



FUNDAMENTALS

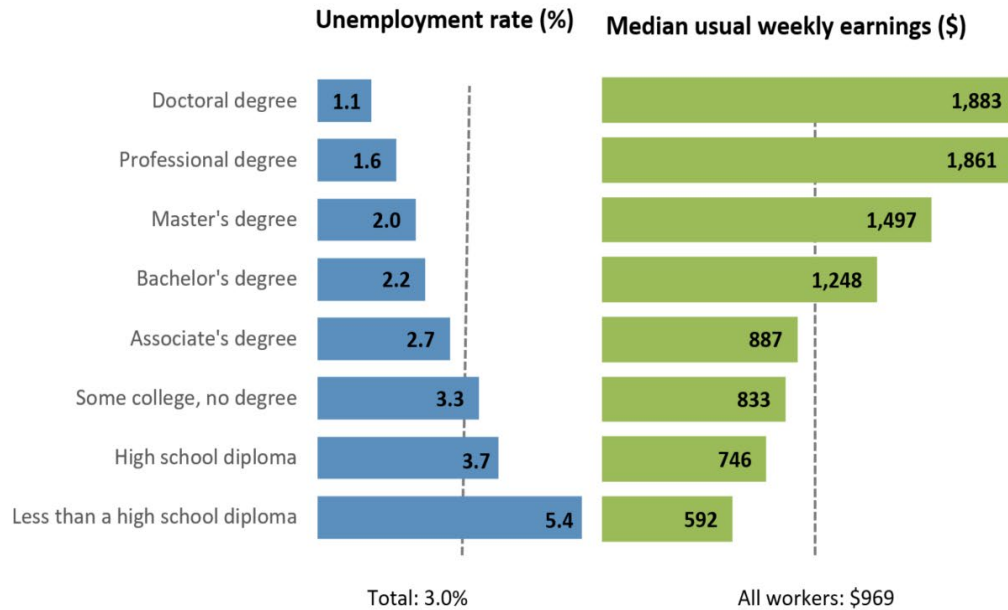
THE BEGINNING

- How do I make **Money/Income**?
 - Jobs, Careers, Entrepreneurs
 - Wages, Salaries, Profit
 - Education and Training requirements to succeed
 - What do you enjoy?
 - What are you good at?
 - <https://www.myersbriggs.org/my-mbti-personality-type/mbti-basics/>



EDUCATION PAYS

Unemployment rates and earnings by educational attainment, 2019



Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.
Source: U.S. Bureau of Labor Statistics, Current Population Survey.

INCOME OPTIONS

- **JOB**- *activity performed for payment*
 - Usually paid a **WAGE**- hourly, daily, weekly

- **CAREER**- *chosen pursuit, have to study/train for*
 - Usually paid as a **SALARY**- fixed amount, getting the work done no matter the time it takes

- **ENTREPRENEUR**- *have own business, takes risk of losing business/money but hopes to make money*
 - Income earned is a **PROFIT**- sales made minus cost to run business

**WHAT ARE SOME CAREERS YOU ARE
CONSIDERING?**

THREE BASIC PRINCIPLES:

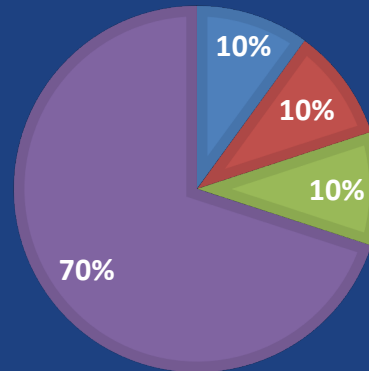
1. Spend less than you earn
2. Make the money you have work for you
3. Be prepared for the unexpected



ITS NOT ABOUT HOW MUCH YOU **EARN**, ITS ABOUT HOW MUCH YOU **SAVE AND INVEST!**

BUDGETING

Save Share Invest Spend



- Budget numbers based on National Standards
- Helpful Tools – use what works best for you!
 - Paper and Pen
 - Envelope/Jar Systems
 - Spreadsheets such as Excel
 - Nerd Wallet- lists of downloadable apps

SAVING – 10%

- PAY YOURSELF FIRST!
- Plan for your future by SAVING as MUCH as you can as EARLY as you can!
 - Banks are SAFE place to keep money- FDIC / NCUA
 - **Compound** Interest vs **Simple** Interest
 - **Simple** interest pays based on principal amount only
 - **Compound** interest- 8th Wonder of the World!
 - You **EARN** interest on principal PLUS previous interest earned

Apps such as Mint or Digit make saving easy!

		End of Year Balance	
Year	Interest Rate	Normal Interest	Compound Interest
0	10%	\$1,100	\$1,100
1	10%	\$1,200	\$1,210
2	10%	\$1,300	\$1,331
3	10%	\$1,400	\$1,464
4	10%	\$1,500	\$1,611
5	10%	\$1,600	\$1,772
6	10%	\$1,700	\$1,949
7	10%	\$1,800	\$2,144
8	10%	\$1,900	\$2,358
9	10%	\$2,000	\$2,594
10	10%	\$2,100	\$2,853

SAVING CONTINUED

- **SHORT TERM**
 - 0-6 MONTHS
 - New phone/computer
- **LONG TERM**
 - 6-12 MONTHS OR LONGER
 - Car
 - College
- **EMERGENCY**
 - 3-6 months worth of living expenses



SHARING – 10%

- Why do we share?
- What can you share?
 - Money
 - Time
 - Talents

How does this fit with a “budget”?



INVESTING – 10%

- What can I invest in?
 - *Stock Market*
 - Stocks
 - Bonds
 - Mutual funds
 - *Real Estate*
 - Your home
 - Business – yours or someone else's
 - Rental property



INVESTING CONTINUED

- *Precious Metals*
 - Gold
 - Silver
- *Collectibles*
 - Art
 - Classic Cars
 - Coins



- What is my Risk Tolerance?
- **DIVERSIFY!!!!**

SPENDING – 70%

- What do I **NEED** to spend money on?
 - Housing
 - Food
 - Clothing
 - Utilities
 - Transportation



- What do I **WANT** to spend money on?
 - Entertainment
 - Newest gadgets
 - Recreation
 - Pets

FIXED vs **VARIABLE** EXPENSES

SPENDING CONTINUED

- **Gross** Earnings vs **Net** Earnings
 - **Gross** is *before* deductions
 - Taxes- why are these collected?
 - Insurance
 - 401(k)s, other retirement contributions
 - **Net** is *after* deductions
 - Amount of your “take home pay”/ amount on paycheck

WHICH SHOULD YOU BASE YOUR BUDGET ON?

My Company

123 Anystreet, Gainesville, FL 02020

Earnings Statement

Employee Name

Social Security No.	Pay Period	Pay Date	Employee #
XXXX-XX-1234	1/1/2016 - 1/15/2016	1/22/2016	A1233

Income	Rate	Hours	Current Total	Deductions	Total	YTD Total
Gross Earnings	\$14.50	40	\$580.00	FICA - Medicare	\$3.71	\$18.56
				FICA - Social Security	\$7.54	\$37.70
				Federal Tax	\$87.00	\$435.00
				State Tax	\$23.20	\$116.00
YTD Gross	YTD Deductions		YTD Net Pay	Total	Deductions	Net Pay
\$2,900.00	\$607.26		\$2,292.74	\$580.00	\$121.45	\$458.55

DO YOU CURRENTLY HAVE A BUDGET?

UNDERSTANDING CREDIT

- What is Credit?
 - A LOAN – borrowing money
 - Have to pay back
 - You PAY interest on
- What is a credit score or FICO?
 - Number indicative of your financial health
 - Like a “report card” – 5 items tabulate your score
 - **300-850: Higher score is better**
 - Necessary to have a good FICO to buy car, home, etc
- How can I build good credit?
 - Student loans
 - Credit card with small spending limit



ADDITIONAL RESOURCES

- [Penny Hoarder](#)
- [Money Crashers](#)
- [Bankrate](#)
- [Federal Student Aid](#)
- [My Colorado Journey](#)
- [SaverLife](#)

Which Mug Will You Choose?



QUESTIONS???

Financial Aid contacts:

- finaid@coloradomtn.edu



- [800-621-8559](tel:800-621-8559)
- [970-945-8691](tel:970-945-8691)

- <https://coloradomtn.edu/financial-aid/financial-literacy/>