

My Financial Foundations Workbook

Welcome to Financial Foundations!

We are happy you are here and interested to learn about financial systems in the United States and how to manage your money to help you reach your financial goals.

During our time together you will build a strong foundation to manage your money, access financial products, understand credit, and protect your finances. You will also build skills and gain confidence as you learn to use financial products and services that may be unfamiliar.

This is your personal workbook to use during class and as a reference in the future. There are vocabulary words, examples, and resources in your workbook to help you. There is also space to take notes and write questions.

We are excited to be learning together and hope you find this to be a safe, supportive, and welcoming community.



My Financial Foundations Workbook

Managing Your Money



Money management is the process of planning and adjusting your finances to make sure you have enough money for the things you need and want, now and in the future. It includes defining [goals](#), creating a [budget](#), [tracking](#) your spending, and making informed decisions about how to spend, save, and share your money.

- Defining your goals will guide how to manage your money and make financial decisions that are best for you and your family. It gives **purpose** to making a budget.
- Creating your budget will give you a **plan** to track [income](#) and [expenses](#) and identify how to adjust so you have more control of your money.
- Increasing your awareness of your complete financial situation can help reduce stress, build wealth, and increase your **power** to make informed decisions so you can reach your financial goals.

Setting Goals

All decisions, including financial decisions, are influenced by our culture, family, ethnicity, community, religion, traditions, and so on. These things shape our beliefs and [values](#) about money, and they are an important part of how we make financial decisions.

How do your values, culture, and traditions influence the way you make financial decisions?

Thinking about what is important to you and why you value those things can help you know priorities (what to work on first) and set goals that are meaningful.

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Make a list of what you value the most.	Why are these important to you?

My goals

Connecting your goals to your values and priorities make them more meaningful and help you make a realistic plan. Goals that are specific and meaningful are more likely to be reached.

Think of a financial goal you have and write it here:

Use the chart below to structure your “[SMART financial goal](#)”:

Specific	Measurable	Achievable	Relevant	Timely

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Why is this goal important to me?

Sometimes goals may need to be adjusted. If something unexpected happens or my situation changes, what are some ways I can adjust my goal?

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Budgeting: Plan

Your goals **give purpose** to making a budget. Your budget is your **plan** to make sure you have enough money for the things you need and want. This information gives you **power** to make informed decisions so you can reach your financial goals.

Tracking monthly income and expenses helps you know if you have enough money to pay for the things you need, now and in the future.

How do you keep track your money?

Knowing how much money you receive and how much money you spend starts the budget planning. Write down a list of all the money, support, and resources you receive. This could be earnings from work, [public assistance](#), refugee cash assistance, support from family and friends, resources to help you meet your needs.

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

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What other financial resources and support are available in my community?

Now write down a list of your expenses, the money you spend. There are more income and expense pages at the end of your workbook to use in the future.

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

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Look at your list of expenses. Which expenses do you pay to meet your [basic needs](#)? These are the expenses you pay first. They are your [high-priority expenses](#) and often include [fixed expenses](#) that do not change and [variable expenses](#) that can change from month-to-month. Are there important items you are [saving](#) for that should be included here?

What expenses do I pay first? What is my most important savings goal to start?

Look at your expenses again. Are any [flexible expenses](#)? They may be important, but not as important as your basic needs. Can you add more to your savings goals?

What are my flexible expenses? Can I add more to savings?

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Finally, look at the expenses you can wait for or find alternatives. These are not a priority.

What are my low priority expenses?

Savings

Saving is an important part of building a strong financial foundation, especially saving for emergencies or unexpected expenses. Use the space below to write your savings goals. For example, start an [emergency fund](#), save for a car, cell phone, family expenses, medical expenses, house, etc. There are more savings goal worksheets at the end of this workbook.

My savings goals



What are you saving for? How much do you need and by when?

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If there is not enough money to pay for all your expenses, what are some ways you can increase your income or reduce your expenses?

How can I increase income or reduce expenses? Are there resources that can help?

Notes

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Banking in the United States



Banks and credit unions are financial institutions. Both have products and services to help you safely manage your money. The United States has strong regulations for financial institutions to protect [consumers](#) (you). Most financial institutions are insured, and they are a safe place to keep your money.

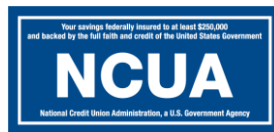
[Banks](#) are insured by the Federal Deposit Insurance Corporation (FDIC).

Look for this symbol:



[Credit unions](#) are insured by the National Credit Union Administration (NCUA).

Look for this symbol:



What are some reasons to keep your money in a financial institution?

- Your money is safe from loss or theft, and it is secure because it is insured.
- It is easy to access your money.
- It costs less than other products and services that are not insured financial institutions.
- It helps you track and manage your money.

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Accounts

Financial institutions offer many accounts. The two most common accounts to start with are savings and checking.

- A [savings account](#) holds money that you want to keep for the future and typically earns [interest](#).
- A [checking account](#) is used for your day-to-day spending.

All accounts have an [account number](#). Your account number is unique and identifies you as the owner of the account.

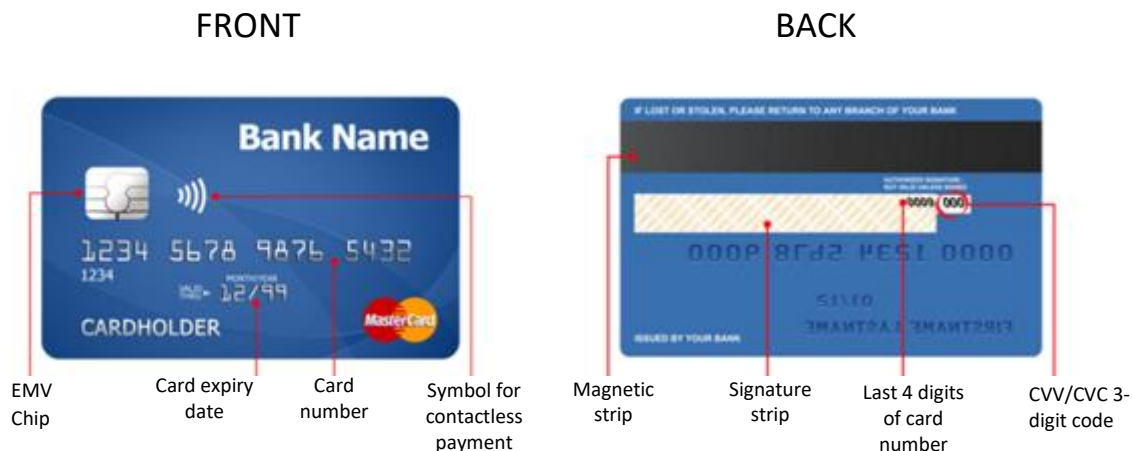


Keep your account number safe. You may need to share some account information with trusted companies such as your employer to set up [direct deposit](#) of your wages. That is safe because your employer will keep your information confidential. Do not share your account information with people you do not know or trust. If you think someone has your account information that should not, contact your financial institution immediately.

All financial institutions have a unique number called a [routing number](#). A routing number is not private. Financial institutions share their routing number publicly.

When you open an account, you will receive a [debit card](#) to access your money and make purchases. A debit card is not the same as a [credit card](#).

Debit cards look like this:



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If you open a checking account, your financial institution may give you some checks that look like this:

YOUR NAME
1234 Main Street
Anywhere, OH 00000

DATE _____ 123

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS

⑆044072324 ⑆000123456789 ⑆123

Routing number Account number Check number

The diagram shows a check form with fields for name, address, date, payee, and amount. Below the form is a MICR line with three numbers: 044072324 (highlighted in orange), 000123456789 (highlighted in green), and 123 (highlighted in blue). A blue arrow points from the '123' in the MICR line to the '123' in the date field.

You can use a check to make purchases or pay people. Practice filling out a check. This is also called “writing a check”.

Your name _____ 123

Your address _____

DATE _____

PAY TO THE ORDER OF _____ \$ _____

_____ DOLLARS

⑆044072324 ⑆000123456789 ⑆123

This is a blank check form with the same layout as the diagram above, but without the labels and highlights.

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Account Transactions



When you add money to your account it is called a [deposit \(+\)](#). Not all money you deposit will be available immediately. It may take several days for the financial institution to process the deposit.

Some ways you can deposit money in your accounts:

- Fill out a paper deposit slip at your financial institution.
- Use your debit card with a [teller](#) at your financial institution.
- Use your debit card at an [Automated Teller Machine \(ATM\)](#).
- Give your employer permission to add your pay in your account called a direct deposit.
- Take a picture of a check front and back if you have mobile banking on your phone.



When you take money out of your account it is called a [withdrawal \(-\)](#). Make sure you have enough money in your account to cover the withdrawal amount. If you do not have enough money in your account, do not complete the transaction.

Some ways you can withdraw money from your accounts:

- Fill out a paper withdrawal slip at your financial institution.
- Use your debit card with a teller at your financial institution.
- Use your debit card at an ATM at a financial institution.
- Use your debit card at a store or an ATM.
- Write a check.
- Pay bills with [online banking](#) on a computer or on your phone with a [mobile app](#).

Fees and other charges

Financial institutions can charge [fees](#) for providing services and products. Here are some common fees and how you can avoid or reduce them:

- [Overdraft](#) is when you do not have enough money in your account to pay for a transaction, but your financial institution pays the transaction anyway and charges you a fee.
- Check order is the fee your financial institution may charge when you order checks.
- Monthly maintenance fee is charged just to have an account at a financial institution. There are some accounts that do not charge a monthly fee or if you keep a minimum [balance](#) in the account there is no fee.
- [Minimum balance requirement](#) is the amount of money you must always keep in your account to avoid fees. If your account balance is below this amount, you can be charged a fee. You may be able to avoid these fees by signing up to directly deposit your paycheck or government benefits into your account or open a free or “no fee” account.

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- ATM fees are charged when you use an ATM that is not operated by your financial institution to withdraw money or check your account balance.
 - [Money orders](#) are form of payment often used by people without access to a checking account. Money orders are purchased for a fee from a financial institution.
 - [Remittance transfer](#) fee is charged by a financial institution to send money across international borders. It is important to compare fees when choosing a provider because they can vary significantly.
 - Bounced check is check that cannot be processed because there is not enough money in the account to cover the amount written on the check.
 - Other fees
-
-
-

Choose a financial institution that is right for you.

There are many financial institutions to choose from. Some ideas to start:

- Ask a trusted friend or family member which financial institution they use and why.
- Visit financial institutions in your neighborhood called [branches](#).
- Write ideas from this class.

Visit financial institutions you are considering.

It can be helpful to write down what you want to say and ask when you visit a financial institution. On the next page there is a list of sample questions.

If you are ready to open an account, you will need to provide information so the bank or credit union can start your application. Below is an example of some information you may be asked for. Check with the financial institution to make sure you have all the information they need.

- Your name
- Date of birth
- Address
- Contact information
- Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN)
- Personal identification documents - ask what type of identification you need to provide because not all financial institutions require the same documents
- Address identification - mail addressed to you at your current address or a copy of your current lease
- Money to make your first deposit in the new account

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Questions to ask when choosing a financial institution	Answers
Do I feel welcomed and treated with respect?	
Does the financial institution understand the needs of recent arrivals in the United States?	
Do I have the documentation needed to open an account? If not, where can I receive help obtaining the documents?	
Can I get information in my own language or in a form that is accessible to me?	
Can I access my account information how and when I need it?	
Is the financial institution insured by the FDIC (banks) or NCUA (credit unions)?	
What are the fees for the accounts I want to open?	
Are branch locations close to where I live, work, or go to school?	
Is the financial institution open at convenient times for me?	
Will I earn interest on the account? What is the interest rate?	
Does the financial institution have credit building products and provide free credit scores?	

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Documents I need to open an account

Cashless Transactions

[Cashless transactions](#) do not use physical money (dollars). They are financial transactions using payment such as credit or debit cards, mobile payment apps, electronic transfers, [wire transfer](#), and [digital wallets](#). These transactions allow you to make payments and transfer money without cash, checks, or other physical payment. They are made electronically using your phone or computer. This is very common in the United States.



These are some examples of cashless transactions:

- Person-to-person (also called peer-to-peer or P2P) payments allow you to transfer funds from your bank account or credit card to another person. Before you can make the payment, you must verify the person you want to pay using their phone number or email address. Never do this kind of transaction unless you know the other person. Some common P2P apps include Zelle, Venmo, CashApp, PayPal, and Google Pay.
- Person-to-business payments allow you to purchase goods or services from a company in a store or online. Some common ways to pay are with a credit or debit card, mobile payment apps such as Apple Pay and Google Pay.
- Business-to-person (also called B2P) allow payments made by a company or government agency to a person. Examples include an employer pays an employee through direct deposit, or government benefits paid through electronic benefits transfer (EBT), or [Automated Clearing House \(ACH\)](#) transfer of funds between financial institutions.

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Notes

My Financial Foundations Workbook

Understanding Credit



What is credit?

Credit is the ability to make a purchase or borrow money with the promise to pay it back later. Credit is not the same as debt.

The ability to receive something before you pay for it is based on trust that payment will be made in the future. This is called being creditworthy. One way to know if someone is likely to pay back what they owe is to read a credit report and obtain a credit score.

Understanding your credit activity, credit report, and credit score can help you make decisions to build and keep a positive credit record.

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Credit Activity



Credit Activity is information collected by credit reporting companies that shows how you pay your bills and manage your debt. Many companies collect this information but the three largest credit reporting companies in the United States are:



Credit Report

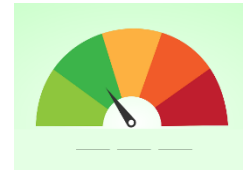


Credit Report is a summary of the credit activity reported and collected. Each of the three credit reporting companies creates a summary report. You and authorized companies can request your credit report.



Credit Score

Credit Score is a mathematical formula that each of the three credit reporting companies develops. The information on your credit report is evaluated and the result is a 3-digit number typically between 300-850.



Checking your credit report

Who can see your credit report?

Not everyone can see your credit report. Only businesses with a special, lawful purpose can request your credit report and they usually need your permission. This is called "permissible purpose".

Here are some examples of who can ask for your credit report:

- **Lender**, financial institution, creditor
- Apartment, landlord, rental screening company
- Services such as utilities and cell phone accounts
- Employer if it is related to your job
- Marketing and other companies pre-screening for credit and insurance offers
- You!

"Opt-out": You can ask to have your name and address removed from unwanted prescreened offer lists for credit and insurance by calling 888-567-8688 or online at www.optoutprescreen.com.



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Notes

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The only source authorized by Federal law to provide a free copy of your credit reports is www.AnnualCreditReport.com. The website looks like this:

The screenshot shows the homepage of AnnualCreditReport.com. At the top, the logo reads "Annual CreditReport.com" with the tagline "The only source for your free credit reports. Authorized by Federal law." Below the logo is a navigation menu with links: Home, All about credit reports, Request yours now!, What to look for, Protect your identity, Frequently asked questions, and Contact us. A prominent banner features a warning icon and text: "During the COVID-19 pandemic, accessing your credit is important. That's why Equifax, Experian and TransUnion are continuing to offer free weekly online credit reports." A red button below the banner says "Request your free credit reports". Below this is a section titled "Don't be fooled by look-alikes." with text explaining that AnnualCreditReport.com is the only official site. A button below this text says "About AnnualCreditReport.com". To the right of the text is a photo of two smiling women. Below the photo is a navigation bar with tabs: PAUSE, SPOT IDENTITY THEFT, GOOD CREDIT, DON'T BE FOOLED (which is highlighted), MORE THAN A SCORE, and NOT LIKE THE OTHERS. The main content area is divided into three columns. The first column is titled "Your credit reports matter." and lists two bullet points: "Credit reports may affect your mortgage rates, credit card approvals, apartment requests, or even your job application." and "Reviewing credit reports helps you catch signs of identity theft early." Below this is a red button "Request your free credit reports". The second column is titled "FREE Credit Reports. Federal law allows you to:" and lists two bullet points: "Get a free copy of your credit report every 12 months from each credit reporting company." and "Ensure that the information on all of your credit reports is correct and up to date." The third column is titled "BROUGHT TO YOU BY" and features the logos for TransUnion, EQUIFAX, and experian.

If you have a Social Security Number (SSN), you can request a copy of your credit reports from each of the three credit reporting companies online at www.AnnualCreditReport.com.

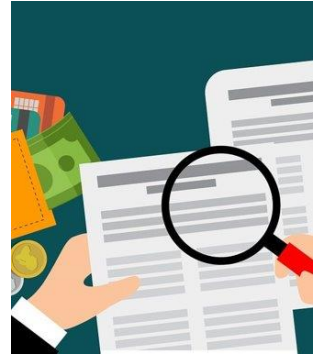
If you have an Individual Taxpayer Identification Number (ITIN), you must submit a request in writing to each of the three credit reporting companies to obtain a free credit report. The form to request your credit report is at the end of this module.

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Reading your credit report

What's on your credit report?

- Personal Information - name, address, phone number, Social Security Number, date of birth, employer
- Accounts
 - [Adverse](#) – negative information on your credit report
 - [Satisfactory](#) – positive information on your credit report
- [Bankruptcy](#)– legal action when a person or business cannot repay debts
- [Inquiries](#) (“pulls”)
 - [Soft inquiry](#) – when a credit report is requested by you, a company you have a relationship with reviews your account, an employer when you apply for a job, or a company screening for marketing offers. It **will not** impact on your credit score.
 - [Hard inquiry](#) – when a credit report is requested as part of a credit application. It **will** impact your credit score. If you do not recognize the inquiry, contact the company that checked your credit using the information in your credit report.



What is NOT on your credit report?

- Personal information about your age, race, gender, immigration, or marital status
- Bank account information (checking & savings)
- Income
- Positive information about payments such as rent*, utilities, phone, cable, etc. These only appear on your credit report if they have been reported as late.
 - * some landlords may report your on-time rent payment to help you build credit
- Paid medical debt – unpaid medical debt will not be reported for 12 months
- Unpaid medical debt less than \$500

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File Number: 1234567890

Date: 9/1/2023

PERSONAL INFORMATION

Length of credit history: 7 years, 9 months

Name: Cathy Consumer, Cathy Lynn Consumer, CL Consumer, Kathy Consumer

Date of Birth: 8/2/1989

Social security number: XXX-XX-1234

Current Address:

123 West Main Street, Anywhere, WA Date reported: 1/1/2020

Other Address:

123 W Main St., Anywhere, WA Date reported: 3/4/2018

Phone Number: (425) 123-4567 (206) 123-4567 (123) 456-7890

Employer: ABC Transportation

ADVERSE ACCOUNTS

Main Street Bank *****328473897

PO Box XX Bellevue, WA

888) 999-9999

Date opened 1/2020

Account type: Revolving

Balance \$890

Pay status: Charge off by account provider

Responsibility: Joint Account

Loan Type: Credit Card

Date Updated: 8/20232

Estimated month and year this item will be removed 4/2030

Payment history

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2023	ok	ok	ok	30	60	90	x	c/o				
2022	ok	ok	30	ok	ok	ok	ok	ok	30	ok	ok	ok
2021	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok	30

XYX Collection *****327

PO Box YY Everett, WA

(888) 888-8888

Date opened 6/2017

Account type: Open Account

Balance \$204

Pay status: Placed for Collection

Original Creditor: Comcast Cable

Responsibility: Individual Account

Loan Type: Collection Agency/Attorney

Date Updated: 11/2022

Estimated month and year this item will be removed 12/2028

Payment history

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2023	x	x	x	x	x	x	x	x				
2022	60	90	120	col	x	x	x	x	x	x	x	x
2021	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok	30

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SATISFACTORY ACCOUNTS

Auto Financing Company ***9234

PO Box AA Somerset, WA
(888) 000-0000

Monthly payment \$387

Responsibility: Joint Account

Loan Type: Automobile

Pay Status: Current, Paid or Paying as Agreed

Date Opened: 5/12/2020

Account Type: Installment

Terms: \$387 per month for 38 months

Balance: \$5,710

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2023	\$5710	\$5323	\$4936	\$4549	\$4162	\$3775	\$3388	\$3001				
Paid	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387				
Rating	ok	ok	ok	ok	ok	ok	ok	ok				
2022												
Balance	\$9920	\$9560	\$9210	\$8860	\$8510	\$8160	\$7810	\$7460	\$7110	\$6760	\$6410	\$6060
Paid	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$387	\$38	\$387
Rating	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok

US Credit Union ***4023482

PO Box 000 Seattle, WA (888) 777-7777

Date opened 11/2015

Account type: Revolving

Current Balance \$5,109

Last payment made 3/2022

Pay status: Paid or Paying as Agreed

Responsibility: Individual Account

Loan Type: Credit Card

Date Updated: 1/12/2023

High Balance: \$5,109

Credit Limit: \$5,000

Payment history

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2023	ok	ok	ok	ok	ok	ok	ok	ok				
2022	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok
2021	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok	ok

INQUIRIES

Regular Inquiries (Hard Inquiries)

Inquiries that may impact your credit score. These are inquiries made by companies with whom you have applied for a loan or credit. These inquiries will remain on your credit file for up to 2 years.

Account Review Inquiries and Promotional Inquiries (Soft Inquiries)

Inquiries that do not impact your credit score. These are inquiries from companies making promotional offers of credit, periodic account reviews by an existing creditor or your own requests to check your credit file. They may remain on your file for up to 2 years.

Contact the credit reporting company - to report an error or for general information. You will be asked to reference your report number.

Online By mail By phone

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Understanding Credit Scores

A credit score is a 3-digit number calculated using information on your credit reports. A credit score is used to predict the likelihood you will pay for goods and services or repay your debt on time.

There is not one credit score. You can have over 100 different scores because there are many companies calculating credit scores using different formulas. Most credit scores are between 300 – 850. The higher the number, the better.



The 2 most common credit scores are [FICO](#)[®] and [Vantage](#)[®]. They use different methods to generate a score.

Some common factors that influence both FICO[®] and Vantage[®] scores:

Make payments on-time

Pay your [loans](#), credit cards, utility bills, medical bills, rent, etc. on-time. If you are having trouble paying, contact the lender or company and let them know. Sometimes payment arrangements can be made to help. Contact organizations near you that can help with financial assistance.

Keep the amount of credit used low

This is also called credit utilization. Try to keep balances on credit cards under 30% of the [credit limit](#). For example, if you have a credit card with a credit limit of \$500, try to keep the balance under \$150:

$$\begin{array}{r} \$ 500 \\ \times .30 \\ \hline \$ 150 \end{array}$$

You do not need to keep a balance on your credit card to build credit. In fact, it is best to pay off your credit card to \$0 each month to avoid [interest on debt](#) and manage your debt.

Have a mix of credit types over time

There are 2 different types of credit called “installment” and “revolving”.

- Installment is a loan for a specific amount, paid back in monthly payments over a specific period of time. Loans for cars, houses ([mortgages](#)), and school are examples of installment loans.
- Revolving is a flexible loan that allows you to borrow what you need up to a limited amount. Credit cards and personal loans are examples of revolving loans.

My Financial Foundations Workbook

Building and keeping good credit

If you have recently arrived in the United States, you may not have a credit report or score yet. It can also be challenging to build credit if you do not have a Social Security Number. There are some financial institutions that accept Individual Taxpayer Identification Numbers (ITINs) for opening accounts and using credit products.

Look back at your notes about choosing a financial institution. Does your financial institution have products that can help you build credit?

Credit building products offered at my financial institution

What accounts do I have that are helping me build my credit?

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My plan for building and keeping good credit:

Get a copy of your score


When you request your credit reports from www.AnnualCreditReport.com, they will not include a score. Check with your financial institution first to learn if they provide a free credit score as part of their services.

You can get your credit scores from many sources, including:

- Financial institutions – free service at some banks, credit unions, credit card companies
- Non-profit credit counselors – free with financial coaching, counseling, and education
- Credit bureaus – charge a fee to get your score
- Personal finance websites – use your personal information to make credit card and other offers, may also charge a fee

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Protecting your credit

 Credit freezes and [fraud](#) alerts can prevent anyone from accessing your credit reports. They also protect you from [identity theft](#) or prevent people from using your personal information if stolen.

Fraud Alert

- Creditors must take extra steps to verify your identity
- Credit reporting companies must notify each other
- Initial (1 year) or extended (7 years)

Security Freeze

- Prevents future creditors from seeing your credit file
- Lock and unlock your credit record for free at each of the three credit reporting companies
- May need a Personal Identification Number (PIN) to unlock

Contact each credit reporting company to add a fraud alert or "freeze" to lock your credit file:

Equifax
(800) 685-1111
PO Box 740256
Atlanta, GA 30374

Experian
(888) 397-3742
PO Box 9554
Allen, TX 75013

TransUnion
(888) 909-8872
PO Box 2000
Chester, PA 19016

Identity Theft is when someone steals or uses your personal information without your permission. If you think you have been a victim of identity theft, file a report with the Federal Trade Commission at www.identitytheft.org and file a local police report.

Notes

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Money Management Vocabulary



Basic needs - The essential things that are necessary for human survival and well-being such as food, water, shelter, clothing, and medical care.

Budget - A plan for managing income and expenses over a certain period of time.

Emergency fund - An amount of money saved for unexpected expenses or events.

Expense - Money you spend on goods, services, or bills.

Fixed expense - An expense that is the same amount each month, such as rent or a car payment.

Flexible expense – An expense that can be adjusted and is not usually a high-priority expense to meet basic needs.

Goal – Something you want to achieve or accomplish.

High-priority expense – An expense that is the most important item to pay to meet basic needs, such as housing, food, transportation, healthcare, and utilities.

Income - Money earned from employment wages, investments, or other sources.

Public assistance - Government-provided financial support to help meet basic needs, such as food, shelter, and clothing.

Saving - Money kept for future needs or goals.

SMART goal - A type of goal setting structure that helps you achieve something you desire. It includes these 5 parts:

- **Specific:** Your goal should clearly define what you want to achieve.
- **Measurable:** You should be able to track and measure progress toward your goal.
- **Achievable:** Your goal should be realistic and possible.
- **Relevant:** Your goal should match your values and priorities.
- **Time-bound:** Your goal should have a timeframe to complete.

Tracking - Checking and documenting income and expenses to help with budgeting.

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Values – A person's beliefs about what is important, and what matters most to them.

Variable expense - An expense that changes in amount from month to month, such as groceries or gas.

Banking Vocabulary



Account number – A unique number assigned to each bank account and identifies the owner.

Automated Clearing House (ACH) - An electronic transfer of money between banks and credit unions across a secure network.

Automated Teller Machine (ATM) - A machine customers can use to access their bank account for financial transactions including accepting deposits and loan payments, providing cash for withdrawals, and transferring money between accounts.

Balance - The amount of money available in an account after all transactions have been completed.

Bank – A financial institution that accepts deposits, makes loans, and offers various other financial services to its customers.

Branches - A network of locations that are part of a bank or credit union.

Cashless transaction - A financial transaction that is completed without the use of physical cash or coins.

Checking account - A type of bank account to deposit and withdraw money using checks or a debit card. This type of account is used for day-to-day spending and has many transactions.

Consumer - A person that purchases goods or services for themselves or others.

Credit card - A payment card that allows you to borrow money from the card issuer to purchase goods and services. Purchase made with a credit card creates a debt because you are borrowing money with a promise to pay it back later.

Credit union - A non-profit financial institution owned and controlled by its members. Credit unions offer similar services to banks, but typically have lower fees and better interest rates for their customers.

Deposit - Add money to your account.

Debit card - A payment card that allows customers to withdraw cash or make purchases directly from their checking or savings account. Debit cards look like credit cards, but they are not the same.

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Digital wallet - An electronic service that stores and protects your bank and credit card information so you can make payments without using physical money.

Direct deposit - A convenient and secure way of receiving payments directly into your checking or savings account from employers and government agencies.

Fees - Charges imposed by financial institutions for account opening, maintenance, and other transactions and services. It is very important to know what fees are charged before opening an account.

Interest of savings - The additional money earned on a savings account, usually expressed as a percentage (%) and calculated based on the amount in an account.

Minimum balance requirement – The least amount of money you must keep in your account to avoid fees.

Mobile App – A software application designed to use on smartphones, tablets, and other mobile devices.

Money orders – An accepted form of payment and are often used by people without access to a checking account. Money orders are purchased for a fee from a financial institution.

Mortgage - A loan used to buy a house or real estate, with the property used as collateral for the loan.

Online Banking - A service that allows customers to access their bank accounts and perform transactions over the internet.

Overdraft - When you do not have enough money in your account to pay for a transaction, but your financial institution pays the transaction anyway and charges you a fee.

Remittance transfers – Sending money to a person or business in another country.

Routing number - A nine-digit number used to identify each financial institution in the United States.

Savings account – A type of bank account where customers can deposit money and earn interest on the balance. The account keeps money to use in the future.

Teller – Employees at a financial institution who help customers with financial transactions. Also called Customer Service Representatives.

Withdraw - Take money out of your account.

Wire transfer - An electronic transfer of funds from one bank account to another, usually within the same country or internationally.

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Credit Vocabulary



Adverse account – A negative account on your credit report, such as making late payments.

Bankruptcy - A legal process that person or company can file in court if they cannot pay their loans.

Borrower - An individual or entity that receives a loan or credit from a lender.

Credit - An arrangement where a lender provides money, goods, or services in exchange for future repayment, often with interest.

Credit Activity (Credit History) - A record of a person's credit-related activity over time, including credit accounts, payment history, and debts.

Credit Limit - The maximum amount of credit that a lender is willing to extend to a borrower.

Credit Report - A record of an individual's credit history including information about credit accounts, payment history, and outstanding debts.

Credit Reporting Companies (Credit Bureaus) - An organization that collects and maintains credit information about individuals and businesses.

Credit Score - A 3-digit number that represents an individual's creditworthiness and the likelihood of repayments on time.

Creditworthy - When you have a good financial reputation and are considered reliable and trustworthy enough to be approved for a loan or credit.

Fraud - When someone deliberately deceives or tricks you for financial or personal gain.

Debt - An amount of money owed to a lender by a borrower.

Default - The failure to repay a loan or meet the terms of a credit agreement.

Delinquent - A term used to describe an account with late payments.

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FICO Score - A type of credit score developed by the Fair Isaac Corporation (FICO), used by many lenders to assess an individual's creditworthiness.

Identity theft - When someone uses your personal information without your permission to commit fraud or other crimes.

Inquiry ("credit pull") - A request for a credit report. There are two types of inquiries:

1. **Hard inquiry** are inquiries by lenders after you apply for credit. These inquiries will reduce your credit score.
2. **Soft inquiry** are reviews of your credit file, including reviews of existing accounts by lenders, prescreening inquiries by prospective lenders, and your requests for your annual credit report. These will not change your credit score.

Interest on debt - The cost of borrowing money, usually expressed as a percentage (%) of the amount borrowed.

Lender – An entity that provides loans or credit, such as a bank, financial institution, or private lender.

Loan - An amount of money borrowed from a bank or lender and repaid over time, usually with interest.

Phishing: A type of online scam through emails or text messages to trick a person into giving away personal and private information, such as passwords, credit card numbers, or social security numbers.

Satisfactory account – A positive account on your credit report such as on-time payments.

Scam - A dishonest plan to trick people into giving away their money, personal information, or valuables.

Vantage score - A credit score created through a partnership between the three major credit bureaus (Equifax, Experian, and TransUnion). VantageScore is not the same as FICO score.
