

Where to Put Your Money?



“Finances” is just a fancy word for money and stuff about money. Money is everywhere. We use it daily. We need to learn how to be smart with our money.

Why is it important to have a bank account?

Having an account at a bank or credit union is something that the majority of people do with their money.

Why?

- It is a safe place for your money. That means the government protects your money. It is federally insured up to \$100,000.
- The bank or credit union is convenient. You can access your money from anywhere in the world once you have a ATM, debit, or credit card from your bank or credit union. Use ATMs from your bank to avoid ATM fees.
- It's much cheaper to access your own money through a bank or credit union. There typically aren't fees for accessing or cashing checks like there are when you do not have an account. It's easier to transfer or wire money to people when you have an established bank or credit union account.

What's the difference between banks and credit unions?

A credit union is a non-profit institution. It often has a membership requirement such as working for a specific company, living in a certain city, being a student at a school, etc.

A bank is a for-profit institution. It runs its company like any other based on its investors. Often banks have more fees and rules such as keeping a minimum balance in your checking or savings accounts.

For more information on banks and credit unions:

<https://money.howstuffworks.com/personal-finance/banking/difference-between-bank-and-credit-union.htm>

Why Does Credit Matter?

Do you ever plan on renting an apartment? Taking out a loan for school, or a house?
Do you have a cell phone?

All of these things usually require having a credit score and credit history. Having a credit score shows companies whether or not you are reliable in paying back money you owe. If you have a good credit history and score you are able to borrow higher amounts for lower interest rates.

Interest rate: A fee you are charged for borrowing money. It is usually expressed as a percentage.

Balance: the amount of money you charged to your credit card, promising to pay it back in full. Or the set amount you agreed to pay for a larger loan, like a car or house.

Ways to establish credit:

- Apply for a secure credit card. Talk through with the financial advisor at the bank for the appropriate amount. **ALWAYS PAY OFF YOUR STATEMENT BALANCE.** If you pay off the statement balance you will not be charged interest.
- Apply for a credit-builder loan. Talk through with the financial advisor at the bank for the appropriate amount for you.
- Get a co-signer on a loan. This person is risking their own credit to co-sign. Make sure you are willing to respect this person and protect their credit as well.

Ways to keep your credit score high:

- Always pay off your statement balance at the end of each month. The amount you've borrowed and promised to pay back.
- Don't close old credit cards. At least not until you've had them for a while (think 7 years). The higher average time your accounts have been open, the higher your credit score.
- Watch your credit report. There are free sites to check your credit
 - Creditkarma.com
 - Freecreditreport.com
 - Discover.com
 - Annualcreditreport.com
- Keep balances low on your open lines of credit