



CITY OF  
**PITTSBURGH**  
"AMERICA'S MOST LIVABLE CITY"

LUKE RAVENSTAHL, MAYOR

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Mayor Ravenstahl's

**FINANCIAL**  
*Literacy*  
**101 Guide**

for teens & young adults >



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## Cash

Paying cash for a purchase is the easiest way to do it – you have the money right in front of you and you know you have the money to buy the items. Just be sure the money you have isn't meant for other things like savings or necessary expenses! However, cash purchases can be harder to track. Make sure you keep receipts so you remember where you spent your money!

## Checking Accounts

Now that you have a job and more expenses, checking accounts can prove to be very useful. However, no interest is paid by banks on the balance of a checking account. If used properly, checking accounts can make managing your money easier. Some features of checking accounts are:

### ATM Card

Most checking accounts come with an ATM card, which allows you to access your money at an ATM machine, without going to the bank, at any time. It is even more important to keep a close eye on your balance when using an ATM card because you have easier and faster access to your money. Also, be aware that many ATM machines charge a fee when you use them to withdraw money from a bank different than the one you use.

### Debit Card

Most banks issue an ATM/debit card. Debit cards can be used to make purchases and the money comes directly out of your checking account. When using your debit card, make sure that you have the money in your account to cover the purchase and record the purchase in your check register and deduct the amount right away. You can keep track of your purchases through a "check register" booklet that the bank will provide for you when you open an account.

## Checks

A check is basically a bank-issued IOU. On a check, you write the date, who you're making the check out to, the amount of the purchase, what the purchase is for and your signature. Checks usually take about a day or more to process, so make sure you write it down in your register as soon as you write it out!

# WHEN SPENDING YOUR MONEY CONSIDER...

If the purchase is necessary. There are a series of questions you can ask yourself when determining if you should make a purchase...

Do I really need thi\$ item?

If I don't need it, why do I really want it?

Am I \$ure that I'll use it? Wear it?

If I buy it now, will I have enough money for thing\$ I might need or want later?

Will the money I \$pend on thi\$ item prevent me from paying off any debt\$ I owe?

I\$ there any ri\$k in delaying thi\$ purcha\$e to think about it longer?

What are the chance\$ this item might go on \$ale at \$ome point?

Could I find the item \$omewhere el\$e for a cheaper price?

Could I find an item like thi\$, but without a brand name?

*Dear Friends,*

*As you segue into adulthood, there will be many opportunities that present themselves to you. No matter what your plans are for your future - whether it be to go to college, travel the world, start a business or even start a family of your own - it is important to be financially prepared for your journey!*

*Although it may seem easy, there are many things you should keep in mind when managing your money. I encourage you to review the tips and information provided in this guide to help you prepare for your financial future.*

*Best Wishes,*



*Luke Ravenstahl  
Mayor, City of Pittsburgh*

After considering these questions, do you still think you need the item? More often than not, you'll probably decide against the purchase!

**\*ALWAYS**

keep track of where your money is going. In order to make this easier, it may help to consider the methods of purchase: cash, check or credit!

# HOW MUCH DO YOU KNOW ABOUT FINANCIAL LITERACY?

Put your knowledge to the test by taking our quiz



# SAVING YOUR HARD-EARNED MONEY

Now that you have that paycheck in your hands, what is the best way to use it? Think of that car you want for when you get your license or that laptop with all the latest technology. How about your favorite hobbies? No matter what it is, all these things get expensive and you most likely won't be able to pay for all of them out of one paycheck. So you'll have to save money!

These are a few tips to consider in the money-saving process:

1 Figure out how much you need for expenses. This can include gas when you take the family car, cash for when you go to the movies with your friends or even new school supplies. Try not to consider shopping trips and video games as expenses.

2 Set goals for yourself. Achieving what you want by saving money will be much easier if you devise a strict plan for yourself. Choose a set amount of money you want to put away from each paycheck, and do that as soon as you cash your check. Make sure the goal is manageable and that it will still leave you enough money for your necessary expenses.

3 Be aware of where your money goes. Become aware of what you buy, how much you pay and why you bought it. If you track your purchases, it'll be much easier for you to cut out unnecessary ones.

4 Cut out the unnecessary costs. You'll be surprised how much you can save by cutting out the extra drinks at the convenience store and the new apps on your phone each week. If you put away the extra \$3 here and \$4 there, you could save much more money!

5 Consider a savings account. Now is the best time to become familiar with your local bank. A savings account is your own personal account where you can put money aside to accumulate for a longer period of time.

6 Be a smart shopper. After putting your set amount of money in your savings, allotting yourself your expense money and some cash for spending, do comparative shopping and always look for the best discounts. Don't jump for name brands and full-priced items because you'll most likely find a better price for the same, or similar, item!

1 While you're still in school, the best time to work is

- A. During the summer
- B. On the weekends
- C. Only when it doesn't interfere with schoolwork
- D. All of the above

2 The best way to start saving money is to

- A. Put a specific amount from each paycheck into your savings
- B. Spend your entire paycheck
- C. Have someone else do it for you
- D. Start a fundraiser for yourself

3 These are offered by banks to help you manage your money.

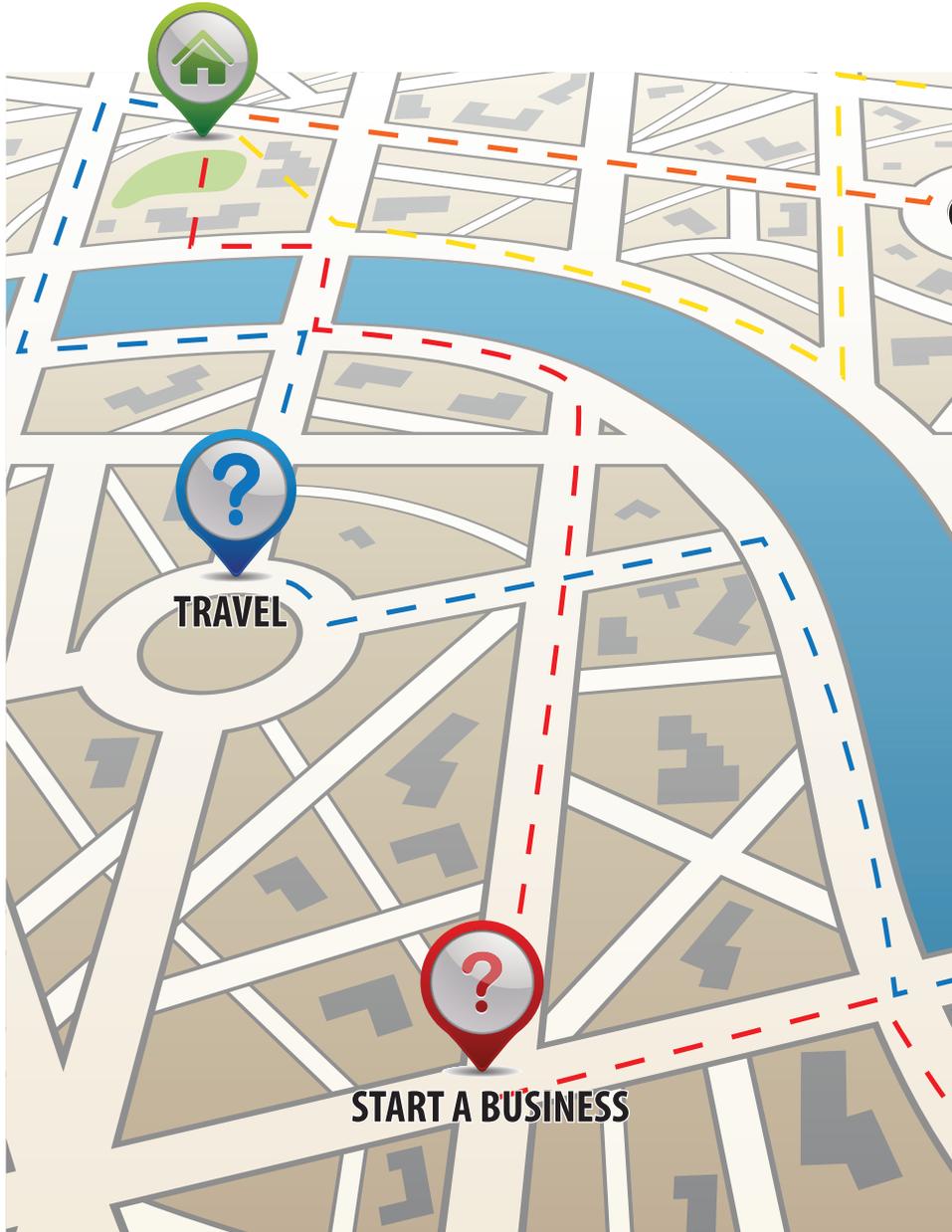
- A. Savings accounts
- B. Checking accounts
- C. Debit cards
- D. All of the above

4 This allows you to have access to your checking account at all times by using an ATM (Automated Teller Machine).

- A. A bus pass
- B. An ATM card
- C. A lottery ticket
- D. A diploma

# BECOME PREPARED!!!

YOU ARE HERE



123 - John R. Doe		Pay Period 06/02/06 to 06/16/06		Required Deductions	
Earnings				Federal Income	00.00
Hours	Rate	This Period	YTD	FICA - Medicare	12.16
0	9.00	450.00	900.00	WI State Income Tax	00.00
Gross Pay		450.00	900.00	FICA - Social Security	51.84
				Other Deductions	
				Health Insurance	00.00
				401k	00.00
				Parking	00.00
				NET PAY	\$418.00
					\$836.00
Your Employer 1234 Some Street Milwaukee, WI ZIPCODE				Check Number: XXXXXX Pay Date: 06/19/06	
PAY ***Four hundred eighteen dollars and 00 cents*****\$418.00					
To the Order of John R. Doe 555 Some Street Milwaukee, WI ZIP CODE					

# READING YOUR FIRST PAYCHECK

Understanding the components of your paycheck is an essential part of the working world. Don't be alarmed when what you *receive* from your paycheck is less than what you actually *earned*.

## GROSS PAY

All deductions from your paycheck come out of your gross pay. This is the amount of money you earn when you multiply the number of hours you worked by your hourly wage.

## INCOME TAX

Income tax is money that is paid to the government by wage earners in order to run the country. There is both federal and state income tax. Federal income tax is paid to the national government and state income tax is paid to the local state government. All income tax is based upon how much money you earn. But don't be discouraged! You'll receive a percentage of your deducted income tax back. This is called an income tax return and it comes to you in the form of a check from the government each year.

## SOCIAL SECURITY

A percentage of your gross pay also goes to social security. Social security deductions are also based upon how much money you make. However, once you reach your 60's, you'll have access to the money again. (Think of it as a long-term savings account through the government.)

## MEDICARE

Another percentage of your pay goes to the government program called Medicare. The program provides hospitalization and insurance benefits to citizens over age 65.

## OTHER DEDUCTIONS

Additional deductions from your paycheck are voluntary. These can be deductions for health benefits and contributions to your own personal retirement account (called a 401-K plan).

## NET PAY

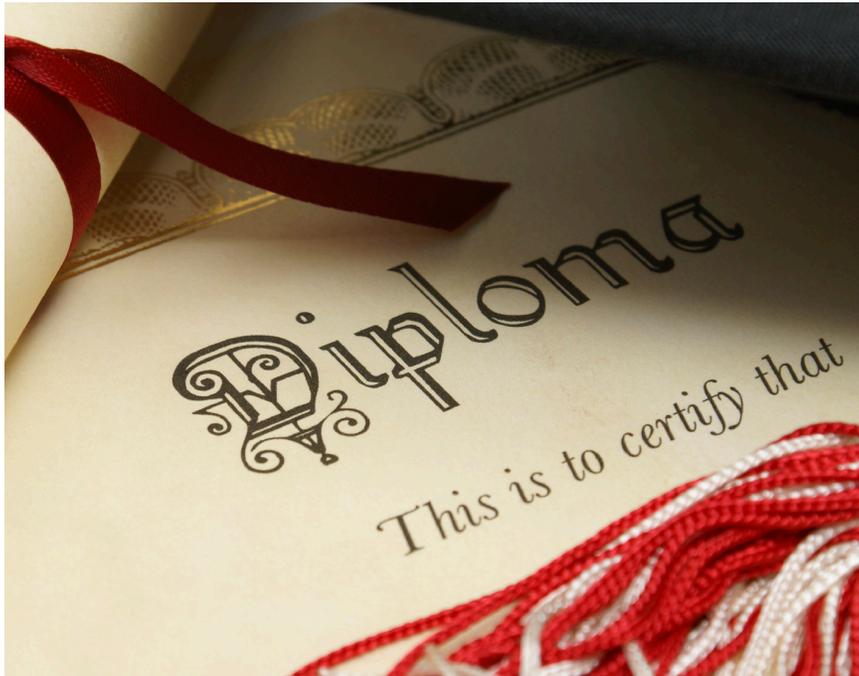
After all the standard deductions come out, this is the amount that goes into your pocket.

No matter which route you take to achieve your goals, you can reach those goals by becoming financially prepared!



# EDUCATION

## STAYING IN SCHOOL **PAYS!**



Furthering your education beyond high school, and even beyond undergraduate school, will expand your knowledge, experience and potential. Don't you want to be prepared and qualified for a great career?

Today's job market is very competitive, and employers place heavy emphasis on strong education when considering new employees.

As you advance through your education – from high school to college to graduate school and beyond – your opportunity to make a larger salary increases!

While you're in high school, the best way to prepare for your future is to focus on your education, and also get that first job and start making (and managing) money of your own!

# WORK LIFE

## THE EARLY YEARS

Nothing beats that first paycheck you worked so hard to get. But before you reach that point, it's important to choose your job wisely!

Here are a few tips to consider when looking for employment while you're still in school:

**1** Look for a job you think you'll enjoy. Don't choose something that doesn't interest you. For example, if you have no interest in fashion, don't choose to work at a clothing store. You probably won't enjoy the work, and it could affect your work ethic, experience or even manager recommendations in the future.

**2** Make sure you're comfortable with the pay rate. Currently, the national minimum wage is \$7.25/hour. As a student, your first job will most likely fall around this rate. If you choose a job where you earn tips, your hourly rate could be less. In any case, always make sure you consider what you'll be making.

**3** Make sure you balance work with school. A good education equals more money. If you let work get in the way of your studies, it could pose a risk to your future and career. A couple of things to keep in mind:

- Try to maintain 10 hours or less per week during the school year, with most of those hours being on the weekends.
- If you have free time during the summer, it's the best time to get the extra work in.

*Remember, students who maintain good grades don't get overlooked! Scholarships are always available for those who choose to keep their noses in their books throughout school. ...and that's like free money!*