



ON THE MONEY

BY TEENS FOR TEENS

SUMMER/FALL 2021

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MYLES GAGE

*On the Money Alumni,
Successful Entrepreneur & Founder of RapunzInvestments.com*



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and Lisa Kramer

Due to COVID-19, some photos
in this edition are from 2019
and do not include masks.

HIGHLIGHTS

YOUTH RESOURCES

EAC youth programs provide basic financial education information regarding skills such as earning, saving, spending and banking. Check out sample resources used in these programs under the Youth Resources and contact us for more information at www.EconCouncil.org

OTM MAGAZINE

Learn more about money, finance and business at OTMOnline.org!



Thank you to State Farm Insurance Companies®, The Citi Foundation and the Cities for Financial Empowerment Fund, Republic Bank of Chicago, Huntington Bank, Bank of America, U.S. Bank, BMO Harris Bank, Great Lakes Credit Union, Fifth Third Bank and Byline Bank for their support of On the Money.

The information provided in the Get Real program should not be considered financial advice and is for educational purposes only.

ENTREPRENEURSHIP, BUSINESS & ECONOMICS

VENTURING INTO FINANCE

Leo Kantrow

The finance industry is one of the fastest-growing fields in the country. According to a projection from the Bureau of Labor Statistics, **financial managers can expect to experience a 15.5% increase in employment by 2029, which is significantly higher than the national average of all industries at 3.7% (BLS, 2021)**. Most people's journey in finance starts their second or third year of college via an internship opportunity. What can one do if one would like to get involved with finance, but are too young for such internships, or are otherwise unable to obtain them? As it turns out, there are a number of opportunities, three of which are outlined below:

- **Financial Markets**

According to Joshua Kennon from The Balance, the best way to learn the financial markets is to actively trade in them (Kennon, 2021). With the advent of low-fee brokerages in recent years, and the multitude of free, online trading courses, getting involved is easier than many think. Creating an account can take as little as 5 minutes and can be done entirely online.

- **Financial News**

With so much going on in the financial world, trying to follow it can be difficult or even intimidating. Fortunately, there exists a wide array of news publications, each

tailored to a specific audience or topic. For instance, Investopedia can be a great resource for those newer to finance, as its articles generally feature clear, easy-to-read explanations of financial events and phenomena.

- **Finance Clubs**

These can be a great way to meet others interested in finance, network with professionals, and discover opportunities in finance. For example, Jamal Ray, a rising senior at Elmhurst College, stated the following with regard to his finance club. *"Within the club, we had financial speakers from different corporations every week who would give us career advice. Overall, it was pretty insightful and really great for networking and meeting other students on campus."*

Though the above can certainly help one pursue an interest in finance, it's important to pursue a few other non-finance-specific opportunities too. According to Adam Link, Director of Institutional Equity Sales at Wells Fargo, *"College is the single best opportunity to discover yourself. Beyond courses and GPAs, well-rounded life experiences and interpersonal skills can make you a more interesting and relatable job candidate."*



On the Money would like to thank State Farm Insurance Companies® for their sponsorship of this issue and State Farm Agents Vic Portillo and Jon Guderjan for their volunteer support at EAC events.

MORE THAN JUST A NUMBER: Increasing Diversity in Venture Capital

Olamide Babayeju

Have you ever wondered what helped fund multi-billion dollar startups like DoorDash and Airbnb? Well, the answer is venture capital (VC)—a form of financing where investors provide startups funding with hopes to reap greater returns in the future. **The value of venture capital in the U.S. exceeds \$130 billion, with over 1000 active VC firms investing in sectors ranging from AI technology to consumer goods (Rudden, 2020).** However, despite VC's expansive size and coverage within the U.S., the composition of the teams making these investment decisions isn't quite as diverse.



within VC isn't achieved through a one-time hiring decision; it's an ongoing process that also drives diverse candidates' growth once they're there.

Hopefully, more VC firms realize the power diversity holds. As Molly Zhou, a Corporate Growth Analyst at 500 Startups, expresses, *"Diversity adds to our value and helps us incorporate local knowledge into our startup programs and curricula. We can also better understand our international partners and invest in companies across the world to uplift economies and play a role in nation-building."*

According to data gathered by Richard Kerby, founder of Stealth Mode, a community of more than 1,500 African-American entrepreneurs, *"58% of venture capitalists are white men, 20% are Asian men, 11% are white women, 6% are Asian women, 2% are Black men, and 1% Black women, 1% are Latinx men, and nearly 0% are Latinx women"* (Edwards, 2021). While this looks disappointing, there's more. Evaluating diversity in VC holistically fails to note that most of the diversity in VC is in areas like marketing and communications, instead of where the investment decisions are made. So, *"... the more important statistic is that white men control 93% of the venture capital dollars"* (Edwards, 2021).

Some progress has been made to address these issues. However, as Maya Menon, a Senior Associate at Seed-ToB Capital, states, *"While structured diversity initiatives get candidates in the door, long-term shifts in diversity require a commitment to creating an environment in which they can thrive. Employee resource and affinity groups, transparent processes for reviews and feedback, and a culture of inclusion that exists across formal and informal workplace settings are a great start."* Diversity



On the Money would like to thank BMO Harris Bank for their sponsorship of this issue.

ESG Investing & Its Complexities: Greenwashing

Grace Li



As US wildfires rage on and COVID-19 raises ethical dilemmas, there are increasing calls to tackle social issues. This has made ESG (environmental, social, and governance) investing appealing, with *“sustainable funds [having] attracted a record \$51.1 billion in net flows in 2020” (Morningstar, 2021)*. However, despite the ESG frenzy, it’s important not to jump into ESG investing before doing your research, or the results may be disappointing.

Although many corporations label themselves as “sustainable,” some don’t live up to their claims and are misleading consumers, or greenwashing, about how sustainable they really are. Jayesh Gupta, from Duke Impact Investing Group, explains greenwashing is a problem because the importance of social issues to investors causes some companies to put on a facade, so as to appear equal or diverse. According to the article “How to Tell if a ‘Sustainable’ Business Is ‘Greenwashing,’” *“A Refinitiv survey ... found that 57% of the 250 institutional investors polled ... believe companies are presenting misleading environmental credentials” (Holger and Ochoa,*

2020). Given the potential prevalence of greenwashing, sustainability claims may not be taken at face-value at times. Research into a corporation’s practices is crucial for impactful ESG investing.

Further complicating matters is the subjectivity surrounding ESG investments. For example, although **Max Burgers says it’s climate-positive through its carbon-offsetting projects like tree planting, IKEA thinks companies shouldn’t rely on offsets (Chaudhuri, 2019)**. Investors who agree with IKEA may want to invest in companies more focused on emissions reductions and should research what companies define as “climate-positive”.

Navigating the landscape of ESG investing is tricky, but fortunately, there are numerous resources available. Christine Tinker, an equity portfolio manager of \$2bn in ESG-focused equity strategies, suggests using MSCI, Sustainalytics, or Morningstar’s ESG rating systems. She notes that these tools rank companies differently, which adds complexity but can be advantageous by giving investors multiple perspectives. Although all this may seem daunting, don’t be deterred from ESG investing. As social issues dominate society, this may be a new era in investing—one where social impact and financial success go hand-in-hand.



On the Money would like to thank Republic Bank for their sponsorship of this issue.

Strategizing with Key Performance Indicators

Elizabeth Brahin

Anyone can create an organization, so how do you know if it is legitimate? Look at its impact.

Promoting organizational impact benefits everyone: leaders, investors, and the public. In fact, **“More than 90% of the CEOs believe that measuring total impact help[s] their businesses identify and manage risks more effectively” (PwC 2013)**. Impact paints a clearer picture of an organization’s operations and success in carrying out its mission, helping demonstrate credibility and future potential.

How do you calculate this impact? Key Performance Indicators (KPIs) are quantifiable metrics that measure performance. With the prevalence of technology today, many companies have a plethora of data at their fingertips. Though, not all metrics are created equal: few are useful, some

are interesting, and many are insignificant. According to Kevin Knapp, CFO of Hireology, *“It’s best to have 5-7 KPIs and determine what matters, with a mix of both financial and operational indicators.”* **Earnings Per Share (EPS), for example, is a common metric “used by about half of all companies” (Harvard Business Review 2013)**. However, industry/company-specific metrics better predict performance. At Hireology, they found operational KPIs such as the Net Promoter Score, the likelihood a client would recommend the product to a friend, or financial KPIs like the Churn Rate, the rate of subscription cancellations, are more indicative of future revenue.

Nonprofits also use KPIs. While nonprofit KPI trends previously focused on statistics such as program reach, priorities have recently evolved. Tracy Frizzell, Executive Director of the Economic Awareness

Council (EAC), noted, *“There has been a shift to indicators that demonstrate change rather than purely impact and outreach.”* For example, EAC tracks attendance data but also emphasizes participant knowledge gain and behavior change. EAC’s KPIs show that their financial education programs go beyond just talking to teens and translate into better real-world financial knowledge & decisions. EAC funders see how their programs impact people’s lives beyond their engagement in workshops and presentations. Strategic use of KPIs allows them, and many other organizations, to expand their impact.

KPIs are prevalent in all types of organizations, but there is great variation in the types of KPIs prioritized. Consider KPIs for any non-profit organizations or businesses you are involved in.

The Artistic Entrepreneur

Brooke Hemingway

The rise of e-commerce platforms, such as Shopify and Etsy, have made it easier than ever to start small businesses. **In 2020, there was a 14% increase in e-commerce in the U.S., with greater increases in other countries (UN, 2021)**. The creative professions (artists, designers, and writers) have especially flourished on these sites, offering unique products without a physical store location. Talking directly to two creative entrepreneurs can give insight into the unique ways that they market and think about their creations.

Allison Warren, founder and owner of ModernPlum, a Chicago-based textile company, has been selling products online since 2014. She says that *“the starting place [for artistic entrepreneurs] is not necessarily only to make money or scale. Creative people like to keep operations tight and remain engrossed in the making process.”* These “tight operations” that Allison mentions make starting a creative

business online a profitable option for sellers. Although e-commerce platforms charge a small fee for usage, they make products available on the world market and can help businesses just starting out access large segments of the population.

One teenager, Caroline Thies, began her own business, Life Still Is, in July 2020. She sells custom prints and hand-made products focusing on resilience. Caroline uses social media to market her company and calls it *“a science [that] really helps you succeed”*. Caroline also recommends using multiple sources for marketing. She uses a weekly newsletter, a YouTube channel, Instagram and Etsy. The growth of her business demonstrates that young people can be successful and that there are many tools available to help them succeed.

Entrepreneurs like Caroline and Allison are not unusual. **The creative professions**

are ranked 7th in the United States for the highest number of self-employed workers (Simovic, 2021). Using tools such as social media, online selling, and other tools can help these small sellers access a wide consumer base and break into a market dominated by large corporations. Teenagers and other young people especially can profit by celebrating and sharing their unique creative talents with the world.



HAVE A BUSINESS IDEA?
CHECK OUT THE ENTREPRENEURSHIP
RESOURCES AT
[LRNG.ORG/ECONOMIC-AWARENESS-COUNCIL/
PLAYLIST/BE-A-BOSS](https://LRNG.ORG/ECONOMIC-AWARENESS-COUNCIL/PLAYLIST/BE-A-BOSS)

ENTREPRENEURSHIP: Gain the Confidence to Live Your Dreams!

Jessica Banks

Doesn't everyone want to answer to themselves and not have to listen to anyone else? Working for yourself doesn't mean being lazy or sleeping all day, but it may give you the freedom to work at your own pace. If you would like to become an entrepreneur, then you need to make connections, invest in yourself and remain focused on your goals.

Being around people who have achieved success and have big ideas is important for personal growth. Don't feel discouraged if you don't have a ton of support at the beginning; be sure to connect on LinkedIn and other social media as you meet new people. Life isn't always about what you know, but also who you know.

It's also important to invest in yourself first. Kennade, a makeup artist and entrepreneur, says, "...*this isn't a job for the weak, but it makes me happy and I love every minute of it.*" Get your education, either through college or a trade school, so that you can do what you love and are an expert in your field of interest. Save as much money as you can to help you achieve your entrepreneurial goals. Sometimes you have to spend money on yourself in order to make your business grow. Put your money where it needs to be so that your work has room to grow.

When starting a business, it is important to also remain focused. Mary Banks, a mother and entrepreneur that I look up to, created her own store through Amazon where she sells books. She has had to work hard to get established, but she says, "*In life, we all go through ups and downs, but it is what you make of it that counts.*" Business.com lists 7 easy steps to help you start your own business. One of the most important ones is "*Don't underestimate the power of putting your thoughts down on paper*" (Business.com, 2020). See your ideas in your head, draw them up and make them a reality.



On the Money would like to thank U.S. Bank for their sponsorship of this issue.

7 STEPS TO STARTING A BUSINESS

From business.com



- 1. Be methodical and calculate your risks.**
Take your time before making a decision
- 2. Effective planning is critical.**
Write down your thoughts to keep you focused and grounded.
- 3. Get the right people on board.**
Hire people who can make your dreams a reality.
- 4. Pinpoint your value proposition.**
Why do people want to buy your product or service?
- 5. Sort out financing early on.**
Consider crowdfunding or investors as part of your business plan.
- 6. Look for help.**
Connect with other small business owners through local networking groups.
- 7. Play the long game.**
Look past the first six months when it comes to having a successful business.

Entrepreneurship in Social Media

Alexandra Valenzuela



Viral TikToks have allowed for startup businesses to be able to reach a bigger audience. Social media allows a lot of people to be able to see and experience visually what a product being sold is all about. Using videos demonstrating a product shows people the benefits of buying it, and increases the number of clients a business has. Examples of this are commercials on television (TV). The growth of social media has allowed more people to make their businesses grow without having to make and pay for TV commercials.

Some people think that in order to be able to grow a business using social media you would require some luck to have a picture or a video become viral. However, you do not need a video to become viral in order for you to gain customers. You just need enough people to see it and get interested. An example of this is Jalisco Jewelry, a small community jeweler in Fresno, CA. They created a video on TikTok that reached only 831 views, but gained 12 new customers from different states in the U.S. Even though that might not seem like a lot of customers, for a growing business it is not about the amount of customers gained per video or post, but it is about the consistency in growing customers. **A study by Adeolu Ojo “examined and concluded that social media serves as an effective entrepreneurial tool among business owners amidst covid-19 pandemic and therefore divulged that social media impact efficiently and significantly to entrepre-**

neurship development among business owners amidst COVID-19 pandemic” (Research Gate, 2021).

Entrepreneur Olamide Babayeju co-founded a nonprofit in 2019 and mentions “*there are two great ways to use social media, the first being as a global agent that reaches audiences worldwide*”. She and her team were able to use social media to gain members from Chicago to Italy. According to previous intern Cassandra Adorno’s past On The Money article, “*One goal that all companies share is being able to gather more exposure and appeal to a broader audience*” because with more exposure they are able to reach more of their target market. Elizabeth Gandara, another entrepreneur with their own clothing line, emphasizes that using social media is a free way to be able to get your business out there in the beginning with no risks. She also mentions “*when starting your own business you have to do a lot of research that mostly comes from social media.*”

Social media allows entrepreneurs to potentially grow their business for free. It allows them to gather research on their target market and improve their quality of service.

**WANT TO BUY FROM OTHER
LOCAL TEEN ENTREPRENEURS
OR SELL YOUR PRODUCT?**

VISIT IGENMARKET.COM!



Inspire. Uplift. Exchange.

An online marketplace based in Chicago designed to give young entrepreneurs a platform to promote and sell their products and services

IGEN Teen Entrepreneur
Marketplace





Should You Always Recycle?

Aaron Huang

In 2017, China announced a new policy titled “Operation National Sword,” where they banned the importation of foreign trash. Prior to this, the Chinese government would willingly take in used materials from other nations for recycling purposes. However, with the implementation of this new policy, the market of recyclables plummeted in many countries, including the United States. As a result, recycling in the United States began to face various issues, from overflowing recycling plants to loss of profits and more.

An example of how the market of recyclables is failing can be seen in New York City. According to the city’s Department of Sanitation, **the cost to collect recyclables in the fiscal year of 2019 was approximately \$686 per ton (Husock, 2020)**. Although the city can profit from recycling paper, they typically pay over \$686 per ton to dispose of non-paper materials. Compared to disposing of garbage in a landfill, which costs \$126 per ton, the city could save millions. In fact, according to the data used in a 2017 waste characterization study, **the potential savings would be approximately \$340 million (Husock, 2020)**.

Sorting recyclables is also a major factor that contributes to the cost of recycling. Many people are not fully educated on what can and cannot be recycled. For instance, pizza boxes are made of cardboard, which is often viewed as recyclable. However, pizza boxes soaked in oil are generally not recyclable because the oils cannot be separated from the fibers of the cardboard paper. This contamination ultimately increases the costs of recycling as more money is required to sort and keep out contaminants. Kyle Cao, an avid recycler and an undergraduate at the University of Illinois at Chicago, chose to stop recycling completely because of the risk of contamination.

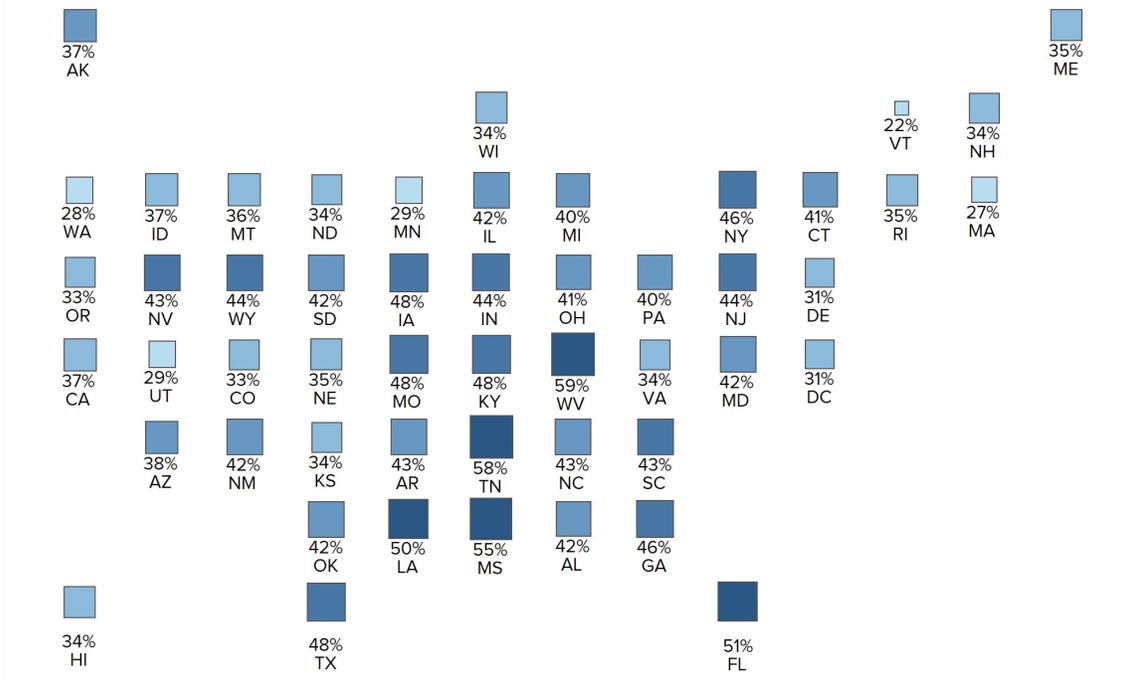
Municipal recycling fails to be a sufficient alternative for waste management as its financial and environmental costs have been detrimental. However, Jonathan Emery, a Materials Science Professor at Northwestern University, noted that *“there have been some advances in biodegradable plastics which remove plastic from the waste stream.”* This has the potential to improve the recycling process, but it may take years for it to be fully cost-effective. As it stands, it may be in our best interest to look for different alternatives to protect the environment.

The Housing Crisis Existed Before COVID-19

Steven Li

Facing eviction

Renter households unable to pay rent and at risk of eviction as a share of total renter households



SOURCE: Stout Risius Ross, LLC (Based on Census Bureau - Household pulse data from survey responses - July 2 - July 7)

<https://www.cnbc.com/2020/07/30/what-its-like-to-be-evicted-during-the-covid-19-pandemic.html>



On July 25th, 2020, the family of Alaina Lattin found themselves facing an eviction notice at their home in Conroe, Texas. **In a realm where Covid-19 has uprooted the lives of millions of Americans, Lattin, a single mother, with her four children, fears homelessness amidst a world that was not hiring (Nova, 2020).**

Lattin's not alone, but rather among an additional **40 million Americans that may also lose their homes during the pandemic (Nova, 2020)**. Prior to Covid-19, the housing market has struggled to provide a sufficient balance between rental properties in combination with the renter demand of demographics. From the Panel Study of Income Dynamics (PSID), it revealed that **38% of households were rent burdened, an increase of 19% from 2001 to 2015. For those spending over 50% of their income on rent, this number increased by 42% from 2001 to 2015 (Sharygin, 2021).**

A mother of a family of four, Tina Liu, has experienced the hardships of achieving homeownership claiming,

"There are higher standards for home buying such as higher credit scores for [a] mortgage since the 2008-09 recessions." Locked into rental housing, combined with a **32% increase in median rent from 2001 to 2015 (PEW, 2020)**, and spikes of unemployment in the middle of a pandemic, more and more Americans found themselves unable to live with a roof over their heads. While this conversation has been highlighted, a real estate developer in Chicago mentioned, *"It is the responsibility of both the government and businesses to bring more affordable housing onward,"* in reference to the affordable housing government credits to make it more financially feasible to initiate development.

While the conversation around affordable housing continues to make its way, the reality for hard-struck Americans struggling with rent and eviction cannot be ignored and should remain at the forefront, even past the pandemic.

PERSONAL FINANCE: BUDGETING, SAVING, CREDIT & INVESTING

The Importance of Budgeting

Susan Garcia

Budgeting — what exactly is it? Budgeting is a money management skill that can help you achieve financial success. Budgeting is being proactive about your money, meaning to allocate funds to expenses without exceeding your income. In order to have a budget, you should be able to determine two things, expenses and income. It's not something everyone is great at when they first start, but over time it often becomes a habit.

Financial stress is a factor many college students experience. According to a survey of college students and money by Everfi and AGI, **40% of students have more than \$1,000 in credit card debt, and 14% have more than \$5,000 (Robert Powell, 2021).**

However, there are some things students can do in order to reduce financial stress, and budgeting is one of the most important things someone should learn. If college students learn how to manage their money, they may be able to stay out of financial trouble and benefit from their savings. Mark Carbonara, Director of Advising & First Year Experience at Dominican University, states, *“People who do not have basic budgeting skills more often find themselves in debt, overusing credit, and set-*



ting themselves up for financial failure.” His statement reinforces the idea of budgeting being an essential skill to help oneself stay on track with their money in order to have a stable financial life.

There are plenty of approaches when looking at budgeting. One known strategy is the 50/30/20 Rule. Eric Whiteside describes how this rule was popularized in a book by Senator Elizabeth Warren. Whiteside explains **the rule suggests 50% goes to necessities, 30% into your entertainment, and 20% to go into your savings (Whiteside, 2020).** Although everyone's expenses may differ, it's up to you to decide how you will allocate your money. Ivon Guzman, a financial educator and employee of the Economic Awareness Council, recommends young adults ask themselves, *“Is this purchase a need or want? Can I wait [on this purchase] until all my expenses are covered for the week/month/etc?”* Ivon highlights the importance of prioritizing your financial state and having an emergency savings fund in order to make your budget work and be able to pay for any unforeseen expenses that might arise.

Create a budget for yourself! Visit [SimpleBudgets.org!](https://www.SimpleBudgets.org)



On the Money would like to thank Tauseef Gilani and Huntington Bank for their sponsorship and volunteer support.

Income:	Expenses:	Balance (+ / -):
\$0.00	\$3.00	\$0.00

Personal Budget Calculator

Your participation is confidential and your personal information will not be shared. Each online session will stay active for up to four hours.

You may want to take some time before completing your budget to collect your financial facts and figures. Please refer to your actual paystub, bills and receipts or bank statements if possible to determine your income and expenses such as your rent, food, utilities, phone, etc. We have included a link to the FID withholding calculator to help you estimate your taxes. Please remember that even if you do not need to pay federal income taxes you will need to pay FICA. We are assuming 7.65% for FICA.

Your budget is only an estimate. There may be additional costs or taxes not accounted for. You should always have emergency savings (ideally 3-6 months basic living expenses to help account for unexpected or emergency costs).

Total Monthly Income

Hours Per Week	<input type="text"/>
Hourly Rate	<input type="text"/>
Regular Income	\$0.00
Other Sources of Income (add child support, other assistance, etc. if applies)	<input type="text"/>
Tax Rate (7.65% is estimated. If entering your own rate, do not include the % symbol. Click here to calculate your own tax rate.)	7.65

The Importance of Budgeting During College

Danping Ruan

When high school students enter college, they are often challenged by how to manage their money. For many, it is easy to be overwhelmed at the start, especially when they have concerns about housing, the cost of tuition, travel, and food. Experts recommended that students create a budget plan per month to manage their income, expenses, and savings.



\$21,250 on school-related expenses per year, but had financial aid and scholarships that assisted him with these costs. Woo advised that new students should “write down their expenses, eat out as little as possible, and make sure to find the PDFs of textbooks and communicate with your professor whether or not the books are required”

(Woo, 2021). Another student from

the University of Illinois, Alec Foster, spent \$6,300 on school expenses with the help of financial aid and scholarships. He also spent \$3,500 on outside expenses. Foster encourages incoming freshmen to “apply for the smaller scholarships because a little goes a long way. Also, try to keep your GPA high, because it allows you to get more scholarships, go to community college, and to create a separate account for your rent and don’t touch it because you don’t want to be homeless” (Foster, 2021).

Planning how you spend your money is important, especially during college. Amanda L. Grossman, a financial education instructor, explains that “it’s the difference between you being able to launch into your life after college, or having to live off of your parents/a friend/boyfriend/girlfriend/etc” (Frugal Confessions, 2021).

On average, **students spend around \$3,201 to \$4,471 on outside expenses [beyond tuition, books, etc.] (Think Impact, 2021).** A monthly budget plan can help many young students better manage where their money goes and how to make informed decisions on what they spend their money on. According to Tessa Cooper, a writer and editor that focuses on education and lifestyle, “creating and following a budget often improves financial decision-making and increases financial security and peace of mind” (Affordable College Online, 2021).

William Woo, an economics graduate from the University of Illinois at Urbana-Champaign, discovered that he spent about \$4,000 on outside expenses, such as ordering food and online shopping. Also, on average, he spent

Visit CollegeBudgetBuilder.org to create your own college budget!

A screenshot of the College Budget Builder website. The top navigation bar includes the site name, a 'Log In / Register' button, and links for 'Budget Builder', 'Videos', 'Learn More', and 'Help'. Below the navigation is a large image of five diverse college students smiling and talking. Overlaid on the bottom of this image is a white text box with the following content:

College Budget Builder

Did you know that financial pressure is the #1 reason for college dropout? Do you know what your TRUE costs for college are or will be? A majority of college students do NOT!

**Get a handle on your money management plan for college.
Register and create a college budget today!**

(The College Budget Builder provides data about average college costs AND also allows you the option of customizing your budget. The College Budget Builder is always free, and we will not share your personal information.)

Save Money on College Textbooks

Ivon Guzman

Financial pressure is the #1 reason for college dropout and is the #1 fear for many young people who aspire to obtain a college degree. In addition to tuition expenses, college students are required to purchase textbooks sometimes with access codes to special platforms. These books can range in price. According to the College Board, **during the 2018-2019 academic year, students spent an average of \$1,240-\$1,440 on textbooks (Lexington Law, 2021)**. Note that over the years, there has been a slight increase in prices due to inflation. However, there are things you can do to cut down on college book expenses, such as renting books and comparison shopping for the best deals.

Many students are unaware of the library being an option for them to get their books. The library can have copies of the textbooks you need for your classes and give you the option of checking out the books for a semester. Cinthya Ramirez, a college graduate discovered this while she was attending college. *“Every semester before purchasing any books, I would check my school’s library portal to search for books I needed. Luckily, I was able to borrow some of my books and cut down my book ex-*

penses.” Do not feel restricted to only checking at your school’s library, you can also check out libraries near you. Remember you would not have to pay anything for checking out books from a library.

Of course, the library is limited in the number of copies they have available. The first person to get the book will be the lucky saver. However, do not feel that your options to save have stopped. You can also comparison shop. Go online and search the various sellers you can obtain your book from. Lizbeth Marquez, a college student, says *she frequently uses sites such as Thriftbooks.com to purchase used books and has had instances where she finds free PDF versions of her books.*

College books are an additional cost to students. Lexington Law states, **“40 percent of students chose not to purchase at least one of their assigned textbooks due to its high cost” (DeAmelio-Rafferty, 2018)**. Do not limit your learning because you cannot purchase your textbooks. Consider these options and have a savings plan to help cover your books’ costs.



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START SMALL. THINK BIG.

Saving for an Apartment

Hamzah Patel

Getting an apartment can allow young adults to live their life and have some privacy from their family. Most high school students dream of attending a college where they can receive the full experience of living in a dorm/apartment and having a place of their own. Since many young adults are supporting themselves, it's important to budget your money and consider ways to stretch the dollars you have to spend.

First, determine how much you'd like to be able to afford in rent each month. **Generally, experts recommend that your monthly rent be no more than 30% of your monthly income. If you're earning \$4,000 a month, you should generally pay no more than \$1,300 a month in rent (McKinley, 2019).** As McKinley shows, a key

aspect of budgeting your income is to understand that if your rent is a major amount of your paycheck, then you would have less money for saving, spending on necessities, and entertainment.

A way to stretch your money would be to find a partner/roommate in leasing the apartment, which would help save a lot of money over time. **The average cost of a two-bedroom apartment in 2021 is \$1,934. Divided by two and it's \$696 cheaper a month (Incharge, 2021).** Munif Hakim, a senior at Central Michigan University, says, "Getting the most number of roommates was helpful as monthly payments would be a lot easier to make and basic necessities wouldn't cost as much, since we all pitched in for the apartment." Samira Patel, on the

other hand, has chosen to live alone, but has said how most of her time is spent at school or in the office. A place centrally located was ideal for her. "I spent most of my time outside of the studio, since my meals were provided either at school or in the office." She was able to save time by choosing a location near campus.



How to Save for a Car

Jamal Ray

In today's society with the pandemic occurring, it can be beneficial for teens to have a vehicle for safety reasons and for the convenience of being able to drive themselves anywhere at any time. **"92% of teens want to own a car" (Rocco, 2016).** Here are some tips on how to save for a car and what resources are out there to assist you.

When looking for a car, you must first create a budget. Your budget determines what type of car you'll be able to afford. Ideally, you would want to only **"spend up to 35% of your annual income on a car... If you only earn \$20,000 a year, it gives you a budget of \$7,000" (Weliver 2021).** However, if you don't know your annual income, you could use a budget tracker, such as MINT, that allows you to **"bring together everything from spending, balances, and budgets to your credit score and more"**

(MINT 2021) to track your expenses, liabilities, and assets. Cyan Baker, who recently purchased a car, suggests that for a car you should save a minimum **"of \$2,000 dollars if you want a used car with a small loan or heavily used car with no loan."** After you have found your budget, it's now time to find your dream car.

When you begin your search, whether it's at a dealership or a car website, it's smart to check out both resources. Trevor, a car guru, suggests that you **"go on Cars.com, Facebook Marketplace, etc. to find cars. Also, look at Kelly Blue Book to see if your car is being overpriced or undervalued. If it [is] undervalued, a lot of times it could be something wrong with the car."** Saving and searching for a car can be a hassle, but hopefully utilizing these tips will help you with your budgeting and car



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buying process.

Be sure to also shop around for financing if you are getting a loan & build your credit BEFORE you start planning to buy a car.

**Learn more at
FutureFinanceReady.org - Credit
Ready - Auto Loans.**

How to Manage Medical Bills

Sharmaine Ward

Outstanding medical bills have prevented many individuals from seeking medical attention out of fear of obtaining debt. Households with low and moderate income can face difficulties paying health expenses and often will not seek medical help. **Families with medical bill concerns are four times more likely to report delaying care in the past year because of cost concerns and are five times more likely to report an unmet medical need in the past year (Cunningham, 2008).** Many individuals will opt out of medical assistance to avoid the bills. Hospitals now provide assistance to cope with medical bills by minimizing them.

According to the Commonwealth Fund Biennial Health Insurance Survey, **more than 72 million Americans struggle to pay medical bills (Commonwealth Fund, 2007).** High medical expenses affect insured and uninsured families alike. Having insurance is not a guarantee of being able to cover all medical expenses. With such high expenses for medical costs, one would think that if there were financial assistance programs, more people would be taking advantage of them. However, many people are unaware of them and therefore do not use them. As stated by Mawuto Akploh, a friend who experienced high medical bills, she was able to find hospital programs that provided help in lowering her payments. *“Even though the financial assistance programs are not highly advertised, individuals would have to do research into their medical institution of choice and their financial assistance qualifications.”*

How do you find and apply for these programs? How do you know if you qualify?



It's simple. Contact your hospital of choice and request information on financial assistance. According to a financial receptionist at a top rated hospital in Chicago, their financial assistance program is based on income. *“To access their application, you must visit their website... Once there, you will click their financial assistance options to view their discounts and applications. You will need to provide proof of income along with your application.”* The process to be approved takes between 5-6 weeks at that particular hospital.

What should a person do if they do not receive enough financial assistance? An individual who is unable to receive enough assistance through the programs provided by their hospital should request an itemized bill. An itemized bill is a specific list that displays all of your services with their specific charges. If you do not recognize specific itemized charges or they seem incorrect, you can dispute them. Managing medical bills can be extremely difficult, however there are options to minimize the load that should be fully taken advantage of.



Thank you to the CFA Society of Chicago as well as the EAC Board & EAC Associate Board for your volunteer support

THE NEED FOR CREDIT

Aniyah Fisher

When thinking of money, credit is something that easily comes to mind. According to the NY Federal Reserve, there are **“459,000,000 credit cards currently in circulation” (Experian, n.d.)**, indicating that credit is widely used. However, it may be challenging to define credit and highlight its importance. Establishing and maintaining credit is essential to creating good money habits and financial freedoms. Credit is important for major purchases, it is convenient, and having good credit can be rewarding.

Americans may find it harder to make major purchases without credit and credit history. **Major purchases that involve a home or car loan require an analysis of “your credit history—your record of borrowing and repaying funds—as a first step in determining” your eligibility (Akin, 2019)**. Whitney Morris, a 19 year old Quantitative Services Analysis for Bank of America, shares that she started building credit in 2018 as an *“authorized user* on her mother’s account.”* With the intent to soon get her own apartment and second car, Whitney says that her occupation and salary increase has motivated her to increase her credit usage, which will help her reach these goals.

Another advantage of having credit is its convenience. According to a survey conducted by Experian, **42% of participants enjoy credit as a form of emergency savings, and 36% use it as an alternative to carrying cash (Experian, n.d.)**. Brittni Adams, who started establishing credit with *“Capital One through a Secured Card,”* agrees that credit is convenient with *“easy access to cash”* and even acknowledges that securing rentals on vacations requires credit. A Secured Card, which requires you to put money down to build your line of credit, may be a more suitable option for someone who is unable to receive a traditional credit card.

There are many perks to having good credit. A higher credit score can get you lower interest rates on loans, lower down payments, and more lines of credit. Many creditors offer rewards and cash back when you use their card, which helps you save money. **64% of Americans believe there is a perfect card for them (Experian, n.d.)**; and while finding the right card for you may be challenging, the benefits are well worth it.

*Note: Becoming an authorized user should be considered VERY carefully as each person’s financial behavior can impact the other individual’s credit to some extent.

Pros and Cons of Credit Cards

From bankrate.com

PROS

- You have immediate access to funds.
- Credit cards help you build credit.
- You can benefit from credit card rewards.
- A credit card is more convenient than a pocketful of cash and coins.

CONS

- You can lose money to interest.
- You can easily rack up credit card debt if you aren’t careful.
- It can be harder to repay debts in bulk.
- You can hurt your credit score with irresponsible use.

Learn more about building credit!

Visit FutureFinanceReady.org and complete the Credit Ready playlist.



Thank you to DePaul University & DePaul University’s Center for Writing Based Learning (UCWBL) for your support of our interns.

INVESTING IN THE STOCK MARKET

George Carvajal

Investing is simply trying to make your money grow for you. One way to invest is in the stock market. When you purchase a stock, you actually purchase part ownership in a company. Everyday hundreds of transactions are made in the stock market, but how much exactly is being traded? According to HSBC, citing data from the Bank of International Settlements (BIS), **\$5,100,000,000,000 is traded daily - that's trillion with a "T" (Capital, 2021)**. That is a lot of money, and you may be asking yourself "how do I get a piece of that action?"

A key skill that one must have when deciding to invest in the stock market is when to sell or hold on to a stock. Professor of Economics from the University of Illinois, Ali Toossi, said

"It is a Prisoner's Dilemma as everyone is motivated by self-interest to sell and make a profit, but also selling stock hurts the value of the company." When a stock falls in value there are a few choices that an investor is faced to make. An investor can hold out (leave the stock alone), buy more stock (people buy stocks low and hope they will rise again), or sell the failing stock and cut one's losses.

According to a wealth manager at Morgan Stanley, Sam Valeo, *"the best stocks are the ones that you can hold for life."* Young investors can benefit from having a long-time to invest before their retirement (see example in article below). Begin exploring investing options through the benefits office at

your employer, through your financial institution or other professional advisor as a young professional.

See the Investing Dictionary and the *Investing Basics* article by Moises Sanchez (below) for more information about how diversification and mutual funds help many young investors to reduce risk.

Investing Dictionary

INVESTING = using your money to make more money

STOCKS = An investment in part ownership of a company

RISK = the chance your investment may make LESS money than you expect. You could even LOSE money!

RETURN = the money you may make on your investment

DIVERSIFY = to obtain a mix of investments to reduce risk.

MUTUAL FUND = an investment that pools individuals' funds together to buy a group or collection of stocks or bonds

INDEX FUND = A group of stocks meeting selected criteria

The information provided in the Get Real program should not be considered investment advice and is for educational purposes only.

INVESTING EDUCATION BASICS: Start Learning About the Stock Market

Moises Sanchez

Have you ever wished to build more wealth without working more? Investing in the stock market is one way that you may be able to accomplish that goal. **Investing is defined as using your money to make more money (EAC, 2021)**. According to CNBC, *"Investing in the stock market with discipline and patience over decades is generally the best way to build wealth, financial experts say."* (CNBC, 2021) There are many benefits to investing in the stock market, such as preparing for retirement, protecting your wealth from inflation, and owning a part of your favorite company.

Investing in the stock market entails buying small shares of ownership in a company. By doing this, you are "putting your money" on the company continuing to thrive. When this happens, you can think about selling your shares to make a profit or continue to hold the share hoping it will continue to grow. Although this may sound great, there

is also risk associated with investing in stocks, and there is a chance you might not make profit from your investment. The company may perform badly causing the value of your stock to drop, and you could even lose money.

To reduce the potential risk of the value of your stock dropping, according to stock investor Tony Romo, *"It is best to buy shares from many different companies in different fields in order to protect your money and lower your risk."*

Romo is essentially describing diversification in your stock portfolio. According to Investopedia, diversification is very important, *"...although it does not guarantee against loss, diversification is the most important component of reaching long-range financial goals while minimizing risk"* (Investopedia, 2021). Many younger investors with more limited funds invest in mutual funds or even stock index funds in order to allow them to diversify with a smaller total amount of funds.

While diversity is important, investor Aurto Favela thinks **patience and time are also important elements in investing in stocks**. Starting early can make a large impact. For example, **let's look at an example of two women, one who invests about \$100 per month starting at age 21 and the other who invests twice this much – over \$200 per month – starting at age 31. If both women earn 7% APR, the woman who starts at age 21 and invests ½ as much per month ends up with over \$100,000 more!**



Investing in Your Future

Eugene Hodges III

Retirement is an idea that is coming for all of us. By not being prepared for it, we set ourselves up for financial hardship in the future. However, if we start building wealth now through investing and creating a retirement plan, we could create a financially secure life by the time we are ready for retirement.

Investing is the first step to start building wealth for yourself. **In 2018, 37% of Americans between the ages 18 to 34 years were invested in the stock market (Norman, 2018).** Your younger years are the prime time for you to start thinking about investing. A benefit to starting early is you can take on more risk or be able to take a financial loss because you have a long time before you need to use your funds. Patrick Gleason, a wealth advisor at William Blair, believes that another benefit to starting early is the *“compounding returns over years can be quite significant.”* Although starting your investment journey early has many benefits, there are also several other factors to consider.

Capital gains tax is a type of tax you pay on the profits you make after selling certain assets. These taxes can be minimized by opening a Roth IRA and/or a 401k account. A Roth IRA is a type of retirement account you can own that allows tax free growth on your assets. According to Go-BankingRanks, **“64% of Americans are not prepared for retirement” (Dennison, 2019).** By opening an IRA account you can have money for when you retire, avoid losing money on taxes, and reap the benefits of your long-term investment strategy. If your employer offers a 401K plan, this is one of the easiest ways to begin saving for retirement. Be

sure to learn more and consider contributing to these plans, especially if your employer offers to match your contributions.

Now that you know the benefits of starting investing and thinking about retirement early, you may still be confused on where to exactly begin. During an interview with Angela Wang, an analyst at William Blair, she suggested that you *“put in a minimum of 50 hours of learning on the basics of investment.”* There are more investor and financial tips on otmonline.org. Investopedia.com is a great way to learn about financial terms. Also, speaking to advisors from credible firms with credentials such as Chartered Financial Analyst (CFA), Certified Financial Planner (CFT), etc; learning more about benefits programs at your work; talking to your banker; or even taking college classes can help you get a better understanding of how you should particularly start your investment journey.

**Learn more about investing at
FutureFinanceReady.org - Be Ready to Invest.**

Learn more about investing by exploring the investing education app RapunzInvestments.com co-founded by On the Money alumni Myles Gage (featured on the cover)

The information provided in the Get Real program should not be considered financial advice and is for educational purposes only.

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APPLY WHAT YOU LEARNED IN ON THE MONEY

1. On page 3, Leo Kantrow highlights opportunities in finance careers. Visit BLS.gov- Students - Career Builder and explore a career that interests you. How much does your field of interest provide for average salaries? What is required for education?
2. Pages 3-4, explore finance careers and diversity in specific financial fields. Developing a good resume is critical for any field. Visit EconCouncil.org - Resources - Resume Template and create your own resume to get ahead in your job search.
3. On page 14, Jamal Ray reviews tips for considering how to buy a car. Visit FutureFinanceReady.org - Credit Ready - Auto Loans to learn more. Identify two tips from the auto loan video below.
 - 1.
 - 2.

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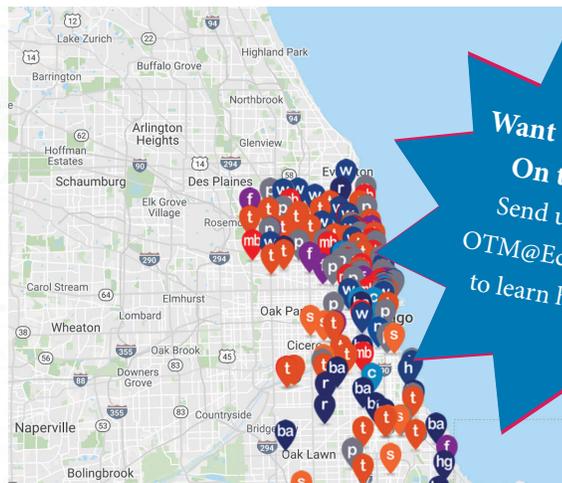
How old are you?
 14 to 15 16 to 17 18 to 24

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 No Yes

Do require Mobile Check Deposit?
 No Yes

Minimum Opening Balance
\$0 \$25

Minimum Monthly Balance
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