

# FINANCIAL LITERACY

IT IS NEVER TOO EARLY TO LEARN ABOUT SMART FINANCIAL HABITS. WHETHER SAVING A PORTION OF YOUR WEEKLY SALARY OR UNDERSTANDING THE DEDUCTIONS ON YOUR PAYSTUB, GOOD MONEY MANAGEMENT SKILLS INSTILLED AT AN EARLY AGE CAN LAST A LIFETIME.

The name of the company you work for.

**ABC Corporation**  
000 Main Street  
Worcester, MA 01608

## EARNINGS STATEMENT

**ABC**

Pay Period: 6/6/2011 to 6/12/2011  
Pay Date: 6/17/2011

Week covered by payment and the date you got paid.

Employee Number: 0098  
Department Number: 72XYZ  
Social Security Number: 000-00-0000  
Marital Status: SINGLE  
Number of Allowances: 01

Teen Havajob  
1654 Frammerington Road  
Apartment 2  
Worcester, MA 01608

Your name and address.

Your employee number assigned to you by the employer. The department number you work in assigned by the employer. Your Social Security number. Your Marital status indicated by you on your W-4 Tax Form. Number of allowances claimed by you on your W-4 Tax Form.

HOURS AND EARNINGS				TAXES AND DEDUCTIONS		
Description	Hours	This Period	Year to Date	Description	This Period	Year to Date
Regular	40	\$400	\$9,200	FICA	\$72	\$1,656
OT	3	\$45	\$200	FED WIT	\$45	\$800
				MA WIT	\$22	\$420

Number of Regular and Overtime hours you worked during pay period

GROSS Pay this pay check and Year to Date

**DEDUCTIONS**  
**FICA** is a law that requires part of your pay to be withheld for Social Security.

**FED WIT**  
Are federal taxes withheld from your Gross pay

**MA WIT**  
Are Mass State taxes withheld from your Gross pay

Can you tell from the pay stub how much Teen Havajob makes per hour?  
Can you tell from the pay stub how much Teen Havajob brought home in NET pay today?

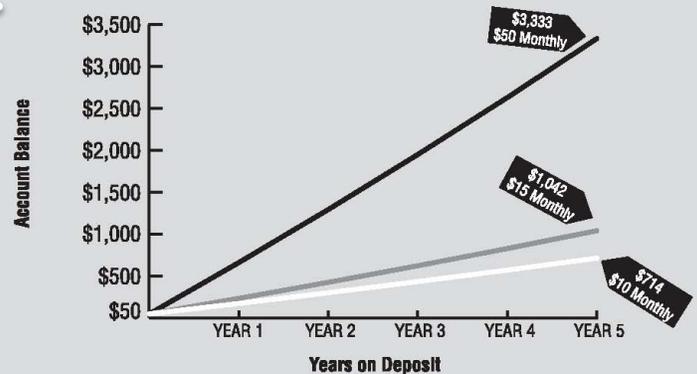
## MONEY MANAGEMENT

Saving money may not be as fun as spending it, but it is still very important to do. Do you want to buy a car? Move out on your own? Or buy that new cell phone? Saving as much as you can on a regular basis can really add up over time!

## WAYS TO SAVE

- OPEN A BANKING/SAVINGS ACCOUNT
- HAVE A SPENDING LIMIT
- LIMIT THE AMOUNT OF CASH YOU CARRY
- DON'T CASH YOUR CHECK AT CHECK CASHING CENTERS
- GET DIRECT DEPOSIT
- KEEP TRACK OF YOUR SPENDING
- RESEARCH BEFORE YOU BUY

## Saving As Much As You Can on a Regular Basis Can Really Add Up



3.5 Percent Interest Rate Compounded Monthly for Five Years, Initial Deposit \$50

## Money Management Tips

- Understand the difference between needs and wants**- Do you want the \$125 pair of sneakers or do you NEED them?
- Buy Second Hand**- Many stores sell used items such as CD's and DVD's and video games at discounted prices
- Be aware of "rent to own" stores**- They operate just like credit cards.
- Create a monthly budget**- You can't spend what you don't have.

City of Worcester Youth Opportunities Office

City Hall 4th Floor, 455 Main St., Worcester, MA 01608

Telephone (508) 799-1400 Fax (508) 799-1406

E-Mail: youth@worcesterma.gov



# UNDERSTANDING CREDIT



BORROWING MONEY CAN BE A GREAT WAY TO BUY SOMETHING NOW AND PAY FOR IT OVER TIME. THAT'S EXACTLY WHAT CREDIT CARDS ALLOW YOU TO DO. BUT THERE SOMETHING IMPORTANT TO KNOW ABOUT CREDIT CARDS – ITS CALLED INTEREST!

IF YOU USE A CREDIT CARD, DEPENDING ON THE TERMS OF THAT CARD, YOU ARE PROMISSING TO PAY THE MONEY BACK ON A SCHEDULE. IF YOU DON'T KEEP THAT SCHEDULE THE RESULTS CAN BE COSTLY. THUS DAMAGING YOUR REPUTATION AND CREDIT WORTHYNESS LATER ON DOWN THE LINE WHEN YOU WANT TO GET A LOAN TO PURCHASE A CAR, BUY A HOUSE AND IN SOME CASES GET A JOB.

INTEREST IS WHAT THE CREDIT CARD COMPANYS CHARGE YOU FOR THE PRIVLADGE OF USING THEIR SERVICES. IN SOME CASES CREDIT CARD COMPANIES WILL CARGE INTRODUCTORY 0% INTERST WHILE IN OTHER CASES INTEREST CHARGES CAN GO AS HIGH AS 30%. THIS MIGHT NOT SEEM LIKE MUCH BUT LOOK AT THE EXAMPLE BELOW.

**EXAMPLE: IF YOU PURCHASED A COMPUTER FOR \$1,000 USING A CREDIT CARD AND MADE THE MINIMUM MONTHLY PAYMENT AMOUNT ON THAT COMPUTER WITH AN 18% INTERST RATE, IT WILL TAKE YOU 13 YEARS TO PAY IT OFF. AND THE TOTAL COST OF THE COMPUTER IN THE END WOULD BE \$2,129! THAT IS OF COURSE IF YOU DON'T MISS ANY SCHEDULED PAYMENTS. IF IF YOU DO YOU WOULD BE SUBJECT TO COSTLY LATE AND PENALTY FEES.**

## Credit Management

Start with a relatively small credit limit  
Pay off balance due with regular on time payments  
Do not skip or make late payments  
Make sure you can afford what you're buying  
Use a debit card  
Use cash

## Credit Report

A Credit Report describes your financial history including whether you are paying your credit card bills on time. Maintaining a good credit report/score is important if you intend to ask for more credit to get a mortgage or buy a car.

To get a copy of your Credit Report:  
Experien 1 800 525-6285  
Equifax 1 800 301-7195  
Trans Union 1 800 680-7289

THERE IS SO MUCH MORE THAT CAN BE COVERED ON MONEY MANAGEMENT. HERE ARE SOME OTHER HELPFUL RESOURCES THAT WILL ASSIST YOU IN MANAGING YOUR MONEY:

MONEY MANAGEMENT BY JILL HAMILTON  
MONEY MATTERS FOR TEEN BY LARRY BURKETT  
THE TEEN INVESTOR BY TIMOTHY OLSEN



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