

BETTER MONEY HABITS

Achieving Financial Independence: Taking the Next Steps

BANK OF AMERICA 

IN PARTNERSHIP WITH:

Special Olympics  **ndi** | NATIONAL
DISABILITY
INSTITUTE

Spending and Saving



Developing better spending and saving habits

1

Know your needs
and wants

2

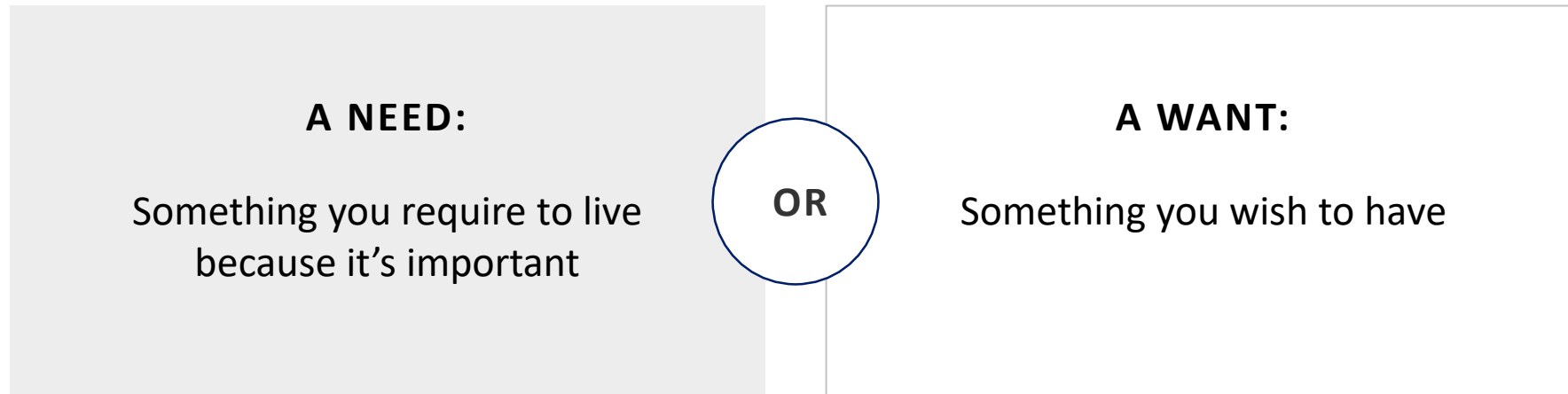
Have a savings goal

3

Make a saving and
spending plan

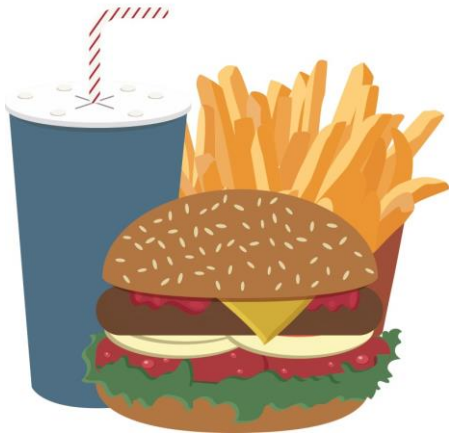


Know the difference between needs and wants



Decrease spending by knowing the difference between needs and wants

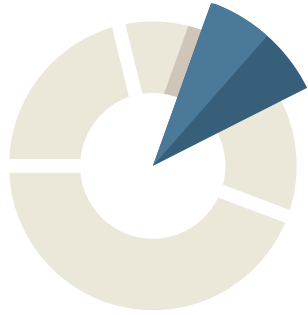
Which of the below are needs and which are wants?



Why do you save? What are your savings goals?

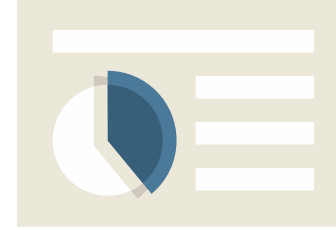


Two key reasons to save



Having enough money to buy something you want:

- Vacation
- A computer or other gadget
- Other large purchases



Having enough money for unexpected events:

- Hospital bills
- Job loss
- An unexpected trip



Ways to save money



1

Take it day by day:
Pick a realistic number
and start today.

2

Pick something to not buy:
Find 1–2 specific things to
stop buying.

3

Organize your spending:
Use the envelope
method.



How to save money

Divide the cost of your purchase by the number of paychecks you'll receive to see how much you need to save each paycheck.

FOR EXAMPLE:

$$\begin{array}{|c|} \hline \text{Purchase cost:} \\ \hline \text{\$500} \\ \hline \end{array} \quad \text{divided by} \quad \begin{array}{|c|} \hline \text{Number of} \\ \text{paychecks: } \mathbf{10} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Save per} \\ \text{paycheck: } \mathbf{\$50} \\ \hline \end{array}$$



Where can you keep your money?

Some options help you grow your money with interest.



INTEREST: Money the bank may pay you, depending on the type of account you have, while they have your money.



Places to keep your savings

CHECKING ACCOUNT

Money kept at a bank that is easy to access and spend. Usually does not earn interest.

SAVING ACCOUNT

Money kept at a bank that can grow with interest. Harder to access and spend.

ABLE ACCOUNT

A savings account for qualified individuals with disabilities.

MONEY MARKET ACCOUNT

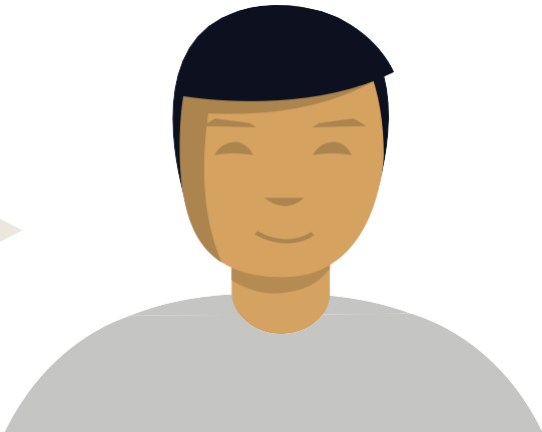
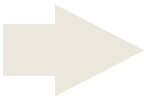
An account with a higher rate of interest growth. Requires a higher minimum balance.



A spending plan helps you meet savings goals

INCOME:

The money that comes in
or that I have to spend.



EXPENSES:

The money that goes out
or that I spend on needs.



SAVINGS: The money left after expenses



Understanding your paycheck

The diagram shows a flow from Gross pay to Net pay, with a magnifying glass highlighting the deduction items:

- 1 Gross pay**
- 2 Deductions:**
 - Federal income tax
 - State income tax
 - Social Security
 - Medicare
 - Health insurance*
 - 401(k)
 - FSA
 - Commuter
- 3** (Marker for the deduction list)
- 4 Net pay**

A table at the bottom shows the breakdown of deductions:

Description	Current	Y-T-D



Understanding your paycheck

GROSS PAY

The total amount you are paid before any deductions are taken out. This is not the amount you take home.

REQUIRED DEDUCTIONS

Tax deductions you must pay by law:

- Federal income
- State income
- Social Security
- Medicare

OPTIONAL DEDUCTIONS

Deductions you may have the option to take:

- Health insurance
- Retirement account contributions

NET PAY

The amount you actually receive—what you take home.

Gross pay

—

Required deductions

—

Optional deductions

=

Net Pay



Potential sources of income

Income from your job:

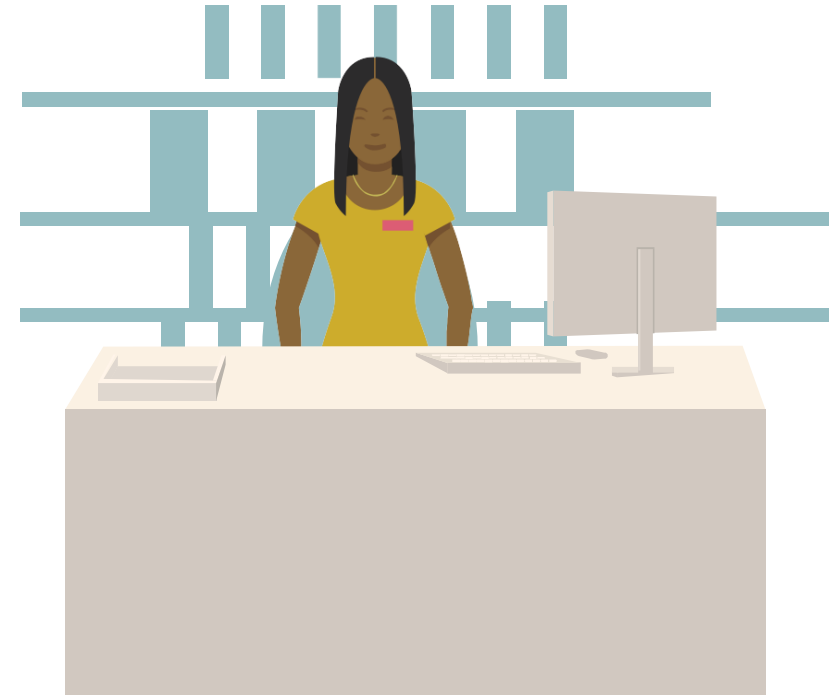
Money received on a regular basis from your work.

Social Security Disability Insurance:

Provides income to people with disabilities if they have worked long enough and have paid Social Security taxes.

Supplemental Security Income:

Provides income to people who are blind or disabled who have little or no income.



TO LEARN MORE, GO TO WWW.SSA.GOV OR TALK TO A BENEFITS SPECIALIST.



Write down your expenses

Savings Goals	Cost	
1	\$	Saving more will get you to your Savings Goals faster. Your Savings Goals might include sporting events, vacations or dining out.
2	\$	
3	\$	

SPENDING CATEGORY	PLANNED SPENDING	ACTUAL SPENDING
Monthly Income		
Your pay	\$	\$
Benefits	\$	\$
Other	\$	\$
Total Income (sum of rows above)	\$	\$
Monthly Expenses: Food		
Groceries/contributions to at-home meals	\$	\$
Out-of-home food	\$	\$
Monthly Expenses: Personal		
Movies & music	\$	\$
Hobbies, sports, gyms, etc.	\$	\$
Medication	\$	\$
Medical, dental & eye care costs	\$	\$
Personal products/toiletries	\$	\$
Other	\$	\$
Monthly Expenses: Transportation		
Public transportation	\$	\$
Public car (Paratransit)	\$	\$
Taxi, Uber, Lyft	\$	\$
Car Insurance	\$	\$
Car repairs & maintenance	\$	\$
Other	\$	\$
Monthly Expenses: Home & Utilities		
Mortgage or rent	\$	\$
Electricity	\$	\$
Gas	\$	\$
Water	\$	\$
Internet	\$	\$
Cable	\$	\$
Phone	\$	\$
Total Expenses (sum of all rows in red)	\$	\$
Total Savings or Loss (subtract Total Expenses from Total Income)	\$	\$



Spending and Saving review

1

Know your needs
and wants

2

Define savings goals

3

Make a spending plan to
manage your expenses



Money and Banking Basics



Understanding the basics

1

What is income?

2

Why is it important?

3

Where does it come
from?



Potential sources of income

Income from your job:

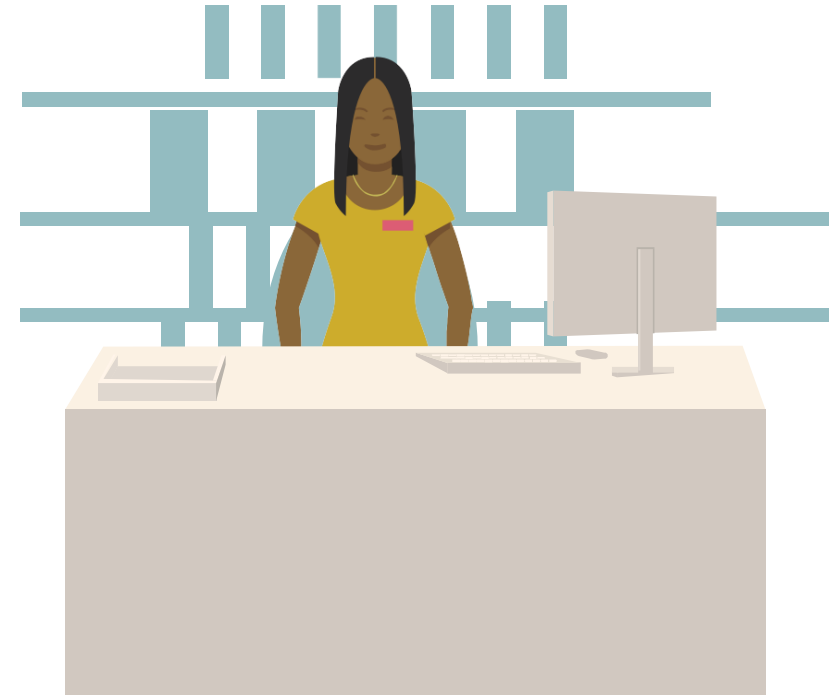
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Understanding your paycheck

GROSS PAY

The total amount you are paid before any deductions are taken out. This is not the amount you take home.

MANDATORY DEDUCTIONS

- The deductions you have to pay by law:
- Federal income tax
 - State income tax
 - Social Security tax
 - Medicare tax

VOLUNTARY DEDUCTIONS

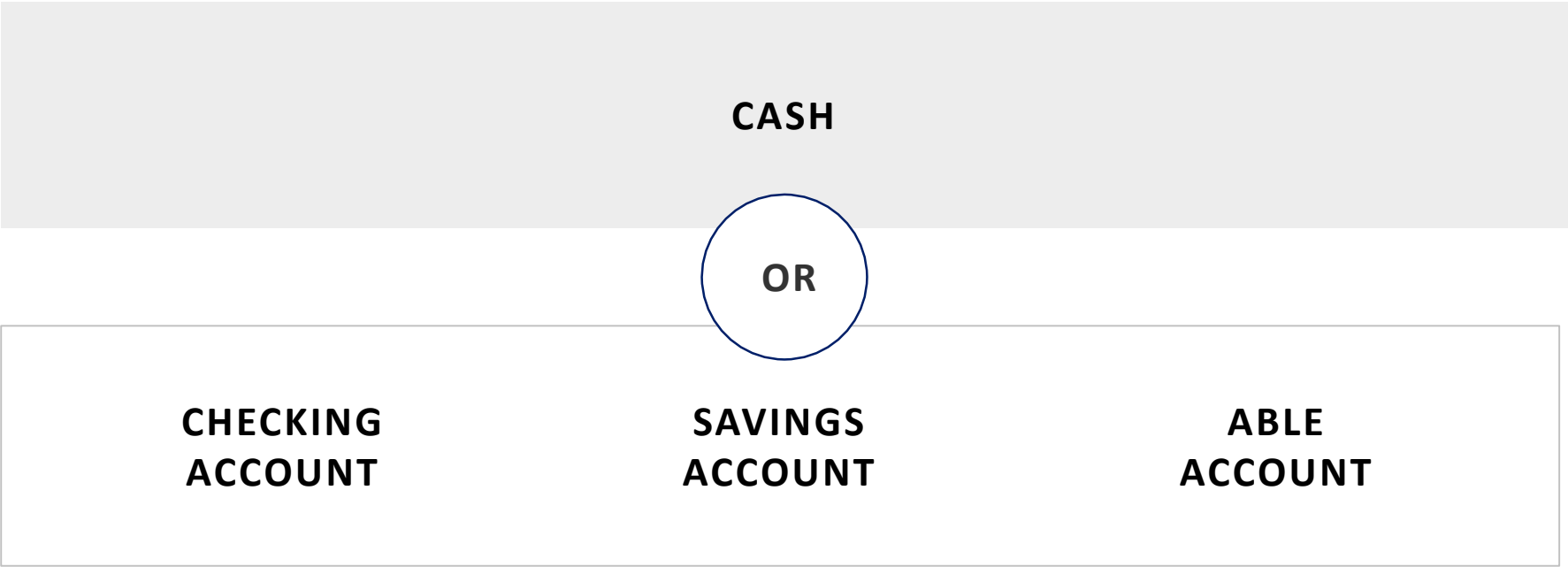
- The deductions you may have elected to pay for:
- Health insurance
 - Retirement account contributions

NET PAY

The amount you will take home.



Where do you keep your money?



Checking account

Spending money kept at your bank

ADVANTAGES:

- Easier to access and spend
- Easier to track monthly expenses
- It's safer than cash

DISADVANTAGES:

- Usually does not grow with interest
- Possible fees



Savings account

Savings money kept at your bank

ADVANTAGES:

- Grows with interest
- Easier to track savings progress

DISADVANTAGES:

- More difficult to access and spend



ABLE account

Savings account for qualified individuals with disabilities

ADVANTAGES:

- Won't affect eligibility for SSI, Medicaid and other public benefits
- Grows with interest
- Easier to track savings progress

DISADVANTAGES:

- Restrictions around who can use it and how they can use it
- More difficult to access and spend



Differences in where you keep your money

Some accounts make it easier to access and spend your money

EASY ACCESS: Some include cards that help you pay quickly.

HARDER ACCESS: Some require you to go online or into a bank to access your money.

OR

Some accounts help your money grow

Some options pay interest on your money to help it grow. Interest is money the bank pays you while they have your money.

Some may help you pay less taxes.



What are the different ways to pay for needs and wants?

1

Cash

2

Check

3

Debit card

4

Prepaid card

5

Credit card



Cash

Money in the form of bills and coins

ADVANTAGES:

- Easier to keep track of spending and avoid overspending
- Some businesses do not accept other payment options

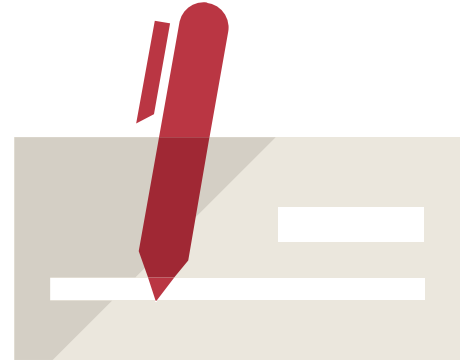
DISADVANTAGES:

- More difficult to use
- Can be lost or misplaced
- Does not grow with interest



Check

A written order to a bank to pay a stated amount

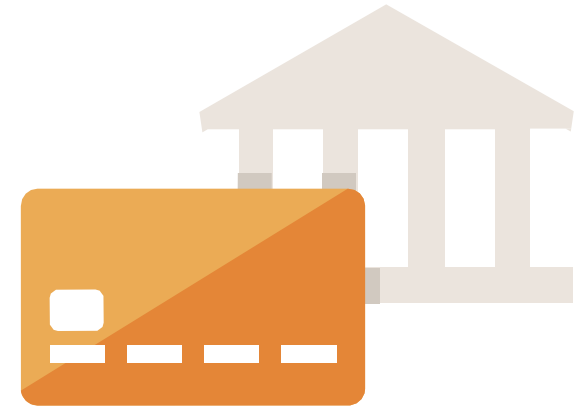


Debit card

A card you use to pay for things or services that takes money directly from your checking account

ADVANTAGES:

- Good for everyday spending

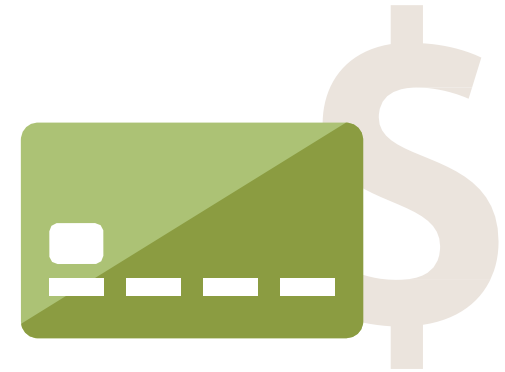


Prepaid card

A card that is preloaded with money you can use to pay for things or services

ADVANTAGES:

- Helps you not overspend



What is credit?

Credit is when you get something now and promise to pay for it later.

You may need to pay interest when you pay with credit and need to be careful to always pay your bills on time.



Credit card

A card you use to buy things or services and then pay later

ADVANTAGES:

- Can help you build a positive credit history



How to build and keep good credit

- Open a checking account.
- Consider a secured card.
- Don't apply for lots of cards at once.



Financial Safety



Three possible ways people can steal from you

1

Stealing your money,
checks, debit or
credit cards

2

Strangers, or even
friends or coworkers,
taking advantage of you

3

Stealing your identity



1. Make it hard for people to steal from you

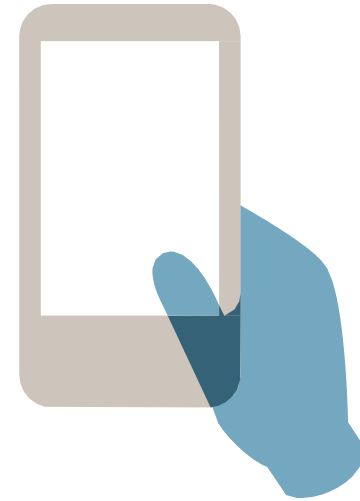
Don't leave money, checks, debit or credit cards:

- In plain view, whether at home, at work, or at the gym or pool
- In the glove compartment of your car or a friend's car
- In your hotel room (unless you have a safe)



What to do if your checks, debit or credit cards are stolen

Contact your bank or companies with an account in your name.



2. Ways you can be tricked

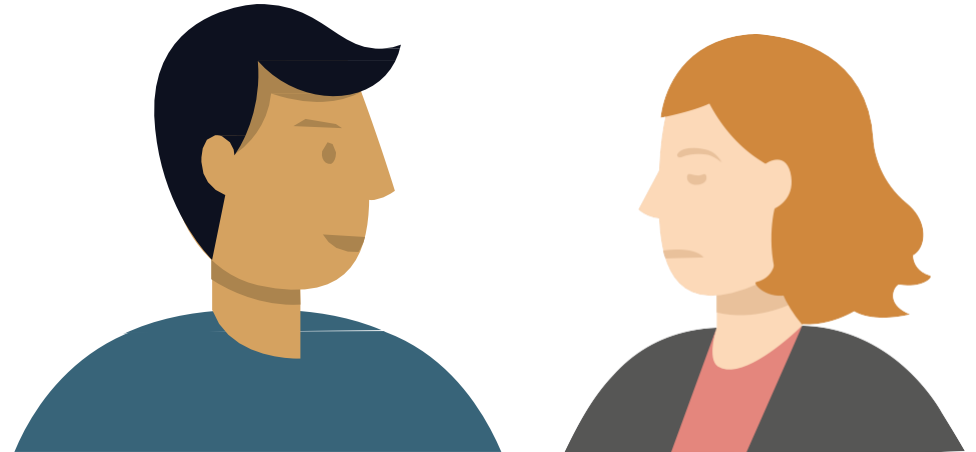
How do you tell if someone is trustworthy?

- Be cautious and skeptical of people asking for your money.
- Strangers and even some friends, online friends or coworkers may not have good intentions.



Is it safe or not?

- Someone you have not talked to recently visits or calls you.



Is it safe or not?

- You become friends with someone on Facebook. You start talking to them online a lot and maybe even over the phone. You have never met in person.



3. Understanding identity theft

WHAT IS IT?

When someone else uses your personal information to commit crimes or pay for things using your money without your knowledge or permission.

PERSONAL INFORMATION

Information that can be used to identify, contact or locate you.

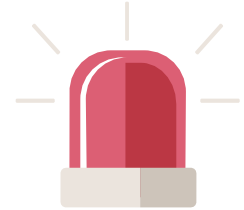
What are examples of personal information?



How your identity can be stolen and what to do about it

ISSUE

Dumpster diving: Someone rummages through your trash looking for papers with personal information.



SOLUTION

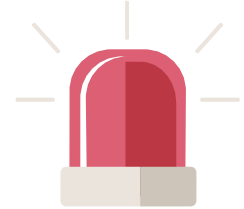
- Be careful about what you throw out.
- Before you throw important documents away, shred or tear them up.



How your identity can be stolen and what to do about it

ISSUE

Phishing: Someone pretends to work at a financial institution to get you to reveal your personal information.



SOLUTION

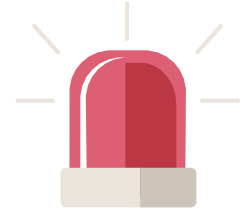
- Look out for strange emails.
- Watch how much you share online.
- Be skeptical of strangers asking personal questions.



How your identity can be stolen and what to do about it

ISSUE

Online theft: Someone steals your password online.



SOLUTION

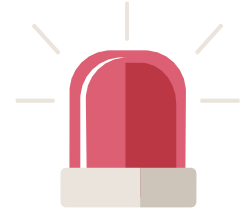
- Look out for strange emails.
- Use strong passwords.
- Watch how much you share online.
- Be careful what you click.



How your identity can be stolen and what to do about it

ISSUE

Electronic device theft: Someone steals your personal information using your current or old cell phone or computer.



SOLUTION

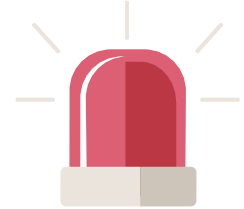
- Use strong passwords.
- Secure your smartphone.
- Don't keep sensitive information on your phone.
- Keep your technology up to date.



How your identity can be stolen and what to do about it

ISSUE

Your mail is stolen: Someone steals bills, financial statements or even a new debit or credit card from your mailbox.



SOLUTION

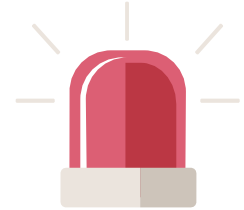
- Don't let your mail pile up.
- Get a mailbox with a lock.
- Keep track of your bills and financial statements.



How your identity can be stolen and what to do about it

ISSUE

Online shopping theft: Someone steals your credit card information or personal information when you're shopping online.



SOLUTION

- Look for sites that start with HTTPS.
- Don't use untrusted Wi-Fi.
- Use secure payment methods.



Additional steps to stay safe while shopping online

- Don't store credit card information on your phone.
- Make sure the retailer is trusted by the Better Business Bureau:
<https://www.bbb.org/>
- Only shop on official retail sites (do not click on official-looking promotional items on social media).



Summary: Protecting your financial identity

- Be cautious of sharing information online and with others.
- Be skeptical of strangers asking personal questions.
- Keep your mail safe and secure.
- Don't keep sensitive information on your phone.
- Use strong passwords for your phone and online accounts.
- Don't open strange emails or click unknown online links.
- Use secure payment methods when shopping online.



Signs that your identity may have been stolen

1

You see things that you did not buy on your bank or credit card statement.

2

You don't get your bills or other mail.

3

Stores refuse your checks, credit or debit cards.



Financial safety review

1

Keep money, debit and credit cards and other valuables safe.

2

Know what personal information is and how to protect it.

3

Know the different ways your identity can be stolen and what to do if it happens.

4

Be alert to people who ask you for money or personal information.



