

Money Management

Facts and Guidance

from

OkAT Foundation and Oklahoma ABLE Tech





The Oklahoma Assistive Technology Foundation (OkAT), in partnership with Oklahoma ABLE Tech and BancFirst of Stillwater, can provide financing options with low interest and flexible payment terms for Oklahomans to purchase assistive technology to help them live, work, and learn independently.

This little booklet is provided free of charge to anyone seeking more information on managing their money effectively for whatever need arises.

Money Management Overview

The information in this booklet is a quick overview of some basic money management tips, facts and guidance. For more detailed information on these topics go to:

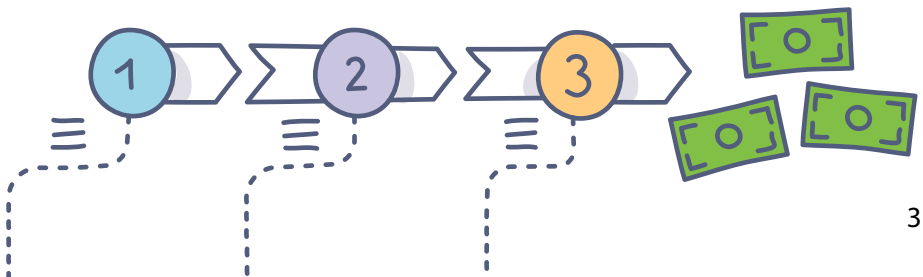
www.fdic.gov/consumers/consumer/moneysmart

Money Smart is a comprehensive online financial education course that teaches the basics of handling money. It was created by the Federal Deposit Insurance Company (FDIC) and is accessible and free of charge. If you need materials in another format, have questions or need help accessing the website contact us at:

staff@okatfoundation.org or Shelley Gladden at 800.257.1705.

Contents of this booklet:

Money Management	4
Budget	5
Saving.....	6
Borrowing Money	7
Banking.....	9
Credit Score.....	10
Identity Theft	11
Web Resources.....	12
Glossary	13
Notes	15



Money Management

One of the most important things you can learn about money is how to manage your money instead of letting it manage you. The spending and saving choices that you make every day can make a big difference in your finances.

When managing your money, you need to understand the difference between a NEED and a WANT. It is important to know this so that you put your needs first.

- A need is something that you must have to survive, like a place to live and enough food to eat.
- A want is something you might like to have, but not something that you must have right away. You can save money and buy it later.

Your money values will help you decide what your needs and your wants really are. Your values are those ideas and beliefs that really matter to you. People use money in two ways:

1. To buy things they need or want now
2. To save for things that they may need or want later

Your money habits can help you achieve your financial goals and help you to feel more in control of your money. Some good money habits are:

- Tracking your spending every month
- Having a budget or spending plan
- Paying your bills on time
- Having your money in a bank or credit union
- Knowing the total amount of debt you owe
- Paying your credit card balance in full every month
- Saving money every month
- Having an emergency fund for unexpected expenses
- Reviewing your credit report every year

Take a look at this list and see what good habits you already have and what habits you would like to change. Making changes to your money habits takes time, don't get discouraged!

Some tips to help you decrease your spending:

- Carry small amounts of cash to limit your spending
- Eliminate or control your use of credit cards
- Buy only what you need versus what you want
- Use coupons or buy items when they are on sale
- Take your lunch to work instead of eating out
- Shop around for the best price
- Take a list to the grocery store
- Pay bills on time to avoid late fees



Saving

Savings is something that should be a fixed expense in your budget every month, not just what is left over. If you put money aside when you get paid – no matter what the amount is – that is called paying yourself first. Even if it's only a small amount, it is still important to take this step to start saving to make it a lifelong habit.

Savings are needed for:

- Emergency Fund – for example money for an accident, illness or unexpected car or home repairs
- Future Expense – this could be items like vacations, a concert, new furniture or assistive technology that you need

It is helpful to make a list of what you are saving for to remind you why saving is important. Some saving tips are:

- Looking at what you spend on wants – could you decrease this?
For example, you can save money by buying pop in bulk at the grocery store, instead of purchasing it at the gas station every day.

Item	Spend Daily	Spend Monthly	Grocery Store Cost	Savings
Pop	\$2	\$60	\$25	\$35

- Paying yourself first
- Put your pocket change in a jar every day
- Buy items like food and clothes on sale
- Shop at thrift stores or garage sales
- Break or decrease expense habits like clothes-buying, drinking, smoking or dining out and save the difference

If you receive SSI or SSDI it is a good idea to talk to a benefits planner to see how savings may impact your benefits. Another savings option is an ABLE account. The federal Achieving a Better Life Experience (ABLE) Act allows qualified* individuals with disabilities to open tax-exempt savings accounts to save for disability-related expenses without impacting eligibility for resource-based benefits. The Act permits qualified individuals with disabilities to save more than a total of \$2,000 in assets such as cash and savings in their name in a qualified ABLE account.

Federal law allows qualified individuals to open an ABLE account in any state's program that is accepting such enrollment. For more information go to <http://ablenrc.org/state-review/oklahoma>

Borrowing Money

Many people borrow money for big purchases. Most people don't have cash to make a major purchase like a home, vehicle or assistive technology. Borrowing money allows you to buy things now and pay back the amount you borrowed over time. The important thing to remember about borrowing money is to only borrow what you can afford to repay.

There are several types of loans:

- Installment loans – in these loans you borrow the full amount at the beginning and agree to make fixed monthly payments over time. Examples of this are auto loans, student loans, home loans, assistive technology loans and personal loans.
- Revolving loans – these loans are open-ended. You can borrow as much as you want over and over if you do not go over the maximum amount available. Each month you are required to make a partial payment. Examples of these are credit cards and personal lines of credit.

* qualified in this case means a person whose disability developed before the age of 26.

- Finance Company Loans – these loans are typically easy to obtain but are high risk loans and are not recommended. They typically charge very high interest rates and have large upfront cost. For example, if you take out a \$200 payday loan for two weeks with \$56 in interest and fees, you will have paid \$256. This is equal to a 730% interest rate!

It is a good idea to make a list of all the debt you owe. This will help you manage your payments and know exactly how much you owe. It might look like the table below.

Type of Loan	Monthly Payment	Monthly Due Date	Amount Outstanding
Mortgage Loan	\$500	1st day of the month	\$25,000
Auto Loan	\$225	15th day of the month	\$5,000
Assistive Technology Loan	\$85	1st day of the month	\$1,000
Credit Card Debt	\$25	10th day of the month	\$500
Medical Debt	\$50	1st day of the month	\$250
Total	\$885		\$31,750

In addition to looking at your credit score, banks will look at your debt to income ratio before loaning you money. For example, if you make \$2,000 per month and have the debt in the table above, your debt to income will be 44%.

$$\$885 / \$2000 = 44\%$$



Banking

A bank or a credit union is a good place to keep your money if they are insured. You can tell if a bank is insured if the FDIC logo is displayed on their advertising materials. A credit union will be insured by NCUSIF.

- A bank makes loans, pay checks, accept deposits and provide other financial services like debit cards and ATM (automatic teller machine).
- A credit union requires you to be a member to use their services. Often this a small one-time fee. Most offer the same services as a bank.

Depending on the area you live in, you should compare the financial institutions and decide which one offers you the best service in terms of rates, fees and convenience.

Why use a bank or credit union? They offer many services including:

- Checking Accounts – this gives you a way to pay bills by check or online and often offer a debit card that is linked to your checking account.
- Savings Accounts – this is a secure place to save money for future expenses. These accounts typically pay a small amount of interest on your money.
- Debit Cards – this is a plastic card connected to your account that can be used to make purchases or ATM withdrawals. Beware of fees at the ATM if you use one that is not your own bank or credit union.
- Online Banking – this can be a great way to help you keep track of your money. Your banker can tell you about the services they offer and how to log on using your computer or an app on your mobile phone.

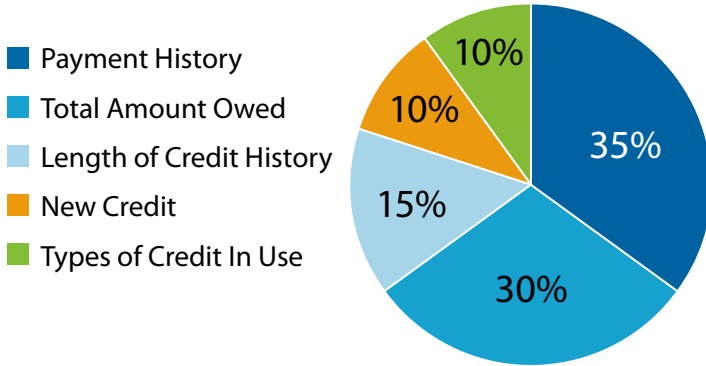
Also, while they may charge monthly fees, it is cheaper to use a bank to cash a check than a check cashing service that will typically charge you 3-7% to cash your check.

Credit Score

A credit score is a number that gives a picture of your credit health. The FICO (Fair Isaac Corporation) score is the most common score that is used. The chart below shows what factors impact your score.

Lenders use this score to determine if you qualify for a loan and what interest rate they will charge you. It can also impact things like your insurance rates, utility deposits and home rental.

Factors that Affect Your Credit Score



Factor	Percent	Raises your score	Lowens your score
Payment History	35%	Making payments on time	Late or not making payments
Total Amount Owed	30%	Keeping credit available	Borrowing to max loan limit
Length of Credit History	15%	Having accounts open longer	Having more newer loans
Type of Credit	10%	Different types of loans	Primarily one type of loan
New Credit	10%	Fewer credit checks	Many credit checks

You should review your credit report annually. You can request a copy by going online to www.annualcreditreport.com or calling 1-877-322-8228 (toll free). If you find a mistake on your report, you should contact the credit-reporting bureau and they will tell you what supporting information you need to send them to fix the mistake.

- TransUnion: 1-800-916-8800 or www.transunion.com
- Equifax: 1-800-682-1111 or www.equifax.com
- Experian: 1-800-397-3742 or www.experian.com

Your FICO score does not come with your free credit report, often you must pay a fee to get your score. There are also some companies like Credit Karma (<https://www.creditkarma.com>) or Credit Sesame (<http://www.creditsesame.com>) you can use for information and a free score you can track over time.

Identity Theft

Identity Theft is when someone steals your information without you knowing, to commit fraud. If a thief steals your identity they can:

- Open credit cards in your name
- Take out loans
- Open utility accounts or rent an apartment in your name

You can check for identity theft by requesting your free credit reports to make sure there is nothing suspicious on your credit like accounts you did not open or unpaid bills that do not belong to you.

Tips to protect your identity:

- Do not give information out unless you know it is safe. Be very careful giving out your Social Security number or financial information online or to someone over the phone. If you are unsure ask for a call back number and get someone to help you when you call back. When you call back, make sure they answer with the business's name.
- Shred personal items like credit card receipts and bank statements. Don't just throw away personal information.
- Use secure websites (https) when you make an Internet purchase. PayPal is a safe way to make online purchases and payments.
- Don't send your credit card or debit card information from a public WiFi network.

What should you do if your identity is stolen?

- Contact your bank, thrift or credit union and credit card companies to let them know your identity has been stolen.
- Contact the credit reporting agencies and let them know you are a victim of identity theft. As an identity theft victim, you are entitled to free credit reports until your case is resolved to monitor your credit.
- File a police report and get a copy of the report. You will most likely need to provide a copy of this to the credit bureaus and creditors to prove that you were a victim of identity theft.

In addition to monitoring your credit reports, make sure that you review your monthly credit card statements and bank statements to make sure that the transactions that have occurred are yours.

Web Resources

ABLE Account - <http://ablenrc.org/state-review/oklahoma>

Annual Credit Report - www.annualcreditreport.com

Credit Karma - <https://www.creditkarma.com>

Credit Sesame - <http://www.creditsesame.com>

Equifax - www.equifax.com

Experian - www.experian.com

FDIC Money Smart – www.fdic.gov/consumers/consumer/moneysmart

Social Security Administration – www.ssa.gov

TransUnion - www.transunion.com

Glossary

ABLE Account - The federal Achieving a Better Life Experience (ABLE) Act allows qualified individuals with disabilities to open tax-exempt savings accounts to save for disability-related expenses without impacting eligibility for resource-based benefits. The Act permits qualified individuals with disabilities to save more than a total of \$2,000 in assets such as cash and savings in their name in a qualified ABLE account. Federal law allows qualified individuals to open an ABLE account in any state's program that is accepting such enrollment.

For more information go to <http://ablenrc.org/state-review/oklahoma>

Assistive Technology (AT) – a device that helps a person with a disability do the things they want to do. For example, hearing aids, wheelchair or scooter, and adapted vehicle.

Automatic Teller Machine (ATM) – this is a bank machine that allows you to take money out or add money to your bank account without going to the bank.

Bank – a financial institution that provides financial services to customers.

Cash Flow – the difference between your income and expenses.

Checking Account – an account that lets you use a debit card or write checks to pay your bills.

Credit – money you borrow with the promise to pay back in the future.

Credit Bureau – a company that gathers information from creditors and prepares a report of a person's credit history.

Credit History – a record of a person's repayments of debt.

Credit Report – a report of your credit history. It will include your address, work history, loan repayment history, bankruptcy, collections and tax liens.

Credit Score – a number that shows your credit health, it shows lenders your capacity to repay a loan.

Credit Union – a non-profit financial institution. You must be a member to use their services.

Credit Card – a plastic card you use to make purchases that you pay back later.

Debt – money that you borrow and must pay back later.

Debit Card – a plastic card connected to your bank account that you can use to make purchases with or withdrawals from your account.

Debt to income ratio - your debt to income ratio compares how much debt you owe monthly compared to your income

Expense – money you have going out every month to pay bills or make purchases.

Identity theft – when someone steals your information without you knowing, to commit fraud.

Income – money you have coming in to spend.

Interest – money a bank pays you if you keep your money in a savings account. It is also a fee you pay when you borrow money from a financial institution.

Loan – money that you borrow that you make a promise to pay back later.

Money habits – choices you make in how you manage and spend your money.

Need – something you must have to live – like food to eat or a place to live.

Paying yourself first – setting aside money for savings first when you get paid.

Receipt – paper or online statement that is a list of what you bought and how much you paid for your purchase.

Revolving Credit – a type of credit a borrower can withdraw up to an established amount and once it has been repaid can be borrowed again.

Savings Account – an account you can save your money in that earns interest.

Values – beliefs that matter to you that determine your decision making.

Want – something that you would like to have, but don't need.



For more information and/or to apply for a loan to purchase assistive technology, please contact:

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Oklahoma State University

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Email: shelley.gladden@okstate.edu

or go to our website:

<https://okabletech.org/fin-loan>