I Know Where I’m Going
(But Will My Cash Keep Up?)
PART ONE
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PART ONE

NATIONAL ENDOWMENT FOR
FINANCIAL EDUCATION

Partnering for Financial Well-Being

The Annie E. Casey Foundation

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I'm On My Way to Tomorrow

"At the bottom of education, at the bottom of politics, even at the bottom of religion, there must be economic independence."

—Booker T. Washington, 1903
You have plans and dreams. There are things you want—and things you want to accomplish. You already know that money has a big effect on getting what you want. If you want a new skateboard, it’ll take money. If you want a career, it’ll take money to get training or to go to college.

Right now you probably don’t have a lot of money. You also may be thinking, “My foster parents don’t have a lot of money. My birth parents don’t have a lot of money. I’ll never be able to get very far in life.” It may be true that your birth parents and your foster care family don’t have a lot of money—at least not enough to buy you everything you want. But it just isn’t true that you’ll never be able to get very far in life because you don’t have money now.

Frankly, some teenagers with lots of extra cash have only ended up making a mess of their lives. Other teenagers who grew up poor and often with troubled families turned their lives around. Just think of Oprah Winfrey. She grew up poor and, for a time, was in and out of trouble. Now look at her! What happened? She made a choice—she chose to change her life.

And choice is what life is all about. The better choices you make, the better your life will be. Of course, we realize that certain parts of your life are beyond your choice right now. You didn’t choose to live in foster care. Caring adults had to make hard choices about where you live today. But as you grow older, you will have more and more choices to make about how to lead your life. Money can help you make choices about where you live, how you live, and what you do.

Now that you’re a teenager—or just about to become one—it’s time to start thinking less about today and more about tomorrow. Today is out of your control; but someday soon there will be a tomorrow that you get to control. Will you be ready? Will you have the money skills to go along with your survival skills?

This guide was written to help you answer “yes” to these questions. It’s meant to help you fine-tune your money skills. It doesn’t matter if your money right now comes from an allowance, from your birth family, or from work you do. This guide will help you understand:

- what money is
- how and where to save it
- how to earn it
- how to spend it

So go ahead and use this guide to help you prepare for tomorrow—that “tomorrow” you get to control. We also urge you to talk with the trusted adults in your life: foster parents, case workers, child advocates, teachers, or guidance counselors. Ask them questions. Ask for advice. You may know where you’re going, but they may be able to smooth out some of the bumps along the path.
I've Heard of 'The Money Pit'—But 'The Money Tool'?
MIND GAMES:

What if I won a million dollars?

Everybody thinks about winning the lottery. If you won a million dollars, what would you do with it? List below the first three things you would do if you won that much money.

1. __________________________
2. __________________________
3. __________________________

It's fun to think about winning the lottery and being "set for life." But there are two problems with that idea.

First, it is probably not going to happen to any of us. You are more likely to be struck by lightning than to hit a big jackpot. Second, most big lottery winners aren't set for life. Why? Because the large majority of the big winners use up the money within five years! So it's a good idea to learn as much as you can about how to get the most out of the money you have.

I WON THE LOTTERY!

Ask your friends and family what they would do with a million dollars. A recent survey in USA Today showed how adults would spend their money if they suddenly became wealthy. The top four answers were:

1. buy a house
2. provide education for kids/self
3. take a vacation
4. buy a car
MONEY VALUES

I value money, so I must have money values. Not exactly. Wanting—or valuing—money is one thing. But money values are another thing entirely. Your values (the things in life that are important to you) will help determine what you will do with your money.

You can use your money for three things:

1. You spend it on things you need or want now.
2. You save or invest it for things you need or want later on.
3. You share it or use it to help others in need.

How do you use your money? That will tell you a lot about your money values.

Watchin' Wendell

Wendell's birth mom sent him a card that had a $20 bill inside. He decided to splurge a little on himself. He planned to use the money to eat lunch with some of his friends at a fast-food restaurant and then shop for CDs at the store on the way back to the group home.

Around lunchtime, Wendell's friends were all gathering outside their classroom. Wendell's friend, José, realized he didn't have any money with him. He told the group that he wouldn't be able to go with them and would have to go home for lunch that day. Wendell knew that José was responsible about money and would pay back loans quickly. So he pulled out his wallet and said, "Here, José, use some of my money. I have enough. You can pay me back tomorrow."
Wendell values José's friendship and he wanted José to be able to come with all their friends for lunch. He didn't want José to have to miss out on their fun. So, he lent José the money to go with them. José paid the money back to Wendell the next day.

**What did Wendell value?**

Below are some words and phrases. Check the words and phrases that show what Wendell valued when he gave José some money.

- Time with friends is important.
- Lend a dollar and that's the last you will see of it.
- Friendship is more important than anything.
- Money is more important than anything.
- Always watch behind your back.
- Let's have fun.
- Who cares if he goes or not?
- You can trust your friends.

---

**MIND GAMES:**

**What do I value?**

Decide how important each of the following is to you.

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<tr>
<th>Very Important</th>
<th>Not Very Important</th>
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</table>

1. Being a good friend.
2. Sharing things with a friend.
4. Having a neat appearance.
5. Wearing designer clothes.
6. Looking cool with the clothes I have.
7. Buying only what I need.
8. Being able to spend money freely.
9. Making good shopping decisions.
10. Watching my money grow.

Now, put a star next to the answer that would use up the most money.
Is there another choice in the answers that could be a good compromise between spending a lot of money and not spending any? Circle it.

Explain why you picked the statement you starred. Also, describe your reasoning for choosing the statement you circled.

More things to think about

Here are some new ideas to think about. How important to you is each of the following?

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<tr>
<th>Very Important</th>
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</tbody>
</table>

1. Working to have things now.
2. Working now for things in the future.
3. Working to help others.
4. Having spending money.
5. Saving money for a major purchase.
6. Having money in savings for college.
7. Being thrifty.
8. Having a job now.
9. Going to school now to get a better job later.
10. Exploring my career interests by volunteering.
Look at the items you checked as being "very important." Draw a circle around one of them and complete the following phrase.
This is very important to me because ____________________________________________
______________________________________________________
______________________________________________________
______________________________________________________
______________________________________________________

Can you see how your values affect what you want to spend money on? In the next chapters, we’ll talk a lot about how to get money and make smart spending decisions. But it’s important to remember the other things and people that you value—such as your friends and family.

Chapter 1, I’ve Heard of ‘The Money Pit’—but ‘The Money Tool’?, completed (date)

______________________________________________________

I did all the exercises and answered all the questions in Chapter 1.

By (sign your name)____________________________________
Caregiver signature ____________________________________

You’re ready to cruise into Chapter 2!
Chapter 2

What's the Latitude of My Money Attitude?
In school, you probably learned that you can pinpoint a place on a map if you know its latitude and longitude. These are simply forms of measurement. Your attitude about money also can be measured. For example, maybe you have a warm attitude about money. Or, maybe your attitude about money is in the arctic.

To pinpoint your money attitude, start by asking yourself the following questions:

✦ Do I like money?
✦ Am I suspicious of people with money?
✦ Do I resent friends who have more money than I do?
✦ Do I think money causes problems—or solves problems?

Another way to know your money attitude is to circle all the ideas you've heard, or maybe even said, about money.

✦ Money talks.
✦ Money can't buy happiness.
✦ Why do I work if I can't buy the things I want?
✦ I'm not made of money.
✦ Money doesn't grow on trees.
✦ A fool and his money are soon parted.
✦ A penny saved is a penny earned.
✦ Oh, well, it's just money.
✦ You can't take it with you.
DO I HAVE A MONEY ATTITUDE?

Pick two of the ideas that you circled and write them here. Go ahead and pick two that seem like powerful messages.

1. 
2. 

Now, write down in the space below what you think the phrase means and whether you agree with it or not.

Phrase No. 1 means

Agree  Disagree

Why I agree or disagree

Phrase No. 2 means

Agree  Disagree

Why I agree or disagree

Knowing what we believe about money helps us decide how to use it.

So, how's your money attitude?
If you're still not sure, read the following stories.
WHO DO I SOUND LIKE?
Here's a look at four teenagers. Which one sounds the most like you?

Rosa's got game
Rosa wants to go to college and then on to law school. Her dream is to one day become a judge in family court so she can protect the rights of kids.

Because Rosa is committed to her dream, she saves her money. Whenever she receives an allowance from her foster care family or money from her grandparents, she puts most of the money into the bank. Her foster care family helped her set up a savings account at a bank so she can safely save her money. Rosa is what we would call a saver.

Wendell fuels the economy
Wendell loves to spend money—he loves to buy things! Whenever his birth mother sends him money, he spends all of it almost immediately on something he wants: fast-food meals or some CDs.

Wendell lives in a group home and doesn't get an allowance. So, he likes to “treat” himself whenever his mom sends him money. But he sometimes buys things, like trading cards, that he gets tired of in a few weeks. When he has money, he says, “it burns a hole in my pocket.” Wendell is a spender.

José divides and conquers
José wants a computer. He knows that computer skills will help him get a good job after he finishes college. He makes money now by working a part-time job at a fast-food restaurant. He also gets an allowance from his foster care family for chores he does around the house.

When José gets his paycheck or allowance, he always divides it up. Part of the money he uses to save for things he wants, like his computer. Part of his money he saves for college. The last part of the money he gives to his grandmother, who lives on Social Security. José is getting interested in investing. He sees investing as a way of making his money work for him. José wants his money to grow so it can help him reach his goal of becoming a computer programmer. José is a planner.
Tonya's motto: 'Be afraid...Be very afraid'

Sometimes people worry about money. They have a hard time spending money and they worry that they will never have enough. That describes Tonya. Tonya has a hard time spending money—even on things she needs.

Last week, Tonya went shopping because she needed new sneakers. The tread on her old ones was nearly gone. But she couldn't make herself buy a new pair, even though it was a good pair at a good price. She was afraid she might be “caught short” on money. Tonya became so nervous that she walked out of the store and decided not to think about the sneakers—at least for a while. Tonya is a **worrier**.

You decide

1. Raoul wants to own a trucking company. He helps his foster dad manage the yard for 100 long-distance rigs. His goal is to take over the trucking company when his dad retires. To do this, Raoul always saves part of his money for business school and spends part of his money for fun stuff, like clothes and videos. He also takes some of his money every week and buys food for the local shelter. Raoul is a ________________.

2. Latisha loves clothes! She goes shopping almost every weekend. Sometimes she buys so many clothes on the weekend that she doesn't have enough money to buy her lunches at the school cafeteria on Friday. Latisha is a ________________.

3. Larry is always afraid there will never be enough money. He worries about going to the movies twice in one month because he is afraid he won't have enough money to buy things when he's older. Larry is a ________________.

4. Carol likes to put money in a bank. She keeps part of her money for things she wants to buy, but she also really likes putting her money in the bank and watching her savings grow every month. Carol is a ________________.
I DON'T LIKE MY MONEY ATTITUDE!

Maybe you're a money worrier, like Tonya. Your worries could keep you from having a good time or making plans for the future. So what could you do to help yourself worry less? Last week, after talking with Rosa and José, Tonya decided to make a list of her worries about money.

Tonya's 'Worry' List

- I am worried because my family is poor and I am afraid I will always be poor, too.
- I am worried because I can't afford all the fun things my friends do every weekend and I can't keep up.
- I am worried that I will not have enough money to go to college.
- I am afraid that my friends won't like me if I don't have enough money.
- I am afraid that if I'm asked out on a date, I won't have any nice clothes to wear.

After she made her list, Tonya made a second list of things she could do to feel better.

Tonya's 'Can Do' List

<table>
<thead>
<tr>
<th>Things I am worried about</th>
<th>What I can do about it</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am worried because my family is poor and I am afraid I will always be poor, too.</td>
<td>Go to the store down the street and apply for a grocery clerk job. They are hiring and I could work 7 hours a week. That would give me about $35 a week more money.</td>
</tr>
<tr>
<td>I am worried because I can't afford the fun things my friends do on weekends.</td>
<td>Pick one fun thing to do every weekend that I can do, even if it doesn't cost money ... like going to the park or riding my bicycle.</td>
</tr>
<tr>
<td>I am worried that I will not have enough money to go to college.</td>
<td>Talk to my foster mom, case worker, or child advocate about how to open a savings account at the bank. Find out about college scholarships, loans, and grants that I could apply for eventually.</td>
</tr>
<tr>
<td>I am afraid that my friends won't like me if I don't have enough money.</td>
<td>José and Rosa like me. Talk to some of my other friends that I trust about this, too!</td>
</tr>
<tr>
<td>I am afraid that if I'm asked out on a date, I won't have any nice clothes to wear.</td>
<td>Ask my foster mom if we can shop at a used clothing store for a nice outfit to wear on special events.</td>
</tr>
</tbody>
</table>
After Tonya listed her worries and what she might do about them, she felt better. She also liked her decision to do at least one fun thing each weekend. This made her feel a lot better!

Where do you fit in? Are you a spender or a saver? Do you worry about money or avoid thinking about it at all? Do you think about what money you'll have next week, or next month, and plan how you will use it?

I'M READY TO CHANGE MY MONEY ATTITUDE

Fill in the sentence below by checking one (or more) of the boxes. Then, in the space below the boxes, explain what qualities you have that made you check that box. **Remember, there are no right or wrong answers.** This is for you! And you get to be whoever you are.

When I think about money, I think the following box(es) describe me the best:

☐ I am a saver.
☐ I am a spender.
☐ I worry about money.
☐ I make plans for my money.

I have these qualities:  

I checked the box(es) above because:  

Here's what I like about my attitude toward money:  

Here's what I would like to change about my attitude toward money:  

16
I THOUGHT MY ‘WANTS’ WERE MY ‘NEEDS’

To start using money as a tool to build your future, you need to know the difference between a “need” and a “want.” A need is something you must have to survive, like a place to live and enough food to eat. A want is something you might like to have, but don’t need to have it right away or even at all. Sometimes it’s hard to know the difference.

For instance, we all agree that we need food. But when we’re hungry, we may want anything from a hot fudge sundae to a hamburger to a salad. We need someplace to live, but wishing for a big house is a want.

List some of your needs in the spaces below. Try to think of things you need to survive as well as things you might need in the next few weeks. Next, list some of your wants.

<table>
<thead>
<tr>
<th>List Your Needs</th>
<th>List Your Wants</th>
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Now, talk to your foster parents or other caregiver about your two lists. Do they agree with what you’ve listed as wants? How about your needs list?

Parents and teens have disagreed for generations about what is a “need” and what is a “want.” For example, let’s say you live close to your school. Your family thinks you should walk to school, but you would rather have a new mountain bike to cycle to school.

Think back to the last few disagreements you have had with someone about money. Were you disagreeing about needs or about wants? When spending money, it’s important to let your needs come first.

Now you know what attitudes you have about money, how to change those attitudes (if needed), and how to tell your needs from your wants. This is knowledge that puts you ahead of many adults. Congratulations!

Chapter 2, What’s the Latitude of My Money Attitude?, completed (date)

I did all the exercises and answered all the questions in Chapter 2.

By (sign your name) _________________________________

Caregiver signature _________________________________

You’re ready to move on to Chapter 3!
How Can I Have What I Want—When I Want It?
All of us would rather have the good things in life today—instead of tomorrow. And if our home life has been troubled or poor, we may be in a rush to grab what we can today instead of looking toward the future.

But there’s trouble in that approach. It can lead to dead-end jobs, unexpected parenthood, overwhelming debt, and a dangerous lifestyle. Planning and working toward the future isn’t easy, but it’s the only path to a stable, fulfilling life. This is the kind of life you owe yourself and any family you one day create.

To take a step toward a solid future, start by setting some goals.

GOALS AND GOALIES— I’M CONFUSED

In sports, when you make a goal, you’re well on your way to winning the game. The same is true for money. Your “game” is your solid financial future. When you make savings goals, you start to win that game.

Goals come in many sizes. Let’s decide that, for now, we will use these definitions:

- **Short-term goals** are goals for things that you can get or have in three months or less. Going to the movies, buying a video, or getting tickets for a rock concert are all types of short-term goals.

- **Mid-range goals** are goals that take longer than three months but less than a year to achieve. Buying a new bike, taking a trip, or buying a computer are types of mid-range goals.

- **Long-range goals** are things that take over a year to achieve. In fact, they may take many years. Goals that take several years to achieve could include saving enough money for college or for technical training, or saving to buy a new car. Saving for retirement would certainly be a long-range goal for you, too!
THIS IS WHAT I WANT

Think about your own plans. What are some savings goals you would like to accomplish by next month, by the end of the year, or by five years from now?

My short-term goals
1. 
2. 
3. 

My mid-range goals
1. 
2. 
3. 

My long-range goals
1. 
2. 
3. 

It's important to focus on your long-range goals. If you don't, you'll never reach them. What you want to do or have in the short term (less than three months) will always seem more urgent and pressing, even if it's really not.

So make it a point to start saving money as soon as possible—like now—for things you want to achieve in the mid-range and long-term periods. Later on, we'll list places where you can set aside the money you save.

TRICKS OF THE GOALS GAME

Here are some good tricks to help you save to meet goals that may take one or more years.

1. Remember to always pay yourself first. If you have a job where you make $50 a week, set aside the first $10 or $20 you make and put it into savings before you spend it on other things or give it to other family members.

2. Another good trick to help you save is to cut out a picture of what you plan to buy (or do) and put it in your dresser drawer or keep it in your wallet or pocket. When you are tempted to spend money on something you know you don't really need, take a look at the picture. Imagine the fun you will have when the item you're saving for is yours.

3. Another good idea—which isn't really a trick—is to keep your savings quiet. The other kids in your foster family or group home (or even your own relatives) may not have developed the discipline to put money aside. If they know you are setting money aside, they may look to you for loans—the kind of loan that doesn't get repaid.

Don't shortchange your future. Keep your savings for your goals.
INDEPENDENCE DAY IS COMING

Quick! Your future—and independence—is almost here. Well, that’s not exactly true, but it’s important to “keep your eyes on the prize.” So, what is your “prize”?

Look at the statements below and mark all the boxes that apply.

1. When I think about the future, I feel:
   - Scared
   - I don’t think much about the future
   - Excited about the possibilities
   - I think more about the present
   - Other

2. As a career, I think I would like to:
   - Work with computers
   - Be a teacher
   - Work in construction
   - Be a dentist
   - Be a mom/dad
   - Learn to __________________________
   - Own a business
   - Write a novel
   - Become an actor/actress
   - Be a politician and work for change
   - Other
   - Not sure, but maybe____________________

3. In the future, I would like to own a:
   - House
   - Dog/cat/other pet
   - Car
   - College degree
   - Set of china
   - Rental property
   - Other
   - Other
   - Other

4. In my spare time, I would like to:
   - Volunteer in a homeless shelter
   - Join a choir
   - Play in a band
   - Join a book club
   - Play on a volleyball team or other team
   - Learn to ski
   - Volunteer in a hospital
   - Learn to play chess
   - Other
   - Other
It's fun to think about the future and to think about how you will get there. Here is another way to visualize your life.

I DREAM A LITTLE DREAM FOR ME

You'll read in Part Two of this series about some people who made a difference in the world because they had an idea of what they wanted their lives to look like and they worked hard to make their dreams come true. You can do this, too!

With planning and hard work, you can get what you want and not just what you need. Let's take a moment to imagine what your future will be. What does your home look like? Who are your family and friends? Where do you work? How will you be helping your community?

Fill the road map below with pictures—either that you've drawn or that you've cut out of magazines. Show the people and things you want in your life. Show what you might like to be doing. As you get older, your dreams might change. In fact, they probably will! But it's always a good idea to "start where you are." You can adjust your road map as you travel along your path.
HOW ‘CASH COMFORTABLE' AM I?

Now that you have had a chance to think about your ideas and attitudes about money, the values you have that may affect your spending and saving, and some dreams about your future, take a minute to check yourself. Put a check in the box that best describes what you know.

Yes  No
☐  ☐ I know what some of my ideas are about money.
☐  ☐ I know how I feel about money—whether I'm a saver, spender, worrier, or planner.
☐  ☐ I know what some of my values are about money.
☐  ☐ I know what some of my dreams are for my future.
☐  ☐ I know how to imagine what my life will look like, feel like, or be like.

Did you answer “yes” to all the statements? Congratulations! You understand how you can get and use money in a way that will help you reach your goals.

Chapter 3, How Can I Have What I Want—When I Want It?, completed (date)

I did all the exercises and answered all the questions in Chapter 3.

By (sign your name) ________________

Caregiver signature ________________

Roll on to Chapter 4!
Hard Choices:
The Last of My Money, or Making Money Last?
HOW DO I CORRAL MY CASH?

It's easy for money to slip through our fingers. That 75¢ candy bar you buy every day after school adds up over time. Let's figure out how much money the teens below could save if they changed some of their spending habits.

1. Every afternoon in school, Maria buys a candy bar (75¢) and a soda (75¢) at the vending machine in the lunchroom. How much money does Maria spend on these items each week? How much money would she spend throughout the school year (which is 36 weeks long)?
   
   $1.50 \times 5 \text{ days} = 7.50 \text{ each week}$
   
   $7.50 \times 36 \text{ weeks} = 270 \text{ each school year}$
   
2. Marcus walks to the group home from school every day. At least twice a week, he and his friends stop at a fast-food restaurant for a soda and fries, which cost $2.50. How much money does Marcus spend on this treat a year?
   
   $2.50 \times 2 \text{ days/week} = 5.00$
   
   $5.00 \times 36 \text{ weeks} = 180 \text{ during the school year}$
   
3. Carla joined a CD club. She usually buys 2 CDs each month. Each CD costs $17.50 plus $2.50 for shipping and handling on each CD. How much does Carla spend on the CD club each year?
   
   $17.50 + 2.50 = 20 \text{ per CD}$
   
   $20 \times 2 \text{ CDs each month} = 40 \text{ a month}$
   
   $40 \times 12 \text{ months} = 480 \text{ a year}$

Another way to talk about how much things cost is to figure out how many hours you must work to pay for something. For example, if Carla got a summer job making $5 per hour, she would have to work 8 hours each month just to pay for her CDs ($40/month for CDs ÷ $5/hour = 8 hours).
Do you see how easily it can all add up?

**Habits are meant to be changed**

Imagine how much Maria, Marcus, or Carla could save if they changed their habits. They could cut back on how often they bought these items, or they could make better spending choices. For example, Maria could save money by buying soda in six-packs at the supermarket for much less and bringing them to school.

If a six-pack cost her $1.50, even if she drank an extra soda a week, how much could she save?

If you guessed $2.25 a week, you were right! Vending machine soda costs her 75¢ x 5 days or $3.75 a week. The six-pack saves her $2.25 each week ($3.75 – $1.50). Without cutting back, Maria could save $81 over the school year ($2.25 x 36 weeks)!

What about Marcus? If he snacked at the fast-food restaurant only once a week, he would save half of his weekly money ($2.50), or $90 by the end of the school year ($2.50 x 36 weeks).

Carla could really save a lot of money if she did two things. First, she could cut back the number of CDs that she buys. Second, she could shop at stores that have lower CD prices.

If Carla can buy each CD at a local store for $14.95, she could save $2.55 on each CD, in addition to saving the shipping and handling fees ($2.50). In other words, Carla could save a total of $5.05 on each CD.

If she also cut back her spending to one CD a month, she would now spend $179.40 on CDs in a year ($14.95 x 12). These simple changes would mean that Carla could save $300.60 in a year ($480 - 179.40). That’s a lot of savings!
I NEVER KNEW I LEAKED MONEY!

By now you realize that spending small amounts regularly can add up to BIG BUCKS over time. Use the chart below to see where money might be leaking out of your pocket. We've put an example in the first line to show you how to fill out the table. Remember, plugging leaks will put cash in your pocket and allow you to save for a goal.

<table>
<thead>
<tr>
<th>Purchase</th>
<th>Cost of Item</th>
<th>Number Bought per Month</th>
<th>Cost per Month</th>
<th>Cost per Year (monthly cost x 12)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soda (example)</td>
<td>$0.60</td>
<td>20</td>
<td>$12</td>
<td>$144</td>
</tr>
<tr>
<td>Soda</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Candy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eating out</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CDs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Magazines</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Videos</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Going to movies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
WAYS TO SAVE? BRING IT ON!

Here are three good ways to save:

1. **eliminating**
2. **cutting back**
3. **just making better spending choices**

For example, suppose you buy three magazines every month at the newsstand. How could you save money? One way would be to get magazine subscriptions for a year instead of paying full price for each issue. What about splitting the cost with your friends? If two of your friends agreed to share the cost of the three magazines you now buy (so that each of you only needed to buy one magazine a month), how much could you save? What if you went to the library to read the magazines, instead of buying them at all? You'd save the whole amount! You get the idea.

Now, it's your turn. Write down three things that you **spend small amounts of money on regularly**. Then think of different ways you could save money. Figure out how much you could save over time. You may want to ask friends or family members for savings ideas, too.
## Ways I Could Save Money

<table>
<thead>
<tr>
<th>I Spend Money On:</th>
<th>Ways to Save</th>
<th>Amount I Could Save in One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
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</tr>
</tbody>
</table>

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PUTTING ACTION INTO THE PLAN

Ruben's concert tickets
How do you make a plan of action for reaching your goals? One way is to think about how much time you have to reach your goal.

For example, Ruben wants to buy a ticket to attend a concert by his favorite group in a few months. The ticket will cost $52. The tickets go on sale in 8 weeks. Ruben divided $52 by 8 weeks and figured out he will need to save $6.50 from his allowance each week for the next 8 weeks to have enough money for the ticket.

\[\frac{52}{8 \text{ weeks}} = \$6.50 \text{ each week}\]

See if you can come up with a plan to reach one of your short-term goals. Divide the total amount you need by the time frame (in weeks) before you need it. How much money do you need to put aside each week?

I have _____ weeks before I need to make my purchase.

Total amount needed (______) ÷ number of weeks (______) = $_______ per week you must save.
What if there's no set time frame for your purchase? Maybe you want a new CD player when you can afford it. To develop a plan of action, use the amount you know you can save each week. Then you can figure out how many weeks it will take before you can buy it.

I can save $____ each week.

Total amount needed (____) ÷ savings each week (____) = _____ weeks until I can buy it.

**Jennifer saves for a trip**

If you can't save the money you need, there is another way. You can try to raise the extra money you need to reach your goal. Here's how Jennifer developed a plan of action to save the money she needs for a trip next year.

Jennifer's choir is planning a trip to Washington, D.C. next year. The total cost of the trip will be $550 per person. Jennifer's foster care family can't afford to give Jennifer any money to go toward the trip, but agreed that Jennifer can keep any money she raises on her own. Jennifer has already raised $250 of the money she needs by selling chocolate bars.

$550 (the cost of the trip) − $250 (the amount she has raised) = $300 (the amount she needs)

She has 10 months left to raise the rest of the money. But she also needs some new clothes and other items, so she won't be able to set aside any money from her part-time job at the mall to pay for the trip.

How can Jennifer find a way to get the money she needs?

Jennifer talks with several of her neighbors about taking care of their pets when they will be away at Christmas. Some of the neighbors are interested in her pet-care services, and Jennifer estimates she can make $75 this way. Now she needs $225 for the trip.

$300 (the amount she needed) − $75 (pet-sitting income) = $225

Now, she figures she will need to make an extra $22.50 each month for the 10 months before the trip. She plans to baby-sit more often to help make the extra income. Jennifer sends flyers out to people in her neighborhood to let them know she's is available for baby-sitting.

**Michael wants a computer**

Michael loves computers and hopes to have a career in computers one day. He wants to buy his own computer so he can improve his computer skills. He's willing to start with an inexpensive computer and then add on to it later.

Michael figures he will need at least $1,200 to get a good basic computer and software. He knows it will take him many months to save up enough money for this purchase. Right now, Michael has a summer job. His pay is $177.60 a week without any overtime. He has three months (12 weeks) to work before he starts back at school. Right now, he has no money saved.
Michael has two expenses each month that don't change. The first is his bus pass and the second is his layaway payment for clothing.

Michael takes the city bus to work. He buys a bus pass for $55 a month (or $13.75 a week). The bus pass is cheaper than paying each time he gets on the bus. Michael also is paying $75 a month (or $18.75 a week) for school clothes he will need next year. These clothes are on layaway.

Michael likes to buy his lunch instead of bringing a sandwich from home. His lunch usually is a sandwich, a bag of chips, and some milk. The lunch costs about $4.50 a day, or $22.50 a week. Most days, he stops for a snack on his way home. This costs him about $12.50 a week. He spends $6 a week renting a couple of videos and buys two music tapes ($14) each week. On weekends, Michael goes to the mall with his friends. At the arcade, he usually spends $20 playing computer games. Because he wants to buy a computer, he also has been buying computer magazines to see what's available. This costs him $20 a month ($5 a week).

1. What is Michael's savings goal?

2. How much will it cost?

3. How much time does Michael have to save the money?

Answer: 1) 12 weeks 2) $120 3) 12 weeks

**Michael's savings and spending plan**

To make a savings plan, Michael needs to know how much money he can make in 12 weeks. That is his income. Then he has to figure out his expenses for the 12 weeks. In other words, he has to know how much he spends. Finally, Michael needs to subtract his expenses from his income and find out how much money he has left over to spend on his computer.

**Michael's 12-week income and expenses list**

Michael's net pay is $177.60 a week.

How much income will Michael have made in the 12 weeks?
Next, Michael added up his expenses for the next 12 weeks if he continues with his current spending habits. He filled in each of his current weekly expenses on the table below in the column labeled “Cost per week.” Then he multiplied the weekly cost by 12 weeks. He discovered his total expenses would add up to $1,350 over the 12-week period!

1. How much savings would Michael have? ________________

2. He knew that wasn’t enough for the computer he wanted. How much more money does he need to save over the 12 weeks to afford the computer? ________________

3. How much more money does he need to save every week? ________________

---

### Michael's Weekly Expenses

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost per week</th>
<th>Number of weeks</th>
<th>Total expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>City bus pass</td>
<td>$13.75</td>
<td>12</td>
<td>$165</td>
</tr>
<tr>
<td>School clothing</td>
<td>$18.75</td>
<td>12</td>
<td>$225</td>
</tr>
<tr>
<td>Lunch</td>
<td>$22.50</td>
<td>12</td>
<td>$270</td>
</tr>
<tr>
<td>Snack</td>
<td>$12.50</td>
<td>12</td>
<td>$150</td>
</tr>
<tr>
<td>Video rentals</td>
<td>$6.00</td>
<td>12</td>
<td>$72</td>
</tr>
<tr>
<td>Two music tapes</td>
<td>$14.00</td>
<td>12</td>
<td>$168</td>
</tr>
<tr>
<td>Computer games</td>
<td>$20.00</td>
<td>12</td>
<td>$240</td>
</tr>
<tr>
<td>Computer magazines</td>
<td>$5.00</td>
<td>12</td>
<td>$60</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td></td>
<td></td>
<td><strong>$1,350</strong></td>
</tr>
</tbody>
</table>
Michael went over his current expenses and came up with ways to cut costs. When looking at his expenses, he realized that some of these expenses can’t change, like the cost of his city bus pass. Michael has no control over how much the pass costs and he has to have the bus pass to get to school. But he does have control over other expenses. He can adjust those. Michael decided he could do the following things to save $38 a week:

<table>
<thead>
<tr>
<th>What Michael Will Cut Back On</th>
<th>Money Saved per Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start bringing his lunch instead of buying it</td>
<td>$10</td>
</tr>
<tr>
<td>Buy snacks three days a week instead of five days a week</td>
<td>$5</td>
</tr>
<tr>
<td>Spend $10 on the computer games each week instead of $20</td>
<td>$10</td>
</tr>
<tr>
<td>Buy one computer magazine every other week</td>
<td>$3</td>
</tr>
<tr>
<td>Buy one music tape a week instead of two</td>
<td>$7</td>
</tr>
<tr>
<td>Rent one video instead of two each week</td>
<td>$3</td>
</tr>
<tr>
<td><strong>Total Saved per Week</strong></td>
<td><strong>$38</strong></td>
</tr>
</tbody>
</table>

Michael’s plan is called a spending plan. It’s what he used to figure out how he could get what he wanted (his computer) using the money he had ($2,131.20 income in 12 weeks). He reached his goal by coming up with this spending plan for saving money by eliminating, cutting back, or making better spending choices.
My savings and spending plan
Let's see if you can develop a plan like Michael did to save for something you would like to have. Pick out something you would like to own. ____________

How much will it cost? ____________ Use the chart below to summarize information about your monthly income.

<table>
<thead>
<tr>
<th>Sources of Income</th>
<th>Amount per Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Jobs</td>
<td>$</td>
</tr>
<tr>
<td>2. Allowance</td>
<td>$</td>
</tr>
<tr>
<td>3. Gifts</td>
<td>$</td>
</tr>
<tr>
<td>4. Other</td>
<td>$</td>
</tr>
<tr>
<td><strong>Total Monthly Income</strong></td>
<td>$</td>
</tr>
</tbody>
</table>

Next, fill in your current expenses on the chart below to find out how much you are currently spending. We've put an example in the first row so you can see how to fill out the chart.

<table>
<thead>
<tr>
<th>Monthly Expense</th>
<th>Cost</th>
<th>Number of Times per Month</th>
<th>Monthly Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Movie tickets (example)</td>
<td>$6</td>
<td>2</td>
<td>$12</td>
</tr>
<tr>
<td>1.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Monthly Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Now subtract your monthly expenses from your monthly income. Did you have money left over? Fantastic! How much was it? _______ If you save that money every month, how long will it take to be able to buy the item you want to buy? (To figure out how many months it will take, take the total cost of the item and divide it by the amount of money you have left at the end of the month.) It will take me _______ to be able to buy ______________________.

If you didn’t have money left over at the end of the month, yikes! Now we’ll have to find a way to cut back your expenses and save for the item you want.

Let’s start by looking over your list of monthly expenses. Is there something you can eliminate? Is there something you can do or buy less often? Are there places where you could make a less expensive spending choice? (For example, if you go to the movies three times a month, could you go at least twice to the less expensive matinee movie?)

These are the kinds of choices you will be making your whole life. It’s wonderful to have choices! You get to pick how you spend your money. And when you really want something, you get to choose how to save your money to buy it. It takes work, but it’s well worth it.

**STRETCHING MY MIND TO STRETCH MY DOLLARS**

How prepared are you to stretch your money? Check everything that applies to you.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>☑</td>
<td>☐</td>
</tr>
<tr>
<td>1. I know how much money I have to spend on things like clothes and school supplies.</td>
<td></td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>☑</td>
<td>☐</td>
</tr>
<tr>
<td>2. I know how much money I have to spend on food and entertainment.</td>
<td></td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>☑</td>
<td>☐</td>
</tr>
<tr>
<td>3. I keep track of my expenses.</td>
<td></td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>☑</td>
<td>☐</td>
</tr>
<tr>
<td>4. I think about how important something is before I buy it.</td>
<td></td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>☑</td>
<td>☐</td>
</tr>
<tr>
<td>5. I try not to waste my money on things I don’t need.</td>
<td></td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>☑</td>
<td>☐</td>
</tr>
<tr>
<td>6. I have at least one savings goal toward which I am working.</td>
<td></td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>☑</td>
<td>☐</td>
</tr>
<tr>
<td>7. I have a realistic spending plan to reach a goal I have.</td>
<td></td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>☑</td>
<td>☐</td>
</tr>
<tr>
<td>8. I know what my long-term goals are.</td>
<td></td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>☑</td>
<td>☐</td>
</tr>
<tr>
<td>9. I know the approximate costs to reach my long-term goals.</td>
<td></td>
</tr>
<tr>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>☑</td>
<td>☐</td>
</tr>
<tr>
<td>10. I have someone to help me work on my long-term goals.</td>
<td></td>
</tr>
</tbody>
</table>
Congratulations! You are becoming a financial whiz kid. You are learning to find ways to spend money more wisely and make a savings pool. That's a real achievement.

Chapter 4, Hard Choices: The Last of My Money, or Making Money Last?

Completed (date) 

I did all the exercises and answered all the questions in Chapter 4.

By (sign your name) 

Caregiver signature 

You are on your way and ready to leap into Chapter 5!
Taking It to the Bank
PLACES TO KEEP YOUR MONEY

Keeping money in a drawer or some other space where others can find it means that your hard-earned money could easily disappear. What are your other options? Consider these choices:

✦ If you have a good and trusting relationship with your foster care family, talk with them and see if they can keep the money safe for you—for a while. Perhaps they may even be willing to add a little something to your savings—as an incentive to you. When you start to see your savings grow, you may want to ask them if they will help you set up a savings account. We'll talk more about that later.

✦ If you live in a group home or with a foster care family where you don't yet have a trusting relationship, perhaps your money could be kept in a locked box. Such boxes are available at most discount stores. Just remember that a foster parent or other caregiver has the right to ask you to open the box to make certain you're not hiding any illegal or dangerous items in the box.

The best option by far to keep your money safe is to open a savings account. How much do you know about savings accounts?
I KNOW EVERYTHING ABOUT SAVINGS ACCOUNTS—RIGHT?

Mark whether you think the statements are true or false.

True  False

1. To open an account, a minimum deposit of $50 is required.
2. Savings accounts for anyone under age 18 require joint ownership with an adult.
3. You'll need your Social Security number to open a savings account.
4. A maintenance fee is charged if your savings balance falls below a certain amount.
5. The money in your savings account can make money just by staying in the bank.
6. You must keep a certain amount of money in your account to earn interest.
7. The bank will send you a report on a regular basis to let you see how much money you have.

Check your answers with those below.

The bank usually sends reports to savings account holders on a monthly or quarterly basis. Check with the bank when you open your account.

5. True
6. True
7. True
4. True
3. False
2. True
1. True

In a savings account, the bank pays you money, called “interest,” on the money you leave in the account. Interest is the price paid for the use of someone’s money. The longer you leave money in a savings account, the more interest you will make, and the more your savings will grow. You earn interest at a rate (for example 3.5%) that is set by the borrower (in this case, the bank).
I'M IN FOSTER CARE—HOW CAN I OPEN A SAVINGS ACCOUNT?

Many teens in foster care also have savings accounts. With money in the bank, you can pay the deposit and first month's rent on an apartment. You may even have the money to pay for college tuition or some other training that will lead you to a meaningful career.

How can you open a savings account? Consider these options:

♦ Again, think about the relationship you have with your foster care family. Can you ask one of the adults to help you open a bank savings account? While you are still under age 18, you will need the signature of an adult on the account.

♦ If the first option isn't right for you, ask your case worker or child advocate to help you open a savings account. Many of these people are used to opening accounts for the youth in their care. If yours is not, push them to learn! The case worker or advocate acts as the trustee of the account. This means that you can make deposits on the account, but you would need permission to take money out of the account. The good side of this arrangement is that no one else will be able to take money out of your account—without your knowledge. When you turn 18, the account easily can be rolled over into a private account for yourself.
SOUNDS SIMPLE—IS THAT ALL?

There are a few other things to consider before setting up a savings account:

♦ What bank will you choose? Different banks offer different advantages. However, while you are in foster care, it is wise to first look for a bank that has many locations. As you may already know, youth in foster care may stay with different families or in group homes. If you choose a bank with many offices, you have a better chance of staying close to your money.

♦ What if you do end up living far away from the bank that holds your money? Ask the bank about mail-in deposit services. Most banks will give you envelopes so you can mail in your deposit. Of course, you don’t want to send cash through the mail. Instead, you can convert your cash into a money order at a grocery store and mail in the money order along with your deposit slip. Grocery stores usually charge very little to convert your cash into a money order.

♦ How will the account be set up? If your foster parent helps you open the account, his or her name also is listed on the account. That means the foster parent has access to your money. This may make you uncomfortable. Ask the bank if the foster parent can be named on the account solely as the “POD” or “payable on death” person. This means that the only way your foster parent can access the money in your account is in the event of your death.

♦ Where will the bank statements be sent? Every month or every quarter, the bank will mail you a statement showing how much money is in your account. You will have to decide where you want these statements sent. In some cases, it may be best to have them mailed to a case worker or child advocate. As we talked about earlier, some teens—and adults—haven’t learned to set money aside. If they learn about your savings, they may pressure you to hand over your money to them. Your money could disappear—along with your dreams. Keep your money to build your own future!
WHY NOT JUST USE A CHECK-CASHING STORE?

The good news is that while you're still under 18, it's unlikely that a check-cashing or cash-advance store is going to cash your check. Why is that good news? Because these stores charge hefty fees to cash checks or give out cash advances based on payroll checks.

Too many adults lose a chunk of their hard-earned wages by cashing their checks at these stores. An adult who earns $550 a week and uses a check-cashing store may pay a fee of around $16.50 each week. This may not sound like much at first, but in a year it could cost the worker several hundred dollars (or more).

Choose to be money savvy. Save as much of your money as possible and keep it some place safe, like a bank.
I'M READY—IS THE BANK?

The last things you need to know about savings accounts are how to make a deposit and a withdrawal. Try to master the "making a deposit" part and keep the "withdrawal" part until you're absolutely positively sure you need the money.

Understanding deposits

When you put money into a bank account, it's called a "deposit." You may deposit cash or checks into an account. When you go to the bank to put money into your savings account, you fill out a deposit slip. Here is a deposit slip that Rosa has filled out.

The City Bank

<table>
<thead>
<tr>
<th>Currency</th>
<th>5.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coin</td>
<td>0.75</td>
</tr>
<tr>
<td>Check</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**TOTAL FROM OTHER SIDE**: 5.75

**SUB TOTAL**: 5.75

**LESS CASH**: 2.50

**TOTAL $**: 2.50

1. How much money did Rosa deposit into her account? ________________

2. Is she depositing a check, coins, or currency (cash)? ________________

Answers:

1. Rosa deposited $5.25 in coins and $2.50 in cash.

2. Rosa deposited a total of $7.75.
Making withdrawals

When you take money out of an account, it is known as a "withdrawal." When Rosa decides to withdraw money from her account, she must fill out a withdrawal form. It might look like this. As you can see, Rosa withdrew $25 from her account.
I CAN HANDLE THIS 'DEPOSIT' AND 'WITHDRAWAL' THING

Now it's your turn. Your Aunt Tessa sent you a check for $35 for your birthday. You decide to put $25 into your savings account. Complete the deposit slip below, showing a $25 deposit and keeping $10 in cash.

Next month, you need to take out $30 to go on a school trip. Fill out the withdrawal slip for $30.
WHY DO I HAVE TO LEARN ABOUT CHECKING ACCOUNTS, TOO?

One day you will be on your own. Of course, you will need to keep putting money away into savings—and even investments (which we’ll talk about later). But, also, you will need a checking account because this is how you will pay most of your bills. And, yes, along with that independence and freedom comes bills.

Most people put their paychecks into a checking account at a bank, credit union, or savings and loan. A checking account keeps your money safe. But you can still get to the money easily whenever necessary.

A checking account comes in handy when you are working at a regular job and have regular monthly bills to pay. A checking account makes it easy to pay bills and keep track of your expenses. (In most cases, you can’t write checks on a savings account.) Writing a check also is much safer than carrying around a large amount of cash.

Not all checking accounts are the same. Each has different rules, such as how much money you must keep in the account at all times. This is known as a “minimum balance.” “Balance” is the amount you have “left over” after you add in all deposits and subtract all checks and cash withdrawals you have made. If your money drops below this amount, a fee may be taken out of your account each month.

Some checking accounts pay you interest on the money that stays in your account. The interest you will earn will be small, but it is extra money. Some checking accounts may charge you a small fee on every check you write. Others do not, as long as you keep a certain minimum balance of money in your account (for example, $300).

All banks charge you if you are “overdrawn.” Overdrawn means that you wrote checks totaling more than the amount of money you had in the bank. What happens when you don’t have enough money in your account? Your check “bounces.” In other words, the check is no good (it “bounces” back to you).

Your bank will charge you a large fee for overdrawing your account. It could be as much as $25 for each overdrawn check. Bounced checks also cost you another way: They hurt your reputation with the bank and with the person who had to be paid a second time, after you had enough money in your account.
Alfred bounces a check

On Wednesday night, Alfred went to the CD store and wrote a check for $23.95 to buy two CDs that were on sale. But, he only had $15 in his checking account. He wasn't going to put any more money into his checking account until he got paid on Friday. The CD store sent Alfred's check to the bank on Thursday to get its money from his account. But instead of the money, it got a notice back that said Alfred didn't have enough money in his account to cover the cost of the CDs. Alfred's check had just bounced.

This was a hassle for the CD store. It wasn't paid for the CDs and now it had to spend time contacting Alfred and trying to get him to pay the money he owed. Because it was such a hassle, the store charged Alfred a fee for having written a bad check. So, Alfred now owes $23.95 to the CD store, plus the fee charged by the CD store. He also owes his bank a fee for having written a check that bounced. It really adds up!
OK, I'M ONE OF THE MASSES NOW AND EARN A PAYCHECK. WHAT DO I DO WITH IT?

If you already have a savings account, then the process of putting money into a checking account is similar. You simply make out a deposit slip. Only, this deposit slip is just for checking accounts. When depositing a check, you also "endorse" it by signing your name on the back of the check.

Your signed name certifies that you are the "payee" (the person to be paid) and tells the bank to pay you the money written on the check.

Never endorse (sign) any check until you are inside the bank. That's because as soon as you sign a check, it's like money. If you endorsed your check and it is stolen, a bank could give your money to a thief instead of you. Because you signed it, you would lose the money!

There are two other safe ways to get checks into your checking account.

The first way is similar to the method above—only you don't sign the check. Instead, write the words "for deposit only" on the back of the check where you would sign your name. Then, if a thief stole your check, the only things he or she could do with it is deposit it into your account or tear it up! "For deposit only" takes the thunder out of a thief.

So why not write "for deposit only" all the time? When you are at the bank, you may want to deposit most of the money, but take some amount back in cash. With "for deposit only," you have to deposit the whole amount. "For deposit only" works well if you are mailing in a deposit or are using an automated teller machine (ATM). We'll talk more about ATMs later.

There is an absolutely easy way to get paychecks into the bank. That's called "direct deposit." With direct deposit, your employer transfers money electronically (by telephone or computer) into your bank account every payday. That saves you a trip to the bank. Instead of a paycheck on payday, you receive a statement that shows how much money was put in your bank account and the day it was deposited.

If you end up working for an employer that offers direct deposit, take advantage of it! It's the easiest and fastest way to put your paycheck in the bank. And the sooner your paycheck is in the bank, the sooner it can begin to earn interest.
SO A CHECK IS THE SAME AS MONEY, RIGHT?

This is almost true. A check "stands for" money. Think of a check as a note. The note tells the bank to take out a certain amount of money from your account and give it to the person (or business) to whom the note is made out. The person getting the money is called the "payee." The bank gives the payee that amount in cash or electronically transfers that amount from your account to the payee's bank account. Look at the sample check below.

As you can see, it contains a lot of information:

1. Your name and address
2. The check number
3. The date you wrote the check
4. The amount your check is for, written in numbers
5. The "payee" or person or company to be paid money from your account
6. The amount of money to be withdrawn from your account and paid to the payee, written in words
7. A note to yourself to remind you what the check was for
8. The bank's number and your checking account number
9. Your signature

Never give anyone a blank check. A "blank" check is where the amount of the check has not been filled in—but you have signed the check. This means you are letting the person to whom the check is made out decide how much money to take out of your account. How many people do you trust to decide how much money to take out of your account? Play it smart. Never hand over a blank check.
PRACTICE, PRACTICE; ALL I DO IS PRACTICE!

Sorry, but the best way to learn to write checks is by practicing. Use the blank checks below to practice your check writing skills.

1. On January 12, 2001, you bought two sweaters on sale at Rink’s Department Store for $75. Fill in the check to complete the sale.

![Check Image]

Did you remember to write down "sweaters" or "clothing" in the note area, so you have a record of how you spent your money?

2. On January 22, 2001, you bought a CD player at Tower Records. With tax, it cost $85.72. Write a check to pay for this purchase.

![Check Image]

Did you know how to fill in the 72¢ on the line where you write out the amount of the check? You write it as a fraction of a dollar (100 cents), so it would look like this: 72/100.
3. Your apartment rent is due on the first of each month. You need to pay your rent for February 2001. Send a check to Cortez Apartments for $510.

Did you remember to write your rent check and mail it with enough time for it to reach the landlord by February 1st? If not, it would be late.

Have an adult check your answers. Remember, checks aren't free money—you need to make sure you have the money in your account needed to pay the check.
I REGISTER FOR SCHOOL ... NOW I HAVE TO REGISTER MY CHECKS?

It's hard to get away from paperwork. That's the way it is. When you have a checking account, you're dealing with paper and you have to keep track of everything that is going on. You have to write down all of the deposits you make and all the checks you write.

Each book of checks comes with a check register, a little record book. You fill in the register to keep track of how much money is in your checking account at any time. The key is—you just have to do it.

When you deposit money in your account, write down in the register the date, where the money came from (for example, paycheck or birthday gift) and how much money you are depositing. Each time you get ready to write a check, first write down the check number, the date, who gets the money, and how much, in the check register. Do the same for any cash withdrawals you make.

Every time you add money to, or withdraw money from, your account, you need to record the information in the register. Then add or subtract that amount of money from the previous balance to find out how much money is left in your account (your current balance).

Look at the check register for the three checks you just wrote and other recent deposits and cash withdrawals we'll pretend you made during the month of January 2001. Do you see that the shaded (gray) rows show your current balance (in the column on the far right) at any given time? You use the white rows to record information about payments or deposits each day and then add or subtract them from your balance.

<table>
<thead>
<tr>
<th>Check No.</th>
<th>Date</th>
<th>Description of Transaction</th>
<th>Payment/Debit</th>
<th>Code</th>
<th>Fee</th>
<th>Deposit/Credit</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>- - - 1-1-01</td>
<td>Deposit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>470 50</td>
<td>745 22</td>
</tr>
<tr>
<td>- - - 1-6-01</td>
<td>Cash</td>
<td></td>
<td>100 00</td>
<td></td>
<td></td>
<td>1,115 72</td>
<td></td>
</tr>
<tr>
<td>1567 1-12-01</td>
<td>Rink's Department Store (clothing)</td>
<td>75 00</td>
<td></td>
<td></td>
<td>1,040 72</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1568 1-22-01</td>
<td>Tower Records (CD player)</td>
<td>85 72</td>
<td></td>
<td></td>
<td>955 00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- - - 1-23-01</td>
<td>Cash</td>
<td></td>
<td>75 00</td>
<td></td>
<td></td>
<td>880 00</td>
<td></td>
</tr>
<tr>
<td>1569 1-24-01</td>
<td>Cortez Apartments (February rent)</td>
<td>510 00</td>
<td></td>
<td></td>
<td>510 00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-27-01</td>
<td>Deposit (birthday check)</td>
<td></td>
<td>80 00</td>
<td></td>
<td></td>
<td>450 00</td>
<td></td>
</tr>
</tbody>
</table>
Now, let's see if you can answer these questions about your check register.

1. What was your balance at the end of the day on January 1? ________________

2. Did you make a deposit or a withdrawal on January 27? ________________
   For how much? ________________

3. What was your beginning balance on January 23? ________________ And at the end of the
   day? ________________

4. What did you purchase on January 22? ________________ How much did it cost? ________________

5. On what date did you pay your rent? ________________ How much was it? ________________

6. How many checks did you write in January? ________________

7. How many deposits did you make in January? ________________

8. What did your deposits total over this period? ________________

9. When you write your next check, what will your check number be? ________________

10. Did you withdraw cash in January? ________________ How many times? ________________

11. What is your current balance at the end of January 2001? ________________
Congratulations! You are learning how to record your bank actions and read your check register. That's a real achievement!

Having a checking account means keeping good records. When you run out of cash, you know it. But, when you write checks, it can be easy to overdraw your account and not realize it. Remember, being overdrawn is when you write checks that total more than the amount you have deposited in your account. Filling in the current balance in your checkbook on a regular basis will help you avoid becoming overdrawn. It's that simple.

To keep your check balance up to date, you have to remember to write down all transactions. So, every time you make a deposit or write a check, you enter it into your register. You may want to consider ordering checks that have duplicates. This means that each check has a copy. When you write the check, the copy stays with the checkbook. The copy will show who you wrote the check to and the amount of the check. If you forget to write check information down, you can go back later and add this information in the register. This type of check costs more, but can be helpful.

At the end of every month, your bank will send you a statement. The statement shows the bank's record of your account. You need to review it so your records and the bank records agree. This is called balancing your account. Consider asking your foster parent or case worker to show you how to balance a checkbook against the bank statement. Another option is to ask your bank if they have employees who can help you to learn. Many do!

**WHAT HAS A BANK DONE FOR ME LATELY?**

Banks offer many services. Some you may be interested in; others maybe not. ATMs (automated teller machines) and credit cards are other common services offered by many banks. Let's take a closer look at these services.
ATMs
You probably have already seen the cash machines that sit outside the banks and many stores. They are called automated teller machines or ATMs. An ATM is open 24 hours a day, seven days a week. ATMs make it easy to withdraw or deposit money, especially when the bank is closed or you are not near your bank.

But it's important to remember that ATMs don't give out "free" money. The money you take out of an ATM comes out of your checking or savings account. Many banks charge ATM users a small fee for using them. To use the ATM, you will need a small plastic card (that looks like a credit card) and a personal ID number.

ATMs are handy, but they can get you in trouble if you are not careful. Many people forget to write down what money they took out from an ATM and they overdraw their accounts. You already know why that's a bad idea. Before you use an ATM, make sure you are ready to keep careful records.

Debit cards
Debit cards are similar to ATM cards. You can use your debit card at an ATM. You also can use your debit card to buy things in the store.

When you buy an item with a debit card, the cashier runs your card through an electronic "reader." This machine makes sure you have enough money in your account to pay for the item. If you do, it authorizes—or allows—the sale and prints out a receipt for you to sign. The money for the item is automatically taken out of your account.

Just like an ATM card, when you use a debit card you have to be careful and keep a record of your spending.
Credit cards

By now, you know lots of people who use credit cards. You may even know people who will be paying off the same credit card bill long after they have gray hair.

But do you know that using a credit card is the same as taking out a loan? That's right, the amount that is "charged" is a loan. That piece of paper the store clerk hands you to sign is your agreement that you will repay the loan—plus interest.

A credit card has its place—a very limited place. A credit card is useful in the following situations:

✦ You don't want to carry around a lot of cash and you can't use your checking account. This often happens when you travel.

✦ You have an emergency, say that your car breaks down in another state. (By the way, there's a rule of thumb that says, "If you can eat it or wear it, then it's not an emergency.")

✦ You need to rent a car or make an airline reservation and they will only take a credit card.

But credit cards have gotten many people into trouble. They carry debt from month to month and the debt only seems to grow larger and larger.

When you are 18, you'll probably find that credit card companies want you, too. You'll receive oodles of tempting offers in the mail. Why? Because they make a lot of money off of young people—particularly young people who want to have "everything right now." But this only means you'll be paying in the future for what you have now.

Think of it this way: You could use a credit card to buy new furniture. But there's a good chance that the furniture will be ready for the scrap heap before you're done paying for it. Are we kidding? No. The average American family carries around $7,000 in credit card debt. That's $7,000 that's not going toward an education, a home, a future.

Now turn it around. What if you had $7,000 in the bank? That money could pay for the training you want, or you could even go trekking in Nepal for a while. What's the better choice: debt or freedom?

YOU WANT ME TO CALL PEOPLE?

The only way you'll know what different banks offer is to make the calls—or maybe look up the information on the Internet. Many banks have accounts just for teens. Contact three banks or credit unions in your community and find out what special services are available for young people. Have an adult help you with this or make it a project you do as part of a class or with several of your friends.
<table>
<thead>
<tr>
<th>Bank #1:</th>
<th>Bank #2:</th>
<th>Bank #3:</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the bank's address and hours?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does this bank offer special accounts just for teens?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do I have to make a minimum deposit to open a savings account?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Can I open a checking account at this bank?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are there any restrictions?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Will they offer me a credit card?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are there any restrictions?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Can I get an ATM card?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are there any restrictions?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the information you collected above, which bank would you use and why?

________________________________________________________________________

________________________________________________________________________

Now that you've reached the end of this chapter, you know safe places to keep your money. You also have learned why some bank services, such as credit cards, have to be used carefully so you don't land in debt. After completing this chapter, we know you won't let that happen to you!

*Chapter 5, Taking It to the Bank*, completed (date) ________________

I did all the exercises and answered all the questions in Chapter 5.

By (sign your name) ________________________________

Caregiver signature ________________________________

You're now ready for Part Two of *I Know Where I'm Going (But Will My Cash Keep Up?)*
I Know Where I'm Going (But Will My Cash Keep Up?) was written and prepared as a public service project by the Denver-based National Endowment for Financial Education®, or NEFE®, William L. Anthes, Ph.D., President; Brent A. Neiser, CFP, Director of Collaborative Programs; and Jeannette Herrera, Project Manager.

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