

The Toolkit to Surviving Adulthood: Money Management Basics Worksheet



1. What are Debt and Credit Cards?

Debt refers to money borrowed from a lender, which must be paid back, typically with interest. Examples include loans, mortgages, and unpaid credit card balances.

A credit card allows you to borrow money to make purchases, but if you don't pay the full monthly balance, it becomes debt, accruing interest over time.

2. What is a Credit Score?

A credit score numerically represents your creditworthiness, typically ranging from 300 to 850. Lenders use this score to evaluate the risk of lending you money.

3. Components of a Credit Score

The main components that make up a credit score are:

1. Payment History (35%): Whether you've paid past credit accounts on time.
2. Credit Utilization or Amount Owed (30%): The ratio of your credit card balances to your credit limits.
3. Length of Credit History (15%): How long you've had credit accounts open.
4. Credit Mix (10%): The variety of credit types you have, such as loans and credit cards.
5. New Credit (10%): How often you apply for new credit accounts.

4. Major Credit Bureaus & Contact Information

There are three main credit bureaus in the U.S. responsible for reporting credit scores:

1. Equifax: www.equifax.com | Phone: 1-888-548-7878
2. Experian: www.experian.com | Phone: 1-888-397-3742
3. TransUnion: www.transunion.com | Phone: 1-800-916-8800

5. What is a Budget?

A budget is a financial plan that outlines your income and expenses over a period of time. It helps you manage your money, avoid debt, and save for future goals.

6. What is a Zero-Based Budget?

A zero-based budget is a budgeting method where every dollar of your income is allocated to a specific expense, savings, or investment. This way, your income minus your expenses equals zero.

*Example: If you earn \$3,000 per month, you allocate all \$3,000 to expenses (rent, groceries), savings, debt payments, and investments until you have \$0 left unassigned.

7. What is a 50/20/30 Budget?

A 50/20/30 budget allocates 50% of your income to needs, 20% to savings and debt, and 30% to wants.

*Example: If your monthly income is \$3,000 after taxes, \$1,500 (50%) goes to needs (rent, utilities), \$600 (20%) to savings/debt, and \$900 (30%) to discretionary spending (entertainment, dining out).

8. Practice: Create Your Budgets

Scenario: You are a recent college graduate living in Philadelphia, making \$48,674 per year before taxes. Your tax rate is 12%, and your retirement and other deductions take up 5%.

Zero-Based Budget

Calculate your monthly income after taxes and deductions, then assign each dollar to expenses, savings, and debt.

Annual Income: \$48,674

Tax (12%): _____

Retirement/Deductions (5%): _____

Net Monthly Income: _____ (After taxes)

Expenses:

1. Rent: _____

2. Groceries: _____

3. Utilities: _____

4. Transportation: _____

5. Savings: _____

6. Other Expenses: _____

50/20/30 Budget

Calculate your monthly income after taxes and deductions, then allocate it based on the 50/20/30 rule.

Net Monthly Income: _____

50% Needs:

1. Rent: _____

2. Utilities: _____

3. Groceries: _____

4. Transportation: _____

20% Savings/Debt:

1. Savings: _____

2. Debt Repayment: _____

30% Wants:

1. Dining out: _____

2. Entertainment: _____

3. Travel: _____