



Kickstart Your Money

101

The Ins & Outs

*Managing
Your Money,
Credit Scores,
& More*

Incorporating financial education into school curricula, community programs, and family discussions is key to ensuring that young adults are well-prepared to navigate the financial challenges of adulthood.

The benefits extend far beyond individual well-being, contributing to overall economic stability and prosperity.

Evergreen Credit Union
Financial Counseling Team

Resources

Check your credit report with the 3 credit bureaus:

A credit bureau, also called a credit reporting agency (CRA), keeps track of your credit history and financial habits. In the U.S., the three big bureaus are Equifax, Experian, and TransUnion. They collect information from banks, credit card companies, and other lenders to create your credit report that shows how well you manage your money and debts.

Experian.com | Transunion.com | Equifax.com

Where to check your credit report for free:

- AnnualCreditReport.com

If you're a victim of identify theft, contact:

- IDTheftCenter.org
- Justice.gov (search "identity theft")

To schedule an appointment with one of our Certified Financial Counselors:

Email: Money101@egcu.org

Call (207) 221-5000 to schedule an appointment.

egcu.org

Table of Contents

Your Money Journey	page 4
Life's Adventure Map.	page 5
Rollin' into Your First Ride	page 6
Your Credit Score.	page 7
Bullseye on Credit Reports	page 8
Identity Guardian.	page 9
Money in Motion	page 10
The Magic of Compound Interest.	page 11
Debt Demystified	page 12
Plastic Power Showdown	page 13
Budget Worksheet	page 14
Credit Unions vs. Banks.	page 15

Your Money Journey

Kickstart your financial future by mastering money skills

Understanding how to manage your money early can really impact your future. **The more financial education you get, the better choices you make with your money, such as saving effectively, creating and setting realistic financial goals, and more.**

Programs like Kickstart Your Money 101 give you a starting point in your financial journey so you can make clever choices that pay off. As Evergreen Credit Union's Certified Financial Counselors, our goal is to encourage a mindset of continual learning about making and spending money. We'll equip you with the skills you need as you transition from teen to adult.

Money Touches Everything

The financial choices you make now can shape your future. Whether it's tackling higher education or buying your first vehicle or home, it all ties back to your financial moves.

Handling money isn't just for big life moments – it's something you have to do every day. From what you eat to what you buy, where you travel and even your social plans, money decisions are everywhere. The more you understand about your choices, the better you can avoid financial hiccups.

The world of money is always changing, and it's important to stay in the know. Understanding how the economy works, spotting investment opportunities, and learning about smart financial moves will set you up for success as you grow up. Stay curious and stay informed!

So, get ready to learn more about your cash flow – it's your ticket to financial freedom!



Have you been to an event where Evergreen's Financial Counselors teach you about money management? Take a picture with us and use #KickstartYourMoney101 to get featured on our Story!

Life's Adventure Map

Goal Setting Magic: Designing Your Dream Map

Goal setting is a powerful skill that can significantly contribute to the success your well-being. The first step? Define those dreams and goals! Writing your goals down serves as a constant reminder of what you want to accomplish. **Well-defined goals help you focus your time, energy, and resources on what truly matters.**

It's okay for your goals to evolve as you grow and learn. **The key is to have a starting point with a destination in mind, and have a solid plan to navigate the journey.** This intentional approach significantly boosts the chances of turning dreams into tangible achievements.

Ready to rock the goal-setting game? Try writing a specific and realistic goal below.

Your goal:

What skills do you need to achieve this goal?

What is your timeline to achieve this goal?

Why is it important?

Achieving this goal would mean:

Rollin' Into Your First Ride

Pit Stops and Checkpoints: Buying Your First Car

“Do I really need a car?”

The choice to depends on your circumstances and priorities. Take the time to weigh the pros and cons, and explore alternative transportation options.



Negotiate

Be prepared to stand up for yourself and get the best deal possible. If you do your homework, negotiation can land you a good deal. The bottom line is, be prepared to walk away if you don't get the deal you deserve.

Your first car isn't just a set of wheels; it's a symbol of freedom, independence, and countless potential adventures. Here's a few key items to think about before you purchase your car:

- **How Much You Can Afford**

Make sure your car purchase fits comfortably into your budget. It's not just about the sticker price; keep in mind other costs, like dealer fees, taxes, and costs for inspection, registration and insurance.

- **Budget for Loan Payments**

If you're financing your car, look at your budget to ensure you can afford to make those payments on time and still have money left over to pay for gas and repairs, such as oil changes or new tires.

- **Shop Around for Financing**

Explore financial institutions that offer “First Time Buyer” programs. Because your first loan can be considered a risk to financial institutions, First Time Buyer programs tend to offer lower interest rates. A lower interest rate can significantly impact the overall cost of the car loan.

- **Choose the Right Car for You**

Make sure it aligns with your needs, lifestyle, and budget. How you decide is based on what you feel is important in your vehicle, such as:

- Durability and reliability (especially if you live somewhere with rough road conditions)
- The ideal size for your car
- Fuel efficiency, gas mileage, or consider an E.V.
- Car insurance rates for different car models

Your Credit Score

Credit Scores Unveiled: The Hidden Power in 3 Digits

Your credit score, a 3-digit number from 300 to 850, is used by lenders to decide if you're worthy of a loan. Think of it as your financial report card; the higher your score, the more likely you appear to repay borrowed money. Your credit score is calculated using special scoring programs, such as FICO, that use certain rules and factors to figure out your score:

- **Length of History (15%)**
Keep your oldest credit card, even if it's not used.
- **New Credit (10%)**
Don't open too many accounts in a short period of time.
- **Types of Credit (10%)**
Take advantage of a variety of credit, like credit cards & loans.
- **Amount Owed (30%)**
Never owe more than 30% of your credit limit.
- **Payment History (35%)**
Make your payments on time every month, even if it's just your minimum payment.

Hard Pulls vs. Soft Pulls on your Credit

Soft Pull

- Checking your credit score on platforms like CreditKarma or CreditHub in the Evergreen Mobile App.
- Does NOT lower your credit score

Hard Pull

- Applying for a loan or credit card
- May stay on your credit report for 2 years
- Temporarily decreases your score

Real Life Example: What Good and Bad Credit Can Do

Amy applies for a car loan with her credit union (CU) with a 790 score and a debt-to-income ratio below 15%. The CU is confident in lending her a larger amount at a lower interest rate. Amy can now manage a car loan and the expenses associated with car ownership while saving a substantial amount of money due to wise financial decisions and careful spending habits.

On the other hand, Ben's credit score is 625, and his debt-to-income ratio is 30%. The CU now has to carefully assess Ben's ability to repay the loan. The institution agrees to provide Ben with an auto loan, but the approved amount is less than what he initially requested and he's offered a higher interest rate. Ben now needs to reevaluate his budget, factoring in the higher-than-expected auto loan repayment. On a car loan, how good your credit is can determine if your dream car is actually in your budget.



Bullseye on Credit Reports

Decoding the Mystery

Credit scores are a part of your **credit report**, a detailed account of your credit history. Visit [AnnualCreditReport.com](https://www.annualcreditreport.com) to find the following for free:

- Your credit report and credit history
- Any debt you owe
- Personal information, such as where you've lived and worked, your loan history, and credit data. If something doesn't look correct, report it using the resources on page 2.

Where can I find my credit report?

AnnualCreditReport.com can give you one free credit report a year. If you have any questions, your financial institution should be able to answer them for you.

Kickstart Your Positive Credit History

Starting out with a positive credit history is a game-changer as you step into adulthood. Pick a parent with good credit habits, and it may just rub off on you. If you're an authorized user on your parent's card, be aware that their behavior impacts your credit history and vice versa. Here are the pros:

- **Learn Responsible Credit Use**
Observe how they manage their credit. Understand the importance of on-time payments.
- **Communicate Openly**
Discuss expectations and responsibilities. Ensure clear communication about card usage.
- **You're Building a Strong Foundation**
As an authorized user, it helps you establish credit at a young age so, when you're eligible on your own, you already have a credit history. Make sure the lender or card issuer reports authorized user activity to the three credit bureaus.

Who Can Check Your Credit History?

Cell phone companies, collection agencies, insurance companies, your employer, potential landlords, and credit lenders can check your score to prove your creditworthiness.

Identity Guardian

Spotting Scams and Staying Safe

Identity theft is when someone steals your personal info, like your social security number and birthdate, to open credit cards, loans, file fake tax returns and more. Teenagers can be targets for scams because their lack of financial experience prevents them from knowing what to look for when identifying fraud. Here's what to watch out for:

- **Online Use**

If you spend time online, you're vulnerable to fraud. Be cautious if someone asks for your personal info online. If you're not sure, hold off until you're certain it's legit.

- **Undetected Use**

Since you won't be using credit for loans right away, scammers can use your identity for years before you catch on.

- **Protect Yourself**

Don't take it lightly; resolving the aftermath of identity theft can take years.

Potential Red Flags To Watch for Identity Theft (for minors)

- You receive pre-approved credit card offers in the mail.
- You receive calls from collection agencies about overdue balances.
- You apply for a driver's license and discover one already exists using your social security number.
- Your credit report shows accounts and information about incorrect employment or resident addresses.

Stay smart, be cautious, and protect yourself from identity theft! Here's what to do if you discover a scam or experience fraud:

If You Experience Identity Theft:

- Report it to law enforcement & the U.S. Attorney General's Office.
- Put a fraud alert on your credit report with all three credit bureaus.
- Contact the Federal Trade Commission (FTC) online or call 1-877-438-4338.
- Check all your financial accounts for anything fishy.
- Get a free copy of your credit report to make sure everything is accurate.
- Contact the Identity Theft Resource Center for help.

Money in Motion

Tracking your Cash

Budgeting isn't about saying "no" to yourself; it's about being the boss of your money. Figuring out how much you make, keeping an eye on what you spend, and knowing the difference between what you need and what you want are the basic things to do when you're creating a budget. Follow these steps to easily create yours:

- **Money Coming In**

Figure out where your money comes from—like paychecks or allowances. If you have a job, look at what you earned after taxes to have a real picture of what you actually have. Don't count irregular money, like birthday cash or holiday gifts, because they're extra and not something you can always count on.

- **Keep Tabs on Spending**

This is tough but important for managing your finances. Tracking your spending regularly can show you habits you didn't know you had and help you make smarter choices with your money.

- **Pay Yourself First**

Prioritize saving a part of your paycheck before spending to build a safety net for your finances (work your way up to 20% of your check. Even 5% is a great start!) Having goals for your savings gives you a reason to save money.

- **Needs vs. Wants**

Differentiate between your needs (transportation, school supplies, bills) and wants (movies, concerts, games) when spending money. Think: is spending money on this worth it?

Imagine your expenses are like a pizza.

The essential items are like the crust, sauce, and cheese – you need them to make your pizza. The non-essential items in your budget are like the extra toppings, like pepperoni or mushrooms. You don't need them for the pizza to exist, but they make it more fun. It's all about being smart with your money; making it work for you so you can achieve your dreams!

The Magic of Compound Interest

Watch Your Money Grow

Imagine you start saving a small amount of money now, even if it's just a few dollars a week or month. In just a few years' time, that money could grow into a pretty substantial sum, all thanks to compound interest. **It's like planting a seed and watching it turn into a money-producing tree over time.**

Compound interest can benefit you in the long run if you put in the work while you're younger. **If you deposit money into a bank or investment account that earns compound interest, you earn interest on the original amount you put in AND on the interest you've already earned.** Why is this an awesome feature to have?

- **Your money grows faster**

Because you're earning interest on both your initial investment and the interest it earns over time, your money can grow faster than if you were just earning simple interest.

- **The more time passes, the more money you earn**

Compound interest works best when you give it time to do its thing. The longer you leave your money to grow, the more it can snowball into a larger sum. Starting your savings early means you have more time for compound interest to work its magic.

- **Building wealth**

Compound interest can help you build wealth over time. Even if you're only putting away small amounts regularly, those contributions can grow into a significant sum thanks to compound interest.

- **Earn more while doing less**

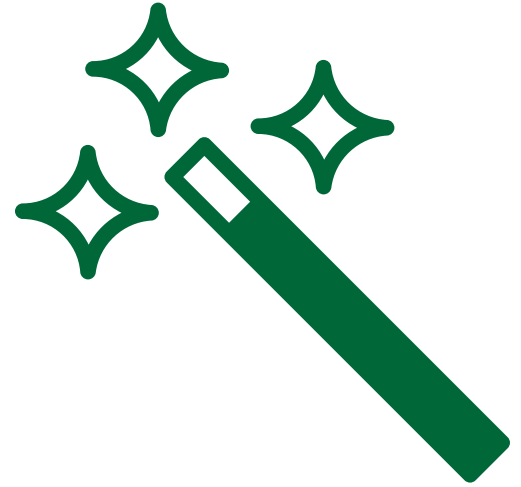
Once you've set up your account, compound interest does most of the heavy lifting for you. You don't have to constantly deposit more money to see it grow; just let time pass and your compound interest grow.

If you're looking to save money over time, compound interest is a useful tool. Take advantage when you can!

Debt Demystified

The Scoop: What Every Teen Should Know

Debt is money that you owe, such as balances you may have on credit cards or loans. Some debt is okay, but it's important to manage it wisely. **Wise debt management done with informed decisions about your financial goals can set the foundation for a financially secure future.**



Here's some helpful tips to avoid excessive unmanaged debt:

- **Create a budget**
Understand your income, expenses, and how much you can afford to save or use for extra spending.
- **Save money for fun or emergency costs**
Whether you're saving up for a trip or creating an emergency fund for car repairs, saving money is important so you don't rely on credit during emergencies.
- **Think carefully**
Impulse buying can lead to unnecessary debt. Think: *do I actually need what I'm thinking about purchasing?*
- **Don't feel pressured to spend money**
Just because your friends are, doesn't mean you have to. The best financial decisions you can make are based on your own needs and goals.
- **Learn what you can**
Focus on financial education and learn about developing skills that can increase your earning potential in the future.

Remember, managing debt wisely and living below your means sets the foundation for a financially secure future. Making informed decisions now will empower you to achieve your future goals without creating unnecessary financial stress.

Good Debt vs. Bad Debt

Good Debt

Debt used for things that can increase in value over time, like a home mortgage or student loans. These investments could benefit you in the long run.

Bad Debt

Debt used for things that decrease in value quickly and don't contribute to your financial well-being, like credit card debt.

Plastic Power Showdown

Debit Cards vs. Credit Cards

Understanding the different types of cards available (ATM, debit, and credit cards) can be a bit confusing, especially if you're just starting to learn about managing money. Each card serves a unique purpose and comes with its own set of features and responsibilities.

ATM Cards

The Basics

ATM (Automated Teller Machine) cards are straightforward and primarily used to withdraw cash from your bank account at ATMs.

Purpose: They allow you to access your money and check your account balance at ATMs anytime.

Usage: You may only use them at ATMs or physical bank/credit union locations.

You can't use an ATM card to make purchases in stores or online.

Debit Cards

Spending What You Have

Debit cards allow you to spend money directly from your checking account without carrying cash.

Direct Access: When you use a debit card, the money is immediately deducted from your account.

Purchase Power: Make purchases in stores and online, as well as withdraw cash from ATMs.

No Debt: You may only spend the money you have in your account.

Using a debit card teaches you how to manage money and helps you understand the value of what you purchase.

Credit Cards

Borrow Now, Pay Later

Credit cards allow you to borrow money from the bank up to a certain limit.

Credit Card Charges: You're borrowing money you will need to pay back, usually with interest if not paid off by the due date.

Legal Age for Solo Card: In the U.S., you must be at least 18 years old to apply for a credit card of your own.

Ages 18-21 need a co-signer or proof of income to get your first credit card.

Authorized User: If you're not 18, you can be an authorized user on your parent's/guardian's credit card.

Using a credit card responsibly is key to building a strong credit history.

Secured Credit Cards

A **secured credit card** requires a cash deposit before opening it. This deposit acts as a security for the lender in case you fail to make your payments. The credit limit on these cards is usually equal to the amount of your deposit. It's a good option when you have no credit history and want to build credit. Check with the card issuer or financial institution about when you will be eligible to turn your secured card into an unsecured card; that's when you'll be able to build credit fast.

Budget Worksheet

MONEY COMING IN MONTHLY

Add up the money you earn for a job, babysitting, mowing lawns, monetary Birthday or Holiday gifts, and allowance.

My Monthly Income	Amount
Chores	
Gifts	
Money from jobs	
Other	
My Income Total This Month	\$

MONEY YOU SPEND MONTHLY

Keep track of your spending here. Start with Paying Yourself First, each month at least 10% of what you earn!

Monthly Income	Cost
PAY YOURSELF FIRST (start with 10% of your monthly income)	
TRANSPORTATION (bus pass, taxi, or other transportation costs)	
ENTERTAINMENT (streaming service, arcade, eating out, movies, etc...)	
PERSONAL (cell phone, haircut, toiletries, clothing, school supplies, gifts, etc...)	
DONATIONS (contributing to a charity helps the wellbeing of others and can create positive change)	
OTHER	
The Total of My Expenses This Month	
	\$
Do you have extra cash to save? Or did you spend too much this month?	

If you have money left over, you rocked your budget. Be sure to add more of your hard-earned cash into your savings. If you spent too much and have a negative number here, your options are limited to either making more money or spending less. Learning how to budget will help you achieve your goals develop good money habits that contribute to a more secure and stable financial future.

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Credit Unions vs. Banks

The Ultimate Showdown

When you're looking for a place to keep your money safe or get your first loan, banks aren't your only option. Credit unions (CUs) have similar options to banks but are run differently.

- **A credit union is a banking institution owned by its members.**

These members share a common bond, such as employment industry, community, faith, or organizational membership. Your membership means you're also part-owner of your CU.

- **Credit unions are all about people helping people.**

They work to help you achieve your financial goals and make your financial life easier, like giving you lower loan rates and free financial education. This may be a great reason, among others, to go with a CU over a bank if you're just starting out.

- **You could score better rates than what a bank can offer.**

Most CUs are not-for-profit, which means that every dollar they earn goes into necessary costs and the rest is given back to their members. Think less fees, lower loan rates, and higher interest rates than what banks can offer.

- **Access your money at 5,000+ credit union locations through Shared Branching.**

Credit unions may not have as many branches as banks, but they team up with other credit unions in a nationwide network making banking elsewhere easy.

So what are banks?

- Very similar product offerings
- Owned by shareholders who are mainly focused on scoring profits
- May charge higher interest rate
- Perceived to have more physical locations than credit unions in the U.S. (remember, you can access your account through 5,000+ locations with the Shared Branching network)

Evergreen
Credit Union

Serving All Southern Maine



#KickstartYourMoney101

This credit union is federally insured by the National Credit Union Administration. Equal Housing Opportunity.

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