



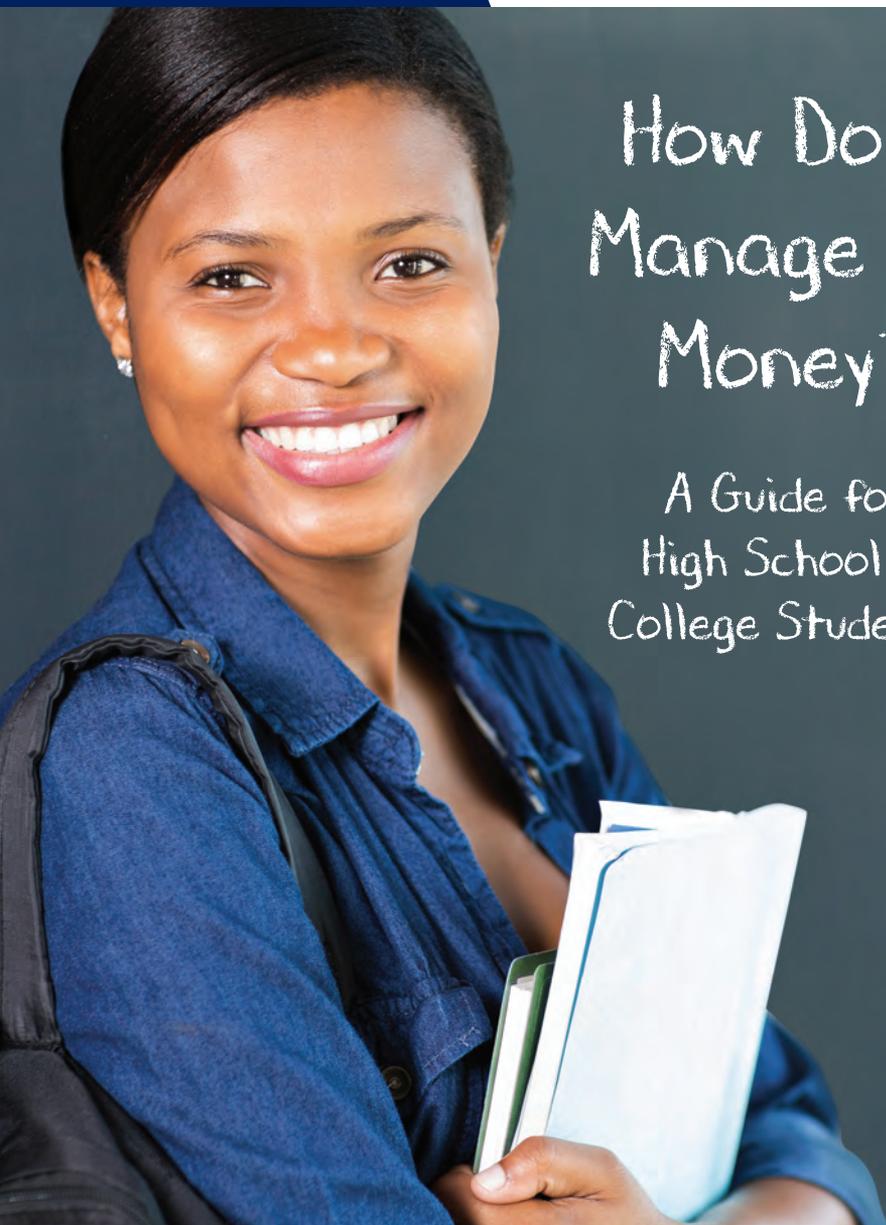
WISE

WEDBUSH

WEDBUSH INVESTMENT
IN STUDENT EDUCATION

How Do I Manage My Money?

A Guide for
High School &
College Students





Learning to manage your finances and plan for college, starts early in life. A great way to prepare is to take the right financial classes, get involved with school, and participate in outside activities. Learning to save money is essential in developing good money management skills for the future. In this brochure, you will find some ideas that will help prepare you for financial responsibility.

BUDGETING

- It is important to keep close track of your money. By creating a weekly budget that outlines your regular purchases, you can determine how to best save and spend within your means.
- All of your purchases can be classified as either fixed, flexible, or discretionary expenses.
- Fixed Expenses - payments that are necessary and regular, such as car insurance or monthly rent.
- Flexible Payments - necessary items, but can be minimized by smart shopping.

- Discretionary Purchases - items for enjoyment, such as movie tickets or a pair of shoes.

When trying to get the most out of your money, it is important to monitor your flexible and discretionary expenses.

Here's a spreadsheet to help you visualize your spending and budget your money.

... MONTHLY BUDGET WORKSHEET ...

| MONTHLY EXPENSES | | Amount Budgeted | Amount Spent |
|------------------|--------------------------|-----------------|--------------|
| COLLEGE | Housing/Rent | | |
| | Tuition | | |
| | Books | | |
| | Class Fees | | |
| Total | \$0.00 | \$0.00 | |
| FOOD | Conceries | | |
| | Snacks/Coffee | | |
| | Dining Out | | |
| | Total | \$0.00 | \$0.00 |
| TRANSPORTATION | Car Payments | | |
| | Gas/Fuel | | |
| | Auto Repairs/Maintenance | | |
| | Other Transportation | | |
| Total | \$0.00 | \$0.00 | |
| DEBT PAYMENTS | Credit/Debit Cards | | |
| | Student Loans | | |
| | Other Loans | | |
| | Total | \$0.00 | \$0.00 |
| ENTERTAINMENT | Cable TV/Internet | | |
| | Computer & Accessories | | |
| | Movies/Concerts/Sports | | |
| | Music/Videos | | |
| Total | \$0.00 | \$0.00 | |

| MONTHLY EXPENSES (Continued) | | Amount Budgeted | Amount Spent |
|------------------------------|-------------------------------|-----------------|--------------|
| PETS | Food | | |
| | Grooming | | |
| | Vet Appointments | | |
| | Total | \$0.00 | \$0.00 |
| PERSONAL | Cats | | |
| | Clothing/Shoes | | |
| | Accessories | | |
| | Laundry | | |
| PERSONAL | Personal Grooming | | |
| | Toiletries/Household Products | | |
| | Miscellaneous | | |
| | Total | \$0.00 | \$0.00 |
| SAVINGS | Donations | | |
| | Total | \$0.00 | \$0.00 |
| | Grand Total | \$0.00 | \$0.00 |

MONTHLY SAVINGS

Subtract the amount budgeted from your total monthly income to get your goal savings.

| Total Monthly Income | Amount Budgeted | Goal Savings |
|----------------------|-----------------|--------------|
| \$0.00 | \$0.00 | \$0.00 |

Subtract the amount spent from your total monthly income to get your actual savings/debt.

| Total Monthly Income | Amount Spent | Actual Savings/Debt |
|----------------------|--------------|---------------------|
| \$0.00 | \$0.00 | \$0.00 |



▶ SAVING

Whether you are saving for your first car, a college education, or emergencies, it is important to identify and understand the benefits of saving. If you have an item that you would like to save for, create a budget that determines how much you will save each week, and set a timetable for the purchase of the item.

Once you have started saving, you will need a secure place to store your money. There are numerous checking and savings account options available. Consider opening an account that earns interest.

Interest rate is a percentage earned on the amount of money deposited into a savings account. Interest rates can vary depending on the specific bank and its policies.

There are two types of interest: simple and compound.

1. With simple interest, you earn interest only on what you deposit.

SIMPLE INTEREST FORMULA

$$P \times R \times T = I$$

Where:

P = the "principal" starting amount of money

R = the "interest rate" per year (in decimal form)

T = the amount of "time" the money is Invested, or borrowed, in years

I = the amount of "interest earned", in dollars

2. With compound interest, you earn interest on your deposits plus interest on the interest already earned.

COMPOUND INTEREST FORMULA

$$B = p(1 + r)^n$$

Where:

B = final balance

p = principal

r = interest rate for each interest period

n = number of interest periods

Talk to your local banker about which account will work best for you and inquire about a special student account.



▶ PAYING FOR COLLEGE

Getting a higher education can provide more career opportunities and higher income. Although, college is expensive, it is a worthwhile investment. Thus, it is never too early to begin saving and learning ways to help fund your education.

Top Online Tools to Help You Budget and Save

- **Mint** (mint.com)
Mint was voted the easiest way to keep track of your finances online. This tool connects your personal accounts to help track your spending.
- **LearnVest** (learnvest.com)
LearnVest is a free tool that helps you learn how to manage your money. You can use it to track your spending, create a budget, and create saving goals.
- **Level Money** (levelmoney.com)
Level Money helps you budget down and learn how much you have to spend.

Other money management apps of interest: Acorns, Venmo, You Need a Budget.

For more app information, visit www.apple.com/itunes or play.google.com/store.



- Find grants and scholarships that work for you. Grants and scholarships provide you with money for college that you do not have to pay back.
- Research tax-exempt investment resources, such as 529 Plans, Coverdell Education Savings Accounts (ESA), and Mutual Funds.
- Get a part time job and save up a portion of your paycheck for your college fund. Many colleges offer jobs on campus.
- Explore various loans to assist you in paying for college. However, loans are borrowed money that you need to pay back with interest.
- The Free Application for Federal Student Aid (FAFSA) is used to apply for most state loans, grants, and scholarship programs (www.fafsa.ed.gov).

For more information on student financial aid, visit www.collegeboard.org or www.finaid.org.

▶ CREDIT CARDS

Credit cards can be a useful resource, but they can also be an additional burden. A credit card gives you the power to buy items now and pay them back later. However, they can also encourage overspending and rack up debt that can cost you

HOW DO I MANAGE MY MONEY?

Did You Know?

Big Future by The College Board

| Type of College | Average Published Yearly Tuition and Fees |
|--|---|
| Public Two-Year College (in-district students) | \$3,347 |
| Public Four-Year College (in-state students) | \$9,139 |
| Public Four-Year College (out-of-state students) | \$22,958 |
| Private Four-Year College | \$31,231 |

more in the long run. It is important to understand how credit cards work in order to help avoid stressful debt.

How Do Credit Cards Work?

- Credit cards are not free money and you will have to pay back the amount borrowed. You are held responsible for paying the money back and, possibly, with added interest.
- If you fail to pay the minimum amount due each month, most cards will charge a hefty fee.
- If you have an outstanding balance, you will be charged interest on the amount based on the card's annual percentage rate (APR).

APR is a yearly interest rate applied to your credit card. This makes it extremely important to make all of your payments on time in order to avoid paying late fees and interest. So be sure to only charge things that you know you can afford to pay back.

If you continuously pay your credit card on time, you will build and maintain good credit, and usually will be offered a lower interest rate.

Calculating what you owe on your Credit Cards

Use the formula below to determine how much interest you need to pay on your outstanding credit card balance. Depending on the card, banks calculate using a daily or monthly period rate.

$$\text{APR} \div \boxed{365}$$

$$= \text{DPR}$$

Daily Periodic Rate

$$(\text{DPR} \times \text{Days in billing period}) \times \text{Balance subject to interest rate}$$

$$= \%$$

Interest charged

Some accounts have different APRs, so these calculations can be applied to each one.



**BE
WISE**

Let's illustrate these points with an example:

John currently has \$20. He decides to use his credit card to buy a bike for \$400. When he gets his next paycheck, he will be able to pay it all back. But he doesn't get paid until after payment is due. The minimum payment on his credit card is \$30. Since he is unable to make the minimum payment, he is charged a \$40 late fee and an APR of 21%. How much did the bike actually cost John?

- Since John cannot pay the minimum amount due, he is charged the \$40 late fee.
- John pays for \$20 of the bike this month, leaving $\$400 - \$20 = \$380$ still owed to his credit card company.
- The credit card company charges a 21% APR on the outstanding \$380 (Since 21% is an annual percentage, divide by 12 to get a monthly percentage of 1.75%). 1.75% of \$380 is \$6.65.
- Add the additional costs to the original ($\$400 + \$40 + \$6.65$) for an actual cost of \$446.65 for the first month that he is unable to make the minimum monthly payment.
- Every month that John is unable to make the minimum monthly payment, the actual cost of the bill grows.



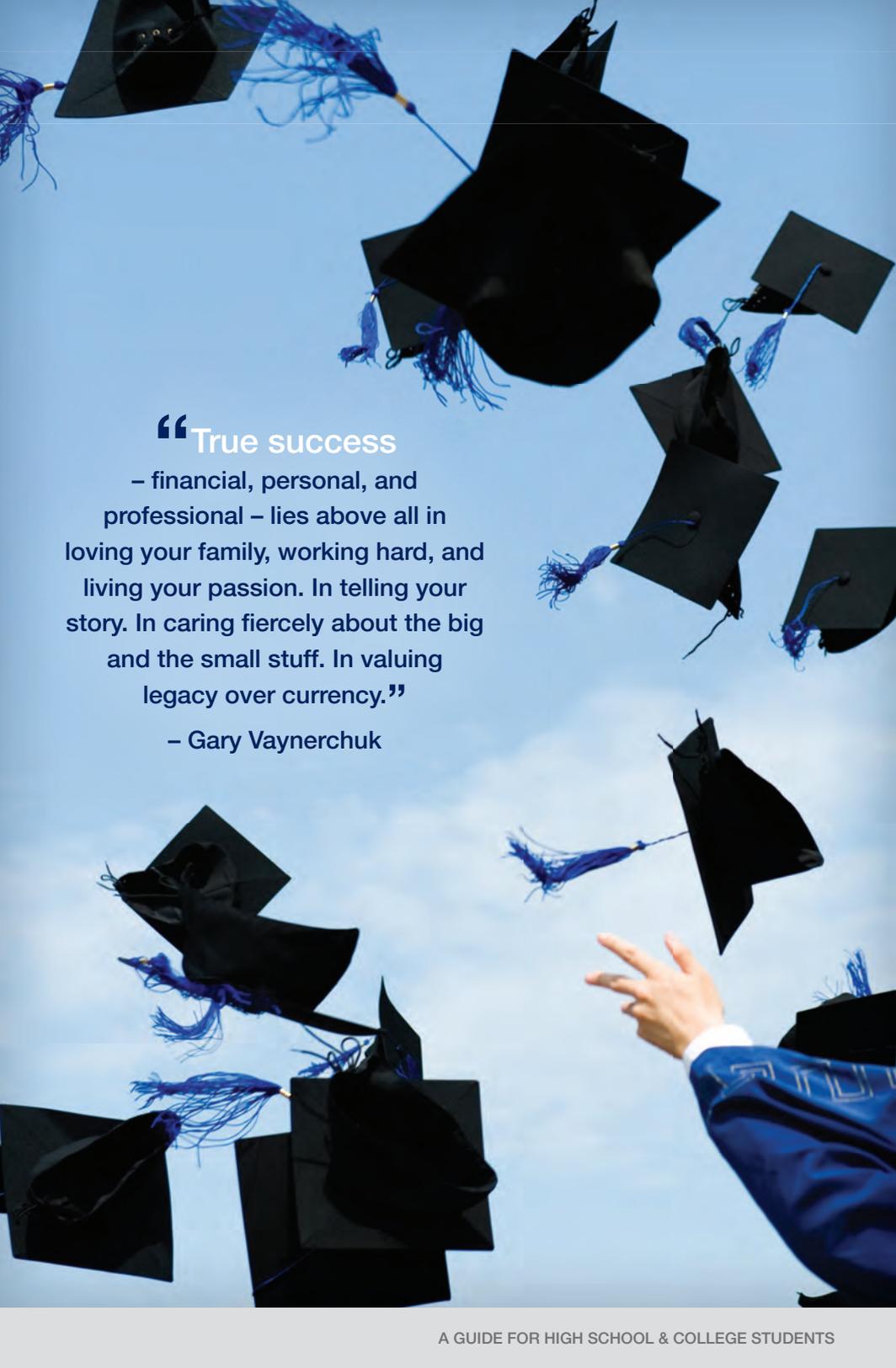
Advantages of Using Credit Cards

- Use of credit cards builds credit history
- Quick source of funds in an emergency
- No extra charge if bill is paid in full each month
- Consumer protection



Disadvantages of Using Credit Cards

- Interest is charged if not paid in full
- Fees charged for late payments or overspending
- Can encourage unnecessary purchases

A low-angle shot looking up at several black graduation caps with blue tassels falling through a clear blue sky. In the bottom right corner, a hand in a blue graduation gown is visible, reaching up towards the caps.

“True success

– financial, personal, and professional – lies above all in loving your family, working hard, and living your passion. In telling your story. In caring fiercely about the big and the small stuff. In valuing legacy over currency.”

– Gary Vaynerchuk



▶ ABOUT WEDBUSH SECURITIES

Founded in 1955, Wedbush Securities is a leading investment firm that provides brokerage, clearing, investment banking, equity research, public finance, fixed income, sales and trading, and asset management to individual, institutional, and issuing clients. Headquartered in Los Angeles, with nearly 100 offices, the firm focuses on dedicated service, client financial safety, continuity, and advanced technology. Wedbush Securities is the largest subsidiary of holding company WEDBUSH, Inc., which also includes affiliated firms Wedbush Asset Management, Wedbush Capital Partners, Wedbush Opportunity Partners, and Lime Brokerage LLC.

▶ ABOUT WISE

Wedbush Investment in Student Education (“WISE”) is designed to educate and inform students of all ages about financial fundamentals. The need to understand and exercise good financial responsibility early on has become increasingly important in today’s complicated financial markets. Through educational activities and corporate partnerships with relevant non-profit organizations, the primary focus of WISE is to teach students the financial basics of how to budget, save, and invest their resources. With these valuable money management skills, students will have the financial knowledge needed for a successful future.

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