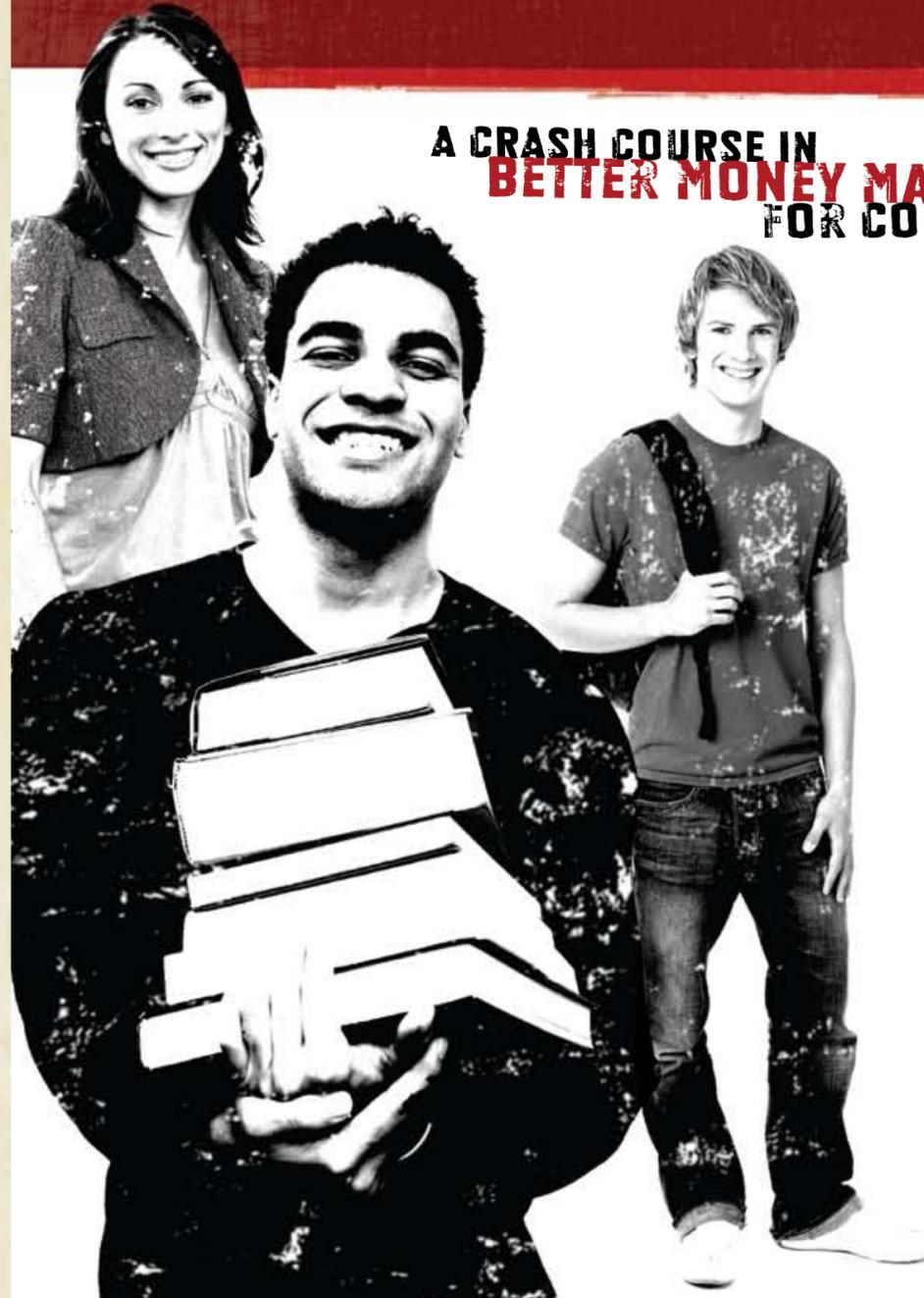


whatsmyscore.org

# MONEY101

## PRESENTER'S GUIDE

A CRASH COURSE IN  
**BETTER MONEY MANAGEMENT**  
FOR COLLEGE STUDENTS



FOR MORE INFORMATION VISIT:

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VISA

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VISA

### DEAR PRESENTER,

It's well known that many students lack basic money management skills. They're in a new environment, possibly away from home for the first time and most aren't prepared for the financial responsibility that comes with student loans, credit card offers, lease signings and more. And the stakes are high – bad decisions today can have serious consequences for years to come.

Research shows financial literacy programs work and early intervention education offers outstanding benefits. Students who learned about personal finances before they received a credit card had dramatically more responsible behavior than students who had no education. Those students who went through a program similar to the one you hold in your hands had 42% fewer late fees on their credit cards and had revolving balances that were 26% lower.

Visa is committed to helping young adults learn the fundamentals about wise money management. That's why we've introduced this Student Money Guide 101, aimed at college students and other young adults. What's My Score Student Money Guide 101 joins the What's My Score website ([www.whatsmyscore.org](http://www.whatsmyscore.org)) and Practical Money Skills program ([www.practicalmoneyskills.com](http://www.practicalmoneyskills.com)) as core pieces of Visa's decade-long effort to raise Americans' financial literacy using effective, compelling and relevant educational resources.

Together, we can help teach young adults the basics of sound financial skills that will last a lifetime.

Sincerely,

Jason Alderman  
Director, Financial Education, Visa  
[jalderma@visa.com](mailto:jalderma@visa.com)

USING THIS CD-ROM: Insert the CD and press the "Start Presentation" button. You can use the icons in the lower left of the screen to jump between sections easily. Use the forward and back button on the bottom right to move forward or back within each section.

# GETTING STARTED

THE CD-ROM CARRIES A MULTIMEDIA FLASH PRESENTATION THAT CAN ALSO BE PRINTED AS A PDF. IT FEATURES SIX TOPICS OF APPROXIMATELY 20 MINUTES EACH, DEPENDING ON DISCUSSION. IF YOU HAVE LIMITED TIME, WE RECOMMEND THAT YOU COVER THE INTRODUCTION, BUDGETING, ONLINE BANKING AND UNDERSTANDING CREDIT SECTIONS.

> **PRESENTATION:** Many of the concepts dealt with here are abstract, especially to young adults. Obviously, it's important to use humor and real world examples in order to make the subject matter relevant to your students. We encourage you to use the What's My Score Money 101 Student Workbook as a jumping off point and to engage your students in ways that no CD-ROM, workbook or computer can.

> **PRESENTER'S GUIDELINES AND SUGGESTIONS:** The What's My Score Money 101 curriculum is designed to help you begin the process of teaching young people the importance of financial responsibility. What follows is a lesson-by-lesson breakdown of the presentation and of the thinking that went into its development. We encourage you to use this general outline as background information to help you flesh out your own presentation. Think of it as talking points, not as a script.

> **STUDENT WORKBOOK:** The Money 101 Student Workbook is available through our website, [www.whatsmyscore.org](http://www.whatsmyscore.org), as a printable download. Prior to beginning your presentation, hand out this student workbook with activities on each of the topics. Take advantage of some selected websites for student reference, which are included on the back page of the workbook.

> **ADDITIONAL OPPORTUNITIES:** Work with the campus newspaper or local media to promote a money management campaign for students. Hold an informal seminar or a questions and answers session. Find a student who might be willing to talk about bad financial decisions that he or she has made – and the consequences of those decisions.

> **ADDITIONAL MATERIALS:** For additional free financial literacy materials visit our orders page at [whatsmyscore.org/orders](http://whatsmyscore.org/orders). There you will find teaching materials, games and content all geared at educating consumers about the importance of financial literacy.



# BUDGETING YOUR MONEY

WE START THIS PRESENTATION WITH BUDGETING YOUR MONEY BECAUSE UNLESS STUDENTS KNOW WHAT THEY HAVE AND WHERE IT'S GOING, THE REST OF THIS PRESENTATION DOESN'T AMOUNT TO MUCH. THE JUMPING OFF POINT IS TRACKING EXPENSES AND LOOKING AT SPENDING PATTERNS. FROM THERE WE GET INTO MAKING A PLAN AND KEEPING A BUDGET.

## > A1: OVERVIEW

The key to understanding personal finances is having a clear understanding of expenses and income. Students need to track where their money is going and how much money is coming in each month. After getting a snapshot of their spending habits, students can get to work on their own personal budgets.

## > A2: TRACKING EXPENSES

Students need to save all receipts and track every expense for a month. It's a real eye-opener to see where the money goes. Point out how much goes for coffee each month.

## > A3: WHY BUDGET?

What is a budget exactly and why is it important?  
What are the consequences of not keeping a budget?

## > A4: BUDGETING IDEAS

Here are some simple ways to help stay on top of a budget. Invite students to offer other ideas.

## > A5: MAKING A PLAN

After tracking expenses for a month, students should have an idea of where their money is going. Now it's time to put a monthly budget down on paper.

## > A6: BUDGETING TO MEET PERSONAL GOALS

Now students can learn how to budget to meet goals, both long- and short-term by adjusting their budgets each month.



# ONLINE BANKING

ONLINE BANKING MAY COME EASIER TO MOST STUDENTS BECAUSE IT COMES VIA A FAMILIAR FRIEND – THE COMPUTER. IN THIS SECTION STUDENTS WILL LEARN HOW TO TAKE ADVANTAGE OF ALL THAT ONLINE BANKING HAS TO OFFER. STUDENTS WILL LEARN THAT ONLINE BANKING CAN STREAMLINE AND PROVIDE ACCURATE RECORDS FOR THEIR BUDGETS. USED THE RIGHT WAY, STUDENTS CAN ALWAYS HAVE AN ACCURATE PICTURE OF WHAT'S GOING ON IN THEIR ACCOUNTS.

## > B1: OVERVIEW

Most banks offer online banking services. This section will review what these services are and how students might use them to track their finances.

## > B2: REASONS TO BANK ONLINE

Convenience and accessibility are the key reasons to bank online. With a student's busy schedule, it's a good idea to know exactly what services are available.

## > B3: GETTING STARTED

Shop around. Students may be able to get discounted rates, free checking or an account that is linked directly to their student loan.

## > B4: BILL PAY AND FUND TRANSFER

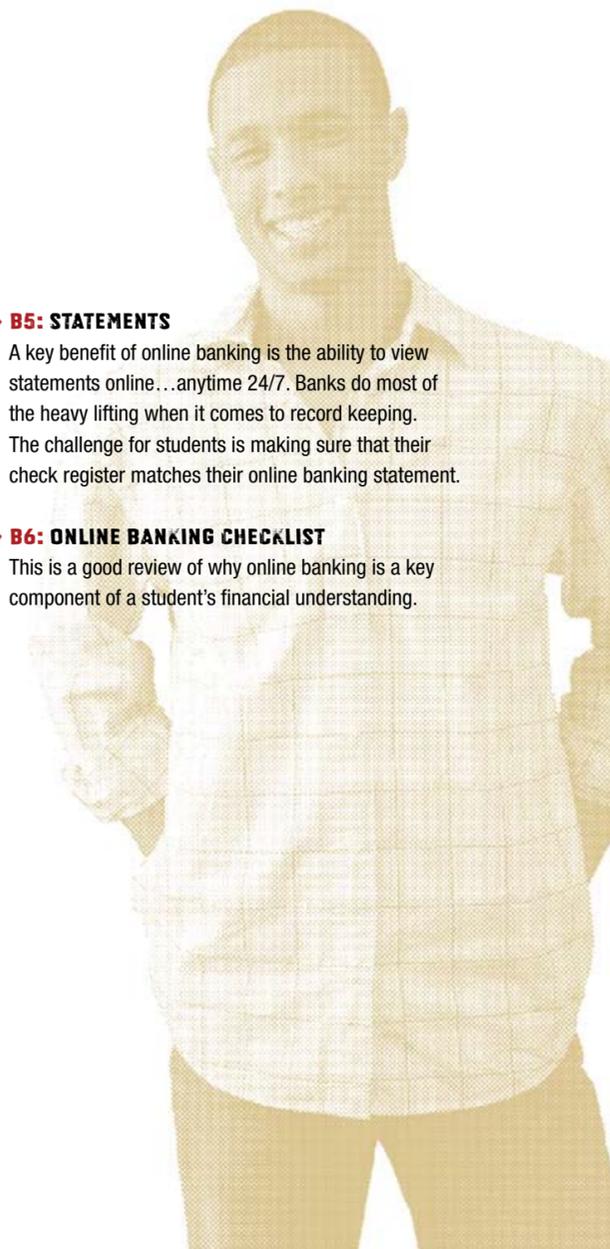
Paying bills or transferring funds is probably the single most convenient feature of online banking. Students need to be reminded during this section that payment isn't instantaneous and what they see online isn't always "real time."

## > B5: STATEMENTS

A key benefit of online banking is the ability to view statements online...anytime 24/7. Banks do most of the heavy lifting when it comes to record keeping. The challenge for students is making sure that their check register matches their online banking statement.

## > B6: ONLINE BANKING CHECKLIST

This is a good review of why online banking is a key component of a student's financial understanding.





# THE CHECKING ACCOUNT



# THE SAVINGS ACCOUNT

THE CHECKING ACCOUNT IS THE CENTRAL HUB FOR ALL FINANCIAL TRANSACTIONS AND IS ACCESSIBLE IN NUMEROUS WAYS – ATM, CHECK, DEBIT CARD AND YOUR BANK BRANCH. EVERY PAYMENT AND PURCHASE MADE WILL BE REFLECTED IN THE ACCOUNTS BOTH OFF AND ONLINE. A MINI-STATEMENT MAY BE AVAILABLE AT YOUR ATM IN CASE YOU WANT TO SEE WHAT'S UP AT-A-GLANCE.

## > C1: OVERVIEW

The checking account is where most money lives. It's also a simple tracking device for money. Every time a check is written or money is drawn from the account, there is a record. Everything shows up in the monthly statement – payments, deposits, transfers and withdrawals.

## > C2: THE HUB OF ALL FINANCIAL TRANSACTIONS

Think of the checking account as the central hub and checks, debit card and online banking as satellite service providers. The checking account is accessible via ATM, checks, debit card, online banking and/or your local branch.

## > C3: GOOD RECORD KEEPING

Always record every transaction as it happens in the check register. The register can be cross-referenced with the online statement periodically. The more frequently this is done, the more accurate the records.

Some transactions are recorded as electronic line items and a copy of the check will not be included with the statement. Choosing checks, the associated expenses and delivery options are decided when opening an account.

## > C4: THE ONLINE STATEMENT

Students should know how to reconcile their check register with their online statement. For example there may be a difference between their balance and available balance.

IT'S NORMAL FOR A CHECKING ACCOUNT TO CONTINUALLY FLUCTUATE IN SIZE WHILE A SAVINGS ACCOUNT IS STABLE, IF NOT GROWING AT A STEADY RATE. IT'S A NOBLE GOAL FOR STUDENTS TO SET ASIDE 5% TO 10% OF THEIR INCOME FOR SAVINGS BUT PROBABLY NOT REALISTIC ON MOST STUDENTS' BUDGETS. THIS SECTION WILL REVIEW HOW A SAVINGS ACCOUNT WORKS AND HOW EASY IT CAN BE TO START SAVING FOR THE FUTURE.

## > D1: OVERVIEW

Developing a consistent savings habit is easier than most people think. It can mean putting away as little as 5% of their income on a regular basis. Most students will be surprised how quickly savings grows when earning compounded interest.

## > D2: STRATEGIES FOR SAVING

Savings can provide a measure of freedom – freedom to take advantage of opportunities, to live where and how you want to live and to avoid total catastrophe in the event of an injury or some other unfortunate event.

There are plenty of saving tricks: Set aside “untouchable” money from each paycheck before spending. Deposit the money from the change jar into the bank. Take “found” money – birthday cash, tax refunds – and put them in the bank. What other methods do students use?

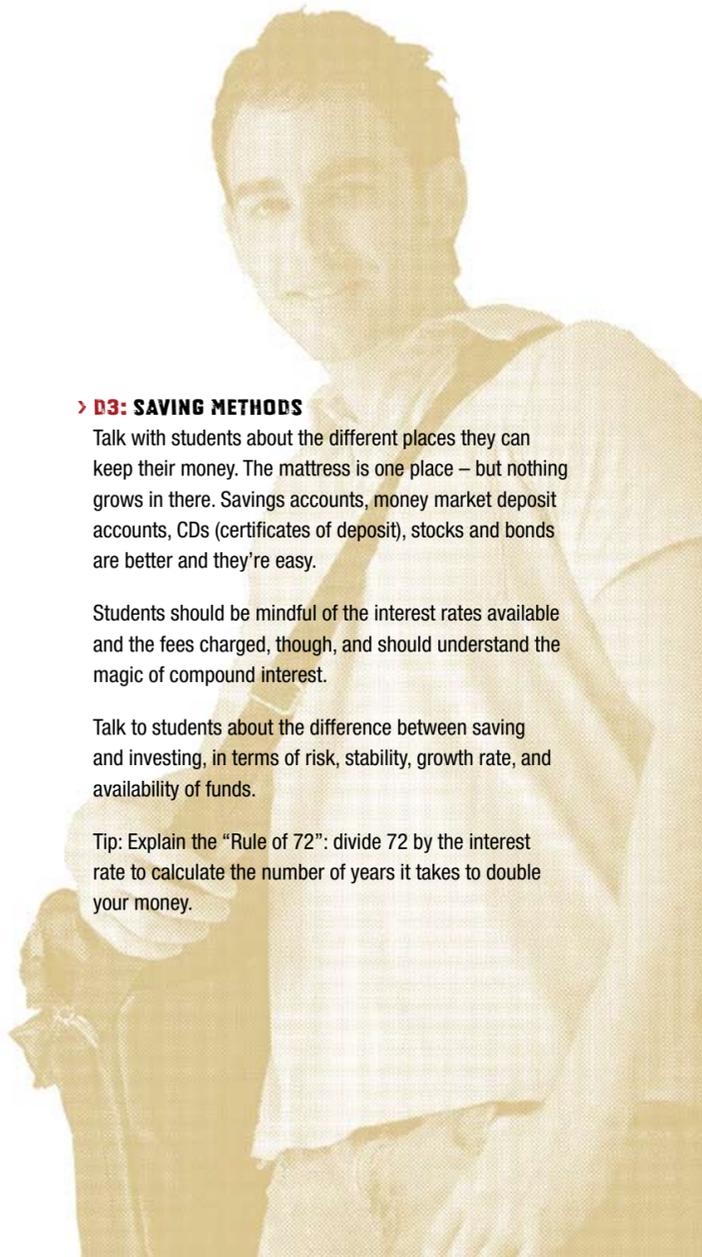
## > D3: SAVING METHODS

Talk with students about the different places they can keep their money. The mattress is one place – but nothing grows in there. Savings accounts, money market deposit accounts, CDs (certificates of deposit), stocks and bonds are better and they're easy.

Students should be mindful of the interest rates available and the fees charged, though, and should understand the magic of compound interest.

Talk to students about the difference between saving and investing, in terms of risk, stability, growth rate, and availability of funds.

Tip: Explain the “Rule of 72”: divide 72 by the interest rate to calculate the number of years it takes to double your money.





# UNDERSTANDING CREDIT



# DEBIT CARDS

BY THE TIME STUDENTS REACH COLLEGE AGE, THEY MAY HAVE STARTED TO ESTABLISH SOME SORT OF CREDIT HISTORY. IN THIS SECTION STUDENTS WILL GAIN AN UNDERSTANDING OF WHAT GOES INTO A CREDIT SCORE AS WELL AS WHAT GOES INTO MAKING AND MAINTAINING A GOOD CREDIT SCORE. CREDIT AND DEBIT CARDS ALSO POSE SPECIAL CHALLENGES AND TEMPTATIONS TO STUDENTS. WHAT FOLLOWS WILL HELP TO MINIMIZE RISK.

## > E1: OVERVIEW

It's important for students to understand the responsibilities and advantages of good credit. The first step is understanding what a credit score is and how it's established. This section also deals with credit cards and student loan information. The fees, the credit limits, interest rates – all the things people may not think about when they pull out the plastic or sign for a loan.

## > E2: YOUR CREDIT SCORE

Students establish a credit history the moment they take out a loan. The loan can be for school, a car or a credit card. Their performance in paying back these loans determines how their credit is scored. Everything done with credit accounts affects the credit score.

When bills are paid on time, it proves a person is credit-worthy. Banks reward good customers with lower interest rate loans and higher credit lines.

## > E3: CREDIT CARDS – KNOWING YOUR LIMIT

Don't get in over your head. A credit card is basically a loan. There's a pre-determined credit limit and money spent can be paid back in full or in installments. Anything not paid back in full is assessed an interest charge.

If you are under the age of 21 you will have to get a cosigner\* on the card or prove you have a job and can make payments.

(\*Credit CARD ACT of 2009, www.whitehouse.gov)

## > E4: UNDERSTANDING INTEREST RATES

Fees and interest rates vary from card to card and may be influenced by a person's credit score. Another good reason to make all payments on time and keep balances paid off each month.

When using a credit card, if a purchase isn't paid for in full, a person might actually end up paying more for it because of the credit card interest.

## > E5: ADVANTAGES AND DISADVANTAGES OF CREDIT OFFERS & OPTIONS

The advantages of credit show best when used with responsible forethought. One or two cards is enough. Disadvantages show up when a person doesn't use credit wisely. Bottom line, don't open more accounts than are needed and don't sign up for credit you can't afford.

## > E6: CREDIT CARD AND LOAN FEES

There are a lot of fees associated with credit card use and loans. It's a good idea to be familiar with introductory rates, default rates and variable interest rates.

## > E7: THE INS AND OUTS OF STUDENT LOAN FEES

What does a loan really cost and what are the benefits? Do your research. With so many different kinds of loans available, it's important to shop around.

Some loans offer repayment grace periods, others do not. Tax benefits to students and parents provide advantages, too.

## > E8: DECODING CREDIT TERMS

Choosing the right credit card starts with comparison shopping. Terms and conditions vary from card to card. After conducting research – if students already have a card, advise calling current credit card issuers to see if they'll match the "other offer" terms. Encourage them to read all information closely, including mailing inserts because they may alert changes in terms and conditions.

Introductory offers are good only for a limited time, so make sure students understand how long it's good for and what happens at the end of the teaser rate.

A DEBIT CARD IS AN ATM CARD BUT AN ATM CARD ISN'T NECESSARILY A DEBIT CARD. GET IT? THE DIFFERENCE IS THAT A DEBIT CARD WILL HAVE A VISA LOGO ON IT AND CAN DO SOME THINGS THAT AN ATM CARD CAN'T. IN THIS SECTION WE'LL GO INTO THE DIFFERENCES AND THINGS TO LOOK OUT FOR WHEN USING A DEBIT CARD. IT MAY LOOK JUST LIKE A CREDIT CARD BUT THERE ARE IMPORTANT DIFFERENCES.

## > F1: OVERVIEW

It's important to remember that although a debit card looks a lot like a credit card, there are some key differences to keep in mind.

Cash in/cash out. Every debit card transaction is linked directly to the checking account and is only good for the amount currently available. It is not a credit card.

## > F2: THE DEBIT CARD

A debit card is only as good as the checking account that's behind it. For that reason, it's a more prudent choice for some college students – less credit, less temptation. Like a credit card, it's nearly universally accepted and is as good as cash.

## > F3: WHEN TO USE A DEBIT CARD

Debit cards are best used for things like groceries, gas, restaurants or movies. When you need cash but are not near an ATM, many retailers offer cash back after purchase.

## > F4: CARD SECURITY

Security is of utmost importance when it comes to debit cards. It's important to remember basic security tips around protecting PIN numbers, like covering the keypad when making transactions and never sharing the PIN with anyone.

Keep receipts. Although only some account numbers show on the receipt, it's never a good idea to leave important documents laying around.

## > F5: KNOW THE DIFFERENCE

Look for the Visa symbol to identify a debit card. ATM cards do NOT have a Visa logo and can only be used at bank ATMs (Automatic Teller Machine) or authorized ATM affiliates shown on the back of the card.

