



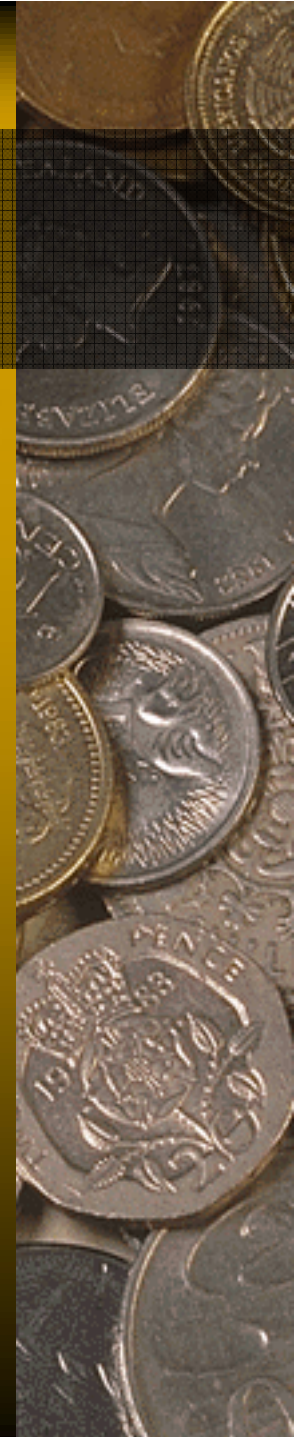
Finances 101

Presented by

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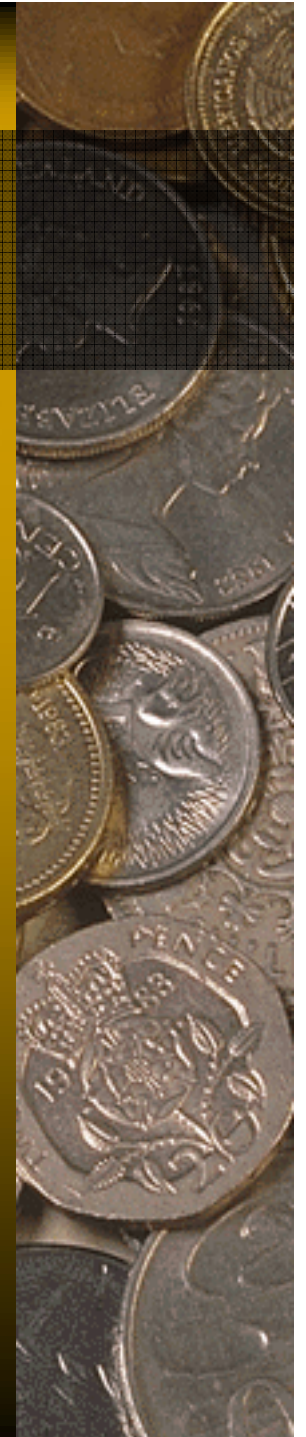
Overview

- Your paycheck (breakdown)
- Cost of Independence (insurance, taxes, and bills - budget)
- Benefits Planning (Retirement, Healthcare, Spending Accounts)
- Credit / Credit Cards
- Financial Records
- Resources Available



Your Paycheck (Break it Down)

- Gross income vs. net
- Taxes Deducted (Federal, State, Medicare, Disability)
- Benefits (health plan, spending accounts, life insurance, parking, etc.)



Do You Really Want Independence?

- Insurance (car, health, disability, rent/home)
- Taxes (No more 1040 EZ, “deduct, deduct, and deduct!”)
- Bills (rent, utilities, grocery, internet, student loans, etc.)
- Budget



Insurance – Protect Yourself!

- Car (coverage, rates-based on age, car, geographic area)
- Health (no longer covered by parents or school)
- Disability
- Rent/Home



Taxes

- More complicated tax forms
- Always file (even if receiving refund)
- Deductions (books and equipment, job search expenses, professional, education)
- Refund or owe?



Budget

- Do you know one way people get rich? They make a budget and stick to it!
- List your fixed expenses and total
- List your variable expenses and total
- Net Monthly Income minus (-) Fixed expenses. Remainder is available for variable expenses.
- Are you over or under? Need a New Budget??
- Four Reasons Why Budgets Fail



Benefits Planning

- Medical Benefits (Healthcare plans – HMO vs. PPO)
- Long-term Disability
- Spending Accounts (Healthcare and Dependent Care)
- Retirement



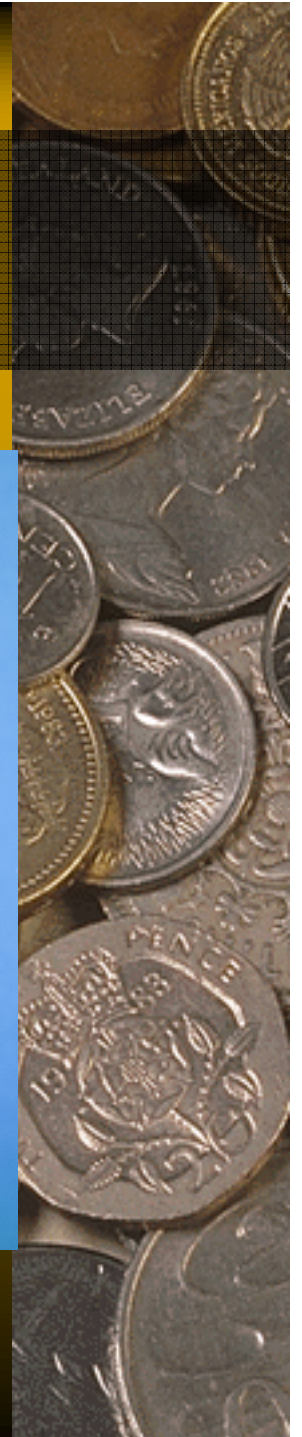
A Word About Benefits..

- *Medical Plans – PPO*: Allows you to go to any doctor without a referral – more out of pocket expense (deductible). **HMO**: No deductible required, small co-pays, need a referral.
- *Long-term disability* – Supplemental coverage on top of regular state disability
- *Spending Accounts* – Healthcare & Dependent Care (pre-tax \$'s taken from paycheck to pay for eligible medical and childcare expenses)



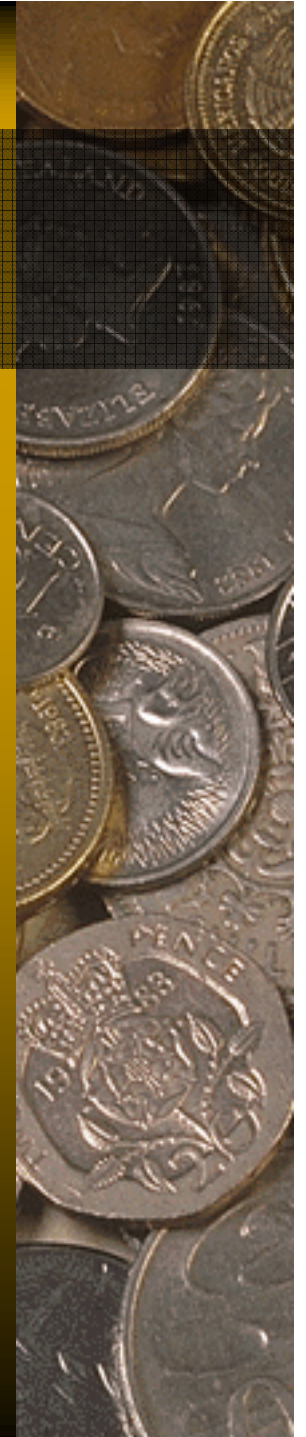
Retirement

- Even at 22, you should be thinking about retirement!
- Why? Power of Compound Interest! (Rule of 72)
- Options (401k, 403b, Roth IRA, Traditional IRA, etc.)



Know the Score (FICO)

- FICO – Fair, Isaac & Co. – Summary of the information on your credit bureau file
- Five Factors that Affect Your Credit Score
- Settling the Score (improve your score!)



Establishing Good Credit

- Open a checking / savings account and make regular deposits and withdrawals
- Get an ATM/check card
- Make a store purchase using an installment plan
- Apply for a Visa/Master Card/American Express



Why You Need a Credit Card

- Make purchases over the phone or internet
- Use as a form of identification
- Guarantee a hotel reservation or car rental
- Buy tickets for sports, concerts, etc.
- Record personal or business expenses
- If used well, to establish a good credit rating (so you can buy a car or a house!)



Cost of Credit

If you buy **\$4,000** worth of new electronics on credit at **18.5%** and only make minimum payments, it will take over **11** years to pay off the debt.

The total of principal and interest will be **\$7,868!**



FREE Credit Report

- One FREE credit report per year, per credit bureau due to the Federal Credit Reporting Act (FCRA)
- www.annualcreditreport.com or by phone (877-322-8228), or by mail
- Be wary of offers (usually in your spam folder) offering free credit reports. They are often selling credit monitoring services instead.



Beware of Identity Theft

- <http://www.ftc.gov/idtheft>
- Prevention of Identity Theft
- Credit Reporting Agencies
 - Experian
 - 1-888-397-3742
 - TransUnion
 - 1-800-680-7289
 - Equifax
 - 1-877-576-5734



Financial Records You Need to Keep

1. Federal & State Income Tax Returns and docs supporting income & expense
2. Bank statements & canceled checks
3. Investment/brokerage statements
4. Deposit receipts
5. Mortgage statements
6. Credit card statements
7. Charitable contribution receipts
8. Payroll stubs



Resources

- Smartmoney.com
 - Motleyfool.com
 - Money.cnn.com
 - The Money Book for the Young, Fabulous & Broke by Suze Orman
 - Rich Dad, Poor Dad by Robert T. Kiyosaki
 - Jim Cramer's Real Money: Sane Investing in an Insane World
 - Automatic Wealth by Michael Masterson
 - The Wall Street Journal's Guides to: Understanding Personal Finance and Guide to Understanding Money and Investing
 - Life After Graduation by Terry Arndt & John Ricchini
 - The Princeton Review: "Why won't the Landlord take Visa?" by Tara Bray
 - Personal Finance for Dummies by Eric Tyson
 - The Complete Idiot's Guide to Personal Finance in Your 20s and 30s by Sarah Young Fisher and Susan Shelly
- Plus many more – check your Library and Amazon.com for other ideas



Enter the World of Real Money

Good
Luck!

