



Basics of Banking



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





Basics of Banking

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



Monthly Budget

Total Income:

Part-time job: \$170 per week x 4 =	\$680.00 for the month
Birthday gift (check from home):	\$75.00
Total Income =	\$755.00

Fixed Costs:

Car payment:	\$125.00
Gym membership:	\$35.00
Cell phone bill:	\$45.00
Coffee every day:	
\$2.50/day x 5 days = \$12.50 per week x 4 =	\$50.00 for the month

Variable Costs:

School supplies (new books):	\$115.00
Dinner out with Kelly and Dave:	\$23.75
Study lunch with Susan:	\$12.65
New jeans:	\$85.00
MP3 downloads for the month:	\$23.00
Movie and munchies: \$18 x 2 =	\$36.00 for the month
Total Expenses =	\$550.40

Monthly Surplus to spend or save:

$\$755.00 - \$550.40 = \$204.60$



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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





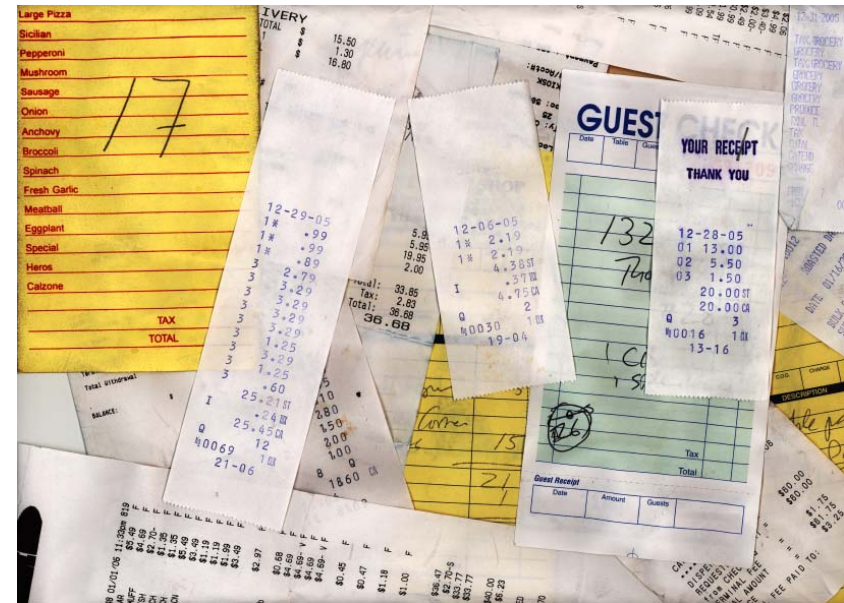
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Keep track of the little things

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





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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

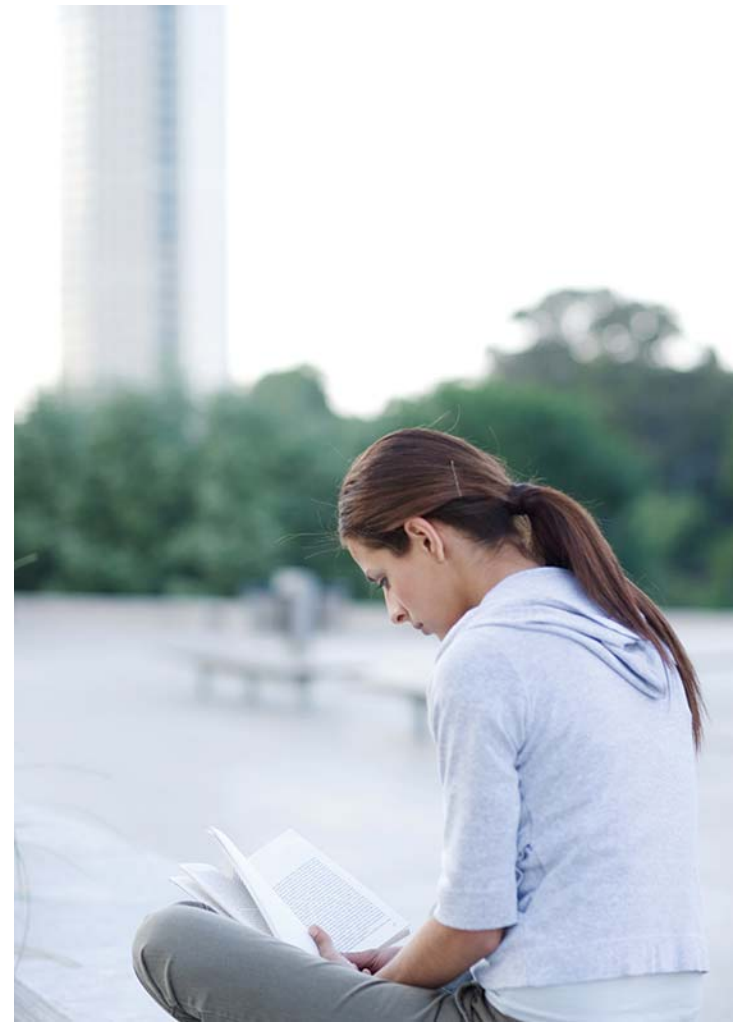




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Future wants and needs

- 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

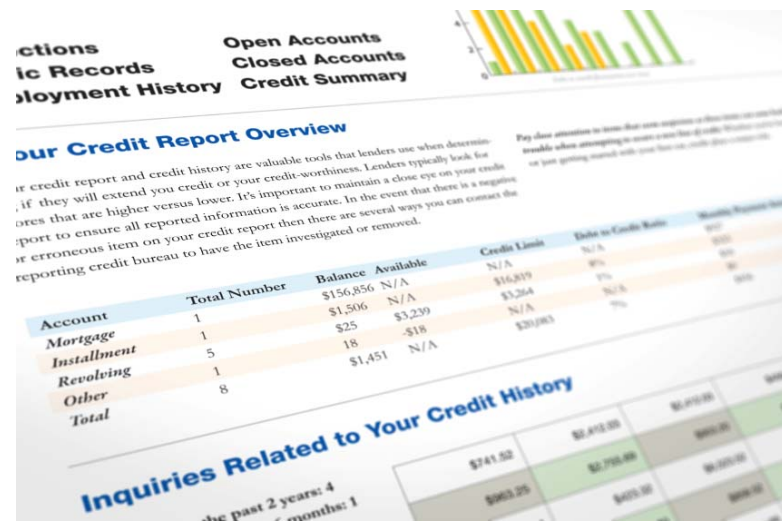




What is credit history?

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

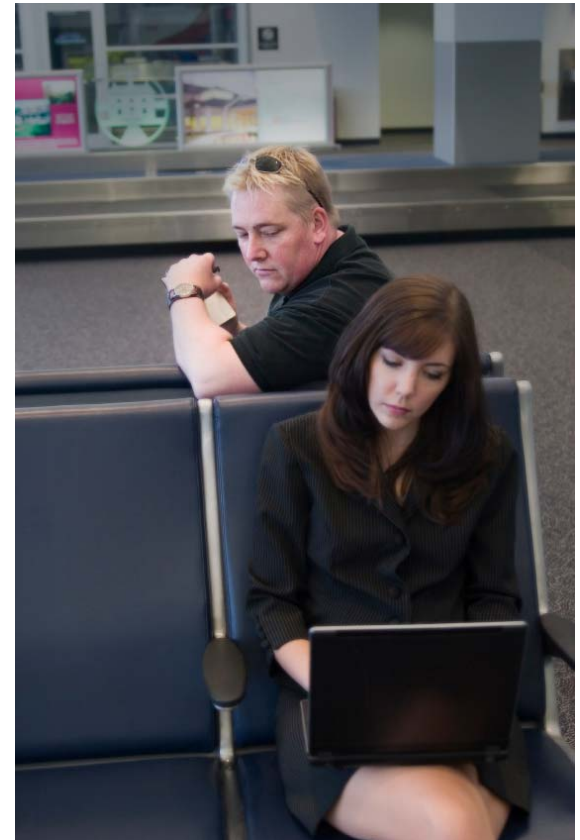
ID Theft: a criminal obtains your personal information and uses it for his/her own gain

- 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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