Money 101:
Budgeting, Credit and ID Theft.
Learn more than what’s taught in class

- Freedom brings greater responsibility
- Today’s decisions regarding money affect your future
Good money habits

Knowing the INS and OUTS of your cash is important right now and for the future.

Keep life in balance

- Spend now on what matters the most – needs vs. wants
What’s a budget?

A budget is a tool that helps you keep track of your money

- How much you expect to have
- How much you expect to spend
- When you expect it to happen

Call it a spending plan

- When you understand what’s happening with your money, you can make good choices when it comes to spending and saving
What’s in?

List your income sources:
- Work-study/part-time job
- Allowances
- Birthday money
What’s out?

List your expenses:

- Books
- Food
- Cell phone bills
- Transportation – car payment/insurance

Add the total
Include all expenses

- Fixed Expenses: Cell phone bill, Car payment
- Variable Expenses: Clothing, Books, Music, Food, Entertainment
Keep track of the little things

Track your expenses to determine your spending habits

- Save all your receipts
- Sort them by category and total each category
- Project expenses in the future
What’s the difference?
Subtract expenses from income

Is the number positive?
▪ You have extra funds for spending/saving

Is the number negative?
▪ You may want to rethink your spending choices
Going forward

- Keep track of your actual income and expenses
- Plan and adjust your day-to-day expenses
- Refer to your budget often — *before* spending, not after!
What do I do with the extras?

- Consider setting aside a portion of your budget for saving. Even a little can add up to a lot over time.
- Save $20 per week
- $1,040 after one year
- $4,160 by graduation
- Open a savings account for this money
Future wants and needs

Save for the future:

- To manage in times when you may be short of money
- To pay for spring break
- To cover emergencies
- To meet long-term goals, such as paying back student loans, buying a car or house, or preparing for retirement
Future wants and needs

- Think about your goals for the future
- Some may need more funds than you have saved
Lending basics

Credit: your ability to borrow money now and in the future
- Installment Loans — student loan or car loan
- Lines of Credit — credit card

Interest: amount you pay in order to borrow
- Loan amount
- Loan term
- Your credit history
What is credit history?

Credit History = Financial Reputation

- Your credit history is a record of your borrowing and payment habits, including cell phone bills, student loans and credit cards

- Credit bureaus track your credit history in a credit report, which is used by banks and other lenders to make lending decisions
**Why is it important?**

Good Credit — consistent payments and manageable debt levels

- More likely to approve you for credit
- Lower interest rates, which means lower costs over the life of the loan

Bad Credit — not paying bills on time or at all

- Harder to get credit, get credit at higher rates
- Harder to get a cell phone, rent an apartment or get a job
Building your credit history

Make history right now!

- Start small and pay on time
  - Helps avoid fees and increasing debt
- Use your budget
  - Only borrow what you can afford to repay
  - Control impulse buys
Tips for making credit decisions

Do your homework when applying for credit!

- Read before you apply
  - Interest rates
  - Expected payments
  - Any possible fees
  - Offers and incentives
- Know your rights
- Keep track of your credit cards
Repairing your credit

- Develop a strategy to pay down debt
- Avoid new debt and make regular payments
- Cut extra spending
- Call your lender
Protect your good name

As you’re working to establish a good financial reputation, it’s important to protect yourself from Identity Theft

ID Theft: a criminal obtains your personal information and uses it for his/her own gain

- Open new credit accounts or make fraudulent purchases on your accounts
- Create counterfeit checks or debit cards to drain your bank account
- Use your name when arrested
- Use your name and Social Security number to get a job, rent an apartment or file a fraudulent tax return
How Does ID Theft Happen?

- Old-fashioned stealing: Criminals steal your purse or wallet
- Dumpster diving: Criminals rummage through your trash to look for mail or other items with personal information
- Shoulder surfing: Criminals simply watch you while you use an ATM or complete another transaction
Tips to Protect Yourself

- Monitor your account information and activity regularly
- Keep your valuables in a safe place in your room
- Shred sensitive documents
- Don’t share your debit/credit card with friends or classmates. Never give your PIN to anyone else to use
- Report lost/stole ID cards, licenses, credit cards or personal documents
Online Risks

- Skimming: Criminals use a special storage device that steals card numbers while processing your transaction at an ATM
- Hacking: Criminals access information you share on the Internet
- Phishing: Criminals send a fake email asking you to provide or verify personal information
- Pretexting: Criminals use false pretenses to trick you into providing personal information over the phone
Tips to Protect Yourself

- Pay attention to your surroundings when at an ATM or other store register
- Look for secured websites when you shop, bank or pay bills using the Internet
- Install anti-virus and anti-spyware software on your computer
- Don’t provide credit card or bank account information over the phone or the Internet unless you have initiated the contact
- Verify the legitimacy of a request before providing personal information
- Don’t store personal information on your laptop, which may be easily stolen
What Do You Do?

What do you do if you’ve been a victim?

1. Contact the credit bureaus
2. Close any affected accounts
3. File a complaint with the Federal Trade Commission
4. Call the police

www.consumer.gov/idtheft
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