

Introduction to Financial Literacy



Hosted by Alan Chen

Tomoon Youtube Channel

Who is Alan?



Low Income and non-english speaking immigrant parents



2017 Graduated CUNY Baruch



Negotiated salary increase every year (11%, 30%, 5%, 16%)



2021 Bought First Home
~\$400,000 Condo



Disclaimer

This presentation references an opinion and is for information purposes only. It is not intended to be financial advice. Seek a duly licensed professional for financial advice. All information is provided on an as-is basis. Please do your own comprehensive research before making financial decisions.



Budgeting Expenses

- Variable expenses are unpredictable
(eating out, entertainment, doctor visits)
- Fixed expenses are predictable
(rent, internet, insurance)





2020 Overview													
Categories/Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020 Total
Income													
Gross Salary	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ 66,000.00
Side Hustle	\$ 515.00	\$ 20.00	\$ -	\$ 300.00	\$ 100.00	\$ 340.00	\$ 544.51	\$ 1,110.00	\$ 160.00	\$ 349.00	\$ 1,340.00	\$ 1,785.00	\$ 6,563.51
Total Income	\$ 6,015.00	\$ 5,520.00	\$ 5,500.00	\$ 5,800.00	\$ 5,600.00	\$ 5,840.00	\$ 6,044.51	\$ 6,610.00	\$ 5,660.00	\$ 5,849.00	\$ 6,840.00	\$ 7,285.00	\$ 72,563.51
Fixed Expenses													
Rent	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 12,000.00
Health Insurance	\$ 328.34	\$ 328.34	\$ 328.34	\$ 328.34	\$ 328.34	\$ 328.34	\$ 328.34	\$ 328.34	\$ 328.34	\$ 328.34	\$ 329.16	\$ 329.16	\$ 3,941.72
Taxes	\$ 1,650.00	\$ 1,650.00	\$ 1,650.00	\$ 1,650.00	\$ 1,650.00	\$ 1,650.00	\$ 1,650.00	\$ 1,650.00	\$ 1,650.00	\$ 1,650.00	\$ 1,650.00	\$ 1,650.00	\$ 19,800.00
Utilities	\$ 98.24	\$ 98.24	\$ 98.24	\$ 98.24	\$ 98.24	\$ 98.24	\$ 98.24	\$ 213.49	\$ 213.49	\$ 224.31	\$ 224.31	\$ 224.31	\$ 1,787.60
Total Fixed Expenses	\$ 3,076.58	\$ 3,076.58	\$ 3,076.58	\$ 3,076.58	\$ 3,076.58	\$ 3,076.58	\$ 3,076.58	\$ 3,191.83	\$ 3,191.83	\$ 3,202.65	\$ 3,203.47	\$ 3,203.47	\$ 37,529.32
Variable Expenses													
Food	\$ 888.34	\$ 731.09	\$ 324.58	\$ 473.18	\$ 609.15	\$ 551.24	\$ 705.31	\$ 1,059.26	\$ 798.21	\$ 624.52	\$ 483.80	\$ 584.87	\$ 7,833.55
Transportation	\$ 192.24	\$ 142.36	\$ 113.75	\$ -	\$ -	\$ 10.00	\$ 35.12	\$ 444.21	\$ 53.53	\$ 65.00	\$ 27.48	\$ 202.17	\$ 1,285.86
Shopping	\$ 92.45	\$ 6.95	\$ -	\$ -	\$ -	\$ 16.32	\$ 1,936.89	\$ 228.39	\$ 20.18	\$ -	\$ 113.67	\$ -	\$ 2,414.85
Entertainment	\$ 524.02	\$ 21.76	\$ 48.96	\$ -	\$ -	\$ -	\$ 78.91	\$ -	\$ -	\$ -	\$ 36.74	\$ 28.31	\$ 738.70
Health	\$ 80.00	\$ 24.00	\$ 87.58	\$ -	\$ 65.31	\$ 138.46	\$ -	\$ 40.00	\$ 227.88	\$ 160.65	\$ 347.44	\$ 19.76	\$ 1,191.08
Home	\$ 63.30	\$ 189.36	\$ 97.70	\$ 439.44	\$ 569.48	\$ 572.82	\$ 635.63	\$ 181.85	\$ 232.82	\$ 237.19	\$ 207.29	\$ 118.84	\$ 3,545.72
Coffee	\$ 30.76	\$ 77.47	\$ 115.52	\$ 127.60	\$ 11.65	\$ 54.85	\$ 69.69	\$ 33.90	\$ 80.48	\$ 44.90	\$ 76.82	\$ 41.00	\$ 764.64
Gifts	\$ 112.88	\$ 290.67	\$ -	\$ 26.00	\$ 17.97	\$ 134.90	\$ -	\$ 191.38	\$ 107.77	\$ 363.17	\$ 542.14	\$ 1,095.59	\$ 2,882.47
Total Variable Expenses	\$ 1,983.99	\$ 1,483.66	\$ 788.09	\$ 1,066.22	\$ 1,273.56	\$ 1,478.59	\$ 3,461.55	\$ 2,178.99	\$ 1,520.87	\$ 1,495.43	\$ 1,835.38	\$ 2,090.54	\$ 20,656.87
Savings													
401(k)	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 6,000.00
HSA	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 3,000.00
Leftover Savings/Deficit	\$ 204.43	\$ 209.76	\$ 885.33	\$ 907.20	\$ 499.86	\$ 534.83	\$ (1,243.62)	\$ 489.18	\$ 197.30	\$ 400.92	\$ 1,051.15	\$ 1,240.99	\$ 5,377.33
Total Savings	\$ 954.43	\$ 959.76	\$ 1,635.33	\$ 1,657.20	\$ 1,249.86	\$ 1,284.83	\$ (493.62)	\$ 1,239.18	\$ 947.30	\$ 1,150.92	\$ 1,801.15	\$ 1,990.99	\$ 14,377.33
Savings Rate	15.87%	17.39%	29.73%	28.57%	22.32%	22.00%	-8.17%	18.75%	16.74%	19.68%	26.33%	27.33%	19.71%

Budget	
\$	300
\$	100
\$	100
\$	100
\$	100
\$	100
\$	100
\$	50
\$	50

Savings Goal 15%



The Dangers of Inflation

2000
\$10.00



2023
\$18.19



Skip the Savings Account

Go with High Yield Savings + Investing



High Yields Savings Account

Balance	0.01% Interest Rate Monthly Payment	4.35% Interest Rate Monthly Payment
\$1,000	\$0.0083	\$3.63
\$10,000	\$0.083	\$36.25
\$100,000	\$0.83	\$362.50



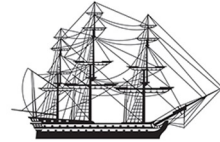
DISCOVER[®]
Savings Account

Marcus:
BY GOLDMAN SACHS[®]

Investing Concepts 101

- Low Risk = Low Returns, High Risk = High Returns
- Stock, own a piece of the company
- Mutual Fund, pool money to buy multiple stocks and usually managed by a professional investor
- Diversification, do not put all your eggs in one basket





Vanguard[®]



401(k)

- Contribution Matching = Free Money
- Tax benefits to save for retirement
- Your money is not locked away until 59 ½, early retirement is an option



401(k) Matching Structure

- 100% match for the first 3% of pre-tax contribution
- 50% match for the succeeding 2% of pre-tax contribution
- Translation: contribute 5% to get full match



401(k) Matching Contribution Example

Rule	Yearly Contribution on \$50,000 salary	Free Money after Fully Vesting
100% match for the first 3% of pre-tax contribution	\$1,500	\$1,500
50% match for the succeeding 2% of pre-tax contribution	\$1,000	\$500



Debt

- Builds credit and trustworthiness for larger loans
- Purchase a home, build a business, attend school, investing in yourself in terms of career and growth
- “Good debt” increases in value over time such as home or business



"Good" Debt	Unequivocally Bad Debt
Small Business	New Car (depends)
Home	Credit Card Balance
Education	Payday loans
Medical	Financing Purchases
Essentials	Gambling



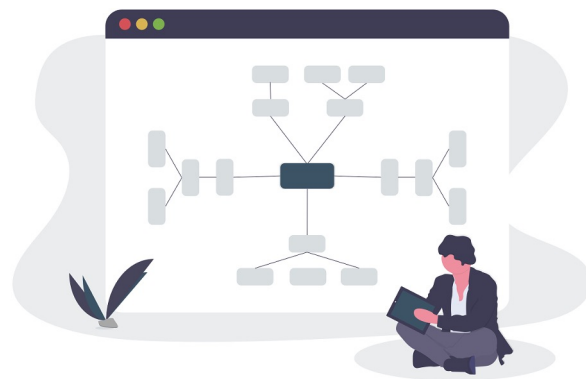
Credit Score

- Three digit number that can range from 300 to 850
- The higher the score, the better
- Determines your access to loans
- Start with a credit card



Negotiate Everything

- Start date, Paid Time Off, Parental leave
- Team, Project, Responsibilities
- Salary, Equity, Bonus, Stipends



Risk of losing Job/Offer?

- You are expensive, the company is invested in you
- Losing your job/offer is a **red flag**
- Be prepared to walk away



Salary Questions

- You **never** answer salary questions
- You lack the information to answer
- [NYC Salary Law](#)



Paycheck and Taxes

- Money paid to the government to provide shared public services and welfare programs
- W-4, for company to determine withholdings
- Paystubs will detail how much taxes you pay



Sample Company Name

1234 Dick Buccanna St Laverne, TN 37086

EARNINGS STATEMENT

EMPLOYEE NAME		SSN	EMPLOYEE ID	CHECK NO.	PAY PERIOD	PAY DATE
Brandon Smith		XXX-XX-01234	1234	607221	12/22/17-12/28/17	12/29/17
INCOME	RATE	HOURS	CURRENT TOTAL	DEDUCTIONS	CURRENT TOTAL	YEAR-TO-DATE
GROSS WAGES	18	40	720.00	FICA MED TAX	10.44	542.88
				FICA SS TAX	44.64	2,321.28
				FED TAX	92.40	4,804.75
				PAY-STUBS.COM		
YTD GROSS	YTD DEDUCTIONS	YTD NET PAY	CURRENT TOTAL	CURRENT DEDUCTIONS	NET PAY	
37,440.00	9,783.31	27,656.69	720.00	188.14	531.86	



Tax Brackets are confusing.

Tldr, take the raise and [watch my youtube video](#)



Filing Your Taxes

- Most of you do not need an accountant, do it yourself
- Do it for low cost or for [free](#) (Income \$73,000 or less plus other requirements depending on platform)
- Taxes need to be filed for Federal and State
- [2023 Tax Filing Guide](#) from the CFPB





Helping people understand and meet their tax responsibilities

How can we help you?



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[Check your federal tax withholding](#)



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Financial Literacy Coach

- **Free** 30-minute session with me to talk about your financial situation and answer questions
- Goal is to teach you how to find the information you need
- Schedule a session with this link:
tinyurl.com/yxeycyxk



- ★ Record income and expenses for monthly budget
- ★ Start online high yields savings account
- ★ Contribute/invest with a 401(k)
- ★ Check your Credit Score and Credit Report
- ★ Register for an account with IRS
- ★ Schedule a Free Financial Literacy Session



Email: alan.tomoon@gmail.com

Youtube: youtube.com/c/TomoonAlanChen

Next Workshop: 1/18 5:30PM

Step by Step Guide to
Research Compensation



Tomoon

