FGB FINANCIAL FOUNDATIONS

• Financial Education for Everyone •

BASIC BANKING

It's essential to learn the basics of personal finance to have true success with your money. When you understand your finances, you can easily manage and track your success. Your knowledge of money is one of the key components to life and being successful.

"The expert at anything was once a beginner." – Helen Hayes

WHY USE A BANK?

- Banks allow you to store your money safely.
- The Federal Deposit Insurance Corporation (FDIC) is a federal agency which insures consumer deposits, examines, and supervises financial institutions for safety soundness and consumer protection. Your money is safe and is insured up to $250,000 per depositor category. FDIC was created by Congress to maintain stability and public confidence in the nation's financial system. Your money is protected and safe.

Start with your mindset. What is your perspective and relationship with money?

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FINANCIAL GOALS

Think about where you want to be financially in two months (short term goals), three years (medium term goals), and three or more years from now (long term goals). Write them down here:

Short term goals:

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Medium term goals:

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Long term goals:

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"Knowledge pays the interest." – Benjamin Franklin

FIRST GUARANTY BANK Member FDIC

NEEDS VS. WANTS

- Needs are things you must have to live or can't do without such as food and shelter.
- Wants are things that are nice to have, but you can live without such as a latte from your favorite coffee shop, or the latest iPhone.
  - **What is the 7-day rule?** When shopping, buy things because you need them not because they are on sale. Walk away for 7 days and if you still **must have it AND can afford it**, then consider making the purchase.

What is your definition of discipline?

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DEBIT CARD VS CREDIT CARD: WHICH ONE IS RIGHT FOR YOU?

Debit Card: a debit card is usually a Visa or Master Card and is issued by banks to checking account owners. The card allows you to make purchases while immediately deducting the purchase amount from your account. Basically, you can only spend as much as you have in your account. You can use a debit card practically anywhere you'd use a credit card.

- NOTE: Some places like gas stations may place a 'hold' on your account for more than the purchase amount. Make sure you have enough in your account to cover it!

Credit Card: A credit card allows you to buy goods and services based on your promise to pay for them later.

Prepaid Debit Card: a prepaid loadable debit card allows you to make purchases or withdraw cash with only the amount you put on the card. These are not tied to bank accounts.

- NOTE: Make sure you know the terms of the card. Some have activation fees, fees for non-usage, and transaction fees.

THE DIFFERENCE BETWEEN DEBIT AND CREDIT TRANSACTIONS

DEBIT TRANSACTIONS

- Debit transactions require a PIN #
- Funds deducted immediately based on available funds in the account
- The ability to withdraw cash from your bank account at any ATM
- Used at any automated debit/credit card machine

CREDIT TRANSACTION

- Funds are not deducted immediately

Watch out! These transactions can cause errors in account balance information potentially leading to overdrafts

KEY BANKING TERMS

Direct Deposit: A process that allows companies or businesses to electronically transfer your paycheck directly into your checking account or savings account. (You wake up paid.)

Checking Account: A bank account that allows you to withdraw money on demand by writing checks or by using a debit card at an ATM.

Savings Account: A savings account is comparable to putting your money in a safe, but is also insured. Most banks pay you interest on the money that you deposit and leave in the account.

Opt-In Opt-Out: Opt-In allows your transaction to be paid even though your account balance is negative. There is usually an over-draft fee charged. Opt-Out declines your transaction if your balance is insufficient and does not allow you to make your purchase. There is no overdraft fee.

Non-Sufficient Funds (NSF): A term used to indicate payment of a check cannot be honored because of lack of funds in the account. (NOTE: The average bank will charge approximately $36.00 per NSF item.)

Overdraft Protection: The ability to link your checking account to any eligible account so funds can be transferred automatically if you overdraw your account – making sure you are always covered.

Mobile Banking: An easy, accessible way to control your money on the go no matter where you are. It allows you to use your cell phone to view your accounts, track your balances, pay bills, and transfer funds at your convenience. (TIP: Remember to set alerts, purchase notifications, and low balance notifications.

Online Bill Payment: Allows you to pay your bills over the internet instead of through the mail or in person. With online bill pay, you're less likely to incur late fees because your bills are paid in a timely manner. (TIP: Always pay your bill on time or ahead of time. Remember, 35% of your credit score is based on the timeliness of bill payments.

ATM Fees: There are two fees that may come with a withdrawal at an ATM that is outside of or not in your bank's network: a surcharge from the ATM's owner and an out-of-network fee from your bank or credit union.

TIP: the BEST way to avoid these fees are to use the ATMs at your bank or use the cash back option when making retail purchases. Be sure to ask if there is any fee for cash back. Some retailers are now charging for cash back.

Notes:

IDENTITY THEFT

Identity theft occurs when someone uses your personal information (SSN#, name, or credit card info) to pretend to be you. The thief does this for his or her personal gain at the expense of the victim.

Identity theft among teens is becoming more and more common. Information stolen from teenagers can be used to open bank accounts, credit cards, apply for jobs, and even finance items such as homes and cars.

Teens can make great targets for scams because of the amount of time spent online (social media, gaming, etc.)

DID YOU KNOW?

26-32% of victims spend 4-6 months dealing with the effects of identity theft
11-23% report dealing with the effects of identity theft for 7 months to a year!

The good news is there are ways to protect yourself against identity theft and ways you can safeguard your debit and credit cards:

- **Look Beyond the Logo.** To make fraudulent emails or web sites appear real, scammers often include actual logos and images of legitimate companies. They also convey a sense of urgency, stating that if you fail to provide, update, or verify your personal or account information, access to your accounts will be suspended.
- **Type, don't click.** Even if you do happen to open a suspicious email, **don't click on any links.** By clicking on the links, you could unknowingly download a virus or spyware to your computer. Even if you think the email is real, type web addresses into your browser instead of clicking on links. If the email is from an institution you do business with, use a bookmark that you've already created or type in the address to visit the company's web site.
- **Change your online passwords often.** The rule of thumb is to change your password every 30 to 60 days. Be creative with your passwords – stay away from obvious passwords like your zip code, year of birth or sensitive information such as your mother's maiden name or your social security number.
- **Download your bank's mobile app** to track your purchases and account balance. You may even be able to lock and unlock your card from the app.
- **Choose a PIN you can remember.** Don't use your birthday and **DO NOT** share your PIN with anyone.
- **Keep your contact information current** with your bank in case they need to contact you regarding suspicious activity.
- **If your card is lost or stolen,** contact your bank immediately!

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