

BETTER MONEY HABITS

Achieving Financial Independence: Taking the Next Steps

BANK OF AMERICA 

IN PARTNERSHIP WITH:

Special Olympics  **ndi** | NATIONAL
DISABILITY
INSTITUTE

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:

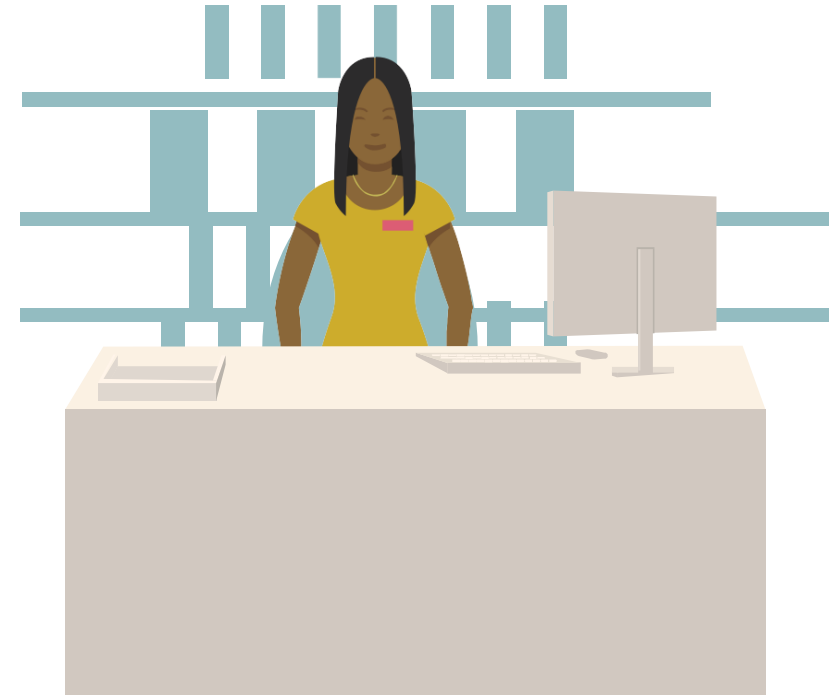
Money received on a regular basis from your work.

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.



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:

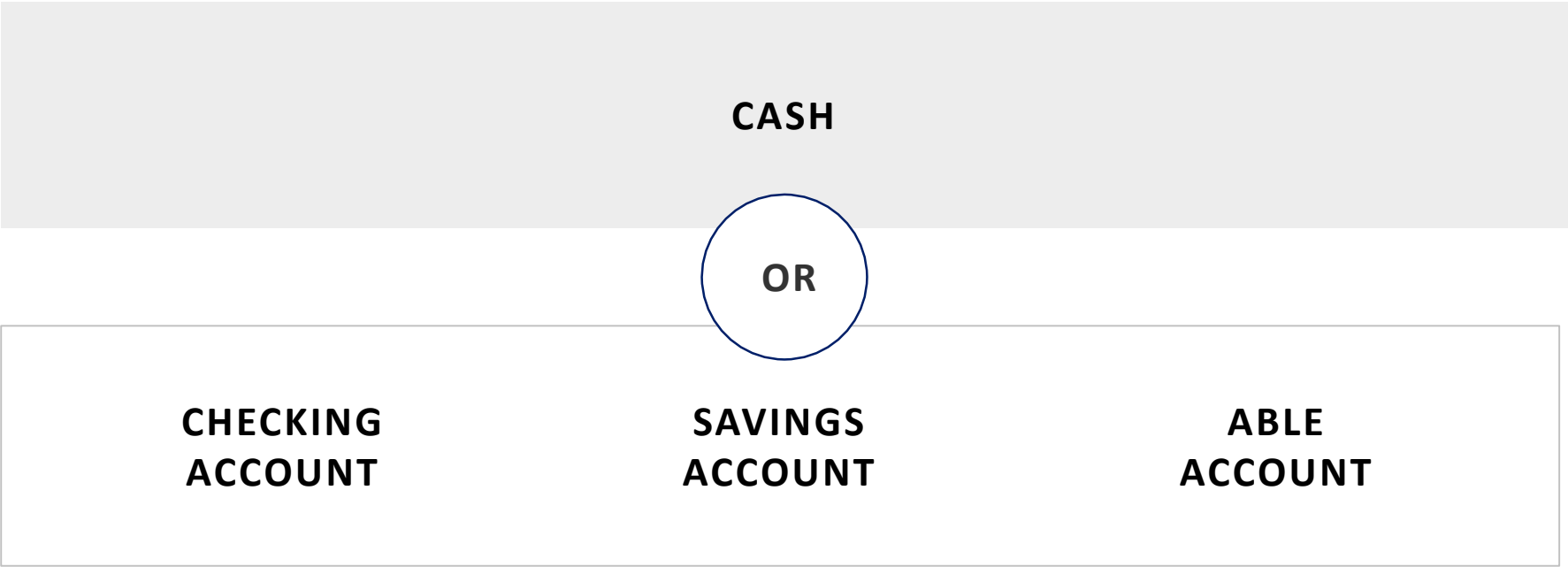
- Health insurance
- Retirement account contributions

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

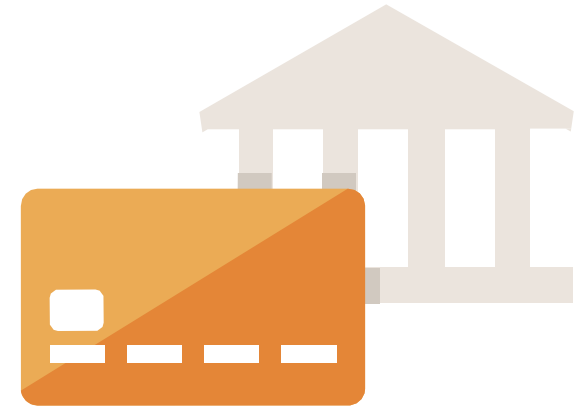


Debit card

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

ADVANTAGES:

- Good for everyday spending

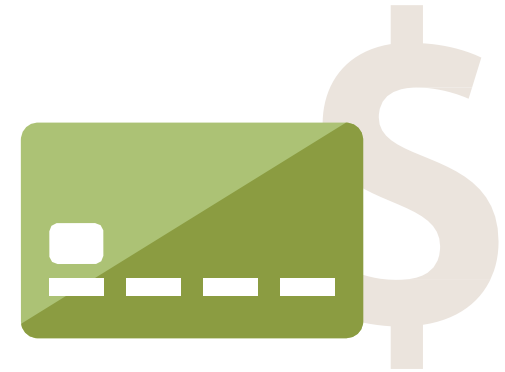


Prepaid card

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.



