record of how you spent your money?

2. On January 22, 2024, you bought a MP3 player at Tower Records. With tax, it cost \$85.72. Write a check to pay for this purchase.

Michael Smith 2457 Cook Street Denver, CO 80206	DATE _____	1568
PAY TO THE ORDER OF _____	\$ _____	
		DOLLARS
FOR _____	_____	
:559102156: :26980002:	1568	

Did you know how to fill in the 72¢ on the line where you write out the amount of the check? You write it as a fraction of a dollar (100 cents), so it would look like this: 72/100.

3. Your apartment rent is due on the first of each month. You need to pay your rent for February 2024. Send a check to Cortez Apartments for \$1,200.

Michael Smith 2457 Cook Street Denver, CO 80206	DATE _____	1569
PAY TO THE ORDER OF _____	\$ _____	
		DOLLARS
FOR _____	_____	
:559102156: :26980002:	1569	

Did you remember to write your rent check and mail it with enough time for it to reach the landlord by February 1st? If not, it would be late.

Have an adult check your answers. Remember, checks aren't free money—you need to make sure you have the money in your account needed to pay the check.



I REGISTER FOR SCHOOL ... NOW I HAVE TO REGISTER MY CHECKS?

It's hard to get away from paperwork. That's the way it is. When you have a checking account, whether you're dealing with paper or banking on—line you have to keep track of everything that is going on. You have to write down all of the deposits you make and all the checks you write and all the debit card charges you make.

Each book of checks comes with a check register, a little record book. You fill in the register to keep track of how much money is in your checking account at any time. The key is—you just have to do it.

When you deposit money in your account, write down in the register the date, where the money came from (for example, paycheck or birthday gift) and how much money you are depositing. Each time you get ready to write a check, first write down the check number, the date, who gets the money, and how much, in the check register. Write down the same things every time you use your debit card. Every time you add money to, or withdraw money from, your account, you need to record the information in the register. Then add or subtract that amount of money from the previous balance to find out how much money is left in your account (your current balance).

Look at the check register for the three checks you just wrote and other recent deposits and cash withdrawals we'll pretend you made during the month of January 2024. Do you see that the shaded (gray) rows show your current balance (in the column on the far right) at any given time? You use the white rows to record information about payments or deposits each day and then add or subtract them from your balance. It does not matter if you paid for your MP3 player with your debit card or check—you still need to include it in your records.

Check No.	Date	Description of Transaction	Payment/Debit		Code	Fee	Deposit/Credit		Balance	
									745	22
---	1-1-24	Deposit					470	50	470	50
		Paycheck for 12/15 - 12/31							1,215	72
---	1-6-24	Cash	100	00					100	00
									1,115	72
1567	1-12-24	Rink's Department Store	75	00					75	00
		(clothing)							1,040	72
1568	1-22-24	Tower Records	85	72					85	72
		(MP3 player)							955	00
	1-24-24	Cash	75	00					75	00
1569	1-24-24	Cortez Apartments							880	00
			510	00					510	00
		(February rent)							370	00
	1-27-24	Deposit (birthday check)					80	00	80	00
									450	00



Now, let's see if you can answer these questions about your check register.

1. What was your balance at the end of the day on January 1? _____
2. Did you make a deposit or a withdrawal on January 27? _____
For how much? _____
3. What was your beginning balance on January 23? _____ And at the end of the day? _____
4. What did you purchase on January 22? _____ . How much did it cost? _____
5. On what date did you pay your rent? _____ . How much was it? _____
6. How many checks did you write in January? _____
7. How many deposits did you make in January? _____
8. What did your deposits total over this period? _____
9. When you write your next check, what will your check number be? _____
10. Did you withdraw cash in January? _____ . How many times? _____
11. What is your current balance at the end of January 2024? _____

- Answers:
1. \$1,215.72
 2. Deposit, \$80
 3. \$955, \$880
 4. CD player for \$85.72
 5. January 24, 2072, \$510
 6. Three (Checks 1567, 1568, and 1569)
 7. Two (one on Jan. 1 and one on Jan. 27)
 8. \$550.50 (\$470.50 + \$80)
 9. Check No. 1570 (check numbers are sequential)
 10. Yes, Twice (once on Jan. 6 and again on Jan. 23)
 11. \$450



Congratulations! You are learning how to record your bank actions and read your check register. That's a real achievement!

Having a checking account means keeping good records. When you run out of cash, you know it. But, when you write checks, it can be easy to overdraw your account and not realize it.

Remember, being **overdrawn** is when you write checks that total more than the amount you have deposited in your account. Filling in the current balance in your checkbook on a regular basis will help you avoid becoming overdrawn. It's that simple.

To keep your check balance up to date, you have to remember to write down all **transactions**. So, every time you make a deposit, write a check, or use a debit card or withdraw money from the ATM, you enter it into your register. You may want to consider ordering checks that have duplicates. This means that each check has a copy. When you write the check, the copy stays with the check, the copy stays checkbook. The copy will show who you wrote the check to and the amount of the check. If you forget to write check information down, you can go back later and add this information in the register. This type of check costs more, but can be helpful.

At the end of every month, your bank will send you a statement. The statement shows the bank's record of your account. You need to review it so your records and the bank records agree. This is called **balancing your account**. Consider asking your foster parent or case worker to show you how to balance a checkbook against the bank statement. Another option is to ask your bank if they have employees who can help you to learn. Many do!

WHAT HAS A BANK DONE FOR ME LATELY?

Banks offer many services. Some you may be interested in; others maybe not. ATMs (automated teller machines) and credit cards are other common services offered by many banks. Let's take a closer look at these services.

ATMs

You probably have already seen the cash machines that sit outside the banks and in many stores. They are called automated teller machines or ATMs. An ATM is open 24 hours a day, seven days a week. ATMs make it easy to withdraw or deposit money, especially when the bank is closed or you are not near your bank.

But it's important to remember that ATMs don't give out "free" money. The money you take out of an ATM comes out of your checking or savings account. Many, but not all financial institutions, charge ATM users a small fee for using them. To use the ATM, you will need a small plastic card (that looks like a credit card) and a personal ID number.

ATMs are handy, but they can get you in trouble if you are not careful. Many people forget to write down what money they took out from an ATM and they overdraw their accounts. Remember to write down your ATM withdrawals just like you would a check in your register. You already know why that's a bad idea. Before you use an ATM, make sure you are ready to keep careful records.

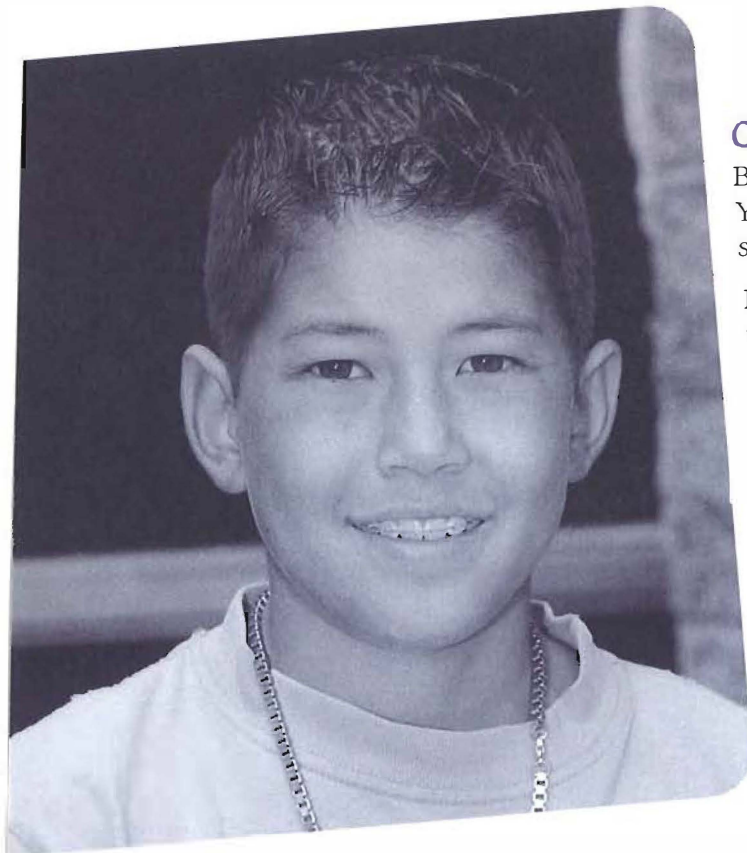
Debit cards

Do not use the a debit card to buy things online! Debit cards are similar to ATM cards. You can use your debit card at an ATM. You also can use your debit card to buy things in the store.

When you buy an item with a debit card, the cashier runs your card through an electronic "reader." This machine makes sure you have enough money in your account to pay for the item. If you do, it authorizes—or allows—the sale and prints out a receipt for you to sign. The money for the item is auto-matically taken out of your account.

Just like an ATM card, when you use a debit card you have to be careful and keep a record of your spending. Remember, the account balance on your ATM receipt does not include the impact of any checks that have not cleared yet.





Credit cards

By now, you know lots of people who use credit cards. You may even know people who will be paying off the same credit card bill long after they have gray hair.

But do you know that using a credit card is the same as taking out a loan? That's right, the amount that is "charged" is a loan. That piece of paper the store clerk hands you to sign is your agreement that you will repay the loan—plus interest.

A credit card has its place—a very limited place.

A credit card is useful if:

- ◆ You don't want to carry around a lot of cash and you can't use your checking account. This often happens when you travel.
- ◆ You have an emergency, say that your car breaks down in another state. (By the way, there's a rule of thumb that says, "If you can eat it or wear it, then it's not an emergency.")

◆ You need to rent a car or make an airline reservation and they will only take a credit card or you are shopping online.

But credit cards have gotten many people into trouble. They carry debt from month to month and the debt only seems to grow larger and larger. To prevent yourself from charging more than you can afford to pay back in a month, enter the amount that you are charging in your check register as if you were paying for the items by check.

When you are 18, you'll probably find that credit card companies want you, too. You'll receive a lot of tempting offers in the mail. Why? Because they make a lot of money off of young people—particularly young people who want to have "everything right now." But this only means you'll be paying in the future for what you have now.

Think of it this way: You could use a credit card to buy new furniture. But there's a good chance that the furniture will be ready for the scrapheap before you're done paying for it. Are we kidding? No. The average American family carries around \$6,500 in credit card debt per card. That's \$6,500 that's not going toward an education, a home, a future.

Now turn it around. What if you had \$6,500 in the bank? That money could pay for the training you want, or you could even go trekking in Nepal for a while. What's the better choice: debt or freedom?

YOU WANT ME TO CALL PEOPLE?

The only way you'll know what different banks offer is to make the calls—or maybe look up the information on the Internet. Many banks have accounts just for teens. Contact three banks or credit unions in your community and find out what special services are available for young people. Have an adult help you with this or make it a project you do as part of a class or with several of your friends.

	Bank #1:	Bank #2:	Bank #3:
What is the bank's address and hours?			
Does this bank offer special accounts just for teens?			
Do I have to make a minimum deposit to open a savings account?			
Can I open a checking account at this bank? Are there any restrictions?			
Will they offer me a credit card? Are there any restrictions?			
Can I get an ATM card? What are the requirements?			

Based on the information you collected above, which bank would you use and why?

Now that you've reached the end of this chapter, you know safe places to keep your money. You also have learned why some bank services, such as credit cards, have to be used carefully so you don't land in debt. After completing this chapter, we know you won't let that happen to you!

Chapter 5, Taking It to the Bank, completed (date) _____

I did all the exercises and answered all the questions in Chapter 5.

By (sign your name) _____

Caregiver signature _____

*You're now ready for Part Two of I Know Where I'm Going
(But Will My Cash Keep Up?)*

Acknowledgments



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The Annie E. Casey Foundation

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NEFE is an independent nonprofit foundation committed to educating Americans about personal finance and empowering them to make positive and sound decisions to reach financial goals. The National Endowment for Financial Education, NEFE, and the NEFE logo are federally registered service marks of the National Endowment for Financial Education. For more information about the National Endowment for Financial Education, visit www.nefe.org.

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