

# Financial Literacy

## Tweens and Teens

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Presented by:

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# Financial Literacy

What is financial literacy?

Why should you care?

Why is Ann here?



# Financial Literacy

How can you be expected to make good financial decisions if you don't know what one looks like?



# Money isn't math

I am terrible at math, so I must be terrible at money.

**THIS IS FALSE!!!**



# Financial Report Card

Did you know that all adults have a financial “report card” that follows them around for life? It’s called...



# Financial Report Card

## CREDIT SCORE

And it is super-important!



# Financial Report Card

## CREDIT SCORE

Delinquent = “D”

Forgiven debt = “F”



# Financial Report Card

## CREDIT SCORE

Will you get that financing?  
That job? Not with an “F”



# Financial Report Card

## CREDIT SCORE

What price will you pay for the money? ***A lot more with a "D"***



# Bank Accounts

What are the choices?

When do I need one?

How do I use it?



# Shopping smart

What is a need?

What is a want?



# Shopping smart

Who should you talk to when considering a significant purchase?

Hint: not the high-pressure salesperson!



# Debit vs. Credit cards

What is a Debit Card?

What is a Credit Card?

**\*\*Key difference is where the money comes from!**



# Time Value of Money

The single biggest factor in how successful your financial plan will be is TIME!



# Time can work against you

Credit card example:

Tim gets a new credit card and maxes it out the first month. Luckily he only had a \$2,000 limit...



# Time can work against you

How long will it take to pay it off?

How much will it cost?

It all depends on the interest rate! **19.8% for Capital One as of 10/1/15**



# Time can work against you

How long will it take to pay it off at \$100 per month? **26 months!**

How much will it cost in interest? **\$496.99!**



# Time can work for you

What if Tim saved up for this purchase?

How long will it take him to save it at \$100 per month?

**20 months, which is 6 months faster!**



# Time can work for you

What if Tim saved up for this purchase?

How much interest will he earn? **\$89.85**

**This puts Tim ahead of the game compared to using a credit card by \$586.84**



# Time can work for you

## Retirement Savings Example

Who do you think will have more money at age 65...

- Amanda, who saves \$2,000 per year from age 18 for 10 years and then stops,
- Vin, who starts at age 35 and continues until age 65?



# Time can work for you

## Retirement Savings Example

Who do you think will have more money at age 65...

- Amanda deposits a total of \$20,000
- Vin deposits a total of \$60,000



# Time can work for you

## Retirement Savings Example

Who do you think will have more money at age 65...

- Amanda ends up with \$168,633.28 😊
- Vin ends up with only \$146,497.66 ☹️



# Resources

What are some good resources for financial information?



# Next session

November 12<sup>th</sup>

- Buying a car
- Getting a job
- More on credit cards



# Financial Literacy

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