



## THE IMPACT OF INCOME

**N**ewfound freedom and extra money to spend can be found by working a part-time job when you are in school. How well you handle your first paycheck may set a precedent for life.

### SAVE AND SPEND WISELY

Once you start to receive a steady paycheck, it is important to save and spend effectively. In other words, develop a budget. Establish three categories: essential purchases, savings and discretionary items. You should take into consideration the essential items you expect your paycheck to cover. These may include car insurance, gas, telephone bills or school lunches. After establishing essential expenditures, set a savings goal, but be sure money is left over for fun.

### MAKE SAVING A PRIORITY

Planning for future purchases can be a good learning experience. For successful savings, you should define your financial goal and develop a plan for saving toward that goal. For example, a goal may be to save money during the winter so you can plan on taking a vacation the following summer.

### SAVVY SHOPPING SKILLS

It's helpful to comparison shop by checking prices with different retailers. You can save money by buying generic brands or shopping at thrift shops. If you feel you may be spending too much money on frivolous things, create an expense log showing exactly where your money is going.

You may not even realize how much money is being spent on snacks, entertainment and other activities. A computer program like Quicken, which is fairly inexpensive, can help you track your expenses and make budgeting easy.

### THE REAL COST OF CREDIT

It's imperative to educate yourself on credit before finding your mailbox filled with credit card offers. Late or unpaid credit card bills can affect the ability to buy a house or car in the future.

It is crucial to identify the hidden costs of using a credit card. If a purchase is made for more than what can be paid back in one month, you

will be subject to interest charges that add to the cost of the original purchase.

### TAX TIME

Usually the first introduction into the world of taxes comes when you discover your paycheck was less than expected, thanks to income tax deductions. In addition to federal tax deductions, you can expect money to come out of your paycheck for Social Security and Medicare. In some states, such as California, deductions are also made for state income tax, unemployment insurance and state disability insurance. It's important to understand the responsibilities for paying taxes and, if required, filing tax returns. 