Purpose Money INFO

If you're one of the millions of Americans who has had checking problems and can't open an account—or if a regular bank account isn't possible because there are no banks in your neighborhood or the bank hours aren't convenient—Purpose Money can tell you about a prepaid debit card that has many of the same benefits as a checking account. Go to **PurposeMoney.com** for more information.

INSIDER TIPS

- When you get a raise, use half for your savings account every week. You may not miss the money you didn't have before.
- If you want to save, do not consider bonus and overtime pay as part of available money to spend. Plan your spending on base pay.
- Calculate your hourly rate and have one hour's worth of pay automatically deposited into a savings account every week, or every 2 weeks if that's more manageable.
- Make it a game—how about putting a dollar in your savings jar every time you—use a curse word, skip exercise, show up late, or make a mistake? The dollars will add up quickly!

Bank accounts

A bank account is a safe, secure place to store your money until you spend it. When choosing a bank, consider:

- You want to use a bank you can trust. Look for an FDIC-insured bank.
- There are many types of banks. If you don't have, or don't want to use, a traditional bank, look for alternative banks, such as credit unions and thrifts, which can often provide personalized service and special deals to members of their community.
- Make sure you are aware of the fees associated with each account.

Even if you have to pay a fee, having a bank account can save you money. If you don't have a bank account, for example, you may have to pay a high fee to cash a check. Having a bank account or one of Purpose Money's prepaid cards can mean you have a convenient place to deposit your pay check so you can use the money for bills and purchases later.

The two basic bank accounts: checking and savings

Checking Accounts

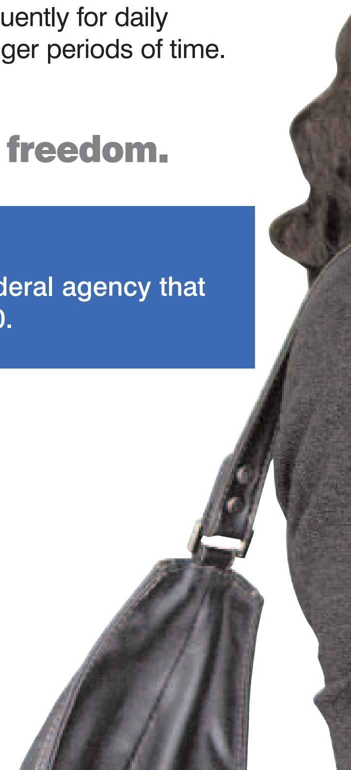
Checking accounts usually don't pay interest. They are usually accounts in which you "store" money only temporarily—you use the account a lot, to pay bills (online or by check), deposit your wages, and take out money for cash. (Some savings or money market accounts offer checks, but usually with more restrictions than true checking accounts.)

You'll probably need a checking account if you want to move down the road to financial empowerment—to build credit, to get a credit card, to begin saving. If you can't qualify for one or prefer not to have a checking account with a bank, visit **PurposeMoney.com** to learn about prepaid cards.

Savings Accounts

Savings accounts usually pay interest but aren't meant to be used frequently for daily spending. These accounts are places where you "store" money for longer periods of time. The bank pays you interest on the money you store there.

Saving is a key step in the road to financial freedom.



DID YOU KNOW?
FDIC stands for the Federal Deposit Insurance Corporation, a federal agency that insures deposits in banks and thrifts generally for up to $100,000.

Loans and Interest

The two basic kinds of loans: secured and unsecured.

Secured loans are "secured" because they are tied to something you already own—such as a house or a car. If you don't pay back the loan, the lender can take the property (the "collateral" used to secure the loan) from you.

Two common types of secured loans are mortgages (loans used to buy a home) and auto loans. We'll describe both these types of secured loans in more detail on pages 24-25.

Unsecured loans aren't tied to particular assets, such a car or a house, so the bank or lender makes the loan based only on their estimate of how likely it is that you'll pay the loan back—if you don't pay it back, or "default," they may be left with nothing. Because of this, the lender usually looks very closely at your financial history in your credit report. It is the only evidence they may have that you'll pay back what you've borrowed.

Credit cards are usually unsecured debt. That's why most credit card companies will look at your credit history before they give you a card.

WHAT IS INTEREST?

LEARN

When you put money in a bank, such as in a savings account, the bank will **pay** you interest because they can use that money while it's sitting in the bank. They may use it, for example, to make a car loan to someone else.

When you take out a loan, the bank or lender will **charge** you interest on the loan. Your interest rate will depend on your financial history—especially your credit score. Interest is the way that lenders make money—just like any business, they want to get paid for their services. Their service is lending money to you, and they get "paid" by charging interest or fees.

If your credit score is lower, you look risky. So your interest rate will typically be higher.

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- If you don't have a checking account, Purpose Money's pre-paid card can be a handy way to keep track of all of your income and spending. When you get your monthly statement or check your transactions online, you can write down and keep track of a lot of your spending.
- If you spend cash, you have to keep and sort all the receipts—with the prepaid card, all your spending is kept on record, and you can use the monthly statement as a way of double-checking that you're sticking to your plan. By signing up for a prepaid debit card at **PurposeMoney.com**, you can start to establish a history so you may eventually qualify for other credit products.

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SECURED CREDIT CARDS

Secured credit cards are ones that are "secured" with a deposit of money. The amount of money you deposit becomes your "credit line."