



FINANCIAL LITERACY

TOPICS COVERED – BBC AND BFC

- **BUDGETING**
- **BANKING**
- **CREDIT**
- **BASICS of FINANCING COLLEGE**



WHAT IS A BUDGET ?

- A spending plan
- System to track your income and expenses
- Formats vary, can do a budget on paper or using spreadsheet, an app, or a website

BUDGET – WHY HAVE ONE?

- Increases awareness of spending habits
- Use that knowledge to make better spending decisions
- Planning/ setting goals for spending money is linked to wealth building
- Puts YOU in control. Makes it easier to save even the smallest amount regularly!

BUDGET – FORMATS/APPS

- moneyunder30.com – excel spreadsheet
- [Mint.com](https://mint.com) – website or app- bank synced
- Everydollar.com – or App (Ramsey+)-
 - zero \$ budgeting

BANKING - BASICS

- Bank accounts can help build good spending habits
 - Direct Deposit
 - Auto transfer to a savings account
 - Electronic tracking of expenses with debit card use

BANKING – CHOOSING A BANK

- Branch and online access – good app!
- Student Accounts – general no fees
- Free Checking – no monthly fees
- Check for Hidden Fees
 - Overdraft fees
 - ATM fees – in network vs non-network

BANKING – CHOOSING A BANK

- [Mybanktracker.com](https://mybanktracker.com) - regularly updates account offers/options for students
- Credit unions often have best deals. Others:
 - Ally Bank – no fees, use most ATM's free, can't deposit cash. Online only.
 - Capital one – free teen accounts, no atm fees, free mobile banking, adult need not be your parent.
 - Do you want a non-bank bank ?
- Banks that accept ITIN #'s – B of A, US Bank

CREDIT - BASICS

- How do credit cards work ?
 - Borrow money from a lender and pay it back, paying interest if you don't pay it back in full each month
 - Best use – big purchases, emergencies, fraud or purchase protection
 - You will build credit/credit score using a credit card, but you need not carry the debt- pay off ASAP!
- Compare cards – [Nerdwallet.com](https://nerdwallet.com) _____

Understand the true cost of carrying a credit card balance!

Check your statement or use an online calculator

- <https://www.greenpath.com/calculators>
- <https://www.cardratings.com>



Capital One

Payment Information

Payment Due Date

Oct 02, 2021

For online and phone payments, the deadline is 8pm ET.

New Balance

\$549.45

Minimum Payment Due

\$25.00

LATE PAYMENT WARNING: If we do not receive your minimum payment by your due date, you may have to pay a late fee of up to \$39.00.

MINIMUM PAYMENT WARNING: If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For example:

If you make no additional charges using this card and each month you pay...	You will pay off the balance shown on this statement in about...	And you will end up paying an estimated total of...
Minimum Payment	3 Years	\$766

If you would like information about credit counseling services, call 1-888-326-8055.

CREDIT – SCORES AND REPORTS

- A credit score is three-digit number that represents your creditworthiness. The most common is a FICO Score with range of 300 to 850- higher is better!
- Get your score for free at www.Creditkarma.com
- Get your entire credit report annually for free at annualcreditreport.com

CREDIT MATTERS!

Payments for a 5-year,
\$10,000 used` car loan:

- **750 score= \$195/month**
or total payments of
\$11,700
- **650 score= \$236/month**
or total payments of
\$14,160
- **\$2,460 more – same car!**

Auto Loan Rates in September 2021

Credit Score	New Car Loan	Used Car Loan
750 or higher	6.36%	6.61%
700-749	9.20%	9.45%
600-699	14.63%	14.88%
451-599	17.26%	17.51%
450 or lower	n/a	n/a

FINANCIAL LITERACY RESOURCES

- [Cashcourse.org](https://www.cashcourse.org) – training, budgets, calculators
- [Financialmentor.com](https://www.financialmentor.com) – calculators
- [Thebalance.com](https://www.thebalance.com)
- [Immigrantfinance.com](https://www.immigrantfinance.com) – and the Podcast!
- [NerdWallet.com](https://www.nerdwallet.com)
- [Investor.gov](https://www.investor.gov)
- YNAB (You Need a Budget) Podcast

FINANCIAL APPS

- Mint
- Wally – budget tracking (manual)
- Everydollar- zero based budgeting (manual)
- Tip Yourself
- Simple dollar
- Personal Capital
- ZOGO (education app)- learn finance/get paid!

PAYING FOR COLLEGE

- Two of three college students receive aid
- **Merit Aid:** Scholarships/grants usually awarded by admissions based on academic or other compelling factors, and *does not need to be repaid*.
- **Need-based aid:** awarded by financial aid offices, includes grants, loans, work study.

NEED BASED AID

- **Federal Aid** - Need-based federal aid is based on a family's income, assets, and living expenses.
 - Must complete the **Free Application for Federal Student Aid (FAFSA)** form to access Federal Aid
- **State Aid and Institutional Aid** (the college's own \$)-need-based aid may be based on other factors in addition to what FAFSA reports.

FINANCIAL AID – Federal Aid

Types of federal financial aid:

- Grants: 'Free \$' -generally doesn't have to be repaid.
- Loans: Borrowed money for college or career school; your loans must be repaid with interest.
- Work-Study: A federal work program through which undergraduates and graduate students at participating schools earn money to help pay for school.

FEDERAL AID- Grants

- **Federal Pell Grant:** For undergraduates with financial need. Max amount = \$6,495
- **Federal Supplemental Educational Opportunity Grant*:** For undergraduates with exceptional financial need. Max amount= \$4,000 per year
- Teacher Education Assistance for College and Higher Education (TEACH) Grant
- Iraq and Afghanistan Service Grant

* Not all schools participate

FEDERAL AID - Loans

- **Direct Subsidized Loan:** Based on demonstrated need; Interest paid by the U.S. Dept. of Education while student is in school/during periods of deferment
- **Direct Unsubsidized Loan:** Not based on need. Borrower is responsible for all interest
- **Direct PLUS Loan:** For parents of dependent undergraduates; Borrower is responsible for all interest. Need to have good credit history

FEDERAL AID – Max Fed Loans

Year	Dependent - Subsidized*	Independent-Subsidized
1	\$3,500	\$ 9,500
2	\$4,500	\$10,500
3	\$5,500	\$12,500
4+	\$5,500	\$12,500
Additional Unsubsidized	\$2,000 per year	\$. 5,000 (yr 1) up to \$ 7,000 (yr 4)
Subsidized and Unsubsidized Total Loan Limit	\$23,000 Subsidized \$31,000 Total	\$23,000 Subsidized \$57,000 Total

*If parents do not qualify for a PLUS Loans, student can borrow additional \$4,000 for year 1-2 and \$5,000 for 3-4.

FEDERAL AID – Work Study

- Provides income to student from a PT job.
- Government provides funds to the school, but schools determine which students receive work-study and how much they can earn.
- Need to indicate work study interest on FAFSA.

FEDERAL AID - FAFSA Basics

- **Students MUST complete the FAFSA to be considered for Federal Aid.**
- **Apply ONLINE** - available starting Oct. 1st
- **NEW!** - studentaid.gov - all in one website to access FAFSA form as well as education materials and a virtual assistant
- **Advice** – Set up a non-school email account for all college and financial aid related information

FAFSA – MyStudentAid Mobile App

- ▶ **myFAFSA:** complete, sign, submit a FAFSA form
- ▶ **FSA ID Profile:** manage username & password
- ▶ **myFederalLoans:** view federal student loan history
- ▶ **myCollegeScorecard:** view & compare information about colleges
- ▶ **FSA contact centers**
- ▶ **StudentAid.gov:** access FSA's key source of information about the federal student aid programs, application process, & loan repayment options.



AID - Undocumented Families

- **Parental citizenship status does NOT affect eligibility for federal student aid.** Undocumented parents will not create a FAFSA ID. Student should fill out parental financial information on his/her FAFSA and use 000-00-000 for parent SSN.
- Undocumented students are not eligible for federal student aid* but are eligible for CA state aid, CA in-state tuition rates and other college grants by completing CA Dream Act App (CADAA) if eligible under [AB 540](#)

* Except those with SSN's, who can complete the FAFSA

STATE AID – Cal Grants

- **Cal Grants** – Money for college in CA
 - can be used at any UC, Cal State or CA Community College, as well as qualifying independent and career colleges or technical schools in California.
- **Three Grants** — A, B and C
 - You don't have to figure out which one to apply for
 - Eligibility based on FAFSA or CADAA responses, verified Cal Grant GPA, type of CA colleges listed on your FAFSA and whether you're a recent HS grad.

STATE AID – OTHER

- [Middle Class Scholarship](#) - provides scholarships to undergrads with family incomes between \$80K- \$184K at UC's/Cal States
- [Blue & Gold Scholarship](#) – full tuition/fee scholarships for CA residents with family income <\$80K/year
- [CA Dream Loans](#)- loans for undergrads with CADAA app and valid AB540 affidavit for UC's/Cal States
- www.csac.ca.gov – other aid programs available

STATE AID– HOW TO APPLY

- Submit the FAFSA or if undocumented, submit the California Dream Act Application- [CADAA](#)
- Create a WebGrants 4 Students (WG4S) Account- [webgrants-4-students](#) (note: CADAA applicants – this is automatically created for you)
- Check with your school to make sure it auto submits your GPA, otherwise download the form and have your school submit it [cal grant GPA verification form](#)

CSS PROFILE- Basics

- Some colleges may require the CSS Profile in addition to a FAFSA to determine *eligibility* for non-federal *need based financial aid*.
- CSS Profile uses a formula that considers other factors to help schools distribute financial aid more equitably, such as home equity, and noncustodial parent's income/assets
- Schools that use CSS are here: [CSS Schools](#)

NET PRICE CALCULATORS

- Colleges are required to have a Net Price Calculator ((NPC) on their websites.
- Net price = the amount that a student pays to attend an institution in a single academic year AFTER subtracting scholarships and grants the student receives.
- Run the NPC for schools you are considering, and look at accuracy of indirect costs for YOU.

NET PRICE CALCULATORS

- College Board account holders can save personal info and use its NPC for multiple schools, for ease. [CollegeBoard NPC](#)
- Some schools' NPC's do include merit based aid estimates if they reward based on clearcut standards like GPA/ACT's
- NPCs are a not a guaranty of aid.

FINANCIAL AID – Awards

- Schools will award financial aid packages, but they are in different forms.
- Schools are not required to provide aid to cover the entire estimated need.
- Use a standard format to compare ‘apples to apples’ to know what your net cost is.

[Sample cost comparison sheet](#)

STATE AID/COLLEGE RESOURCES

- California Student Aid Commission - csac.ca.gov
 - State Agency, administers financial aid programs for students attending public and private universities, colleges, and vocational schools in California
- [California Colleges.edu](https://california.colleges.edu) – state of California's official college and career planning platform
- icangotocollege.com – CA community colleges

MORE RESOURCES – Financial Aid

- Finaid.org – <https://finaid.org/>
- Student Loan repayment simulator – <https://studentaid.gov/loan-simulator/>
- FAFSA4caster- <https://fafsa.ed.gov/spa/fafsa4c/>

FINANCIAL AID - Scholarships

- www.scholarships.com
- www.fastweb.com
- www.cappex.com
- www.scholarshipguru.com
- Check with your high school counseling office for local scholarship information
- Will discuss more at College Workshop