

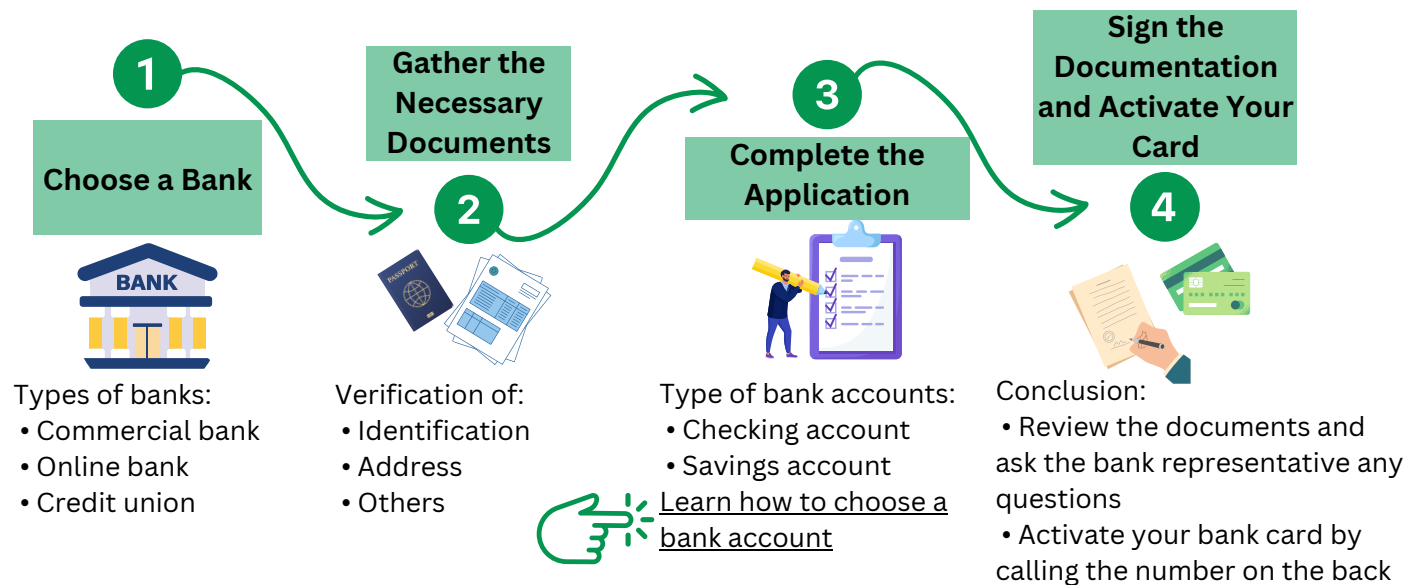
For Youth: What to Know About Finances

Knowing how to manage your money can help you achieve your goals and have a prosperous future. Check out the resources marked with a hand icon and our helpful booklet on finances at ucresourcecenter.org.



4 Steps to Open a Bank Account

A bank account makes it easier to keep your money safe and keep track of your spending. It also provides tools to help you manage your finances better. If you're under 18, you'll need an adult to help you open an account. Remember to check what are your bank requirements.



Make sure to keep your banking information in a safe place, as it can be used for malicious purposes.

What is a Budget?

A budget is a plan to track your income and expenses. This helps you see whether you can increase your spending or need to cut back on spending, improving your financial health



Monthly Personal Budget

Transaction	\$
Work Income	\$950
Babysitting	\$50
Rent/Car	-\$500
Food	-\$100
Clothing/Entertainment	-\$200
Remaining Income	\$200

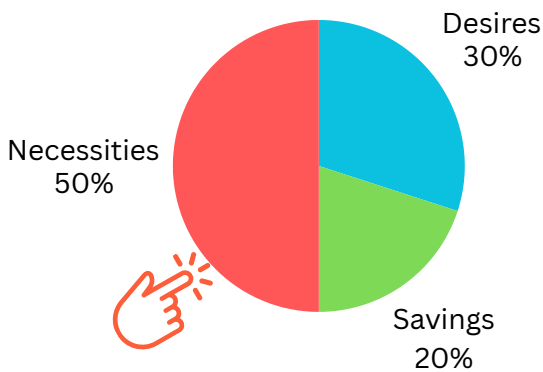
● Income ● Expenses ● Savings

Budgeting Tip

The 50/30/20 rule is a technique used to create a budget. Try to divide your income into 3 categories.

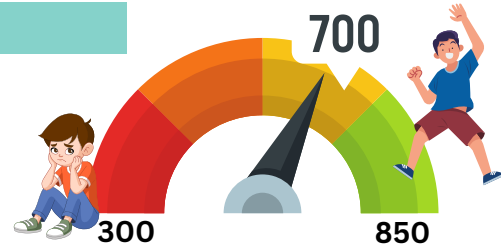
Example: If you have an income of \$1000 per month.

- 50% or \$500 is for paying rent, car, electricity, groceries, etc.
- 30% or \$300 is for paying entertainment, clothing, vacations, streaming services, etc.
- 20% or \$200 is for paying retirement, emergency savings, debts, etc.



What is Credit?

In the United States, credit is a rating system based on your use of money. Each person receives a credit score/rating that represents how they manage money.



Why is Credit Important?

High credit scores make it easier to be approved for loans and credit cards. High scores also improve the terms, or details, of those loans and cards. A good credit score can help you get lower interest rates, larger loans, and avoid fees and down payments.



Better interest rates on mortgages



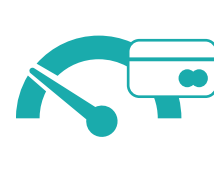
Better interest rates on loans



Flexibility when renting an apartment or property



Better interest rates on car loans



Better interest rates on credit cards

What Improves Your Credit?

- Paying your debts on time
- Using less than 30% of your available credit
- Having a credit history (long-term credit or having credit cards for a long time)

What Worsens Your Credit?

- Paying your debts late or not paying them
- Using more than 30% of your available credit
- Applying for multiple lines of credit in a short period of time

You can learn more about credit and how it works at the following link.



Educational Tools

You can explore other financial planning resources on the Consumer Financial Protection Bureau's website.



Consumer Financial Protection Bureau

