

# Apprentice Financial Literacy

## Here are a few basic financial tips:

- **Have financial goals.** Short term and long term. People with goals are often more successful.
- **Try to keep yourself out of debt.** When you have no debt, it is easier to achieve financial goals quickly. (If you can't pay cash, you probably can't afford it!)
- **Save for an emergency.** An emergency fund is your independence. Experts say it should be 50% of your take-home wage for six months. Start at \$25 a week, then increase it when you receive a wage change (step-raise)
- **Have a written budget (spending plan).** When you write down how much things cost you have a better idea where your money is going. Also review what you purchased after every month. You may find a spending leak (coffee, tobacco, or dining as examples).
- **Have reliable transportation.** Don't rush out to buy a new car or truck.
- **Credit card.** Have one to build credit. Watch your credit score. Your goal should be 740 or higher. Remember 30% is the amounts owed, 35% is the payment history, 15% is the length of credit history, 10% new credit and 10% credit mix.
- **Prepare for work shortages.** If you go to work every day this may never happen but be prepared. In construction experts say to live off about seven months' salary. As an apprentice, you should view your weekly paycheck at 32 hours after taxes. Calculate the take home wage and multiply it by 2.8, then budget for that amount each month. Save the balance in your emergency fund, then fund your other goals when you have a healthy emergency fund balance. (The 2.8 multiplier is an aggressive goal. If you go over budget, at first just keep track of it. Being aware will help to prepare for the future economies.
- **Get a second job.** If you have trouble following your budget work at a restaurant (they often feed their staff) and while you're working, you will not be spending.
- **Pay your union dues on time.** Your dues being paid allows you to go to work and the union meetings as a member in good standing. This responsibility should be listed in your budget.
- **Buy a house, condo or rent an apartment?** When you leave your parents' house congratulations. Will you rent an apartment? (If you do you should get apartment insurance.) Will you have roommates in the apartment? Will you purchase a condominium? If so, what are the condo fees (HOA). What are your projected taxes, utilities, insurance, and the mortgage? These are new additions to your budget. Can you buy a house with extra bedrooms and get roommates to help pay? When you move will your excise tax on your car go up?
- **Pack your lunch.** When you bring your lunch, you will save money. Use a refillable water bottle.
- **Extra retirement savings.** Roth IRA is a great opportunity (the rule of 72). When you are working as a journey level worker making over \$138K single or \$218K jointly you will not qualify. As an apprentice you may make less than that and qualify to open a Roth IRA.
  1. Find a financial planner. (Charles Schwab, Fidelity, Prudential, Fisher Investments, or others.)
  2. Open a Roth IRA and invest it into stock/bonds funds. (Financial planner will advise you)
  3. Contribute up to \$6,500 maximum in a year, and at the age of 59 and a half you will be able to withdraw the funds tax exempt.
  4. Be aware when you deposit into a Roth IRA it will be inaccessible for five years, but it will be invested. It is always a good idea to find out how the investment firm will be compensated for managing your account. This is an important choice you must make.

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## Monthly Spending Plan (Budget)

<b>Income</b>	
Apprentice Work	
Other Income (second job)	
Other Income (third job)	
<b>Total</b>	
<b>Expensive</b>	
Mortgage/Rent/Insurance/Tax	
Car/Insurance/Taxes/Gas	
Utilities	
Wi/Fi/Cable	
Cell Phone	
Groceries	
Coffee	
Dining Out	
Clothing	
Dues	\$46
YOLO	
School / Books / Shop Fees	\$80
Total	

<b>Emergency Fund</b>		
<b>Three to six months expenses</b>		<b>Total</b>
<b>Weekly Deposit</b>		<b>One Year</b>
\$ 5.00		\$ 260.00
\$ 10.00		\$ 520.00
\$ 25.00		\$ 1,300.00
\$ 50.00		\$ 2,600.00
\$ 100.00		\$ 5,200.00
\$ 150.00		\$ 7,800.00
\$ 250.00		\$ 13,000.00

### Important Quotes:

- If you can't pay cash for it, you can't afford it.
- People with goals succeed because they know where they are going.
- Save all your receipts and calculate your spending or review your debit card monthly. Tracking spending is a great key to success. You should know where your money goes.
- Goals should change, keep evolving with your personal growth.
- If you live with your parents or grandparents, help around the house. Take out the trash, mow the lawn, shovel the snow, text them while you're shopping to pick something up for them. When you're the parent later in life these are signs you did a good job parenting.