

# Financial Literacy

Arapahoe/Douglas Works!  
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Being money smart matters

 @adworks303

 Arapahoe/Douglas Works!

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Thank you for choosing to attend our  
**Financial Literacy**  
workshop brought to you by the  
Arapahoe/Douglas Works! Facilitation  
team.

We facilitate all our workshops as if they are in a live classroom setting. For virtual workshops please be respectful and mindful of your camera if your video is on. "To ensure compliance with current A/D Works! And Arapahoe County IT policies for virtual platform use and information storage, attendees are asked **not to use** AI tools to capture notes

# Objectives

- What is Income?
- Understanding a Pay Check
- Creating a Budget / Understanding Cost of Living
- Self Employed
- Credit

# Income

## Money you receive

- Earned Income
- Investments
- Public Benefits
- Other Benefits or Entitlements
- Other Income

# How You Earn Income

- Regular Income – received on a set schedule (Pay Period)
- Unpredictable Income – timing and/or amount varies (Varied Hours)
- Seasonal Income – particular time of year (Lack of work off season)
- One-time Income – receive only once (Gift for Helping a friend move)

# Earned Income

## Money earned by working

- Wages
- Tips
- Contract work
- Self-employment

# Investments vs Assets

- **Investments** – Potential to both earn and lose money
  - Stocks
  - Bonds
  - Business Venture
  - Investing in Real estate
- **Assets** – Savings Accounts, CD's, property, equipment, or Real Estate.
  - Interest
  - Rental Payment earned for letting someone borrow your things

# Public Benefits or Entitlements

- Supplemental Security Income (SSI)
- Social Security Disability Insurance (SSDI)
- Temporary Assistance for Needy Families (TANF)
- Supplemental Nutrition Assistance Program (SNAP)
- Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
- Subsidies for Rent/Mortgage, Child Care, Utilities, Transportation (Section 8)

# Other Income Sources

- Gifts
- Child Support
- Alimony

# Ways to Receive Income – Cash

- **Pros**

- Available now
- Can deposit into bank – Checking / Savings
- Can help avoid going into debt

- **Cons**

- Can be lost or stolen
- Not protected by bank FDIC
- Cannot be used to pay online or some bills
- Does not help build credit
- May need to pay estimated taxes quarterly

# Ways to Receive Income - Check

- **Pros**

- Can deposit into bank – Checking or Savings
- Mobile banking apps to quickly deposit

- **Cons**

- Might be a fee to cash
- Can be lost or stolen
- May not be able to use the funds right away

# Ways to Receive Income – *Direct Deposit*

- **Pros**

- Fastest and safest
- Minimal effort
- Can often split into multiple accounts (Automatically add % to savings)

- **Cons**

- Not always offered
- May have fees-usually paid by employer

# Ways to Receive Income - *Payroll Card*

- **Pros**

- Safer than carrying cash or checks
- Federally protected from error or theft

- **Cons**

- May have fees
- Extra effort to get cash when needed

# Ways to Receive Income – *EBT Card*

- **Pros**
  - Safer than carrying cash or check
  - Can track spending and balance online
- **Cons**
  - Not always accepted
  - May have fees

# Understanding a Pay Check

- Pay Stubs
- Pay Slips
- Pay Advice
- Leave and Earnings Statements (LES)

# Pay Statements – Pay Period & Pay Date

White Lodging Services Corporation 55 West 39th Street, New York, NY 10018				EARNINGS STATEMENT		
EMPLOYEE NAME	SSN	EMPLOYEE ID	CHECK NO	PAY PERIOD	PAY DATE	
SYLVIA MOREIRA		63254123	76236	01/08/2019 - 01/14/2019	01/16/2019	
INCOME	RATE	HOURS	CURRENT TOTAL	DEDUCTIONS	CURRENT TOTAL	YEAR-TO-DATE
Regular	22.00	40.00	880.00	FICA MED TAX	12.76	25.52
				FICA SS TAX	54.56	109.12
				FED TAX	131.20	262.40
				NY ST TAX	56.76	113.52
ThePayStubs.co						
YTD GROSS	YTD DEDUCTIONS	YTD NET PAY	CURRENT TOTAL	CURRENT DEDUCTIONS	NET PAY	
1760.00	510.56	1249.44	880.00	255.28	624.72	

# Pay Statements – Gross Pay

White Lodging Services Corporation 55 West 39th Street, New York, NY 10018				EARNINGS STATEMENT		
EMPLOYEE NAME	SSN	EMPLOYEE ID	CHECK NO.	PAY PERIOD	PAY DATE	
SYLVIA MOREIRA		63254123	76236	01/08/2019 - 01/14/2019	01/16/2019	
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YTD GROSS	YTD DEDUCTIONS	YTD NET PAY	CURRENT TOTAL	CURRENT DEDUCTIONS	NET PAY	
1760.00	510.56	1249.44	880.00	255.28	624.72	

# Pay Statements – Required Deductions

White Lodging Services Corporation 55 West 39th Street, New York, NY 10018				EARNINGS STATEMENT		
EMPLOYEE NAME		SSN	EMPLOYEE ID	CHECK NO.	PAY PERIOD	PAY DATE
SYLVIA MOREIRA			63254123	76236	01/08/2019 - 01/14/2019	01/16/2019
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# Pay Statements – *Voluntary Deductions*

Money you elect to have taken out of your pay

- Health Insurance
- Union Dues
- Charity
- Retirement Savings Plan (401k)
  - May be required

# Pay Statements – *Employer Contributions*

## What the employer paid on your behalf

- Social Security
- Medicare
- Health Insurance
- Retirement Savings Plan
  - May match up to a %

# Pay Statements – *Garnishments*

Money withheld due to court order

- Creditors
- Government
- Child Support

# Pay Statements – Net Pay

White Lodging Services Corporation 55 West 39th Street, New York, NY 10018				EARNINGS STATEMENT		
EMPLOYEE NAME	SSN	EMPLOYEE ID	CHECK NO.	PAY PERIOD	PAY DATE	
SYLVIA MOREIRA		63254123	76236	01/08/2019 - 01/14/2019	01/16/2019	
INCOME	RATE	HOURS	CURRENT TOTAL	DEDUCTIONS	CURRENT TOTAL	YEAR-TO-DATE
Regular	22.00	40.00	880.00	FICA MED TAX	12.76	25.52
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# Budgeting / Cost of Living - *Expenses*

- **Needs – look to reduce cost when you can**
- **Obligations – create payment plans**
- **Wants – save up to buy**

Rent  
Utilities  
Medical  
Groceries

Student Loans  
Car Payments  
Credit Card

Concerts  
Expensive Vacations  
Newer Car

Knowing the difference may help you decide if you can postpone a purchase

# Budgeting / Creating a Budget

[Free Budget Planner Worksheet - NerdWallet](https://www.nerdwallet.com/article/finance/budget-worksheet)

<https://www.nerdwallet.com/article/finance/budget-worksheet>

Free **Budget Planner Worksheet**. Input your income and expenses, and we'll show how your spending compares to the 50/30/20 **budget**. *NICE! EZ fillable, selectable choices like student, parent, etc adds or deletes other budget categories and creates downloadable Excel sheet*

People also ask “What is the 50/20/30 Budget Rule?”

That guideline states that you should **spend up to 50% of your after-tax income on needs and obligations** that you must-have or must-do. The remaining half should be split up between 20% savings and debt repayment and 30% to everything else that you might want.

[Make a Budget - Consumer.ftc.gov](https://consumer.ftc.gov)

<https://consumer.gov/content/make-budget-worksheet>

Use this **worksheet** to see how much money you spend this month. Then, use this month's information to help you **plan** next month's **budget**. *Nice simple, easy to use fillable form*

# Tracking and Managing

- **Due Dates**
  - Late fees
  - Extra money for interest
  - Negative credit reporting / score
  - Loss of services
- **Create Monthly Payment Calendar**
  - Paper
  - Mobile apps

# Paying Bills

- In Person
- Mail
- Electronically
- Mobile App
- Direct / Automatic Payments
  - Caution: Can take money even if it's not available

# W2 vs 1099 Statements

- **W-2 income reporting form**
  - Employee working for a company
  - Company contributes to taxes, health insurance, etc..
- **1099 income reporting form**
  - Self-Employed
  - Contractor, Side-job, Gigs, Freelance, or Side Hustle
  - You will be responsible for paying your own taxes, health care, and retirement

# Appeal of Self Employment

- **Be your own boss**
  - Create you own schedule
  - Be the finale decision maker
- **Fulfillment**
  - Following your dreams
  - Making a difference

# Reality of Self Employment

- Longer work hours
  - Nights, weekends and holidays
- 50% failure rate before making money
- You get paid last
  - Most money goes back into the business
- Lack of co-workers
- You do not have employer paying a share of your taxes
- Profit and Loss becomes your boss

# Credit and Credit Cards

Building credit – Why is it necessary?

Important for large purchases

(for example: buying a car or house)

- Most people don't have money on hand for those large purchases.
- Need to establish credit so a lender will have confidence that you will pay them back.

From buying a new cellphone to getting a mortgage, credit reports and scores are used by businesses to evaluate your creditworthiness and establish your borrowing terms.

From Experian (one of the main credit reporting companies)

# Building Credit - tips

- Pay credit card balances strategically, multiple payments a month
- Pay full amount on time!
- Become an authorized user
- Get credit for rent and utility payments
- Add to your credit mix with things like installment loans
- Dispute credit report errors
- Deal with collections accounts

# Credit Websites

- <https://www.nerdwallet.com/article/finance/raise-credit-score-fast>
- <https://www.experian.com/blogs/ask-experian/credit-education/improving-credit/building-credit/#s1>

# Review

1. What is Income?
2. Understanding a Pay Check
3. Creating a Budget / Understanding Cost of Living
4. Self Employed
5. Credit Cards

# Thank you for attending our workshop today.

We'd appreciate your feedback. Please click on the link below to access our workshop evaluation.

We especially enjoy your personal comments.

Workshop Evaluation, link

<https://fs8.formsite.com/adworks/Evaluations/index.html>



PowerPoint and Handout, link

<https://www.adworks.org/index.php/job-seekers/online-powerpoint-workshops/>

To reach a Career Services Advisor, link

<https://fs8.formsite.com/adworks/form52/index.html>

