

Personal Finance 101:

Getting a Handle on Banking Accounts



Developed by Ziegler Services LLC

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Introduction

The objective of this booklet is to introduce you to the basics, and necessity, of banking and its associated types of accounts. The topics within will help build the foundations required to successfully manage your finances and grow wealth. We have broken all the topics into two chapters which cover Assets followed by Debts, and then are broken down into their various sections; each introducing new topics or helping to reinforce the topics covered within those chapters.

The content within this booklet includes introductory information that is applicable for all ages, labs to reinforce activities within managing money, along with additional content to extend the informative content and the labs. The information herein is meant to be a guide on managing money and common advice on good practices, not financial advice. Managing your money and living within your means is the best way to build wealth. To give a brief introduction to further topics after reading through this booklet, the topics may include the following:

- Budgeting
- Investing
- Saving for retirement
- Personal Taxes
- Buying a home
- Credit Score



Chapter 1: Assets

For the first chapter of this booklet, we will be covering accounts that are considered assets. Assets are considered any resource that brings positive value to your overall net worth. Assets will also tend to help increase your wealth through a rise in value or being paid interest. The best way to build wealth is to save and invest in good assets that will bring you additional wealth. In this chapter we will be focusing on savings accounts, checking accounts, and introducing debit cards.

Types of Assets

Cash

The most notable asset that one holds is their cash. This is the main form of currency our society uses. Cash can be stored in a savings account, checking account, money market account, or kept locked away in a safe.

Property

This type of asset is the physical property that you own. This category includes vehicles, jewelry, houses, furniture, etc. Some property assets increase in value where others deteriorate. A house will usually rise in value where a vehicle will depreciate. They are both assets when it comes to your net worth.

Investments

This type of asset resembles physical property or portions of property in which you have invested your cash in. This category includes stocks, bonds, mutual funds, etc. which marks your ownership in an underlying asset. Investments are held in retirement accounts such as 401k's, 403b's, and IRA's. Normal accounts are brokerage accounts which are taxable investments. We will not be focusing on these types of assets.

What's Covered



Though there are many types of assets, and many offerings in each type, we will only be covering a few of the topics. This includes:

- Savings Account
- Checking Account
- Writing Checks
- Account Reconciliation
- Debit Cards

Assets are a great investment in life as we invest our time to earn cash. By saving our cash we build wealth and by investing our cash we have the chance to build even more wealth. No matter how much money you make, if you do not save money, you will not build wealth.

Chapter 2: Debt

The next chapter we will discuss is debt. We will discuss the various types of debt, and what that debt will cost you overall. The thing to know about money is that it is the currency we use in society for which we trade our time and efforts. Taking on debt is when we borrow someone else's money now, for a purchase we cannot afford or do not want to pay in full now, with an agreement to pay them back in the future plus interest. By agreeing to this, we sell our future into slavery since we must work to continue paying our lender. In this chapter, we will mainly cover information on loans and credit cards but understand there are more types of debt which have their different uses.

Types of Debt

Bills

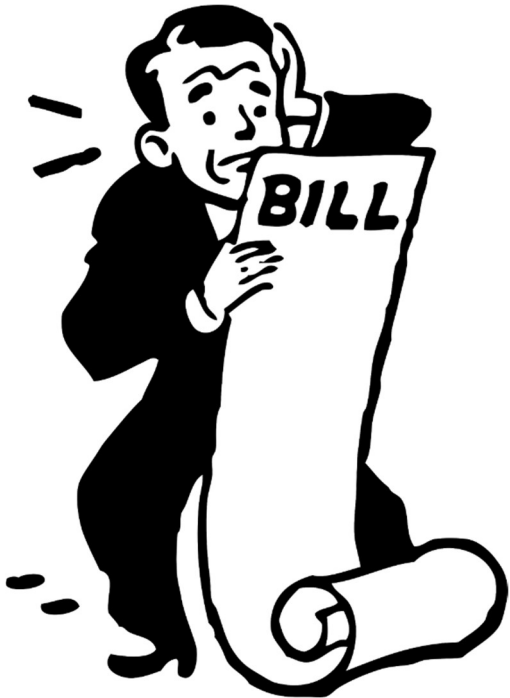
The most typical type of debt is bills. If we pay upfront for a service, we are not in debt, but if we are billed after the service then we are in debt. If you let your electric bill go unpaid, they will turn off your power and may even send your debt to collections.

Revolving Credit

This type of debt is where you agree with an institution for a set amount of credit that will be extended for purchases. The available credit can be used in its entirety or smaller amounts. When using the credit in smaller amounts, the available credit decreases, and you will then be billed until it is paid off. As you pay it off, the available credit increases. A common type of account in this category are credit cards. Others are a line of credit (LOC), such as a personal or home equity line of credit (HELOC).

Loans

This type of debt is when an agreed-upon amount is lent from one party to another, the time frame is fixed and so are the payments. Some institutions may even allow the loans to be paid off early, however, larger payments do not decrease the monthly payments due.



What's Covered in this chapter:

Though there are many types of debt, and many offerings in each type, we will only be covering a few of the topics. This includes:

- Credit Cards
- Loans
- Student Loans

Be aware, debt is there to help, but it should be used lightly. Interest causes you to spend more on purchases than you normally would and puts a damper on your ability to save.

Appendix

Appendix A: Example Check Register

For this example, the following transactions occurred through the month:

- On January 1st, your starting balance is **\$1,753.98**
- On the 3rd your rent was due for **\$235.68** (check #110)
- You paid Bob Smith for the construction he did for **\$89** on the 5th (check #111)
- Your credit card payment was processed on the 10th for **\$156.45**
- Workers World paid you for your work on the 15th for **\$175.45**
- You bought some games at Gamers Paradise on the 22nd for **\$111.97** (check #112)
- Your family all gave you money for your birthday. You deposited on the 25th for **\$63.77**
- You bought some supplies at Shoppers International on the 27th for **\$74.53** (check \$113)
- On the 30th your work paid you again for **\$195.36** which did not deposit until the 1st

January Check Register

Item No.	Date	Description	Payment Debit (-)		✓	Deposits Credit (+)		Balance	
	1/1	Opening Balance			✓			1,753	98
110	1/3	Prop Mgt - Rent	235	68	✓			1,518	30
111	1/5	Bob Smith - Construction	89	-				1,429	30
AP	1/10	CC Payment	156	45	✓			1,272	85
	1/15	Salary			✓	175	45	1,448	30
112	1/22	Gamers Paradise	111	97	✓			1,336	33
113	1/27	Shoppers International	74	53	✓			1261	80
	1/30	Salary				195	36	1,457	16
	1/25	Birthday Money			✓	63	77	1,520	93