<table>
<thead>
<tr>
<th>Host Donald Faison:</th>
</tr>
</thead>
<tbody>
<tr>
<td>A lot of us love to go shopping and we sure don’t have any problem spending money, but holding onto it and living within our means can be a real challenge. Hi, I’m Donald Faison. If you’re like me, dealing with money was not something you learned in school. I picked it up by trial and error and I’m still learning.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Russell Simmons:</th>
</tr>
</thead>
<tbody>
<tr>
<td>We live in a society that sells every new toy. That’s their job, to sell you a toy. One you don’t need. So, young people have to make choices.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Min Lwin:</th>
</tr>
</thead>
<tbody>
<tr>
<td>You have to know what your financial goals are.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Maria Cortez:</th>
</tr>
</thead>
<tbody>
<tr>
<td>We want our restaurant to take us to our retirement; I have to be realistic. I’m like, ‘You have to start planning now.’</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tim Bouchard:</th>
</tr>
</thead>
<tbody>
<tr>
<td>I decided to break off into my own business because I personally love having creative control and a close relationship with the clients. From start to finish.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Host Donald Faison:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whether times are good or bad, we all need help managing our money, and it’s up to each of us to get it right.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amanda McCormick:</th>
</tr>
</thead>
<tbody>
<tr>
<td>With interest, late fees, penalties, all those, I acquired over thirty thousand dollars in debt. I’m trying to get things situated so I don’t go into my life with all this debt and I can actually have credit, good credit.</td>
</tr>
<tr>
<td>Rochelle James:</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>Being in debt, it’s bad, but staying in debt is worse. I started small and I worked my way up.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Host Donald Faison:</th>
</tr>
</thead>
<tbody>
<tr>
<td>You’ll meet folks just like you-- with money issues of their own-- and you’ll hear from people with the know-how to help you stay on track.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Peter Bielagus:</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is never going to be a good time to get started on your financial life. So you might as well get started today.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Beth Kobliner:</th>
</tr>
</thead>
<tbody>
<tr>
<td>When you're young, the good news is you're just starting out, and it’s really easy to get organized right now, because pretty much everything is online.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Michelle Singletary:</th>
</tr>
</thead>
<tbody>
<tr>
<td>You always heard, don’t sweat the small stuff, but when it comes to your money, you have to sweat the small stuff.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Host Donald Faison:</th>
</tr>
</thead>
<tbody>
<tr>
<td>If you’re in school or working fulltime we’ve got news for you, basic info on banking, credit cards, taxes, and insurance…</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Host Donald Faison:</th>
</tr>
</thead>
<tbody>
<tr>
<td>This show is all about YOUR LIFE… AND YOUR MONEY.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Your Life, Your Money Hosted by Donald Faison</th>
</tr>
</thead>
<tbody>
<tr>
<td>Host Donald Faison:</td>
</tr>
<tr>
<td>When I got my first big movie role I took that paycheck and bought myself a shiny new jeep. Man, I loved that car, but by the time the third payment came due I was out of money and had to hustle to try to hold on to it. The fact is most of us are carrying debt and lots of it.</td>
</tr>
</tbody>
</table>
STATISTICS:
- Average debt for 22-29 year olds: $16,120
- 48% of young adults worry about making ends meet
- Income for 25 to 34 year olds declined from 2001-2007

Host Donald Faison:
It’s no wonder we have money problems: when you factor in inflation, the average person makes less than their parents did 30 years ago. It’s a jungle out there: a financial jungle. And it’s easy to get lost, unless you have the skills to find your way.

STREET FEED: How did you learn to handle your money?

Nicole:
I have grown up with a family that’s always been in debt and always had trouble with finances, and always worried about money. And so I’ve kind of turned away from that and just tried [small laugh] not to think about it.

Jose:
In high school I remember a couple of speakers about, managing your credit and your money, and looking for a job, and all that. But: it didn’t really have a great impact, just ‘cause it was that one time.

Jenna:
My mom was single parent, so when she did get money in, we tended to spend it right away. And so I kind of grew up with a mindset of when you have money you know, go out to eat; go buy something.

Chanel:
I really haven’t had anybody to show me how to manage my money or anything like that...

Chapter One: Making It and Keeping It

Host Donald Faison:
Here’s a man who can show you a thing or two about making and managing money. Russell Simmons started out hustling on the streets in Queens, New York. Now he’s a multi-millionaire. But he learned about money the same way I did, the hard way.

Russell Simmons:
When I grew up I always wanted every toy that I saw. I see young people are the same way today. I made some bad choices early on, but, I was a little conservative, I was lucky enough that my parents taught me some things. You learn about managing your life, you know, kind of a trial and error.

Host Donald Faison:
When Russell began his business career he had little to guide him except street sense and a keen interest in a new music genre that would come to be known as hip-hop.
Benjamin Chavis:

When the major labels paid no attention to hip-hop music, Russell wasn’t daunted by that. He sold records out of the trunk of a car, literally.

Host Donald Faison:

In 1984 Russell and a partner launched the first hip hop record label—Def Jam. He went on to manage some of hip hop’s greatest stars but he didn’t stop there, he brought hip hop into the mainstream—creating television shows, films and clothing lines. But he also wanted to start giving back. Russell was determined to give young people the skills to succeed in managing their money.

Learn more about the Get Your Money Right Hip Hop Summit at pbs.org

Russell Simmons:

Financial literacy is not taught in schools, and it’s not necessarily handed down from generation to generation. So, we’ve got a supplement for that.

DJ Toomp, DJ – Producer:
One of my financial mistakes? Just being wild with the money.

Bryan Michael Cox, Producer:
Save your money. Live within your means.

Benjamin Chavis:
He’s known as the godfather of hip hop, Russell Simmons.

Russell Simmons:
If you’re here, you’ve already taken the first step. You know, you’re taking stock in yourself, taking responsibility for yourself.

Benjamin Chavis:

Today’s summit would be the 78th summit that we’ve had in eight years. When we first started the Hip Hop Summit, we found out we had underestimated the readiness, the thirst and hunger of young people for this material.
<p>| Beth Kobliner:                                                                 |</p>
<table>
<thead>
<tr>
<th>The good news for a lot of young people who are starting out is that it actually isn't all that complicated to get your finances in order.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michelle Singletary:</td>
</tr>
<tr>
<td>This is all about getting you on the right path now, before you make all the mistakes that your parents made or their peers made.</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>Kevin Lilies, Executive VP Warner Music Group:</td>
</tr>
<tr>
<td>I grew up with a rusted spoon in my mouth. I was poor. I’m the first generation of money in my family. I started with hard work. I started with getting my mind right.</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>Bryan Michael Cox, Producer:</td>
</tr>
<tr>
<td>I got signed to Noontime Music when I was 19, and got my first $40,000. The only smart thing I did with that $40,000, I went to the bank opened a bank account.</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>Asher Roth, Rapper:</td>
</tr>
<tr>
<td>The most important thing is discipline. You have to know the difference between needs and wants.</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>Tracy McGraw, VP of Communications BET Networks:</td>
</tr>
<tr>
<td>The Louis Vuitton, the Gucci, Prada, that’s not really what it’s about. Life is about being able to create a foundation for yourself.</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>Young Joc:</td>
</tr>
<tr>
<td>On my journey, trying to become Yung Joc, it dawned on me that, because I didn’t have, I had no choice but to budget.</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>Benjamin Chavis:</td>
</tr>
<tr>
<td>Financial literacy and financial responsibility: This is not something you should take lightly. It may not only save your life, it will help you live a better quality of life.</td>
</tr>
</tbody>
</table>
D. Woods:

Hang around people who know more than you. And get in groups of people that are likeminded so that you guys can elevate together.

Russell Simmons:

You come here now for inspiration. You see that the artists have taken these steps. You see that you have experts here to teach you. And you find out it's easy. This information can't get lost. It's everywhere. You know, no matter how rich you are you need to be able to afford your lifestyle. So that's something we have to teach young people. The summit has given many people their first steps. They come out empowered, connected, feeling like they can, get their financial situation in order, get their house right, or their money right.

RECAP: It’s Your Life and Your Money.
Start with small steps.
Start when you’re young.

Host Donald Faison:

You too can get your money right but those first steps are up to you. It seems like a lot to deal with but you're about to meet some folks who are doing it and profiting from the power it gives them.

Chapter 2: Make Your Money Work for You

Host Donald Faison:

When I moved out to LA I was really on my own for the first time; my mom wasn't around to help me out; I was running from one audition to the next, doing commercials to pay the rent. When you're really into the daily grind, it can be hard to keep up with your finances. The trick is to make your money work for you… and not the other way around.

Host Donald Faison:

Min Lwin has a job at an engineering firm in Chicago. He's on his own for the first time and managing his own money and it's up to him to make sure his salary covers all his expenses.

Min Lwin:

I've been working for three months. My first paycheck came about a week into it and I was like, "Wow, this, this is, this is nice." [small laugh] I graduated college and I wanted something to reward myself so I got a 46-inch LCD. Uh. It was about two thousand dollars. My mom was definitely worried, "Why are you spending so much money already?" And once I turned it on, you know, I had the Cubs game on and my dad was like, "Yeah, this is pretty cool." I don't need like new everything, although I have a nice new TV.
Ron Lieber:
One of the best things to think about when you’re young, when you’re right out of college, or still in college, is that you want to be deliberate about your spending. You want to be deliberate about your saving. I have no problem with people spending what they make. Uh, you know, when you have your first job, you want to reward yourself the problem comes is when you’re spending money that you don’t have.

Host Donald Faison:
Both Min and his girlfriend Teresa are on tight budgets, so they need to make every dollar count.

Michelle Singletary:
Anytime you go shopping, to do anything, I mean, even to buy a pack of gum, you should ask yourself, is this a need or is this a want? When I go shopping, by the time I get to the counter, I have asked myself this question from every item, about 50% of my cart I have put back. I mean, the tellers hate me. But it really does help keep you in check.

Min Lwin:
I didn’t have any furniture when I came in. I got a futon. So, you know, it works as a couch and a bed, which is kind of nice. I have a couple of tables, shelves, things on sale. Everything’s more expensive in the city. So rent is about seven hundred and ten a month. And utilities about twenty dollars. Cell phone? That’s [laughs] another fifty dollars a month. I’m living on my own, so no more roommates so I can’t split any of the expenses like cable and Internet and I’m paying the full, you know, hundred dollars, I buy a monthly pass on the Metro. It’s about sixty-three dollars a month.

Host Donald Faison:
So how can you figure out how much money is coming in and how much is going out? Check this out. First step, keep track of everything you spend money on, from car payments to cappuccino. Once you’ve done this for at least two weeks you’ll have a good idea of what your total monthly expenses are. Then subtract the total from your monthly income. If you get a negative number, you’re spending more than you’re taking in. And you need to make some changes. You also need to distinguish between what you want—and what you can afford.

Min Lwin:
The first thing I did when I got my offer letter from work I made an Excel spreadsheet and I said, “Okay, this is the amount of money I’m getting. And these are the expenses that I’m going to anticipate.” I decided, you know, I wanted to save like ten thousand dollars. And to reach that goal, then I’d have to try to keep my weekly expenditures to a certain amount. But the problem is it’s really hard to anticipate expenses. It’s not like you’re spending the same amount every week. Every penny ought to have a purpose.
Beth Kobliner:
When you have the first job, suddenly you're buying coffee, you're buying water every day. You could easily spend $1,000 a year on water, which you can get for free.

STREET FEED: How do you spend your money?

Ben:
I have a budget for myself and I just don’t go beyond what I can. I mean obviously I like to have certain things that I probably can’t have.

Angela:
We’re on a bi-weekly pay so I get a couple of hundred dollars every two weeks and that usually goes straight to groceries, gas.

Ellen:
His biggest expense is his girlfriend, so.

Brad:
Yes. As you can see, so.

Ellen:
He got me a nice, nice gift today.

Budget Guidelines:
20% for debt payments
30% for rent
10% for savings

Beth Kobliner:
You want to spend no more than 20% of your monthly take-home pay on debt payments. Pay no more than a third of your take-home pay on housing costs. You want to save 10% of your take-home pay. That's the goal, and if you can do more, even do more.

Host Donald Faison:
To help him manage his money, Min looked for a bank, and there were plenty to choose from, both online and traditional, with a wide range of services...and charges.

Michelle Singletary:
I think when you look for a bank, you ought to look at it just like you're looking for a mate. You have to look at your banking habits and choose an institution that meets the things that are important to you, just like when you go out on a date.

Min Lwin:
What I was looking for was interest rate and maybe any kind of benefits or bonuses. The first goal was to pay off the student loans. And to do that, you know, I wanted to take my paycheck and put it into an account where I was getting a good interest rate. I found some online banks and I found a pretty good savings account and checking account that are tied together.

What To Look For in a Bank: No or low minimum balance

Beth Kobliner:
It’s very important for people to realize a bank account is a good place to start your financial life. You want to find a bank that doesn’t charge you in order to keep a checking account there with a low minimum.
Michelle Singletary:

I'm old-fashioned. I don't want to deposit my money, my cash into a machine. I want to hand it to someone and get her name, so if it doesn't enter my account, I can come back and say, Gladys, you didn't deposit my money.

Min Lwin:

The thing with the online bank is you can't really write paper checks. You can send checks to people but to write a check quickly that option wasn't available. There's a bank, you know, really close to my house here. So now I have a checking account with this bank and a credit card. And the combination of the two gives me more rewards.

Beth Kobliner:

You probably want to find a bank that has a lot of ATM, ATMs in your neighborhood, either where you work or where you live. And that's because banks often charge you, on average, almost $2 to use another bank's ATM every time you get money. I would say you should want to use your ATM say once a week, because you don't want to go to the ATM every day, take out $20 here, $40 there. You can really lose track of your money so quickly.

What To Look For in a Bank: ATMs near your work or home

Host Donald Faison:

Most checking accounts come with an ATM card or a debit card that allows you to access the cash you deposit into your account. Like a credit card, you can use a debit card to make purchases but you're not borrowing money from a bank or a credit card company. You're just withdrawing it from your own bank account. But be careful not to spend more money than you have in your account. If you do it's like bouncing a check. And the bank is likely to charge you a big overdraft fee.

What To Look For in a Bank: Pay attention to fees

Compare interest rates on savings accounts

Ron Lieber:

The biggest thing that trips young people up with banks is, is the fees. There are fees for having too low of a balance, there's fees for using too many checks.

Michelle Singletary:

So that's what you want to look for: an institution that is going to charge you the least amount of money to have a relationship with them.

Get help choosing the right bank at pbs.org
Host Donald Faison:

If you’re like a lot of people these days, you’ll probably do some of your banking online. You can have your paycheck deposited directly into your account, saving you the trouble of going to the bank and giving you access to your money a lot sooner. You may also be able to have regular monthly bills—like phone or cable—automatically deducted from your checking account. That way you’ll never miss a payment. Even if you’ve got the best bank in the world, it’s still going to be up to you to manage your money wisely.

Min Lwin:

I think the most important thing is you have to know what your financial goals are. I had a goal of how much I wanted to save. I’ll probably have about maybe seven hundred to a thousand dollars saved per month.

Michelle Singletary:

Priorities lead to prosperity. If you put your priorities first, then you will prosper.

RECAP: Separate needs from wants.
Create a spending plan.
Pick the right bank for you.

Min Lwin:

I’m only 22. And I still am trying to get a feel for exactly what I want to do, but I have a general plan for my life...

Host Donald Faison:

Min is working hard to keep his financial act together, but he knows there are plenty of ways to mess up. For instance, any time you spend more than you take in, you’re probably making up the difference by going into debt.

Chapter Three: Digging Out of Debt

Host Donald Faison:

Amanda McCormick, a senior at Florida State in Tallahassee, can tell you all about it. She’s deep in debt.

Amanda McCormick:

I go to Florida State University, fourth year, creative writing and sociology major. I completely support myself so I came into college without any money. I didn’t have a job. Financial aid didn’t exactly cut it as far as bills are concerned so nowhere else to turn, I finally got my first credit card which was an, a two thousand dollar credit limit. It act— actually has, Florida State décor on it. They sent it to me in the mail. I activated it in 45-seconds. Spent money on it twenty minutes later. Things I spent the two thousand dollars on um - food; transportation; rent for my student dorm; books. Just bare necessities that I need to be a successful student in college. At this point, I was using the credit to help me survive.
**STREET FEED: How much are you in debt?**

<table>
<thead>
<tr>
<th>Erin:</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have maybe about $5,000 in debt. That’s it. That’s not bad, right? That’s good. God, no one’s going to want to marry me after this.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Lizanne:</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have a lot of debt. It’s about, $5,000.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Jenna:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt that you’re racking up on your cards it’s only gaining interest. And it’s just going to put even more stress and anxiety in your life.</td>
</tr>
</tbody>
</table>

**STATISTICS:**

- 66% of college students have a credit card.
- Average graduating student credit card debt: $2,623

<table>
<thead>
<tr>
<th>Beth Kobliner:</th>
</tr>
</thead>
<tbody>
<tr>
<td>…people don’t understand that this is a loan and it’s a very, very expensive loan. You use a credit card, you get your bill, you pay it off in full. That’s going to keep you out of trouble.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Host Donald Faison:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most people don’t plan to get into trouble with their debts.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amanda McCormick:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Situations would occur. Life would happen. And I would have to use that money to fix my car or whatever it is. Like things happen all the time. I would make very sporadic payments on the cards but they weren’t really consistent because I needed that money for other things. And you come out of work and you have twelve missed calls from creditors. “Why haven’t you called me back, Miss McCormick?” Well I’m sorry, I was at work for the past three days straight trying to make money. I’m a server at Applebee’s. I like the job a lot….it’s more fast-paced so it’s more my style…. I work about 30 to 35 hours a week, I make money. That, that’s all I try to do; I’m a hustler. [laughs] This is pretty much my only source of income besides grants and scholarships that I’ve gotten through school.</td>
</tr>
</tbody>
</table>

**Learn how to control your credit card debt at pbs.org**

<table>
<thead>
<tr>
<th>Host Donald Faison:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amanda’s situation is not that unusual. Most young people use credit cards. So it is important to pick the right one.</td>
</tr>
</tbody>
</table>

**Credit Cards**

<table>
<thead>
<tr>
<th>What to Look for:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Interest Rates</td>
</tr>
<tr>
<td>No Annual Fees</td>
</tr>
<tr>
<td>No Hidden Penalties or Charges</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Beth Kobliner:</th>
</tr>
</thead>
<tbody>
<tr>
<td>When you're comparing credit card offers, you want to get the lowest interest rate possible, and you don't want to pay annual fees but when you get a card, you might find yourself slapped with all kinds of fees that you never expected.</td>
</tr>
<tr>
<td>Michelle Singletary:</td>
</tr>
<tr>
<td>---------------------</td>
</tr>
<tr>
<td>Credit card companies, in that little fine print that you don’t read, reserve the right to change that interest rate at any time.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Michelle Singletary:</th>
<th>Beth Kobliner:</th>
</tr>
</thead>
<tbody>
<tr>
<td>There was a study out of MIT that showed that when you use credit, you tend to spend anywhere from 30% to 100% more than if you used cash. If you can, starting out in your life, avoid using credit. It is a trap. It is a game you cannot win. For the big things, put it on the credit card, but you’d better dam well be able to pay it off that next month.</td>
<td>Even if you pay just $10 more than the minimum monthly payment, you could significantly reduce the number of years you're paying it back and the amount of interest you're paying back.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Host Donald Faison:</th>
<th>Amanda McCormick:</th>
</tr>
</thead>
<tbody>
<tr>
<td>If you're having problems paying off your credit card, don't panic. There's lots of help available.</td>
<td>Today I’m going to see a Consumer Credit Counselor and basically what they do is they help you alleviate your debt yourself.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Duana Palmer:</th>
<th>Amanda McCormick:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Okay, so you want to get your bills paid off and then try to get your credit score turned back around then, is that what your objective is?</td>
<td>Yes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Duana Palmer:</th>
<th>Amanda McCormick:</th>
</tr>
</thead>
<tbody>
<tr>
<td>It was years ago, before I became a credit counselor, that I was involved with helping students get credit cards. And we'd have 10 people at a time signing up for four and five cards. When the upperclassmen came, it was a whole different story. They were avoiding me like the plague. And as I talked to them I learned that most of them were already in credit card debt. And I was just so upset by that. I had to quit that job.</td>
<td>What are they saying you owe now?</td>
</tr>
<tr>
<td>Amanda McCormick:</td>
<td>Uh, over thirty thousand dollars.</td>
</tr>
</tbody>
</table>
Duana Palmer:
So that’s quite a substantial amount of money that you owe, more [crosstalk] [Amanda affirms] than, than you did.

Duana Palmer:
I have people come in and I say you’re going to be writing a check from your grave. You’re never going to get this paid off. Those companies are going to want a minimum payment of about three to three and a half percent of the balance…that’s going to be somewhere in the neighborhood of about seven hundred dollars a month.

Amanda McCormick:
That’s obviously not in a position I’m in right now. I mean I’m a student, So what are my other options?

Duana Palmer:
I wish that you had been able to get into us a little sooner [Amanda affirms] because typically what we can do for people when they’re still with the original creditors, they work very well with us. [Amanda affirms] And they reduce those interest rates significantly, And then we put that into one monthly payment. Typically that payment…

Amanda McCormick:
When you are in debt, when anyone is in debt, it’s looming over you. You know that you owe something to someone. You know that if, if you were to drop dead, one of your loved ones is going to owe something to someone. It follows you everywhere.

Host Donald Faison:
I feel for Amanda because I know how credit cards can get you in trouble. I had to get rid of my card early on to keep from running it up. But credit can be a good thing when used properly. If you’re a student like Amanda or a college grad, chances are you couldn’t have gotten your education without the help of student loans.

STATISTICS:
Average yearly tuition for a 4 year private college: $25,000
63% of students receive financial aid

Host Donald Faison:
Tuition is at least two and a half times what it was when our parents went to college. So even if you have a job while you’re in school, a student loan may be the only way you can pay your bills.

Peter Bielagus:
Typically most student loans are going to be due six months after you are no longer a full-time student. The payments are going to start then.
Host Donald Faison:

Peter Bielagus is a financial counselor who travels the country talking to students about money matters; and he's an expert on student loans.

Ashley Brown:
And in the studio with us this morning we have Peter Bielagus, who is a financial guru.

Peter Bielagus:

For the past couple days, uh, we’ve been at Georgia Southern University here in Statesboro, Georgia, and I’ve been visiting classrooms, uh, teaching classes, or freshman orientation classes. Start before you need to start. If you forget everything that I am going to say, I want you to remember this one thing: there is never going to be a good time to get started on your financial life. So you might as well get started today.

Host Donald Faison:

Peter spends a lot of time during his campus visits counseling students one on one. Most students Peter meets have questions about their student loans.

Peter Bielagus:

Do you know if you were able to get subsidized loans or unsubsidized?

Whitney:

Actually, I have a mixture of both.

Peter Bielagus:

Subsidized student loans are those loans where the government is paying the interest while you are in school. An unsubsidized loan is when the payments are deferred, but the interest still keeps accruing. So you graduate and that $10,000 has grown to $14,000. One of the things that, that I might suggest, is find out what are the monthly payments going to be on those loans, because when you go to apply for your first job, if they offer you a salary of X, you need to know, well, quite frankly, that salary is not going to cover what I’ve taken out.

Host Donald Faison:

Michelle Singletary:

If you come out of college and you find that you’re not making enough, a lot of the student loans now, give you options. You can do a deferment. You can do a forbearance. They even have some that are income-sensitive, so that your payments are based on how much income you’re making.

Deferment: Time period in which payments are not required
Forbearance: Temporarily stop loan payments because of financial hardship

Host Donald Faison:

Between student loans and credit cards, many young people leave college or trade school with significant debt. That debt can affect the rest...
of their lives because it is reflected in something called a credit score. That score may be one of the most important grades you ever receive.

**STATISTICS:**
Average Student Loan Debt:
1990 - $6,800 (approx)
2007 - $22,000 (approx)
2015 - $32,000

**STREET FEED: What is a Credit Score?**

**Sarah:**
[Nods head] I don’t know what a credit score is. I’ve [bell in background] seen commercials for it, but I think it, it depends on how much a loan you can get, but I’m not sure.

**James:**
It basically can tell people how good or bad your credit is, is that's basically all I know about it.

**R.J.:**
I think the score that you want to have is like seven hundred. I have no idea what my score is. Um. But I know it’s probably nowhere close to that.

**Matt:**
Credit score and credit history, I know that how much … When you use your credit card, you have to repay what you use… when you do it on time that affects your credit score.

**Host Donald Faison:**
Your credit report contains the history of every credit relationship you have: credit cards, debit cards, student loans, car loans, you name it. When you pay your bills on time or reduce your credit card balance, your credit score gets better. If you miss a payment, or max out your credit card…your score goes down.

**Peter Bielagus:**
Your credit score literally sets the interest rate on any money that you borrow. Maybe tomorrow, you and I both go to buy the exact same car on the exact same day. Because of my terrible credit score, I will pay $7,000 more dollars in interest to buy that car than he will, simply because of this one number. One of the best things that you can do is to check that credit report every year for the rest of your life.

**What does your credit score mean? Find out at pbs.org**

**Host Donald Faison:**
There are three companies that keep track of your credit history. You’re entitled to get a free copy of your credit report annually from each company, so you can see what the lenders will see when you apply for a loan or a credit card. If you decide to use a credit card remember to compare offers carefully, pay your whole bill on time to avoid penalty charges and check your credit report at least once a year. Your financial future is riding on it. So make sure it’s right.
Host Donald Faison:

That’s my girl “D. Woods” from Atlanta. I first met her when she was a member of Danity Kane, the platinum-selling pop group that got its start on the TV series – “Making the Band”. Now she’s trying to make it on her own. She’s already gained fame, but she’s still working on her fortune.

D. Woods:

I’ve been a part of the entertainment world since I was very young. I started off in dance school when I was about three years old, my sister and I got into theater. I got into, um, recording music and I didn’t even think about really getting paid from it. It was just what I wanted to do forever. Danity Kane was formed on a reality show contest. Thousands of girls tried out, and I was one of the five girls that were chosen. Our debut album, um debuted at number one on the Billboard charts, which was totally unexpected by some, but it was what I meant to do from the very beginning. It takes a lot of money to support a pop group. Especially being females because there’s the glam squad, there’s the wardrobe, so it gets really expensive. And, you know, the record label either has to pay for it or we pay for it out of our pockets. I save just to be able to, um, conduct business, there’s a lot of things I have to pay for myself.

Host Donald Faison:

Before joining Danity Kane, D. was trying to make it on her own in New York City but she was having trouble making ends meet.

D. Woods:

So I decided to move back home to Atlanta. I was like, hmm, but then who wants to live at home? My mother’s going to be in my face, she’s all in my business. But sometimes you just have to make that sacrifice. And it was a really good decision because it took a lot of pressure off of me. It was definitely good for me to save because I was able to get the car that I really wanted. I call her Myrna, Myrna the Mercedes. Once I did start making money, me and my mother decided to refinance the home. And so I’m paying part of the mortgage, so it’s like I have equity in this house as well.

Host Donald Faison:

By joining forces with her mom, D. was able to begin saving.

D. Woods:

My mother definitely sat me down when I got my first big check, and she said, look, okay, take this and put it over here, forget that you even have it. And it definitely came in handy because there was a big dry spell, and it was scary.

Host Donald Faison:

Today she has three different bank accounts which keeps her
organized and makes it easier for her to budget and save.

D. Woods:

First I have a checking account and I have a savings account attached to that checking account. But then I have another savings account and that's at a credit union. Then I have a CD, which I can't touch and that gains more interest.

Beth Kobliner:

A CD, or certificate of deposit is like a savings account except that you promise that you'll keep your money in there for a set longer period amount of time, maybe a year, or even as long as five years. And you get usually a higher rate on a one-year CD than you would get from a bank savings account.

**Best Rates on CDs as of Jan 2009**

- 6 month CD - 3.42% Interest
- 1 Year CD - 3.70% Interest
- 5 Year CD - 4.24% Interest

D. Woods:

I guess the concern is just how to, number one, get the money before you can save it. Being in the entertainment industry, it's not a secured, set amount of income. Sometimes you'll make a lot of money in the month of November, and you won't make any money until February. That's the, the beautiful thing about how I was trained, because my instructors always instilled in me to be a well-rounded artist. So I go from being a recording artist to being a choreographer to being an actress to being a writer always thinking of ways to keep working.

Beth Kobliner:

Well, in tough economic times, people really need to have a set savings cushion for themselves of money. The key is to save three months' worth of living expenses in that fund.

Host Donald Faison:

While it may take you a while to build that fund, remember that your savings will be earning you money. The bank pays you interest for the use of your money while it's deposited. The interest rate may be just two or three percent a year, but if you just stashed it at home, you'd actually be losing money, since the cost of everything is going up and your money wouldn't be growing.

D. Woods:

When it comes to like seeing my interest grow and knowing that I'm saving and knowing that I'm building equity it does feel good. You know, you see those stories about people who were on top of the world at one point, and then it's like where are they now? They're broke, or they died in debt I definitely don't want to be one of those stories.

Host Donald Faison:

D. has got her act together but a lot of us have had a hard time thinking long term when we're young.
| **James:** | I like to go out so I spend most of my money and, uh, I don't really save anything. |
| **Phillip:** | I definitely put a lot of money away for any type of emergencies, especially within a savings account. |
| **Jackie:** | My mom still is like, “Do you want to like spend that paycheck on coffee or do you want to save it for later?” So, I usually choose the coffee, though. [laughs] |
| **Kylie:** | I’m not saving any money [laughs] right now. I’m living basically paycheck to paycheck. |

Maria Cortez:
Well my name is Maria Luisa Cortez. And I’m currently a co-owner of a Mexican restaurant called “El Maguey Y La Tuna.” It’s a family-run restaurant. We’ve existed since 1992.

Host Donald Faison:
Maria worked in the corporate world but was drawn back to the family business where she put all her skills to work.

Maria Cortez:
This is a tradition that we do every morning. Like our first customer, we go like this [demos, crosses self], today we had our first sale and they paid us with a hundred. That's pretty good. The mission of the restaurant is to be number one Mexican restaurant on the Lower East Side. It's very rare to have someone knowing now, like at my age knowing these traditional dishes the moles sauces, that's what we have to offer to the Lower East Side and to New York City. My mom does the moles the traditional way.

*Dad speaks in Spanish, Maria translates*

Maria Cortez:
We do not use canned or preservatives. We grind them; we roast them; … we have certain machinery from back in the days…

*Dad speaks in Spanish*

Maria Cortez:
We want our restaurant to take us to our retirement; when you’re working with people that want to retire, you start thinking like, what they did right, and what they did wrong. My mom just showed me what she’s going to be getting for Social Security and honestly, it’s very little. I’m not going to depend on Social Security. I want to be in
a better situation.

Host Donald Faison:
When considering retirement it can pay to talk to an expert. Maria sat down with a financial advisor to discuss her options and learn more about saving for her future.

Maria Cortez:
So I’m not only thinking about myself; I’ve got to think about my mom and my dad. I’m thinking about how they’re going to retire from this business.

Greg Plechner:
Understood.

Greg Plechner:
So there are two approaches. One approach is to open up a retirement plan through your business. Alternatively, you can establish an IRA account.

IRA (Individual Retirement Account):
Open an account with as little as $100.00
Choose the type that’s best for you
Interest accumulates tax-free or tax-deferred

Host Donald Faison:
An Individual Retirement Account, OR IRA, is a private SAVINGS plan set up with a bank, broker or other financial institution. Like all other retirement plans, IRA’s allow individuals to set aside money each year that will earn interest tax-free.

Beth Kobliner:
When money is able to grow without you having to pay tax on it, it grows even faster.

Michelle Singletary:
My first day on my job, I went to my benefits office and I set it up so that automatically a certain percentage was taken out of my paycheck before I saw it every single paycheck.

Host Donald Faison:
Another great way to save, if you work for a company that offers one, is a retirement plan that may be called a 401K. If your job offers one you should absolutely take advantage of it. For every dollar you contribute to it, your company may match it in full or in part. Think there’s no such thing as free money? Wrong! This is it!

Michelle Singletary:
You should start saving for retirement the day you get your first job.
If they have a retirement plan, join it that day you start.

**Beth Kobliner:**

When you start in your 20’s and start to save long term, even starting at 23 can make a huge difference between starting at 33, you can end up with tens of thousands of dollars more just by starting early.

**Host Donald Faison:**

All of these investment options feature a little bit of magic called compound interest. Here’s how it works:

Let’s say when you’re 23 you start saving 50 bucks a month in a tax-shielded account that earns seven percent interest. As interest gets added to the account each month, your money grows. So the next time around, you’re getting seven percent of a little more money: interest on your interest! By the time you’re 65, compound interest will turn your monthly investment of $50 into $154,000! But start saving early. If you waited until you were 33 to start, you’d only end up with about $72,000.

**Host Donald Faison:**

Maria has a lot to consider as she helps her parents prepare for retirement and plans her own.

**Maria Cortez:**

I would like to retire, probably at 55. I want to live in Mexico. I know that for sure. I want to come back to New York, back and forth. I see myself as more relaxed and in my summer home in Mexico.

**RECAP:** Start saving early  
Create an emergency fund  
Invest in a retirement savings account

**Host Donald Faison:**

I didn’t get serious about saving for retirement until I turned 30 but I wish I had started sooner, not just for myself but for my kids. Kids give you something to think about besides yourself. But how can you provide for them if you get sick or aren’t able to work? You’ve got to have insurance, whether you’re a parent or not.

**Chapter 5: Get Insured**

**Host Donald Faison:**

You’re about to meet a woman who’s been through life’s ups and downs. She’s a single mom with two kids and a good job, but she’s seen the other side of life so now she’s ready for whatever comes her way. Meet Rochelle James, from my hometown, New York City.
<table>
<thead>
<tr>
<th>Rochelle James:</th>
<th>Host Donald Faison:</th>
</tr>
</thead>
<tbody>
<tr>
<td>We are at the South Ferry Train Station, which is underneath the Staten Island Ferry. What we’re doing is building a whole brand new station. I can point to several buildings across New York City and, and show my family and my friends that I worked there; that I put the lights in; and I’m very proud of that.</td>
<td>Rochelle is an electrician with a union job that gives her many fringe benefits, most importantly health insurance.</td>
</tr>
<tr>
<td>Rochelle James:</td>
<td>Host Donald Faison:</td>
</tr>
<tr>
<td>We have an excellent medical plan that covers my whole family. My daughter’s eight years old. Thank God she’s healthy. But you know suppose she had asthma or suppose she had some kind of ailment that would have needed special care? Our union provides excellent health care. So I wouldn’t have to worry about it.</td>
<td>Things weren’t always so good for Rochelle…</td>
</tr>
<tr>
<td>Rochelle James:</td>
<td>Host Donald Faison:</td>
</tr>
<tr>
<td>I didn’t come from a poor background. But because of unfortunate circumstances, I did end up at the very bottom. When my, when my mom passed away I fell into like a depression state.</td>
<td>At 22 with a new baby and a younger sister to support, Rochelle was soon facing financial disaster.</td>
</tr>
<tr>
<td>Rochelle James:</td>
<td>Host Donald Faison:</td>
</tr>
<tr>
<td>I took dead-end jobs just to make a little bit of money to get ahead. I took dead-end jobs just to make a little bit of money to get ahead.</td>
<td>Rochelle not only needed a higher paying job but one with good benefits. She found out about an innovative program called Non-Traditional Employment for Women, or N.E.W., which trains women to compete for skilled jobs in construction and other blue collar trades. After successfully completing the program she’s now a journeyman electrician…</td>
</tr>
<tr>
<td>Rochelle James:</td>
<td>Host Donald Faison:</td>
</tr>
<tr>
<td>I am on my way to security. I won’t say that I’m fully secure yet. I hope to stay with this company, They’re making it happen, and build this wonderful relationship and make a lot of money.</td>
<td></td>
</tr>
</tbody>
</table>
[Foreman calls to Rochelle, hands her a check, says “Keep up the good work”]

Rochelle James:

Thank you. My paycheck. [Tom affirms] Um. I get paid, uh, forty-seven dollars an hour. So it’s a nice check at the end of the week. It, it feels great. I feel independent, financially. And, um, when there’s overtime it’s even better. So I enjoy working and I enjoy paydays. The union is Local Union Number Three, IBEW, which stands for “International Brotherhood of Electrical Workers.” Maybe one day they’ll change it to “Brother and Sisterhood,” Our union provides excellent health care. Health care should be a necessity and not an option.

STATISTICS:
1 in 3 Young Adults Lack Health Insurance
Average cost of an uninsured hospital visit: $3,300

Beth Kobliner:

You know, it’s amazing to me, with all the talk in our country about health insurance, 20 million people, aged 18 to 34, still don’t have it, it’s a huge problem. Ideally you get it from your job, but if you don’t have a job that gives you health insurance, see if there’s some organization you can join to get health insurance… whatever it is, you want to make sure to have health insurance.

STREET FEED: Is health insurance important to you?

Nicole:
I’m not extremely concerned about not being on the health plan because I’d like to get a job that actually has insurance benefits and a higher salary

Lizanne:
I currently do not have health insurance, which is very sad. I did a few months ago, and I’m in the process of shopping because it’s very expensive.

Host Donald Faison:

When you’re young and healthy it’s hard to imagine that a serious illness or accident could bring you down. Health insurance isn’t cheap, but the cost of not having it can be very expensive. If you’re uninsured you can end up with thousands of dollars in medical bills. If you can’t pay them you could literally lose everything. Insurance is complicated with all those applications and forms, but you can find a lot of expert help online. If you have dependents like Rochelle, you also need protection if something should happen to you.

Rochelle James:

Life insurance is very important. My children are going to be depending on my same income if I die. I have three hundred and fifty thousand dollars worth of insurance. It’s still a little low. But I figured as time goes on and the more money that I make, I can increase my insurance. So if anything happens to me now, in 20 years, my children would be fine.
Host Donald Faison:
Rochelle is intent on helping other women become economically self-sufficient, so she serves as a mentor in a financial literacy class co-sponsored by Financial Women’s Association of New York—that she went through just a few years ago.

Ann Diamond:
Most of the women in this class are union employees; they will get their health insurance that way. They have come to be trained...so that will be looking at their cash flow; looking at their goal list; and figuring out how we can get them the help that they need.

We listen in as Ann and Rochelle conduct the class...

Needs vs. wants, saving money through cutting wants

Ann Diamond:
The biggest reason people go bankrupt is because they had a health emergency and the bills were so overwhelming that there’s no way they could possibly pay them. The fact is we all need to have health insurance. You cannot just go from emergency to emergency and expect to get anywhere.

Host Donald Faison:
But of course there’s a lot more to insurance than just medical coverage and life insurance.

Learn more about insurance options at pbs.org

Rochelle James:
Renter’s insurance is the only thing that I don’t have that I’m really considering because, um, I’ve taken my hard-earned money and bought certain things for myself, certain toys, and if something happens to it, you know, how am I going to replace it? That’s thousands of dollars down the drain.

Beth Kobliner:
It does make sense to get renters’ insurance, because it covers you for any damage that happens...And the truth is, it's not that expensive.

Renter’s Insurance:
Average annual cost $150-$300
Average Coverage: $35,000
Host Donald Faison:

Rochelle has turned her life around and now she is serving as an inspiration to others. Her photo will be seen in the New York City subways encouraging other women to get the training they need to compete for skilled jobs.

Rochelle James:

I realize now how it is out here; how hard it is to make a living and take care of a family... So whatever you have to do, get up. If you have to go and sell shoelaces just to make some money for that day to eat, do what you have to do. Don’t sit around and feeling sorry for yourself. That’s the one thing I didn’t do. I didn’t sit around and I didn’t beg. I went out and I worked every day until I got to this point.

RECAP: Get health insurance
Get life Insurance if you have dependents
Shop around for the best deal

Chapter Six: Do It Yourself

Host Donald Faison:

It’s a lot easier to plan your finances when you’re getting a regular paycheck, but a lot of people choose the freelance life or they run their own businesses. And the internet has made it a lot easier to do this. But being your own boss brings with it a lot of financial responsibilities. That’s what Tim Bouchard of Buffalo is finding out.

Tim Bouchard:

Coming out of school, I got the normal professional office job. I was hired by a Web design firm to take on design work, and help complete the projects. So after picking up tricks of the trade I decided to break off into my own business because I personally love having creative control and a close relationship with the clients from start to finish. [walks into area] I set up my office in the sun room of my apartment. My company’s name is Sharp Cut Media. It offers Web design and consulting services to a lot of small business clients. So right now I’m in a building process, building my clientele, building my relationships with local business. And as those progress, my prices can progress.

Host Donald Faison:

While Tim enjoys the freedom of being his own boss and the potential for a good income, he’s found that getting new business is a job all in itself.

Tim Bouchard:

One of the downsides to being self employed are that work flow is not always consistent. I spend about 20 percent of my week, searching out new jobs…
Host Donald Faison:

Many of Tim’s job leads come from friends and colleagues… And he is often able to return the favor by partnering with them on projects...

---

Mike La Duca:

What I do is marketing design, illustration, brochures, small businesses that need logos, whatever business comes my way, pretty much.

---

Tim Bouchard:

To have someone else to collaborate with, like Mike, is a great resource to have and it offers the clients more options as well.

---

Host Donald Faison:

Another thing to consider when running your own business is how much it will cost to operate on a day to day basis.

---

Tim Bouchard:

You can’t make money without spending money. So a lot of the things like copy paper, pens, the bare necessities, cost you money and you have to take that into consideration. Some of the more costly things of running a business are making sure that you have the latest technologies and the latest programs. You do get some tax breaks for having to spend money to make your money. And things like tax deductions for your business expenses, as far as equipment, mileage, uh, anything … Web hosting, basic necessities that you need to perform your business tasks on a daily basis.

---

### Costs

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Supplies</td>
<td>$150 / year</td>
</tr>
<tr>
<td>Latest Software</td>
<td>$200 / year</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>$2,000</td>
</tr>
<tr>
<td>Mileage</td>
<td>$50 / month</td>
</tr>
<tr>
<td>Web Hosting</td>
<td>$220 / year</td>
</tr>
</tbody>
</table>

---

Host Donald Faison:

While you can claim tax deductions for your business expenses you also have to keep careful records for the IRS. The government expects you to pay your taxes as you earn your income. If you work for a company, your taxes are usually withheld from your paycheck. Same thing with social security and Medicare- that item called "FICA" on your pay stub. And if you have a medical plan at work—you're self-employed like Tim, you get to enjoy the freedom to make your own hours and be your own boss. But when you get paid for your work, there's usually nothing withheld. You have to take care of that yourself.
<table>
<thead>
<tr>
<th><strong>Tim Bouchard:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>A lot of people think you get a check for a thousand dollars and you can run to the mall and buy whatever you want. A lot of that money should be saved for taxes; for health insurance; for business costs...And if you don’t prepare yourself for that, you might owe a few thousand dollars at the end of the year and that’s a big expense to pull out of nowhere.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Michelle Singletary:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>It’s a pay-as-you-go tax system, meaning the government wants their money as you earn your money. If you have not paid enough into the tax system based on your income, you are penalized for that. The IRS does not play. They will come after you, and the penalties for not paying are stiff.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Try to Save:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>30% for Taxes</td>
</tr>
<tr>
<td>15% for Business Expenses and Health Insurance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Tim Bouchard:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>I have a 30 percent rule. I at least make sure I take 30 to 35 percent and save that specifically for taxes. Uh, I take anywhere from 15 to 20 percent to save towards business expenses and health insurance.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Host Donald Faison:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>While Rochelle James gets health insurance from her job, if you’re self-employed like Tim you have to do it yourself.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Ron Lieber:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>If you’re on your own, if you don’t have employer-provided health insurance, one thing you can do for yourself is buy some kind of policy that takes care of you in a catastrophe. So, you’re stuck with the first $1,000 in bills, or the first $5,000 in bills, those won’t ruin you probably.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Beth Kobliner:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>If you don't have a job that gives you benefits, see if there's some organization you can join. If you're an actor, may be an actor's organization, or a writer, a writer's guild.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Host Donald Faison:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tim joined the Buffalo-Niagara Partnership...a kind of regional chamber of commerce that helps out companies and self-employed folks like him with things like health insurance and more.</td>
</tr>
</tbody>
</table>
Fred Bristol:
Small employers, freelancers are a big part of our membership because we offer them great options in their health care, for instance. Uh. We offer them great opportunities to network with other companies; uh, to connect with job opportunities, to learn about doing business.

Host Donald Faison:
Most self-employed people can use regular solid financial advice. Tim is lucky because he gets personal assistance…from his dad. Donald Bouchard is a financial planner.

Donald Bouchard:
We saw how much you’re saving for your health and your dental [Tim affirms]. We’ve paid your estimated taxes. [Tim affirms] But really you should be saving ten percent of your income for retirement.

STREET FEED: Are you planning for retirement?

Samantha:
I'm 19 years old. I haven't [laughing] thought about retirement yet.

Frank:
I have the 401K there, which invests in various stocks. And I also have my own personal savings account.

Alexis:
In terms of retirement now, I'm putting money to the side. You know, every check, no matter if it's $20 or $15, I'm just making sure I'm putting something into my savings.

Jeff:
You know what? I haven't really thought about retiring. Um. I'm 22 years old. Um. It's something that should be on people's minds.

Donald Bouchard:
If you work for someone, they have a pension and a 401K plan, but when you're self employed you have to produce your own pension. [Tim affirms] No one's giving it to you.

Host Donald Faison:
He's right, no one is giving it to you when you're in business for yourself. But if you're itching to do your own thing, research your options carefully and give it a try.
**Tim Bouchard:**

For anyone that’s thinking about freelancing the number one thing is will you be able to support yourself. If you don’t have an idea of what your business plan is, you have nothing to build on. You need the cornerstone; from there you can build the rest of the business and hit the ground running.

**RECAP:** Devise a plan before you start your business.  
Keep track of your business expenses for taxes.  
Be prepared to take care of your own benefits.

**Host Donald Faison:**

Whether you’re self-employed or you’re working for somebody else…everybody could take a page from Tim’s book. We all need to get a good handle on our finances before it’s too late. Remember that care of mine I told you about? Well I got my money right just in time to keep the bank from taking it back. I kept it for years and ran that bad boy into the ground. I learned from my mistakes and you can too. Even better, get good advice when you’re starting out.

**D. Woods:**

Just be real with yourself. Don’t think that you have to like live like people in the videos or on television or even the people next door to you.

**Min Lwin:**

Someone’s got a new iPhone or a nice new laptop. When you see them, um, you’re like, “Well why can’t I have that?” Like, “That’s really cool, I want that.” And sometimes, you know, you’ve got to look at your own situation and say well, “maybe, you know, if I save up a little and you know work a little harder, then I can have that a little later.”

**Michelle Singletary:**

You should ask yourself, is this a need or is this a want, and then weigh it against your financial future.

**Host Donald Faison:**

Those supposed needs have led us deeper into debt than any generation before us. It’s time for us to take control of our financial life and live within our means.

**Russell Simmons:**

No matter how rich you are you need to be able to afford your lifestyle.

**Amanda McCormick:**

Don’t spend any money that you do not have. You never know what’s going to happen. You could get fired from your job tomorrow and what are you going to do? You’re going to be in debt. That’s what’s going to happen.

**Ron Lieber:**

The last thing you want is a big pile of credit card debt weighing you
Host Donald Faison:

Making a habit of saving is one of the most important things we can do—not only for the good times but for the times when we’re out of work or sick or finally ready to retire.

Beth Kobliner:

You can't just spend your money and hope, gee, at the end of the month, maybe I'll have something left over to save. The truth is, saving small amounts every day, every week, every month can really add up, and it's very empowering.

STREET FEED: What is most important about managing your money?

Crystal:
—saving is the most important thing to do. It’s hard to save because you think you need to live check to check.

Michael:
Uh, I would say, um, number one, stay away from credit cards.

Shane:
Definitely leave the credit card at home.

Stephanie:
You have to do your needs first, your wants second, and that’s the way life goes. Never try to live above your means.

R.J.:
You don’t have to have all these really nice things to be happy. Spend your money wisely, I guess, is … would be the best advice I could give.

Michelle Singletary:

We’re going to have times of plenty and times of famine, and your role now is to set yourself that you can ride no matter what happens. If you get on the right path now, I tell you, at the end of that road, you’ll be so prosperous.

RECAP: Separate needs from wants
Start saving now
Stay out of debt

Host Donald Faison:

We’ve given you a lot to think about…because there’s a lot to take care of. But it’s really all about taking care of yourself. Nobody else can make you financially secure. Not your parents, not your boss, not the government. The bottom line is you need to manage your money…or your money is going to manage you! For more information on everything you’ve heard about in this hour, check out our website. And yes…there will be a test. It's called life.