

Week 4 - Financial Readiness

Adult Education

April is financial Literacy Month, which is designed to create awareness about the importance of personal financial education. Over the next 4 weeks, we will be exploring different financial education topics with specific-age-minded activities and links, designed for your use at home.

Over the past three weeks, we have covered Needs and Wants, Savings and Earning. This week's topic is Financial Readiness. For most of us, once we graduate from high school, we realize there is so much we do not know about financial education. And how can we know everything? We are hopeful this week's focus on budgeting, credit scores and retirement can help you along. And because it is the last week, there are extra activities and games for you as well.

Did You Know...

Money Tracker

Wings has a free budgeting tool, Money Tracker, which can be found on CU Online and in the Wings mobile app. This tool will allow you to track expenses and deposits, monitor spending, create a budget, create a calendar and more!

Learning for Real Life™

The Wings Financial Foundation also has an online learning education tool, Learning for Real Life™. This tool provides a variety of financial wellness modules. These modules are designed to be quick and easy to complete while allowing you to create personal action plans. Visit the link referenced below to access the Learning for Real Life™ modules. <http://wingsfinancial.everfi.com/>

Budget

What is a Budget? A budget is a financial plan for a defined period of time. It is an estimation of income and expenses and is usually re-evaluated on a regular basis.

Why Should I Budget:

1. To know where your income goes each month
2. To take control of your financial future and goals
3. To reduce debt
4. To save for and build assets
5. To reduce the stress of not knowing whether you'll have enough money each month.

After one month of keeping track of your income and expenses, separate your spending into categories and determine your totals. Examine and adjust as needed. Use discipline and maintain your spending and savings habits. Do not forget to ***Pay Yourself First (PYF)!!***

To get you started, take a piece of paper or make a spreadsheet to easily track your money for 1 month.

Income	Expenses

Now, look at your Expenses and put them into categories for your totals. We listed possible categories, but you can rename the categories to whatever you wish.

House/Apt	Groceries	Utilities	Car/Gas	Clothing	Savings	Entertainment	Insurance

Totals →

Any surprises? Is that cup of coffee 3-4 days a week adding up to more than you thought it was? Try to put some limits on each category for a month and check back and make adjustments as needed. Remember, paying for NEEDS first, before WANTS, is the goal in making sure you have enough to pay for necessities like shelter, food and clothing. And always have a SAVE category, PYF!

Grocery Store Pricing Activity: In keeping with our budgeting theme, can you save any money by shopping at different grocery stores? Go online and write down the prices of items you regularly buy and compare prices at different stores online (be sure to match exact items). This can be a way to save on your grocery budget, along with clipping some coupons for food and for dining out!

STORE: _____

STORE: _____

Milk: _____

Milk: _____

Bread: _____

Bread: _____

Eggs: _____

Eggs: _____

Cereal: _____

Cereal: _____

Hamburger: _____

Hamburger: _____

Ketchup: _____

Ketchup: _____

Lettuce: _____

Lettuce: _____

Cheese: _____

Cheese: _____

Other Meat: _____

Other Meat: _____

Dressing: _____

Dressing: _____

Soup: _____

Soup: _____

Seafood: _____

Seafood: _____

TOTAL COST: _____

TOTAL COST: _____

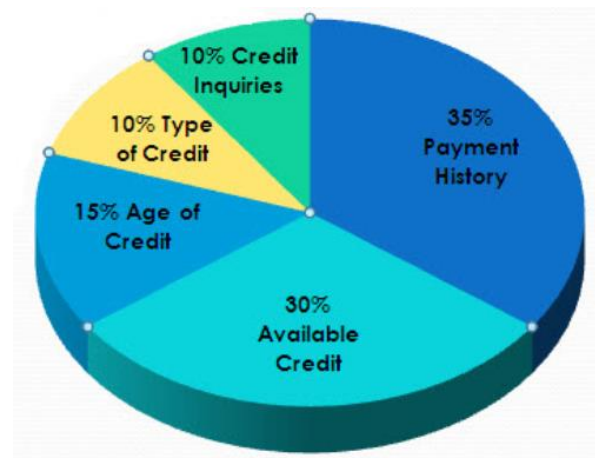


Credit Scores

As a consumer, your credit score is a number based on information from your [credit reports](#) at the three major [credit reporting bureaus](#)—Equifax, Experian, and TransUnion. When you apply for a personal loan, a mortgage or a new credit card, your credit score will be pulled. Your scores is designed to show potential lenders and creditors your likelihood of repaying a debt. The scores are created by independent third parties, rather than by creditors or consumers. The most common credit score range is **300 to 850 (FICO Score)**. In other words, 850 is the best credit score you can have, while 300 is the worst. And a good credit score is anything from **700 to 749**. Each creditor or financial institution will then rate you based on your credit score, giving you a grade, much like a report card. This grade often determines the rate you pay.

How is your credit score determined?

1. Payment History
2. Available Credit
3. Age of Credit
4. Type of Credit
5. Credit Inquiries (for new credit)



Ways To Improve Your Credit Score

1. Pay your bills on time. So important!!
2. Pay off debt and keep balances low on credit cards and other revolving credit.
A low credit utilization ratio tells lenders you haven't maxed out your credit cards and likely know how to manage credit well.
3. Apply for and open new credit accounts only as needed.
4. Don't close unused credit cards, unless they are costing you something.
5. Don't apply for too much new credit, resulting in too many inquiries.
6. Dispute any inaccuracies on your credit report.
7. Get credit for making utility and cell phone payments on time (NEW* from Experian).

Find out more information and tips at <https://www.experian.com/blogs/ask-experian/credit-education/improving-credit/improve-credit-score/>

Next Gen Personal Finance has an interactive activity that allows you to better understand credit scores.

<https://docs.google.com/document/d/1hkzZrcdoKleubycSwxR-U965Q3GFjMHf8MnMRdAoI7A/edit>

Retirement

One of the most important factors that affects a person's decision to retire is whether it is even financially possible in the first place. While it is somewhat possible to retire with nothing in savings and to rely solely on Social Security (which an unfortunately significant number of Americans in the U.S. do), it is generally a bad idea for most due to the sheer difference between a working income as opposed to the Social Security benefits. In the U.S., Social Security benefits are only designed to replace about 40% of the average worker's wages during retirement. (calculator.net)

Retirement is an important consideration for everyone, and when not forced to retire due to various reasons such as illness or disability, most people choose to retire when they are ready and comfortable with the decision. Since everyone's situation is different, you can work through your own calculations by following the 2 websites below. The balance website also has a calculator to help determine when you should start taking Social Security.

How to estimate how much money you will need to retire.

1. Estimate your annual expenses.
2. Add up income from guaranteed sources
3. Calculate the gap and determine your savings needs
4. Create best-and worst-case scenarios

<https://www.calculator.net/retirement-calculator.html>

<https://www.thebalance.com/how-much-you-ll-need-to-retire-2388833>



\$ Money Trivia \$

Multiple Choice

1. Which president is on the penny?
 - a. Washington
 - b. Lincoln
 - c. Jefferson
 - d. Kennedy

2. How much does \$1 million weigh in \$1 dollar bills?
 - a. 1,577.1 lbs.
 - b. 1,898.5 lbs.
 - c. 2,040.8 lbs.
 - d. 2,092.3 lbs.

3. What's the original name of the nickel?
 - a. Half-dime
 - b. The Jefferson
 - c. Five cent piece
 - d. Silver cent

4. How many edge ridges are on a dime?
 - a. 87
 - b. 135
 - c. 93
 - d. 118

5. George Washington has been on the quarter since what year?
 - a. 1932
 - b. 1804
 - c. 1857
 - d. 1927

True or False

6. A woman's portrait has appeared on U.S. paper currency.
 - a. True
 - b. False

7. \$500 bills still being produced.
 - a. True
 - b. False

8. The dime is the lightest, thinnest, smallest coin.
 - a. True
 - b. False

9. The penny is still the same size today as it was in 1793.
 - a. True
 - b. False

10. All coins contain silver in them.
 - a. True
 - b. False

Fill in the blank

11. The nickel is made of _____ and _____.

12. A \$1 bill lasts _____ months in circulation.

13. The _____ has an eagle on the backside.

14. There have been _____ different designs on the penny.

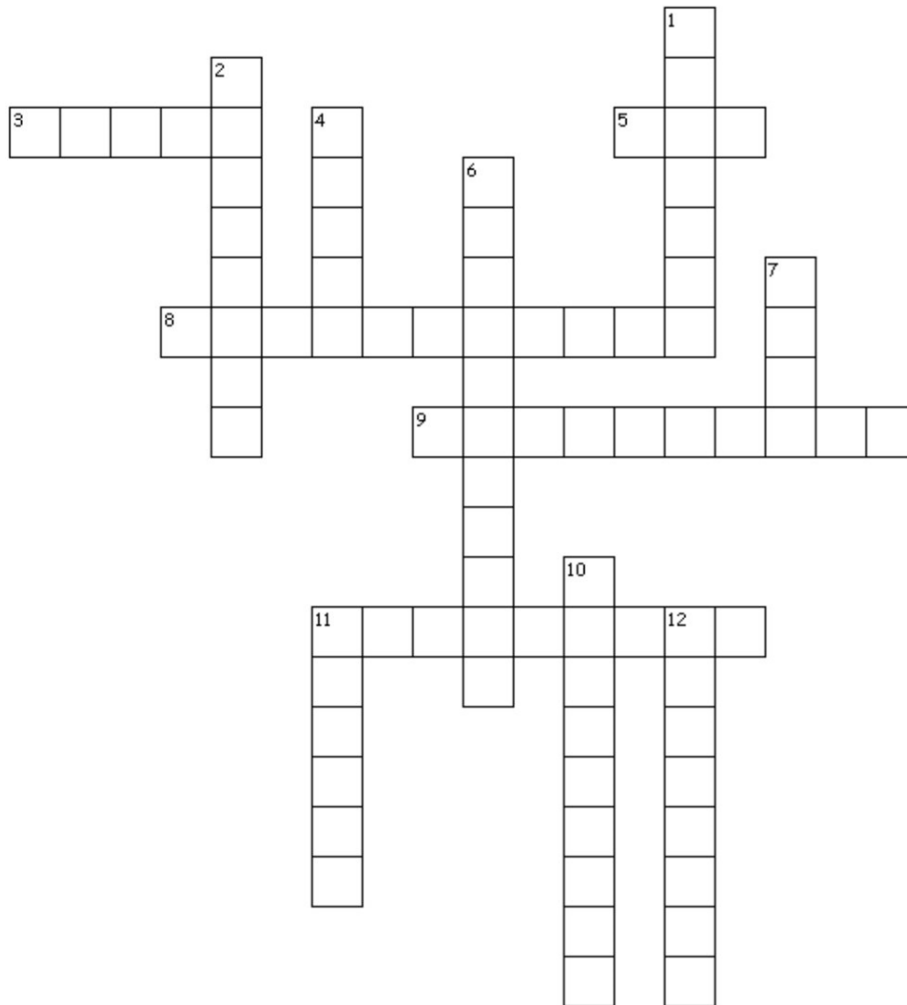
15. Paper money is made of _____ and _____.

\$ Money Trivia \$

Answer Key

1. **B:** Abraham Lincoln has been on the penny since 1909
2. **C:** If you used \$1 bills it would weigh 2,040.8 pounds, but if you used \$100 bills it would weigh only 20.4 pounds.
3. **A:** It wasn't until 1883, after intense lobbying efforts by industrialist Joseph Wharton, that the nickel alloy caught on, replacing the half dime and becoming widely circulated as the "nickel," named after the metal by which it was made.
4. **D:** It is the smallest, thinnest and lightest coin. It has 118 ridges.
5. **A:** Lady Liberty adorned the face of the quarter for over 100 years before being replaced by George Washington in 1932.
6. **True:** Martha Washington is the only woman whose portrait has appeared on a U.S. currency note. It appeared on the face of the \$1 Silver Certificate of 1886 and 1891, and the back of the \$1 Silver Certificate of 1896.
7. **False:** The last \$500 bill rolled off the presses in 1945 and were discontinued in 1969.
8. **True:** The dime is the lightest, thinnest and smallest coin.
9. **False:** The penny was originally much larger and proved hard to use and its size was reduced in 1857.
10. **False:** Coins are usually made of copper and another element, such as zinc or nickel.
11. The nickel is made up of 75% **copper** and 25% **nickel**.
12. A \$1 bill lasts **18** months in circulation.
13. The **quarter** has an eagle on the backside.
14. There have been **11** different designs on the penny.
15. Paper money is made of **linen** and **cotton**.

Financial Terms 18+



Across

- 3. A contract that lets you use someone else's property for a specific rate and time
- 5. The abbreviation for Annual Percentage Rate
- 8. Your total income before taxes are withheld
- 9. A legal proceeding when one is unable to pay their debts
- 11. The total amount of money owed on a loan excluding any interest charges

Down

- 1. Anything that you spend money on
- 2. The amount you own in assets minus the amount you owe in liabilities
- 4. Money paid to state or federal governments to pay for public services and infrastructures
- 6. An amount you pay on a loan at the start to reduce the loan amount
- 7. Any money owed to an individual or company
- 10. An assigned number to you that indicates your borrowing and repayment ability
- 11. A document detailing the type and amount of coverage that your insurance offers
- 12. Paying off a loan in installments

13 of 13 words were placed into the puzzle.

Key: 1) Expense 2) NetWorth 3) Lease 4) Taxes 5) APR 6) DownPayment 7) Debt 8) GrossSalary 9) Bankruptcy 10) FICO Score 11) Principal (across) 11) Policy (down) 12) Amortize

Money Word Search

E E I E E A B E T U T D O X J
 B P A R M A T I K S N N K K O
 C U A R L O D M B A E E U N B
 L H D A N E C O Q V M P C A Y
 S A N G R D R N E I T S O L D
 T C W C E R E C I N S C I P T
 E N T A O T N P A G E K N L M
 P F A W R A H O O S V L G V C
 L F F W W D L D E S N E P X E
 Y E N O M C H E C K I N G Y C
 D O L L A R T T A X Q T U R H
 D L W I N G S I I T F I C A O
 A B O C S W J F B W F A M L I
 D E E N V O I R Q E S C H A C
 O Z G J U D H T K H D L L S E

Allowance
 Borrow
 Checking
 Credit
 Dollar
 Income
 Loan
 Plan
 Share
 Want

ATM
 Budget
 Choice
 Debit
 Earn
 Investment
 Money
 Salary
 Spend
 Wings

Balance
 Cash
 Coin
 Deposit
 Expense
 Job
 Need
 Savings
 Tax
 Withdrawal