



PERSONAL FINANCE

FOR HIGH SCHOOL STUDENTS

A practical guide to earning, saving, borrowing, and investing



STATE AND NATION STUDENT HANDBOOK
thestateandnation.com

How to Use This Book

This expanded edition assumes you have never used a financial account or signed a loan. Read the vocabulary first, then follow the money in each example. You do not have to buy anything or open an account to learn.

How to learn a lesson

Read its explanation. Define unfamiliar words using the dictionary. Work through the dollars with a calculator. Explain the choice in ordinary language, then try the practice question. Ask a teacher, counselor or trusted adult if a term remains unclear.

Your route through the book

Money basics and planning: pages 3 to 6.

Banking and account skills: pages 7 to 19.

Interest and loan comparisons: pages 20 to 29.

Credit and car borrowing: pages 30 to 35.

Homes and mortgages: pages 36 to 41.

Education and student loans: pages 42 to 49.

Saving, investing and retirement: pages 50 to 62.

Practice, glossary and sources: pages 63 to 70.

Examples and rates

People, purchase prices, budgets and account records are fictional. Saving and borrowing rate examples use published references rechecked October 5, 2026. Each offer has conditions and a quoted date in the rate directory. Variable rates can change; mortgage averages and advertised rates are not personal approvals. Multi-year calculations hold rates constant to teach the math. Investment returns are hypothetical. Rounding can affect final amounts.

Learn safely

Never put real account numbers, passwords, tax identifiers or family statements on a classroom worksheet. Account and contract eligibility can depend on age, state law and provider rules. A minor may need an adult. Educational sharing and printing of the complete handbook are welcome; retain the State and Nation name and sources.

This book teaches concepts, not an individual product recommendation. For actual decisions, confirm current disclosures, eligibility and program rules. Student loan information is dated October 5, 2026.

Start Here: What Do These Words Mean?

You can learn personal finance without knowing any banking vocabulary. Start with money coming in, money going out, what you own, and what you owe. These four ideas appear throughout the book.

Income and expenses

Income is money you receive, such as wages from a job. An expense is money you spend, such as a bus fare. If you receive \$100 and spend \$70, \$30 remains. That \$30 can be saved, spent later, or used to repay something you owe. Borrowed money is not earned income: it arrives with an obligation to repay.

Assets and debts

An asset is something you own that has financial value: cash, an account balance, or an investment. A debt, also called a liability, is money you owe. If you own \$300 of savings and owe \$50, your net worth from these items is \$250: assets minus liabilities. Net worth is a financial snapshot, not a judgment about a person.

Balance, deposit and withdrawal

An account is a record of money held for you or money you owe. Its balance is the amount recorded at a particular time. A deposit puts money into a deposit account. A withdrawal takes money out. A transfer moves money between accounts; it does not create new income. Moving \$20 from checking to savings leaves you with the same total money.

A dollar can have different jobs

Spending pays for something now. Saving keeps money for later. Investing puts money into something that may produce income or grow in value, with a risk of loss. Borrowing uses someone else's money now and commits future money to repayment.

Check your understanding

Maya receives \$60 for work, spends \$15, and moves \$20 of the remainder into savings. She still owns \$45 in total: \$25 outside savings and \$20 in savings. The transfer did not reduce her total by another \$20.

Give Your Money a Job



Personal finance means deciding how to earn, use, protect, and grow your money. A goal makes those decisions easier. Instead of saying, "I should save more," say, "I want \$240 for a school trip in twelve weeks." That turns a wish into a weekly target of \$20.

Needs and wants depend on your situation

A need supports basic living, school, or work. A want improves comfort or enjoyment. A phone may be needed to reach family; the newest model may be a want. Avoid judging someone else's spending without knowing their responsibilities.

Time changes the right choice

A short-term goal might be a bike repair next month. A medium-term goal might be training after graduation. A long-term goal might be retirement. Money needed soon usually belongs somewhere accessible and stable. Long-term money may have time to recover from investment losses, although recovery is never guaranteed.

Opportunity cost

Spending money on one thing means giving up another use. If you spend \$30 on delivery, that \$30 cannot also pay for your trip. Enjoying your money is allowed; the skill is choosing on purpose.

Try it

Choose one goal. Write the price, deadline, amount already saved, and number of weeks left. Divide the remaining amount by the weeks. If the result is too high, change the deadline, lower the cost, or find realistic additional income. Do not build a plan around money you have not actually earned.

Understand Your First Paycheck



Your hourly wage is not the same as the money available to spend. Gross pay is what you earn before deductions. Net pay, often called take-home pay, is what remains after deductions. Read each pay stub instead of assuming the deposit is correct.

Follow the money

Suppose Jordan works 12 hours at \$15 per hour. Gross pay is \$180. If this teaching example has \$25 in total deductions, net pay is \$155. Actual deductions depend on earnings, tax forms, location, and the job.

Social Security and Medicare taxes commonly appear as payroll deductions. Federal, state, or local income tax withholding may also appear. Withholding is a payment toward a possible tax bill; your tax return determines what you actually owe and whether you receive a refund.

Employee or independent worker

Babysitting, tutoring, lawn care, and online work can produce income too. Keep records of what you earn and legitimate business costs. A customer who pays cash has not made the income disappear for tax purposes. Independent work may require setting aside money for income and self-employment taxes.

Protect your work

Record your hours. Check your pay rate and deductions. Ask the employer about unexplained differences. Keep tax documents in a secure place. Being a student or being claimed by a parent does not automatically remove your filing responsibilities.

Try it

Calculate gross pay for 8 hours at \$16.50. Then subtract hypothetical deductions of \$18. What is your take-home pay? Answer: \$132 gross and \$114 net. Build your budget using the net amount.

Build a Budget You Can Use

A budget is a plan for money coming in and money going out. It should fit your real life, including irregular income. Start with a month of actual spending. Small purchases and subscriptions count even when they do not feel important.

Plan before spending

Write down take-home income. Set aside savings first if possible. List fixed expenses, such as a monthly phone bill, and variable expenses, such as food or transportation. Add occasional costs, including gifts, school fees, and repairs. Divide an annual cost by twelve to create a monthly savings target.

The sample below is one student's plan for \$400 in monthly take-home income. It is not a rule for every family. A student who helps pay rent or food may need a very different plan.

When the numbers do not fit

If expenses exceed income, something must change. Cancel an unused subscription, lower a flexible expense, adjust a goal, or seek realistic income. Credit does not solve a permanent monthly shortage; it moves a payment into the future and may add interest.

Make room for surprises

Keep a small buffer so one extra bus ride does not cause an overdraft. Check the plan weekly. A budget that needs adjustment is useful information, not evidence that you failed.

Try it

Your transportation cost rises by \$25. Change two categories below while keeping the total at \$400. Explain which tradeoff you prefer.

Category	Monthly amount
Savings goals	\$80
Transportation	\$90
Phone	\$30
Food and school costs	\$80
Fun	\$70
Buffer	\$50
Total	\$400

What a Bank or Credit Union Actually Does

A bank or credit union provides a place to hold deposits and services for moving money. You do not usually have a separate box of physical bills with your name on it. The institution records what it owes you and follows rules for handling deposits, payments and withdrawals.

Two sides of the same system

When you deposit money, the institution owes you that account balance. When you borrow from it, you owe the institution the loan balance. Institutions use funding, including deposits, to make loans and other permitted investments. They earn revenue from interest and sometimes fees. Your deposit account and another person's loan remain separate contracts.

Bank versus credit union

A bank is a business that may serve customers who meet its account requirements. A credit union is generally a member-owned financial cooperative; joining requires meeting its membership rules. Credit unions may call deposits shares and savings earnings dividends. These words do not turn an insured credit union deposit into a stock investment. Compare actual fees and service rather than choosing by the institution's name alone.

Branch and online banking

A branch allows in-person service, which may help when depositing cash or asking questions. An online institution may offer remote deposits and transfers but no local counter. Think about how your paycheck arrives, whether you use cash, where you can withdraw money, and how to contact help if your phone is unavailable.

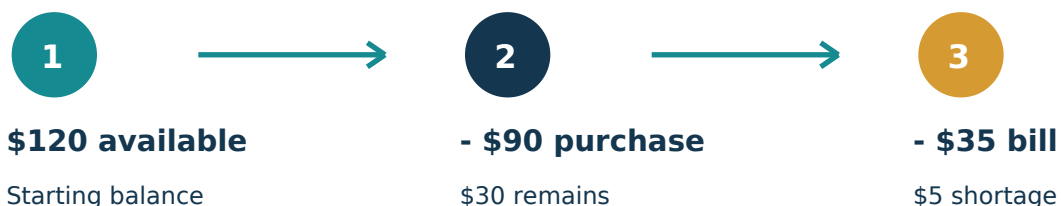
Protection is a separate question

Confirm FDIC insurance for a bank or NCUA insurance for a federally insured credit union. The account-protection lesson explains limits. A payment app or financial technology company is not automatically a bank. Ask which institution actually holds the money.

Try it

Name two services you would use and one fee you want to avoid. Those answers are a better shopping list than an advertisement saying an account is perfect for students.

Checking Accounts Handle Everyday Money



A checking account is designed for frequent payments and deposits. You can typically receive direct deposit, pay bills, use a debit card, withdraw cash, and transfer money. Some accounts pay interest, but convenient access is their main job.

A debit card uses your money

A debit purchase normally draws from your account. A credit card borrows money from an issuer. They can look similar, so check which card you are using. Neither card tells you whether a purchase fits your budget.

Know the available balance

Your displayed balance can differ from the money you can safely spend. Pending purchases, checks that have not cleared, and temporary hotel or gas-station holds may matter. Deposited checks can be unavailable for a time. Keep your own transaction record and reconcile it with the bank statement.

An overdraft happens when a transaction takes the account below zero. Depending on the account and transaction, the bank might reject the payment or cover it and charge a fee. Ask how overdraft settings work; do not assume every transaction receives the same treatment.

Compare before opening

Look for monthly fees, minimum balances, ATM charges, overdraft terms, mobile deposit rules, and a nearby way to get help. A student account may have useful features, but read when those benefits end. Minors may need an adult joint owner with access to the account.

Try it

You have \$120 available and a \$35 bill scheduled tomorrow. A \$90 purchase would leave \$30 before that bill. How much would you be short? Answer: \$5, before any fees.

Using Checking: From Paycheck to Payment

Checking is the account most people use to receive earnings and pay everyday bills. Think of it as a transaction record with a way to move money, rather than a supply of unlimited spending power.

How money enters

Direct deposit sends wages electronically from an employer to your account. You provide instructions through the employer's verified payroll process. A cash deposit adds bills or coins using a supported branch or ATM. A check deposit asks the institution to collect money from the check writer's account. Mobile deposit uses photographs of the check under the provider's instructions.

Deposited does not always mean available

A deposit may be recorded before all of it is available to withdraw. A hold temporarily delays access. Even if a check becomes available, a fraudulent or unpaid check may later be returned, and your institution can take the money back. Never send someone money because an unfamiliar check appears to have cleared. Ask the institution about a suspicious deposit.

How money leaves

A debit card purchase uses checking money. Bill pay sends a payment to a company or person. An automatic payment lets a provider collect an authorized bill on a schedule. A check is a written payment instruction. An ATM withdrawal exchanges part of your account balance for cash. Each reduces the money available for other uses.

Choose the right balance

The current or posted balance records processed transactions. The available balance usually reflects certain holds and pending transactions. Neither necessarily includes every check you wrote or future bill. Keep a list of commitments as well as looking at the app.

Try it

A paycheck adds \$140 to a \$20 available balance. You reserve \$40 for transportation and move \$30 to savings. That leaves \$90 for other spending, even if the transportation money still appears in checking.

Read a Bank Statement and Keep a Record

A bank statement summarizes account activity over a period, often one month. It shows the beginning balance, deposits, withdrawals, fees, interest if any, and ending balance. It is a record to review, not just a notice to file away.

Read the sample

The table is a fictional checking record. A plus amount adds money. A minus amount removes it. The final balance is \$178. No interest or account fees are assumed; this example teaches transaction tracking rather than a rate offer.

Reconcile means compare

Reconcile your account by comparing the institution's statement with your own record and receipts. Check dates and amounts. Identify payments you know about that have not appeared yet, and verify unexpected transactions. A difference may come from timing or an error; do not ignore it.

Plan for transactions not yet shown

If a \$35 phone payment is scheduled after this statement ends, the \$178 ending balance does not mean \$178 is free to spend. Reserving that bill leaves \$143. A pending card transaction may also change what is available. Avoid counting a pending refund as money you can spend before it actually arrives.

Protect the record

Review statements in a private place. Report suspected errors or unauthorized activity promptly; deadlines and protections depend on the transaction type. Use the institution's verified contact information. Classroom practice should use fictional records, never screenshots of real family accounts.

Activity	Change	Running balance
Starting money	--	\$80
Paycheck deposit	+\$155	\$235
Bus pass	-\$30	\$205
Lunch	-\$12	\$193
Transfer to savings	-\$40	\$153
Birthday cash deposit	+\$25	\$178

Debit Cards, Prepaid Cards and Transfers

Similar-looking cards can work very differently. Before paying, know where the money comes from and what fees or risks apply.

Debit is your deposit money

A debit card usually connects to a checking account. A purchase reduces that balance or places a temporary hold. A personal identification number, or PIN, helps authorize some transactions. Keep it private. Choosing a credit button at a store generally changes how a debit transaction is processed; it does not turn your debit card into a borrowing account.

Prepaid is money loaded in advance

A prepaid card draws from a balance loaded onto the card or associated account. It may charge activation, monthly, cash-loading, ATM or other fees. Registration can affect available protections. It is not automatically a checking account, and it does not usually build credit by itself. Read where funds are held and whether insurance conditions apply.

Electronic transfers move money

EFT means electronic funds transfer. Direct deposit, certain bill payments and debit transactions are examples. ACH is an electronic payment network used for many bank transfers and payroll deposits. A wire transfer is a different service that may have fees and can be hard to reverse. Transfer speeds depend on the service and provider.

A payment app needs the same care

A person-to-person payment can draw from a bank account, card or app balance. Check the recipient independently before sending. A correct spelling on a profile does not prove identity. Sending a payment can be much easier than getting it back after a mistake or scam.

Try it

Which uses your deposited money: a debit card or a credit card? Debit. Which creates a bill to repay later? Credit. What is an EFT? A way of moving money electronically, not a fund you buy as an investment.

Savings Accounts Protect Your Goals

Week 1

\$10

Week 10

\$100

Week 20

\$200

A savings account separates goal money from everyday spending and usually earns interest. On October 5, 2026, Marcus by Goldman Sachs advertised 3.50% APY, no fees, and no minimum deposit. The APY is variable. On \$1,000 for one year, that yield means \$35 of interest if it stays unchanged, with no withdrawals or taxes.

Read the APY

Annual percentage yield, or APY, describes a deposit's annualized growth from interest, including compounding, under the stated terms. Compare APYs along with fees and minimum balances. A higher advertised APY may apply only to part of the balance or require specific actions. Savings rates are often variable.

Make saving automatic

A small transfer after payday reduces the chance that your goal money gets spent by accident. If income varies, choose an amount you can sustain and adjust when needed. An automatic transfer still requires checking your balance so the transfer does not create a problem elsewhere.

Build an emergency fund

Start with a goal that fits your responsibilities, perhaps enough for a phone repair or transportation problem. Over time, many adults aim for several months of essential expenses. A high school student can begin much smaller. Emergency savings should be accessible without having to sell a volatile investment.

Account providers can set withdrawal or transfer limits and charge fees. Ask about their current rules rather than assuming all savings accounts work alike.

Try it

Saving \$10 each week for 20 weeks builds \$200 before interest. Name one expense that this buffer could cover, and one expense that would require a larger fund.

Learn more: Marcus Online Savings Account, 3.50% APY as of October 5, 2026; source link on pages 69 to 70. This example is not a product recommendation.

How Savings Interest Reaches Your Account

A savings account can pay you for keeping money on deposit. Earnings often seem small at first because they depend on both the balance and time. A competitive rate cannot make a tiny balance grow into a large fortune overnight.

Rate versus dollars

A rate is a percentage used in a calculation. Interest is the resulting dollar amount. At the referenced Marcus 3.50% APY, \$100 kept for a full year would earn \$3.50 and \$1,000 would earn \$35 if the APY stayed unchanged. These examples assume no additions, withdrawals, fees or taxes. The source and date are in the rate directory.

The time matters

APY describes an annualized yield; you do not receive an entire year's earnings after one month. Institutions commonly calculate interest using daily balances and credit earnings on a schedule. Read the agreement for the actual method. A changing balance or rate changes what you earn.

Interest can earn more interest

After interest is added to your account, it becomes part of the balance that can earn future interest. This is compounding. If \$100 grows to \$103.50 after a year, a second full year at the same APY would produce about \$107.12, not \$107 exactly. The extra amount is interest on earlier interest.

Taxes and purchasing power

Deposit interest is generally taxable income even if you leave it in the account. Your tax situation determines the effect. Inflation is a rise in the general price level: a dollar may buy less later. Earning interest helps, but it does not guarantee that savings will keep up with every price increase.

Try it

Why does withdrawing goal money lower later earnings? The institution has a smaller balance on which to calculate interest. Is interest the main reason to save? It helps, but setting money aside reliably is what builds the goal fund.

Separate an Emergency Fund from a Goal Fund

Saving is easier when you know what the money is for. An emergency fund pays for unexpected essential costs. A goal fund pays for a planned purchase. They can be in separate accounts or tracked as separate amounts within one account.

Planned is not the same as unexpected

A school trip announced months ahead is a goal. A repair you could not predict may be an emergency. A yearly fee is predictable even though it is not monthly. Saving a little each payday for a known future bill is sometimes called a sinking fund.

Build a goal without depending on interest

Suppose a student wants \$300 for a trip in 15 weeks and already has \$60. The remaining need is \$240. Divide \$240 by 15 to get \$16 a week. Interest might add a little, but it should not replace the savings schedule, especially over a short period.

Choose a realistic starting reserve

A student who depends on the bus might begin by saving enough for replacement transportation. Someone helping with household expenses may need a different buffer. After using emergency money, make a plan to refill it. There is no single starting amount that fits every family.

Access matters

Emergency money needs to be reachable when the problem happens. Consider transfer delays, ATM access, fees and restrictions. A high advertised return is less useful if getting the money costs a penalty or requires selling an investment during a price drop.

Try it

You have \$180 saved: \$100 for emergencies and \$80 for a planned event. A \$50 essential repair leaves \$50 in the emergency portion and \$80 in the goal portion. Before spending the remaining \$130, remember that two different jobs still belong to that money.

Money Market Accounts and Funds

Similar names, different products

Deposit account

Bank or credit union

Covered if insurance rules are met

Mutual fund

Investment portfolio

No deposit insurance

A money market deposit account is a bank or credit union deposit account that usually earns interest and may allow some check writing or debit access. It can blend savings features with limited payment features. The rate is often variable, and minimum balances or fees can be higher than those on a basic savings account.

Higher yield is not guaranteed

The name does not promise a better APY than every savings account. Compare the actual offer. If an account pays slightly more but charges a monthly fee you cannot avoid, the fee can erase the advantage.

A similar name can mean a different product

A money market mutual fund is an investment fund holding short-term debt instruments. It is not a money market deposit account. It is not covered by FDIC or NCUA deposit insurance and can lose money. Ask a provider to identify the product precisely, especially when an app labels several products "cash."

Choose by purpose

A deposit account might suit an emergency fund if the fees, access, and balance requirements fit. Frequent everyday spending is generally simpler through checking. Investment products should be evaluated by what they own and the protections that actually apply.

Try it

Marcus savings advertised 3.50% APY on October 5, 2026. Ally money market displayed 3.10% APY for a \$25,000 balance, dated October 1. With \$25,000 held for one year at unchanged APYs, interest is \$875 versus \$775 before taxes. Both list no monthly maintenance fee. The \$100 yield difference is one factor; access and terms matter too. Ally notes its displayed comparison applies to California; verify your location and balance tier.

Learn more: Marcus savings and Ally money market product pages; checked October 5, 2026. Both rates are variable. Links on pages 69 to 70.

Money Market Deposits: Read the Fine Print

A money market deposit account can combine interest earnings with some payment access. It is a deposit product, not a method of buying shares in the stock market. You do not need to understand stock trading to compare one.

What to ask before choosing

Can you write checks or use a debit card? Which transactions have limits? Is there a minimum opening deposit, a minimum to earn the advertised APY, or a balance required to avoid a fee? These are separate conditions. A balance tier is a range of balances used to determine the rate paid.

Compare the practical access

A savings account may require a transfer to checking before you spend. A money market account may permit checks or debit purchases directly. That access can be convenient, but frequent payments may conflict with its transaction rules. For example, Ally's published terms allow unlimited ATM withdrawals while limiting certain other withdrawals and transfers to ten per statement cycle. This is one provider's rule, not a rule for every institution.

What the deposit account does not do

It does not guarantee a higher yield than savings. It does not remove the need for a budget. Check-writing access does not make its balance available credit. At an insured institution, covered money market deposits share the applicable insurance limits with other deposits in the same ownership category.

Ask the exact product name

A money market mutual fund owns short-term investments. Its return and risks come from those holdings, and it has no FDIC or NCUA deposit insurance. The similar name is why identifying deposit account versus investment fund matters.

Try it

A student needs to make 20 small purchases each month. What question should they ask about a money market account? Whether those purchases count against its transaction limit. Checking may better fit frequent daily spending.

Compare Accounts and Check Protection

The account name is only the beginning. Read the fee schedule, balance requirements, and access rules. Ask whether the institution itself is federally insured. A financial app may rely on a partner bank; find out where your deposits are held and what conditions apply.

Deposit insurance has boundaries

At an FDIC-insured bank, the standard limit is \$250,000 per depositor, per insured bank, per ownership category. Accounts in the same category at one bank are combined. Opening checking and savings at that bank does not automatically double the limit. Federally insured credit unions have NCUA share insurance with similar basic limits.

Insurance protects covered deposits if the institution fails. It does not reimburse every scam, protect investment prices, or insure stocks and crypto just because a bank sells them.

Opening and managing an account

Providers usually ask for identification and other information. For a minor, account options and adult involvement vary. Ask who owns the money, who can withdraw it, and what happens at adulthood. Turn on transaction alerts and use strong passwords with multifactor authentication.

Try it

Which account fits lunch purchases and bus fares? Which fits a graduation trip fund? Explain your choice using access, fees, and stability, rather than just the advertised interest rate.

Feature	Checking	Savings	Money market deposit
Main use	Daily payments	Goals and reserves	Reserves with some access
Interest	May be low or none	Usually earns interest	Usually earns interest
Payments	Usually broad access	Usually limited features	May offer checks or debit
Watch for	Overdraft and ATM fees	Fees and transfer rules	Minimums and access rules

Learn more: FDIC and NCUA resources on pages 69 to 70.

Open Your First Account: A Guided Checklist

Opening an account creates an agreement between you and the provider. Do not start with the application button. Start by identifying the purpose of the money and reading the terms with a trusted adult if needed.

Step 1: compare the account

Write down its fees, access methods, minimum requirements, APY if any, overdraft settings and insurance. Ask how student benefits change when you reach a certain age or leave school. No monthly fee does not necessarily mean every service is free.

Step 2: understand ownership

A minor may need a joint account or another account structure with adult involvement. Joint owners can generally access the money under the agreement. A custodial arrangement has different ownership and control rules. Ask who owns the money, who can withdraw it, and when control changes. Do not assume all youth accounts are identical.

Step 3: use a verified application

Providers commonly request identification, address, date of birth and tax-identification information. Requirements vary. Share sensitive information only through the provider's official application or verified branch process, not in a classroom exercise or an unexpected message.

Step 4: fund and protect it

Add money using a supported method. Set a unique password and multifactor authentication, which adds another identity check. Enable alerts for low balances and transactions if available. Store account records securely. An alert helps you notice a problem; it does not replace reviewing statements.

Step 5: practice before relying on it

Learn how to view pending payments, transfer money, freeze a lost card and contact help. Know where cash can be deposited and withdrawn. Before closing an old account, move scheduled deposits and payments and confirm outstanding transactions are handled.

Try it

Ask a provider three questions: What could cost me money? When can I use a deposit? Who else can access this account? Write the answers in ordinary language.

Percentages Without the Mystery

A percentage means out of one hundred. One percent is one out of one hundred, written as 0.01 in a multiplication calculation. Percentages let you compare costs or earnings on different dollar amounts.

Change percent to decimal

Divide the percentage number by 100. Thus 3.50% becomes 0.035, 6.99% becomes 0.0699, and 28.49% becomes 0.2849. Entering 3.50 instead of 0.035 makes a calculation 100 times too large. A calculator's percent button can behave differently across models, so decimal entry is useful.

Find the dollar amount

Multiply the starting amount by the decimal. At the referenced 3.50% annual yield, $\$200 \times 0.035 = \7 for a full year under unchanged conditions. The resulting \$7 is interest, not the ending balance. Add it to \$200 to obtain \$207. This is a one-year APY example with no fees, taxes or transactions.

Find what percentage a part represents

Divide the part by the whole, then multiply by 100. If \$30 of a \$150 paycheck goes to savings, $\$30 / \$150 \times 100 = 20\%$. The whole is the paycheck; choosing a different whole changes the meaning of the percentage.

Percentage points are different

A rate increasing from 3.00% to 3.50% rises by 0.50 percentage points. That is not the same as a 0.50% proportional increase in the old rate. Those two numbers are a vocabulary example, not additional account offers.

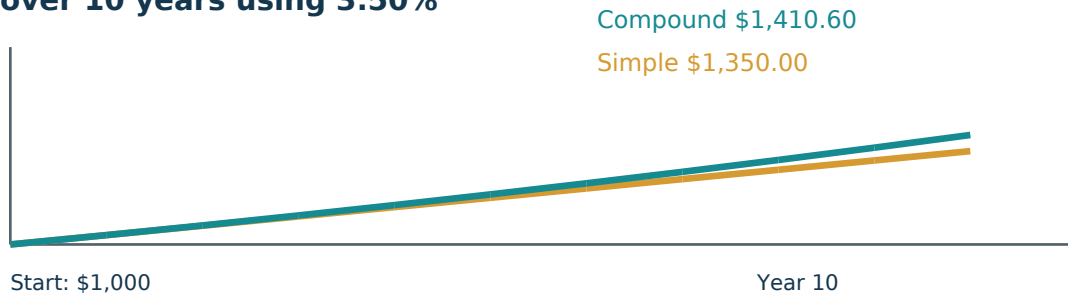
Try it

A \$25 fee on \$500 equals 5% of the balance. A \$25 fee on \$100 equals 25%. The same dollar fee can take a much bigger share of a small balance. This is why students should compare fees as well as rates.

Percent	Decimal for multiplying
1%	0.01
3.50%	0.035
6.99%	0.0699
28.49%	0.2849

Interest Can Help Savings Grow

\$1,000 over 10 years using 3.50%



Interest is paid for using money. A saver may receive it; a borrower normally pays it. Principal is the starting amount. Marcus advertised 3.50% savings APY on October 5, 2026. Use that current yield to see how earnings accumulate.

Simple interest for comparison

Simple interest does not earn interest on earlier interest. With an unchanged principal, interest = principal x annual rate x years. At a 3.50% simple annual rate, \$1,000 earns \$35 per year and totals \$1,350 after ten years. This simple-interest line is a mathematical comparison, not a Marcus account option.

Compound growth using APY

APY includes compounding. If a 3.50% APY stays unchanged, \$1,000 becomes \$1,035 after one year and about \$1,071.23 after two years. After ten years, it becomes about \$1,410.60. Actual savings APYs are variable, so the ten-year result is an illustration, not a guaranteed balance.

For an unchanged APY, final balance = principal x $(1 + \text{APY})^{\text{years}}$. Enter 3.50% as 0.035. A stated interest rate and APY are different: the bank's compounding schedule helps determine APY. Do not add extra compounding to an APY that already includes it.

Read the graph

Both lines assume no additions, withdrawals, fees, or taxes and a constant rate. A market investment would not follow a guaranteed savings curve.

Try it

At the same 3.50% yield, \$200 earns \$7 in its first full year. If the yield remains unchanged, the second year's earnings are \$7.25 after rounding. The extra earnings come from interest on earlier interest.

Learn more: Marcus savings, 3.50% APY as of October 5, 2026; CFPB compound interest guidance. Links on pages 69 to 70.

Interest Rate, APY and APR Are Different

These abbreviations answer different questions. Comparing them carelessly can make a product look cheaper or more rewarding than it really is.

Interest rate: the calculation input

An interest rate is a percentage used to calculate earnings or borrowing charges over a stated time. If a rate is annual, it describes a year, not a month. The account or contract determines the balance used, day-count method and when interest is added.

APY: annualized deposit growth

Annual percentage yield includes the effect of compounding under stated deposit terms. For one full year with an unchanged APY, the balance is principal $\times$ (1 + APY as a decimal), assuming no fees or transactions. Do not divide an APY by twelve and treat that as the account's exact monthly interest rate: the quoted yield already includes compounding.

APR: annualized borrowing cost

Annual percentage rate is used in credit disclosures. For many installment loans it includes the interest rate and certain financing fees. A loan with an origination fee can therefore have an APR higher than its interest rate. Credit card APR describes interest pricing, but annual fees and some transaction charges are separate.

Use the right number in the right place

Compare deposit offers using APY plus their fees and conditions. Compare similar loan offers using APR, payment schedule, amount received and total cost. To calculate a mortgage's interest portion, use the contractual interest rate, not an APR that includes fees. The Freddie Mac mortgage figure in this book is an interest-rate benchmark, not a personal APR quote.

Try it

Why might two loans with the same interest rate have different APRs? Their included financing fees or terms can differ. Why might two accounts with the same stated interest rate have different APYs? Their compounding methods can differ.

Compound Growth: Follow Each Year

Compounding means the next interest calculation can include earlier interest. You do not need to memorize a formula before seeing what happens. Follow the balance through time.

Begin with the same principal

This comparison starts with \$1,000 and uses the referenced 3.50% yield held constant for three years. The simple-interest column applies a 3.50% annual rate to the original \$1,000 only. It is a mathematical comparison, not a deposit product being offered by Marcus. The compound column uses a constant 3.50% APY. No taxes, fees, withdrawals or additional deposits are included.

Why the balances separate

Simple interest adds \$35 each year. Compound growth adds \$35 in year one, then about \$36.23 in year two, because the second calculation begins with \$1,035. In year three, interest is earned on an even larger starting balance. Rounded display amounts may differ by a cent from calculations performed without intermediate rounding.

Time and deposits do different jobs

Waiting gives interest time to accumulate. Adding new savings increases the principal available to earn. At a small starting balance, consistent new deposits can matter more than chasing a slightly higher rate. A bigger rate also cannot compensate for spending the goal money repeatedly.

For debt, the direction reverses

If unpaid loan interest becomes part of the balance on which future interest is charged, compounding increases what you owe. The next lessons separate daily simple interest, capitalization and a loan's payment schedule. Making monthly payments does not, by itself, mean a loan compounds.

Try it

Why does the compound balance exceed the simple balance? Earlier interest starts earning additional interest. Would the same three-year result be guaranteed in a variable-rate savings account? No.

Year end	Simple comparison	Compound balance
Start	\$1,000.00	\$1,000.00
1	\$1,035.00	\$1,035.00
2	\$1,070.00	\$1,071.23
3	\$1,105.00	\$1,108.72

Simple and Compound Interest on Loans

\$1,000 for 3 years using 6.52%

No payments, fees, or additional borrowing



Simple: \$1,195.60



Compound: \$1,208.63

Loan interest depends on which balance the lender uses. Do not judge a loan by its monthly payment alone.

Simple interest on a declining balance

Many installment loans calculate interest on outstanding principal. The current federal undergraduate Direct Loan rate is 6.52% for loans first disbursed July 1, 2026, through June 30, 2027. On \$1,000, daily interest is about \$0.18: $\$1,000 \times 0.0652 / 365.25$. Paying down principal reduces later interest. Federal Direct Loans use daily simple interest.

Compounding and capitalization

Compound-interest debt can charge interest on earlier interest added to the balance. Capitalization adds unpaid interest to principal at a specified event. Federal student loan interest can be capitalized in certain circumstances, increasing the principal on which later interest is calculated.

A regular amortizing mortgage covers interest and reduces principal through scheduled payments. It does not grow merely because you pay monthly. A negative-amortization loan can add unpaid interest to the balance. Read the contract.

Use the same referenced rate

At 6.52%, unchanged \$1,000 principal plus three years of simple interest totals \$1,195.60. If that rate compounded annually instead, it would total \$1,208.63. This mathematical comparison assumes no payments, fees, or subsidy. The annual compound alternative is not a federal loan program or repayment schedule.

Try it

Explain why extra principal payments can reduce future interest. Ask how payments are applied and whether an early-payoff penalty applies. A loan's actual terms matter more than a simplified illustration.

Learn more: Federal Student Aid, 2026 to 2027 undergraduate rate: 6.52%. Checked October 5, 2026. Link on pages 69 to 70.

What Happens When You Take Out a Loan?

A loan is an agreement to receive money now and repay it according to written terms. The borrower owes the money. The lender provides it. A servicer may collect payments and answer questions on the lender's behalf.

Before money arrives

The lender reviews an application. Underwriting means evaluating whether the borrower and loan meet its requirements. Income, debts, credit history and the purpose of the loan may matter. An approval is permission to borrow under specified conditions, not proof that borrowing is a good idea for your budget.

The main terms

Principal is the amount borrowed or still owed before interest. The term is how long repayment lasts. A payment is money sent according to the schedule. The due date is when it must arrive. Interest is the borrowing charge; fees are additional costs named in the agreement. Amount financed and cash received can differ if fees are withheld or other costs are included.

Installment or revolving

An installment loan usually provides a set amount and has scheduled payments over a term. Car loans and many personal loans work this way. Revolving credit lets you borrow repeatedly up to a limit as you repay; a credit card is an example. Paying off a \$50 card purchase can restore available credit, but it does not create \$50 of income.

After signing

Save the agreement, confirm the money received, and track payments. A late payment can create fees, added interest or credit consequences. Default means failing to meet the agreement in a serious way defined by the contract or program. Contact the provider early if a payment becomes difficult.

Try it

If a lender sends you \$1,000, have you earned \$1,000? No. You now have cash and an obligation to repay. What two numbers belong in your plan? The money available now and the future payments committed.

Simple Interest and Capitalization: A Walkthrough

Daily simple interest is calculated on unpaid principal for each day. Accrued interest is interest that has accumulated but has not yet been paid. Keeping these two amounts separate helps explain what a statement shows.

Step 1: find daily interest

Use the referenced 6.52% federal undergraduate Direct Loan rate. For \$1,000 of principal, this illustration uses $\$1,000 \times 0.0652 / 365.25 =$ about \$0.1785 per day. Over 30 days that is about \$5.36, with no subsidy, principal changes or payments. The loan's applicable day-count rules determine exact billing.

Step 2: apply a payment

Suppose a \$50 payment arrives and the contract applies it to accrued interest first, with no fees. About \$5.36 pays interest, leaving about \$44.64 to reduce principal. The new principal is about \$955.36. Future daily interest is lower because the principal is lower. Do not subtract the whole \$50 from principal when part paid interest.

Step 3: understand capitalization

Now consider a separate example: \$1,000 principal and \$100 unpaid interest at a permitted capitalization event. Capitalization adds the \$100 to principal, making it \$1,100. At the same annual rate, a simple annual comparison now produces \$71.72 rather than \$65.20. The increase comes from calculating on a larger principal.

Daily accrual is not daily capitalization

Interest accumulating each day does not automatically mean it is added to principal each day. Federal Direct Loans use daily simple interest, with capitalization governed by program rules. A different loan may have different compounding or capitalization terms.

Try it

Why does an extra principal payment help? It lowers the balance used for future interest. Ask how to direct extra payments and confirm their application on the next statement.

APR and the True Cost of Borrowing

\$3,000 at advertised 6.99% APR, no fees

36 months

\$92.62/month

\$334.23 interest

60 months

\$59.39/month

\$563.37 interest

A lower monthly payment can mean more total interest.

The interest rate tells you the price of borrowing before some other costs. Annual percentage rate, or APR, is an annualized measure used in credit disclosures. For many installment loans, APR incorporates interest and certain required financing fees. It does not necessarily include every cost of ownership or every possible penalty.

Compare the same amount and term

A smaller monthly payment can come from stretching a loan over more years. That can increase the total interest even when the rate stays the same. Compare APR, number of payments, payment amount, fees, and total paid. A variable rate can change later.

Example with no extra fees

Discover currently displays a personal-loan APR range of 6.99% to 24.99%, with no fees and terms of 36 to 84 months. Use its lowest advertised rate, 6.99%, for a \$3,000 math comparison. At 36 months, payments are about \$92.62 and total interest is \$334.23. At 60 months, payments fall to \$59.39 but interest rises to \$563.37. Totals are \$3,334.23 and \$3,563.37. Approval and rate depend on credit and term; this is not a quote. Rounding may affect the last payment.

Read promotional terms

A true 0% introductory APR and a deferred-interest offer are different. Deferred-interest offers may charge interest from the purchase date if conditions are not met. Check the end date, required payments, and rate after the promotion. Credit card APRs also do not capture every annual or transaction fee.

Try it

Before accepting a loan, complete this sentence: "I will receive ___, pay ___ each month for ___ months, and pay approximately ___ in total, including ___." If you cannot fill in the blanks, ask for the written terms.

Learn more: Discover Personal Loans page, checked October 5, 2026; its comparison table is based on information through September 8, 2026. Link on pages 69 to 70.

Amortization: Where Each Payment Goes

Amortization means paying down a loan over time through scheduled payments. An amortization schedule separates each payment into interest and principal. Principal repayment lowers what you owe; interest pays for the use of borrowed money.

Follow a monthly example

Use a \$3,000 loan for 36 months at the referenced Discover low-end 6.99% APR. With no fees in this illustration, the annual interest rate equals APR. The monthly rate is $0.0699 / 12 = 0.005825$. Level payments are about \$92.62. Actual offers, timing and final-payment rounding can differ.

First-month interest is $\$3,000 \times 0.005825 = \17.475 , displayed as \$17.48. About \$75.14 of the payment reduces principal. The remaining balance is about \$2,924.86. In month two, interest is calculated on that smaller balance, so a slightly larger part of the same payment reduces principal.

The payment can stay level while its parts change

At a fixed rate with the scheduled payments, interest generally declines as principal declines. This does not mean the lender arbitrarily assigns all early payments to interest. The outstanding balance is simply larger early in the loan. A daily-interest loan can vary with payment dates rather than this exact monthly method.

Use the schedule to ask questions

Check the total interest and the balance remaining after a year. Ask whether extra payments reduce principal, whether any prepayment penalty applies, and how a final payoff amount is calculated. A payoff quote can differ from the last statement balance because interest continues to accrue.

Try it

Does paying \$92.62 mean principal falls by \$92.62? No. The first example payment includes about \$17.48 interest.

Payment	Interest	Principal paid	Balance left
1	\$17.48	\$75.14	\$2,924.86
2	\$17.04	\$75.58	\$2,849.28
3	\$16.60	\$76.02	\$2,773.26

Personal Loans: Secured, Unsecured and Variable

A personal loan usually lets an eligible adult borrow money for permitted personal purposes and repay it in installments. It is not the same as a student loan with education-program protections. A high school student should learn the comparison, not assume they can open one.

Secured loans use collateral

Collateral is property pledged to support the debt. A car loan is secured by the vehicle. If the borrower defaults, the lender may take the collateral under applicable procedures. Losing the property may not erase the entire debt. A cosigner is a person who accepts repayment responsibility, not collateral.

Unsecured loans do not pledge specific property

An unsecured personal loan relies on the borrower's promise and the lender's underwriting. Unsecured does not mean consequences disappear: missed payments can lead to credit damage, collections or legal action. Rates and approval vary with the borrower and offer.

Fixed versus variable rates

A fixed rate normally stays the same for the period specified by the agreement. A variable rate can change according to a stated rule. The rule may use an index, such as a benchmark rate, plus a margin added by the lender. Read how often it changes and any caps. Do not assume an affordable starting payment will stay affordable.

Fees can change the comparison

An origination fee is a charge for making the loan. If withheld from proceeds, it leaves less cash available even though repayment may be based on the full financed amount. Compare the written APR and amount received, not only an advertised interest rate. Discover's referenced range is an example, not the rate every applicant receives.

Try it

Which is safer for your property: an unsecured loan or a loan secured by your car? Only the secured loan pledges the car, but both require repayment and both can cause serious problems. Compare affordability before borrowing either.

Compare a Loan Offer Before You Sign

A monthly payment helps you plan cash flow. It does not tell you the full borrowing cost. Compare the same need over the same period.

Start with the amount you actually need

If you need \$3,000, an offer for \$5,000 is not automatically better. Extra money borrowed becomes extra debt. Ask whether optional insurance, warranties or other products are being financed. Those amounts can create interest charges too.

Read all the boxes

Look for APR, amount financed, finance charge, total payments, payment schedule and any collateral. A finance charge describes borrowing costs included under the applicable disclosure rules. Read excluded fees and possible late charges separately. Understand whether the quoted payment can change.

Use the term example

The earlier \$3,000 example at 6.99% has a lower payment over 60 months than over 36, but more total interest. Paying less each month for longer is a tradeoff, not a discount.

Before accepting

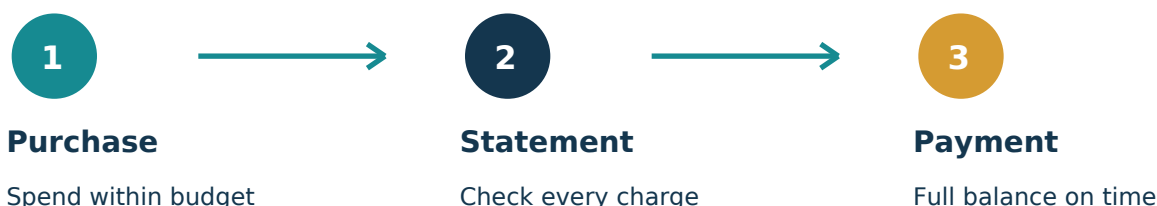
Explain the agreement in your own words. Check how payments are made, whether autopay is required for any discount, what happens after a missed payment, and how early payoff works. Keep a copy. Do not sign because someone says the offer disappears unless you act immediately.

Practice without applying

Complete the sample-offer worksheet below. Ask for missing information without submitting a real credit application.

Question	Write the offer here
How much cash do I receive?	_____
APR; fixed or variable?	_____
Payment and number of payments?	_____
Total paid, including listed fees?	_____
Collateral or cosigner?	_____
What happens if I pay late?	_____

Use Credit Cards Responsibly



A credit card is a revolving loan. You can borrow up to a limit, repay, and borrow again. The available limit is not income. Every purchase creates a future payment obligation.

The payment habit that matters

Only charge purchases you can afford. Pay the full statement balance by the due date whenever possible. If the card offers a purchase grace period and you meet its conditions, that can avoid interest on purchases. Carrying a balance may remove that benefit. Cash advances usually have different terms and often no grace period.

The statement balance is the amount owed when the billing cycle closed. The current balance can include newer purchases. The minimum payment is the least required payment for that bill, not the amount that makes borrowing inexpensive. Paying only the minimum can extend repayment for years.

Make the system reliable

Set payment reminders. Autopay can help, but make sure the bank account has enough money. Review every statement for errors. If a payment problem develops, contact the issuer early. Rewards are not a reason to buy something you would otherwise skip.

Starting young

Under 21, federal rules generally require independent ability to pay or a qualifying adult age 21 or older who accepts liability. Issuer options vary. Minors commonly cannot open a standard card alone. Authorized user arrangements have different rules.

Try it

Capital One Savor Student currently advertises 18.49% to 28.49% variable purchase APR. At the upper rate, carrying \$1,000 for 30 days without a grace period costs roughly \$23.42 in interest: $\$1,000 \times 0.2849 \times 30 / 365$. Actual billing uses the card agreement. Compare that cost with any rewards; the card is for eligible higher-education students, not automatically every high school student.

Learn more: Capital One Savor Student purchase APR, checked October 5, 2026; CFPB grace period and ability to pay guidance. Links on pages 69 to 70.

Read a Credit Card Statement Step by Step

A card statement is a bill for borrowing activity during a billing cycle. A cycle is the period between two statement closing dates, often about a month. The closing date and payment due date are different.

Follow a fictional purchase-only cycle

A card begins with a \$0 balance. The user buys \$80 of school supplies and \$20 of transportation, with no other transactions. When the statement closes, the statement balance is \$100. A later \$15 purchase can make the current balance \$115 while the earlier statement balance remains \$100.

What is due?

The minimum payment is the amount required to keep that bill current under its terms. It does not mean the debt is paid off. The full statement balance covers the balance billed at closing. If the purchase grace-period conditions apply, paying the full \$100 statement balance by the due date can avoid interest on those purchases. The later \$15 normally belongs to the next statement cycle.

What if you pay only \$25?

At least \$75 of the statement debt remains, before any interest or other transactions. Losing a purchase grace period can cause interest on carried balances and new purchases according to the agreement. This simple subtraction is not an estimate of an issuer's required minimum or billing method.

Read interest and fees separately

Find purchase APR, cash-advance APR, any promotional expiration, fees, interest charges and the payment warning. Cash advances and balance transfers can follow different rules from purchases. The referenced student card's variable APR shows why carrying balances can be costly, but eligibility is for qualifying higher-education students.

Try it

Your statement balance is \$100 and current balance \$115. Which amount is normally the full balance billed for the earlier cycle? \$100. What else must you check to avoid purchase interest? The due date and grace-period conditions.

Your Credit Report and Credit Score

Reported balance compared with a \$500 limit



A credit report records information about borrowing and repayment. A credit score summarizes parts of that history using a model. Different lenders and scoring systems can produce different scores. Your score is not a measure of your character or intelligence.

What can influence a score

Payment history, balances compared with credit limits, account age, new applications, and types of credit can matter. Income is not itself an item in the typical credit score, although lenders consider income separately when deciding whether you can repay.

Credit utilization compares reported revolving balances with limits. A \$100 balance on a \$1,000 limit is 10% utilization. Keeping reported balances low can help; there is no universal magic percentage that guarantees a particular score. You do not need to pay interest or carry debt to build credit.

Build carefully

A secured credit card usually requires a cash deposit. It is still a credit card with payments, possible fees, and underwriting rules. An authorized user may benefit if the issuer reports the account and the primary user manages it well; a troubled account can also cause problems. Check the terms.

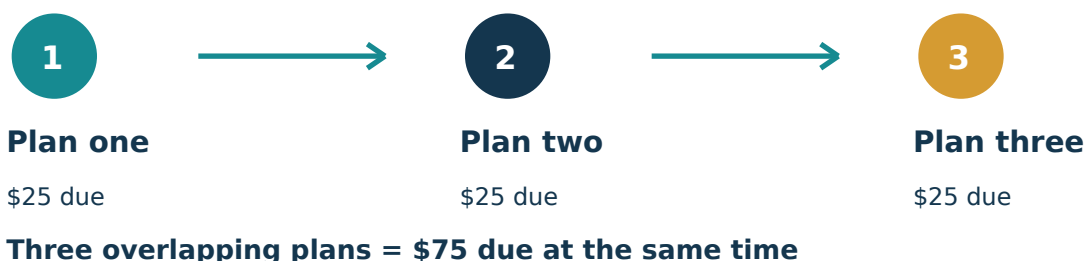
Review for accuracy

Use AnnualCreditReport.com, the federally authorized site, to access credit reports. Dispute information that is wrong. A security freeze restricts access used for many new credit applications and can help prevent new-account identity theft. Rules for freezing a minor's file differ.

Try it

A card reports \$200 on a \$500 limit. Utilization is 40%. If it reports \$50, utilization is 10%. What changed? The share of available revolving credit in use, not your income.

Debt Trouble and Buy Now Pay Later



Buy now pay later, or BNPL, divides a purchase into installments. Some plans charge no interest if paid as agreed; other plans charge interest or fees. Several small payment plans can overlap until next month's money is already committed.

Borrowing changes the timing

A \$120 purchase split into four \$30 payments still costs at least \$120. The smaller installment does not make the item cheaper. Returns, missed payments, account withdrawals, and credit reporting depend on the provider and product. Read what happens if a refund arrives after a payment is due.

If you cannot keep up

List every balance, interest rate, minimum payment, and due date. Protect essential expenses. Contact creditors before missing payments and ask about hardship options. Get the agreement in writing. A nonprofit credit counselor can help, but verify fees and qualifications. Avoid anyone promising guaranteed debt removal.

Paying extra toward the highest-rate debt usually reduces interest most when all minimum payments are maintained. Paying the smallest balance first can create a quick win. Choose a method you can sustain. If minimums are unaffordable, a payoff strategy alone is not enough; seek help with the shortage.

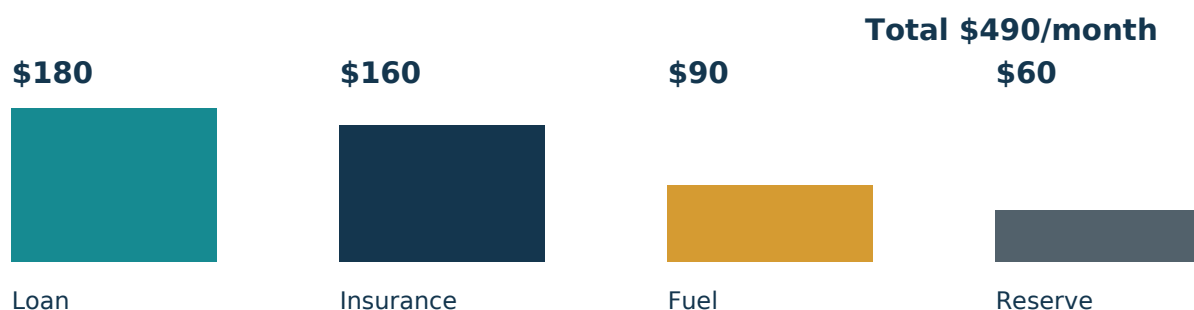
Cosigning is a serious promise

A cosigner can be required to repay when the borrower does not. Both people's credit may be affected. Helping a friend qualify is not just a reference or character recommendation.

Try it

Three plans each withdraw \$25 every two weeks. That is \$75 per payment date. How would that affect a \$100 paycheck? Only \$25 remains before your other expenses.

The Full Cost of a Car



A car can make school and work easier to reach. Its price is only part of its cost. Insurance, fuel or charging, maintenance, repairs, registration, parking, and loan interest all belong in the budget. Get an insurance quote before deciding a vehicle is affordable.

Financing and depreciation

A car loan is normally secured by the vehicle. If payments are not made, the lender may repossess it, subject to applicable rules. Repossession may not erase the debt if the sale does not cover the balance and costs.

Depreciation means losing market value over time. If you owe \$12,000 on a car worth \$9,000, you have \$3,000 of negative equity. Trading it in and adding that shortage to a new loan can make the next vehicle harder to afford.

Shop the whole deal

Compare the vehicle price, amount financed, APR, term, down payment, and optional add-ons. A longer loan can lower the payment while increasing interest and the risk of owing more than the car is worth. Do not let a conversation about monthly payments hide the sale price.

For a used car, budget for an independent inspection and likely repairs. A cheap purchase that needs major work may cost more than expected.

Try it

A sample budget has a \$180 loan payment, \$160 insurance, \$90 fuel, and \$60 saved for maintenance and fees. The total is \$490 a month. If monthly take-home income is \$700, only \$210 remains for every other expense. Compare that with public transit, rides from family, or delaying the purchase.

A Car Loan Is More Than a Car Payment

When a vehicle is financed, the lender pays money toward the purchase and the borrower repays the loan. The vehicle usually secures the debt. The seller's price, the financed amount and the total paid over the loan can all differ.

Build the financed amount

Suppose a fictional vehicle costs \$12,000 and taxes and required purchase fees total \$1,000. The transaction price is \$13,000. A \$2,000 down payment would leave \$11,000 to finance before optional products or other adjustments. The down payment is cash you pay now, not a later loan installment.

Read add-ons and trade-ins

A service contract, accessory or protection product can raise the financed amount. Ask whether each is optional and read its price and cancellation terms. If a trade-in still has a loan, compare its value with the amount owed. Owing more than its value is negative equity. Rolling that shortfall into a new loan makes the new debt larger.

Separate loan shopping from vehicle shopping

Compare written offers from appropriate lenders and the dealer using APR, amount financed, term and total payments. No additional interest rate is assumed on this page: actual auto rates depend on the vehicle, credit, term and lender. Do not use the personal-loan rate elsewhere in the book as an auto-loan quote.

Ownership costs continue

The borrower must still budget for insurance, fuel, registration and repairs. A long loan can last beyond the warranty or after the car loses much of its value. If payments stop, repossession can remove the transportation you need, and a remaining debt may still be owed.

Try it

Would a \$1,500 optional product be free because it adds only a little to the monthly payment? No. If financed, its cost is added to debt and can also generate interest.

Mortgages and Buying a Home



Loan payment

+ Taxes and insurance

+ Repairs and upkeep

= **A larger housing budget**

A mortgage is a loan secured by a home. The borrower repays principal and interest over time. If required payments are not made, the lender may foreclose under applicable law. Homeownership creates expenses and responsibilities beyond a loan payment.

The main loan choices

A fixed-rate mortgage keeps the contractual interest rate constant. An adjustable-rate mortgage, or ARM, can change after an initial period under rules in the contract. Understand the index, margin, adjustment dates, and rate caps. A payment that fits today may become harder to afford later.

A conventional loan is not a government-insured or government-guaranteed loan. FHA-insured, VA-guaranteed, and USDA programs have different eligibility and cost rules. A 20% down payment is not required for every loan, but lower down payments can bring mortgage insurance or other program costs. No program fits everyone.

What the lender examines

Income, debts, credit history, savings, and the property can affect approval. Debt-to-income ratio compares monthly debt payments with gross monthly income. A lender's maximum approval is not automatically a comfortable personal budget.

Look beyond approval

A buyer needs money for the down payment, closing costs, moving, repairs, and a reserve. A home inspection and an appraisal serve different purposes: the inspection examines condition; the appraisal estimates value for the lending process.

Try it

If monthly debt payments are \$900 and gross monthly income is \$3,000, debt-to-income ratio is 30%. This calculation alone does not tell you whether the home fits your take-home budget.

Mortgages: From Application to Homeownership

A mortgage is a loan used to buy or refinance real estate, commonly secured by the home. The home purchase and mortgage are related agreements, but they are not the same thing. A home's price is not the amount borrowed if you pay part in cash.

Before choosing a home

Estimate the full housing budget: loan payment, property taxes, insurance, utilities, maintenance and any association dues. A lender's maximum approval may be more than you want to spend. Prequalification or preapproval can help planning, but conditions still apply and final approval is not automatic.

After applying

The lender reviews income, debts, credit and other information. An appraisal estimates property value for lending purposes. A home inspection evaluates condition under its scope. An appraisal is not a substitute for an inspection, and neither promises that no future repairs will occur.

Compare written disclosures

A Loan Estimate describes expected terms and costs for a covered mortgage. Compare lenders using the same loan amount and type. A rate lock is an agreement to hold specified pricing for a period under stated conditions; a website's advertised rate is not your rate lock. Points are charges that may be paid in exchange for a lower rate. Ask whether the expected savings justify the upfront cost over the time you expect to keep the loan.

Closing and afterward

Closing completes the transaction and required signatures. Review the Closing Disclosure and confirm cash needed, loan terms and costs. The servicer then collects payments. An escrow account may collect money for taxes and insurance. Those costs can change even when the loan's interest rate is fixed.

Try it

Why should an adult keep money after making a down payment? Closing costs, moving expenses, repairs and emergencies do not disappear when the mortgage begins.

Fixed Rates, ARMs and Mortgage Programs

A mortgage has both a pricing structure and a program type. Fixed-rate versus adjustable-rate describes how its interest rate behaves. Conventional, FHA, VA or USDA describes another part of the loan's framework. These are separate comparisons.

Fixed-rate mortgage

The interest rate normally stays fixed for the loan term. Principal-and-interest payments are typically level on a fully amortizing loan. Taxes, insurance and other costs can still rise. A shorter term often means a higher monthly payment but less time paying interest; compare the actual offered rates and costs.

Adjustable-rate mortgage, or ARM

An ARM can have an initial rate period followed by adjustments. Later rates usually follow an index plus a margin, subject to contract caps and other terms. Ask when the first change occurs and what the payment could become. A low starting payment is not a promise that you can afford later payments.

Programs have different requirements

A conventional loan is not insured or guaranteed through FHA, VA or USDA. Private mortgage insurance may be required under its terms. FHA insures qualifying loans made by approved lenders and includes mortgage-insurance costs. VA-backed loans are for eligible veterans, service members and certain survivors; benefits do not remove credit, income or program requirements. USDA has housing programs with location, income and other eligibility rules. Each program has its own fees and conditions.

Insurance does not cancel your responsibility

Mortgage insurance or a government guarantee primarily protects the lender under its rules. It does not make the borrower's payments optional. Homeowners insurance covers specified property risks and is a different product.

Try it

Can a fixed-rate loan still have changing monthly housing costs? Yes: taxes and insurance can change. Does a government-backed mortgage mean a free house? No: it remains a loan that must be repaid.

Read the Numbers Behind a Mortgage

First payment of about \$1,539.48



Interest: \$1,365

Principal: \$174.48

Taxes, insurance, and other home costs are additional.

Consider a fictional \$250,000 home with a \$25,000 down payment. The loan is \$225,000 before any financed fees. Use Freddie Mac's latest 30-year fixed mortgage average: 7.28% for October 1, 2026. Principal and interest on this loan are about \$1,539.48 monthly. This market benchmark is not a personal quote; credit, down payment, points, and lender terms affect your rate.

Amortization explains the payment

In the first month, interest is $\$225,000 \times 0.0728 / 12 = \$1,365$. About \$174.48 of the payment reduces principal. As principal declines, interest takes a smaller share. This is amortization: gradually paying down a loan through scheduled payments.

Over 360 payments, total principal and interest are about \$554,212, including roughly \$329,212 in interest. These figures assume on-time payments, a constant rate, no extra principal payments, and no fees.

Your housing payment can be larger

Property taxes of \$300 a month, homeowners insurance of \$100, and hypothetical mortgage insurance of \$80 would bring the payment to about \$2,019.48. Maintenance, utilities, association dues, and repairs are additional. Even with a fixed rate, taxes and insurance can change.

Escrow collects money for bills such as taxes and insurance. Closing costs are separate. Down payment, closing costs, and adjustments determine cash needed at closing.

Compare the paperwork

Use Loan Estimates to compare lenders on the same loan amount and terms. Review the Closing Disclosure before signing. Ask about points, lender credits, APR, cash to close, and any prepayment penalty.

Try it

Add a \$150 monthly maintenance reserve to the example. Your planning amount becomes \$2,169.48 before utilities and any association dues.

Learn more: Freddie Mac PMMS, October 1, 2026: 7.28% 30-year fixed average; checked October 5. CFPB mortgage forms. Links on pages 69 to 70.

Mortgage Math: Price, Principal and Equity

Use the same fictional \$250,000 home and \$25,000 down payment as the mortgage lesson. The loan starts at \$225,000. This walkthrough separates the house transaction from the monthly repayment.

Step 1: find principal

Purchase price minus down payment is $\$250,000 - \$25,000 = \$225,000$, before any financed costs. The down payment is 10% of the price. The loan-to-value ratio, or LTV, is $\$225,000 / \$250,000 = 90\%$ at purchase in this simplified example. Lenders use applicable valuation rules and loan terms.

Step 2: calculate first-month interest

At the referenced 7.28% 30-year fixed mortgage benchmark, the monthly interest rate is $0.0728 / 12$. Multiply by \$225,000 to get \$1,365 interest. The level principal-and-interest payment is about \$1,539.48. Subtracting interest leaves about \$174.48 for principal. This calculation excludes fees, taxes, insurance and mortgage insurance.

Step 3: understand equity

Equity is the home's value minus debts secured by it. Immediately after purchase, a \$250,000 value minus a \$225,000 loan is \$25,000 equity in this example. Paying principal down can increase equity, but a change in market value can increase or decrease it too. Equity is not cash automatically available in your bank account.

Step 4: remember the rest of the bill

Add the example's property-tax and insurance amounts to estimate housing cash flow, then add maintenance and other costs. Those figures are fictional teaching amounts, not an estimate for your local home. A mortgage-rate benchmark is also not the individual APR a lender will disclose.

Try it

If a home is worth \$240,000 and the secured debt is \$225,000, equity is \$15,000 before sale costs. A \$10,000 fall in value reduced equity by \$10,000 even though the loan did not become larger.

Home Equity Loans, HELOCs and Refinancing

Home equity can support additional borrowing, but it is not free spending money. Borrowing against a house adds repayment obligations and can put the home at risk.

Home equity loan

A home equity loan generally provides a lump sum secured by the home. Many have fixed rates and scheduled installment payments. It may be a second loan in addition to the original mortgage. Both payments belong in the housing budget. The lender determines whether the property's value, existing debt and borrower qualify.

Home equity line of credit, or HELOC

A HELOC provides a borrowing limit secured by the home. During the draw period, a borrower can use credit as permitted by the contract. During the repayment period, access may end and the balance must be repaid under different terms. Many HELOCs have variable rates. Payments can rise when rates change or when repayment of principal begins.

Refinancing

Refinancing replaces an existing loan with a new one. It may change the rate, term or payment. Closing costs and a longer term can reduce or erase apparent savings. A cash-out refinance can increase the mortgage balance to provide cash; the money is borrowed, not earned.

Consolidating debt requires care

Using home-secured borrowing to repay unsecured credit card debt changes the risk. A lower payment may look appealing, but your home now supports the new debt. If spending habits create new card balances afterward, you can end up with both debts. Missed secured-loan payments can lead to foreclosure.

Try it

A home worth \$300,000 with \$220,000 secured debt has \$80,000 equity before transaction costs. Does that mean the owner can automatically withdraw \$80,000? No. Borrowing requires approval, limits, costs and repayment; selling also involves costs. No HELOC rate quote is assumed here.

Paying for Education After High School

Compare net price, not just sticker price

School A

\$28,000 - \$10,000 grants

Net price: \$18,000

School B

\$22,000 - \$3,000 grants

Net price: \$19,000

Education can include college, community college, apprenticeships, and technical training. Compare the credential you need, program quality, graduation outcomes, and total cost. A higher sticker price does not automatically mean a better path.

Know the forms of aid

Scholarships and grants generally do not require repayment if you meet their conditions. Some can require repayment if conditions are broken. Work-study provides a chance to earn wages through eligible work; it is not money automatically handed to you. Student loans must be repaid with applicable interest and fees.

Complete the Free Application for Federal Student Aid, or FAFSA, at StudentAid.gov. It is free. Federal, state, and school deadlines can differ. Required contributors may need their own accounts. A parent's participation on the form does not, by itself, make that parent responsible for your student loan.

Compare net price

Net price generally means cost of attendance minus grants and scholarships. Loans do not reduce the price; they finance it. Include housing, food, transportation, books, supplies, and fees. Ask whether scholarships renew and what grades or enrollment are required.

Think beyond the first year

Estimate the full program cost and likely debt at graduation. Check whether credits transfer before assuming a lower-cost school will shorten a later degree. Ask counselors about state aid, employer support, apprenticeships, and local scholarships.

Try it

School A costs \$28,000 and offers \$10,000 in grants. School B costs \$22,000 and offers \$3,000 in grants. A's net price is \$18,000; B's is \$19,000. A can be cheaper despite its higher sticker price. Compare living costs and renewal rules too.

Financial Aid: From FAFSA to an Offer

Financial aid is help paying for education. It can include money you do not ordinarily repay, money you earn, and money you borrow. A financial aid offer may combine all three, so its total is not the same as a discount.

Start with the FAFSA

The Free Application for Federal Student Aid is used to determine eligibility for federal aid and often helps schools and states determine other assistance. It is an application, not a student loan contract. Follow StudentAid.gov instructions for the correct school year and check federal, state and school deadlines. Schools may require additional forms.

Contributors supply information

Depending on the student, required contributors can include a parent or spouse. Each required person follows the account and consent instructions. Giving information on the FAFSA does not itself mean that a parent borrowed money. Dependency rules for aid are specific; living apart from parents or paying some bills does not automatically establish independent status.

Understand the categories

Grants are generally need-based aid. Scholarships can recognize merit or other eligibility. Some have renewal conditions or repayment obligations in specific circumstances. Work-study provides an opportunity to earn money through qualifying work; it is not automatically a cash grant available on the first day. Loans must be repaid with applicable interest and terms.

Read, ask and decide

Review the school's offer and cost-of-attendance budget. Check what is guaranteed versus estimated, what must be earned, what must be repaid, and what repeats next year. You can usually decline or accept only part of offered loans through the school's process. Ask the financial aid office about unfamiliar items or changed family circumstances.

Before federal borrowing

First-time student borrowers generally complete entrance counseling and sign a Master Promissory Note, the promise to repay principal, interest and fees. Follow the school's instructions and ask questions before accepting debt.

Try it

A \$2,000 grant and a \$2,000 loan both help pay a bill today. Why are they different? The loan creates a repayment obligation; the grant ordinarily does not when its conditions are met.

Read an Aid Offer Without Counting Loans as Discounts

Cost of attendance is a school's estimated education budget, which may include tuition, fees, housing, food, books and transportation. Some costs are paid directly to the school; others are paid to different people. Net price subtracts grants and scholarships from the cost of attendance, not loans.

Follow this fictional offer

The table describes one year, not a full degree. Cost of attendance is \$24,000. Grants and scholarships total \$8,000. Net price is therefore \$16,000. A loan offer of \$5,000 finances part of that remaining cost; it does not make net price \$11,000.

Work-study must be earned

An offered \$2,000 work-study amount is not necessarily credited to the tuition bill. The student generally must obtain eligible work and earn wages. Ask about job availability, pay and how wages are received. Timing matters: money earned later may not pay a bill due now.

Find the remaining funding need

In this example, \$16,000 net price minus \$3,000 of existing savings and \$5,000 borrowing leaves \$8,000 still to plan for, before any work-study earnings. Possible changes include additional aid, a different program, lower living costs or realistic earned income. Do not fill an unexplained gap with unlimited borrowing.

Look beyond year one

Ask whether scholarships renew, whether costs rise, and how long the program usually takes. A loan amount multiplied across several years can become a much larger graduation debt. Keep a running total of borrowing and use realistic repayment scenarios.

Try it

If the \$8,000 gift aid falls to \$6,000 next year and cost stays \$24,000, net price rises from \$16,000 to \$18,000. Receiving another loan offer does not reverse that price increase.

Offer item	Amount	What it means
Cost of attendance	\$24,000	Estimated annual budget
Grants and scholarships	\$8,000	Gift aid with conditions
Net price	\$16,000	Cost minus gift aid
Loan offered	\$5,000	Debt, not a discount
Work-study offered	\$2,000	Opportunity to earn wages

Federal and Private Student Loan Programs

Federal loans are made through the U.S. Department of Education. Private loans come from banks, credit unions, or other lenders. Start by understanding grants and scholarships, then compare federal options before considering a private loan.

Direct Subsidized Loans

These are for eligible undergraduates with financial need. The government generally covers interest while you are enrolled at least half-time, during the six-month grace period, and during qualifying deferment. The school determines eligibility and the amount available.

Direct Unsubsidized Loans

These are available to eligible students without the same financial-need requirement. Interest accrues from disbursement, including while you are in school. Paying interest during school can limit later balance growth if you can afford it. Annual and total borrowing limits apply to federal student loans.

Parent PLUS and private loans

Parent PLUS is a federal loan owed by the parent borrower, not automatically transferred to the student. Eligibility, limits, and repayment options differ from student loans. Private loans may require a creditworthy cosigner and can have fixed or variable rates. Their hardship protections depend on the contract and generally differ from federal protections.

Federal rates are set for each loan cohort and remain fixed on that loan. Loan fees can mean the amount received is less than the amount borrowed. For Direct Subsidized and Unsubsidized undergraduate loans first disbursed July 1, 2026, through June 30, 2027, the fixed rate is 6.52%. Verify the disbursement year before comparing loans.

Try it

Before accepting any loan, identify the legal borrower, rate, fees, borrowing limit, when interest starts, repayment start date, and available protections. Do not assume the maximum available amount is the amount you need.

Question	Federal student loan	Private student loan
Rate	Fixed for the loan cohort	Fixed or variable by offer
Qualification	Federal eligibility and limits	Lender underwriting rules
Hardship options	Program rules and eligibility	Contract and lender policies

Learn more: Federal Student Aid 2026 to 2027 undergraduate rate: 6.52%, checked October 5, 2026. Loan fees and eligibility still apply. Link on pages 69 to 70.

Subsidized and Unsubsidized: Why Interest Timing Matters

Both Direct Subsidized and Direct Unsubsidized Loans are federal student loans. For eligible undergraduate loans in the same disbursement cohort, they can have the same stated interest rate while costing different amounts because the treatment of interest differs.

What subsidized means

For an eligible subsidized undergraduate loan, the government generally covers interest during qualifying in-school enrollment of at least half-time, the grace period and qualifying deferment. Eligibility includes financial need and program rules. Subsidized does not mean the original principal is a gift: the student still repays the loan.

What unsubsidized means

Interest generally begins when the loan money is disbursed, including during school. Disbursement means the money is paid out, often through the school in installments. You are responsible for that interest even if payments are not currently required. Ask how accrued interest is recorded and when, if ever, it can be capitalized under applicable rules.

Compare one year

Use \$5,000 principal at the referenced 6.52% rate. With no payments or subsidy, an unchanged principal produces about \$326 of interest over one year using a simple annual comparison: $\$5,000 \times 0.0652$. Actual daily accrual follows the program's method and disbursement dates. For a qualifying subsidized period, the borrower generally would not owe that covered interest.

Keep fees separate

Loan fees can reduce what reaches the school while the principal obligation remains the amount borrowed. Read the actual fee disclosure and the school's disbursement information. Borrow only what your plan requires; future semesters can add more loans with their own rates.

Try it

A borrower has \$5,000 principal plus \$326 accrued interest in this illustration. The total owed is \$5,326, but principal remains \$5,000 unless interest is capitalized. That distinction affects the next interest calculation.

Parent PLUS, Private Loans and Cosigners

The person whose name is on a loan is responsible for it. A family plan about who will help pay can be useful, but it does not automatically change the lender's legal borrower.

Parent PLUS is the parent's federal debt

Parent PLUS is borrowed by an eligible parent for a dependent undergraduate's education. It is separate from the student's Direct Loans. Approval, borrowing limits, fees and repayment options have their own rules, including date-dependent rules. A student's promise to reimburse a parent does not automatically transfer the federal loan into the student's name.

Private education loans are contracts

Banks, credit unions and other lenders can offer private student loans. Eligibility may depend on credit and a cosigner. Fixed and variable offers can differ. Compare APR, fees, in-school payment choices, when full repayment begins, total expected payments, and hardship options. Do not assume a private lender offers the same protections as a federal program.

A cosigner accepts real responsibility

A cosigner agrees to repay under the contract if required, and missed payments can affect that person's credit. Cosigning is more than giving permission or saying the student is trustworthy. A release from cosigner responsibility is not automatic; ask whether a release exists and what conditions apply.

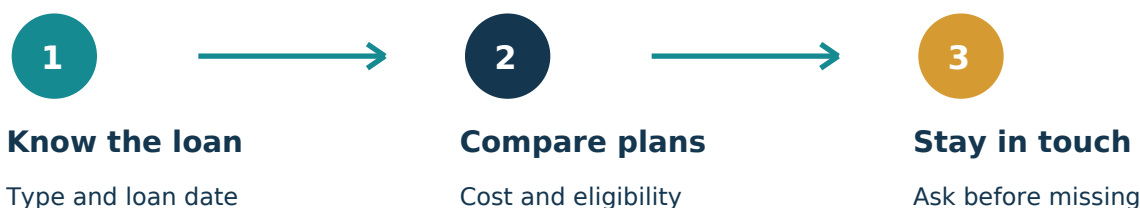
Discuss the plan before signing

Who pays while the student is in school? What happens if the student changes programs, leaves school or earns less than expected? Who receives statements? Will the payment fit both people's budgets? A clear discussion is better than assuming graduation will solve every repayment problem.

Try it

Does FAFSA parent participation make a parent responsible for the student's loan? No. Does signing a Parent PLUS loan or cosigning a private loan create a separate obligation? Yes, under that loan's terms. Read the specific agreement before accepting responsibility.

Plan for Student Loan Repayment



Know what you borrowed before graduation. Keep your loan records, update contact information, and find your servicer through your StudentAid.gov account. A servicer handles billing and repayment; it is not necessarily the original lender.

Rules changed for new borrowers

As of October 5, 2026, federal repayment choices depend on loan type and disbursement date. Federal Student Aid states that if all your loans were disbursed on or after July 1, 2026, the Repayment Assistance Plan, or RAP, is the only income-driven plan available for eligible loans. Parent PLUS loans and consolidations that repaid Parent PLUS are not eligible for RAP. Standard repayment options also exist. Older loans can have different choices.

An income-driven payment can change with income and family circumstances. A smaller required payment does not always mean a lower lifetime cost. Confirm eligibility, recertification duties, and how interest and eventual forgiveness are handled.

Use a realistic payment example

At the current 6.52% federal undergraduate rate, a \$20,000 principal balance paid in 120 equal monthly installments costs about \$227.30 per month and \$27,275.94 in total. This simplified amortization excludes fees and prior unpaid interest; actual federal billing uses daily interest. It does not promise eligibility for this schedule or include any autopay discount.

Ask for help before missing payments

Contact your servicer about eligible repayment or temporary relief. Delinquency and default can bring serious consequences. Forgiveness programs have conditions; a public-service job alone does not guarantee forgiveness. Refinancing federal loans into private loans can permanently give up federal protections.

Try it

Put the example payment into a sample after-graduation budget. What would you change if the payment rose by \$50?

Learn more: Federal Student Aid current rate and repayment FAQ, checked October 5, 2026. 6.52% applies to the 2026 to 2027 undergraduate cohort. Links on pages 69 to 70.

Repayment, Relief, Consolidation and Refinancing

A repayment plan sets how required payments are calculated. It does not erase the debt simply because the first payment is small. Federal options depend on loan type, dates and eligibility; private options depend on the lender and contract.

Know what each word does

Delinquency generally means a required payment is late. Default is a more serious failure under program or contract rules. Deferment or forbearance can temporarily postpone or reduce required payments if approved. Interest treatment differs: a payment pause is not automatically an interest pause. Ask how the balance will change before choosing relief.

Income-driven is a payment framework

Some eligible federal plans calculate payments using income and related rules. Federal Student Aid identifies the Repayment Assistance Plan, or RAP, for eligible loans under current rules. Other plans depend on earlier borrowing dates. Do not assume every plan mentioned in an older article is available to a new borrower. Use the official repayment calculator and confirm with the servicer.

Consolidation and refinancing are different

Federal Direct Consolidation combines eligible federal loans into a new federal loan under program terms. It can affect the rate, eligibility and repayment history. Private refinancing uses a new private loan to repay existing loans. Refinancing federal debt privately can permanently remove federal repayment and forgiveness protections; a lower advertised rate is not the only consideration.

Forgiveness requires meeting conditions

Public Service Loan Forgiveness is a federal program with qualifying loan, employment, payment and other requirements. A job title alone does not prove eligibility. Keep records and verify current official instructions. Do not pay a stranger to guarantee forgiveness or surrender your account credentials.

Try it

A borrower cannot afford next month's payment. The first action is to contact the servicer through verified channels and explore eligible options before missing it. Ignoring the bill does not stop interest or consequences.

Investing Starts With Risk and Time

Choose an approach that fits the deadline

Next month

Next year

Decades



Longer time can help manage volatility, but does not guarantee recovery.

Saving generally emphasizes keeping money accessible and stable. Investing accepts uncertainty in pursuit of income or growth. An investment may rise or fall, and a loss can happen when you need the money.

Match the money to the goal

A tuition bill due in three months calls for a different approach from retirement decades away. Ask when you need the money, how much loss you could handle, and whether you have emergency savings. Do not invest money needed for essentials in a volatile asset.

Know three kinds of risk

Market risk is the chance that prices fall. Inflation risk is the chance that money buys less over time. Liquidity risk is difficulty selling or withdrawing money when needed without a large cost. An investment that avoids one risk may still have another.

Diversification spreads money among different holdings. It can reduce damage from one company or sector doing badly; it cannot prevent every loss. Owning several funds with the same holdings may provide less diversification than you expect.

The account and the investment are different

A brokerage account is a container. Stocks, bonds, and funds are holdings inside it. An IRA is a tax-advantaged account, not a particular investment. A minor may need a custodial account; ownership, control, financial aid, and tax consequences deserve an adult discussion.

Try it

Would you place next month's rent in a stock because someone expects a price increase? Explain why a short deadline changes the decision. Use a pretend portfolio to learn before committing real money.

Brokerage Accounts: The Container and the Contents

To buy many investments, adults use a brokerage account at a firm that handles securities transactions. A security is a financial investment such as a stock, bond or fund share. The account holds records of cash and investments; it is not itself a stock.

Deposit first, then choose a holding

Moving \$100 into a brokerage account does not necessarily invest it in anything. Cash may remain uninvested or enter a cash-management arrangement. You place a permitted order to buy an investment. A stock purchase exchanges cash for shares; those shares can change in value afterward.

Cash and margin accounts differ

In a cash account, purchases must be paid for according to its settlement rules. A margin account permits borrowing against investments under its terms, increasing risk. Beginners can learn through a pretend portfolio without borrowing or placing real trades. A minor may need an adult-controlled custodial arrangement with ownership, tax and financial-aid consequences.

Protection does not guarantee a return

SIPC protection at a member brokerage concerns qualifying missing customer assets when a brokerage fails, subject to its rules and limits. It does not reimburse normal market losses. A bank deposit sweep and a money market fund are different cash options with different protections. Read exactly where uninvested cash goes.

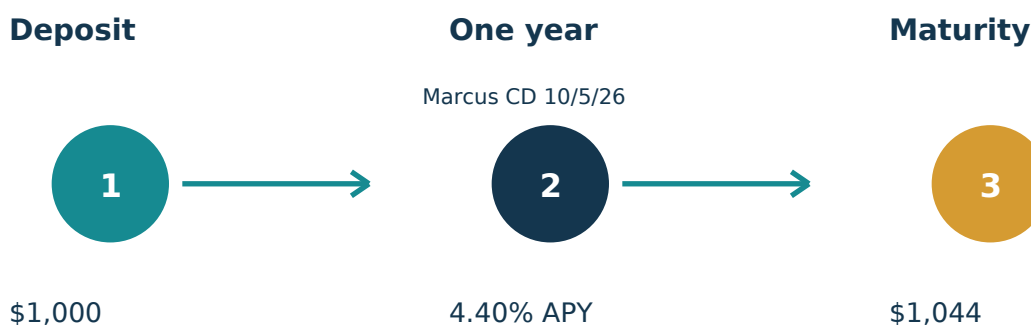
Read costs and records

No trade commission does not mean every investment or service is free. Fund expenses, trading spreads, account fees and taxes can still matter. A trade confirmation records a transaction; a statement summarizes holdings and activity. Review both and keep required tax records.

Try it

A brokerage account contains \$50 cash and a stock bought for \$50 that is now worth \$40. The account is worth about \$90 before other costs. Deposit insurance does not replace the stock's \$10 market loss.

CDs and Bonds Have Different Promises



A certificate of deposit, or CD, holds money for a stated term. Early withdrawal can bring a penalty. Some CDs renew automatically at maturity unless you act during a grace period.

Read a CD offer carefully

Check APY, term, minimum deposit, penalties, renewal, and insurance. Covered bank CDs have deposit protection within applicable limits. Brokered CDs may require selling at a loss to exit early. Callable CDs may be redeemed early by the issuer.

A bond is a loan you make

When you buy a bond, you lend to a government or company. The issuer promises payments according to its terms. Corporate issuers can default. U.S. Treasury securities are backed by the federal government, but their market prices can change before maturity. Bonds are not bank deposits.

When market interest rates rise, existing fixed-rate bond prices generally fall. Longer maturities often make price changes larger. A bond fund owns many bonds and has a changing share price; it does not promise that your purchase amount will be returned on one maturity date.

Example

Marcus advertised a 12-month CD at 4.40% APY on October 5, 2026, with a \$500 minimum deposit. A \$1,000 deposit held for the full year grows to \$1,044 before taxes, assuming earnings remain deposited and no penalties apply. The rate can change before opening and funding; early withdrawal can reduce earnings.

Try it

You may need the money in two months. What problem could a twelve-month CD create? A withdrawal penalty or reduced access could conflict with your deadline.

Learn more: Marcus High-Yield CDs, 12-month 4.40% APY as of October 5, 2026. \$500 minimum; early-withdrawal penalties apply. Link on pages 69 to 70.

A CD from Opening to Maturity

CD stands for certificate of deposit. For a standard fixed-rate bank CD, you agree to keep a deposit for a stated term and receive earnings under the agreement. Term means time: a 12-month CD reaches maturity after its specified year.

Read the offer before funding

Identify APY, term, minimum deposit, institution insurance, early-withdrawal penalty and renewal instructions. The referenced Marcus 12-month CD advertises 4.40% APY with a \$500 minimum. The rate can change before opening and funding. This provider example is not a recommendation and does not describe every CD.

Follow the dollar calculation

A \$1,000 deposit held for one full year at 4.40% APY becomes \$1,044, including \$44 earnings, if the terms apply and there are no withdrawals, taxes or penalties. APY already includes the compounding effect. You do not add another full year's rate every month.

What if you need the money early?

An early withdrawal may cost a penalty and reduce earnings; some terms can affect principal too. A no-penalty CD has its own restrictions and may still delay withdrawals initially. Keeping all emergency money in a restricted CD can create an access problem. Ask how partial withdrawals work rather than assuming they are allowed.

What happens at maturity?

Read the maturity notice and renewal terms. Some CDs renew automatically for a new term at a new rate if you do not act during the specified window. Mark the date on your calendar. A brokered CD purchased through a brokerage may require a market sale before maturity, with a possible loss rather than a simple bank withdrawal penalty.

Try it

You need \$1,000 for school in four months. What must you consider before choosing a 12-month CD? Whether its access rules and early-withdrawal costs conflict with your deadline.

Bonds: Lending Instead of Owning

A bond is a debt investment. Buying one generally means lending money to its issuer, such as a government or company. Buying stock generally means ownership. These are different relationships, even when both can produce income.

Understand the promise

Principal or face value is an amount specified by the bond's terms. Maturity is when principal is due under those terms. A coupon is a stated interest payment arrangement; some bonds work differently and do not make regular coupon payments. The issuer's ability and obligation to pay matter. A corporate bond can default.

Purchase price and yield can differ

An existing bond may trade for more or less than its face value. Its stated coupon does not by itself tell you the return on your purchase price. Yield calculations consider price and other terms. This page does not assume a currently available bond rate: a real quote depends on the issuer, maturity, price and date.

Why prices change

If market rates rise, an older fixed-rate bond's payments can become less attractive, so its market price generally falls. If you need to sell before maturity, that matters. Holding a bond to maturity does not remove issuer default risk or inflation risk. U.S. Treasury securities have federal backing, but their prices can still move before maturity.

A bond fund has a different timeline

A bond fund owns multiple bonds and its share price changes with the portfolio. The fund does not ordinarily promise to return your original purchase amount on a single maturity date. Diversification can spread issuer risk without eliminating all losses.

Try it

A student owns a bond they may need to sell next semester. Why is maturity alone not enough to decide whether it is safe for that goal? The sale price before maturity can be lower, and access, issuer risk and costs still matter.

Stocks Mean Ownership in a Company

10 shares bought for \$20 each = \$200

\$24 per share

\$15 per share

\$40 gain

\$50 loss

Before fees and taxes; dividends excluded.

A stock represents ownership in a company. If the business grows and investors value it more highly, the share price may rise. A company can also disappoint investors, lose money, or fail. A famous brand is not automatically a good investment at any price.

Two possible sources of return

A capital gain occurs when you sell for more than your purchase cost. A capital loss occurs when you sell for less. Some companies pay dividends, which are distributions to shareholders. Dividends are not guaranteed and can be reduced or stopped.

Buying ten shares at \$20 costs \$200 before fees. Selling at \$24 produces a \$40 gain before fees and taxes. Selling at \$15 produces a \$50 loss. A price change is not cash in your bank until you sell or receive a distribution.

Learn what you own

Ask how the company earns money, whether it is profitable, how much debt it has, and what could weaken demand. Share price by itself does not say whether a stock is cheap. A \$5 share can represent an expensive valuation; a \$200 share can represent a reasonable one.

Trading is not a game

Frequent trades can create taxes and costs. Borrowing to trade, called margin, magnifies risk and can create losses beyond your original cash. Options, leverage, and short selling require knowledge beyond this beginner handbook. Fractional shares make some purchases smaller without removing risk.

Try it

Choose a company you know and write one way it makes money and one business risk. Practice explaining the business before discussing its price.

Stock Shares, Dividends and Gains

A share is a unit of ownership. Owning a small number of shares gives you a small interest in a company, not direct ownership of a particular product sitting in a store. A share's market price reflects what buyers and sellers currently accept.

Number of shares times price

If you own ten shares valued at \$20 each, the position is worth \$200. If the price becomes \$18, it is worth \$180. The \$20 decline is an unrealized loss while you still hold the shares. Selling at that price realizes the loss before costs and tax effects.

A dividend is separate

Some companies distribute money to shareholders. The amount and timing depend on the company, and dividends can stop. Total return considers both price changes and distributions. A dividend payment does not make the investment risk-free or cancel a larger price decline.

Fractional shares lower the entry amount

Some providers allow part of a share. If a share costs \$100 and you buy one quarter, its purchase value is \$25 before fees. It still moves with the stock's price. Provider rules for transfers, voting, order execution and other rights can vary.

Look at the business, not just the chart

Revenue is money earned from sales or services. Profit is what remains after relevant expenses. A company can have rising revenue and still lose money. Stock investors also face valuation risk: paying too much for a strong company can still produce a disappointing result.

Try it

Ten shares bought for \$20 each are sold for \$18 each after receiving \$5 total dividends. Before costs and taxes, cash received is \$185 and the overall result is a \$15 loss. A dividend did not offset the full price loss. These fictional prices teach return arithmetic, not a stock recommendation.

Mutual Funds ETFs and EFTs

A fund can hold many investments



One fund share

Look inside the portfolio

A narrow fund may still concentrate risk.

A mutual fund or an exchange-traded fund, called an ETF, pools investors' money in a portfolio. Both can hold stocks, bonds, or other assets. What the fund owns determines much of its risk. A fund is not automatically broad or safe.

How they trade

Traditional open-end mutual funds are generally bought or redeemed at the next calculated net asset value, usually after the trading day ends. ETFs trade on an exchange during the day at market prices, which can differ from net asset value. Trading spreads and other costs can matter.

Index or active

An index fund seeks to track a specified index. An active fund uses a manager's choices to pursue its objective. Either structure can be a mutual fund or ETF. A broad-market stock index fund holds many companies, while a narrow sector fund concentrates in one area. Check holdings, strategy, expenses, and risks.

The expense ratio is an annual operating cost expressed as a percentage of fund assets. On a \$1,000 balance, 0.10% is roughly \$1 a year and 1% is roughly \$10, before balance changes and other costs. Costs reduce what investors keep. Funds can lose value and have no deposit insurance.

EFT means something else

An electronic funds transfer, or EFT, moves money electronically, such as direct deposit or a bank transfer. It is a payment method, not an investment fund.

Try it

Find a fund's stated objective, largest holdings, and expense ratio in its prospectus. Would those holdings fit a long-term goal? Does buying three similar funds really spread your risk?

Learn more: SEC mutual fund and ETF resources on pages 69 to 70.

Mutual Funds and ETFs: Look Inside the Basket

A fund combines money from investors to buy a portfolio. Each investor owns fund shares representing an interest in that pool. The fund manager or index strategy determines what the portfolio holds.

The basket determines much of the risk

A stock fund mainly holds stocks; a bond fund mainly holds bonds. A broad fund can hold many sectors or issuers. A narrow fund can concentrate in one industry, region or asset. Owning 100 similar companies does not spread risk the same way as owning different kinds of holdings. Read the objective and holdings.

Mutual fund versus ETF

A traditional open-end mutual fund usually transacts at the next calculated net asset value, or NAV, after the order is accepted under its rules. NAV is the value of assets minus liabilities per fund share. ETFs trade on an exchange during the day, with market prices that can differ from NAV. The bid-ask spread is the gap between quoted buying and selling prices and is a trading cost to consider.

Index is a strategy, not an account

An index is a defined collection or measurement of investments. An index fund attempts to follow one. An actively managed fund makes investment choices to pursue its objective. Either approach can use a mutual fund or ETF structure. Index does not mean guaranteed positive results.

Costs come from several places

The expense ratio covers ongoing fund operating expenses as a percentage of assets, generally deducted within the fund. Some funds have sales charges; trading and account costs can also apply. An illustrative 0.50% expense ratio on \$1,000 represents about \$5 over a year with an unchanged balance, separate from returns and other costs. This is a fee example, not a return or current fund quote.

Try it

Three funds all hold the same largest companies. Does buying all three necessarily give three times the diversification? No. Compare the overlap and concentration.

Crypto Requires Extra Caution

Losses and gains use different starting balances



An example of percentage math, not a price forecast.

Crypto assets are digital assets recorded using blockchain or related ledger technology. Bitcoin is one example. Different assets have different purposes and rights. Owning a token is not automatically the same as owning part of a business or holding an insured deposit.

Price and access can change quickly

Prices can fall sharply. Some assets have little trading activity, making them hard to sell. An exchange can suspend withdrawals or fail. Scams can use social media, impersonated celebrities, fake websites, and promises of guaranteed returns. A stablecoin label does not by itself guarantee stability or redemption.

Understand custody

A wallet manages the keys used to access and authorize transactions. Losing a private key or recovery phrase can mean permanent loss. Someone who obtains those secrets may take the assets. Never share a recovery phrase with someone claiming to provide support.

Keeping assets with a third party introduces that provider's risks. Holding keys yourself introduces your own security responsibilities. Many transfers are difficult or impossible to reverse. Deposit insurance does not protect crypto values.

A fund wrapper does not remove the asset risk

A crypto-linked exchange-traded product can provide exposure through a brokerage account. It still involves the underlying asset's risks, fees, and product structure. Different exchange-traded products have different legal protections.

Try it

A \$200 position falls 50% to \$100. It must then rise 100% to return to \$200. A big percentage loss takes a bigger percentage gain to recover. Explain why rent, tuition, and emergency money should not depend on such a recovery.

Learn more: SEC crypto custody resource on pages 69 to 70.

Crypto: Learn the Product Before the Price

A crypto asset is a digital asset recorded through blockchain or related technology. A blockchain is a shared record maintained according to a system's rules. A token's price can move even when it gives you no claim on a business, bank deposit or dependable stream of income.

Ownership and access can be complicated

A private key authorizes control over assets in a particular system. A recovery phrase can restore access to certain wallets. A wallet helps manage these credentials and transactions; it is not automatically an insured account. A person who obtains the secrets may take the assets. Losing them can prevent access permanently.

Custody creates a choice of risks

If a platform holds assets for you, you depend on its operations, security and terms. If you control the keys yourself, you take on storage, backup and transaction responsibilities. Transfers can be difficult to reverse. Fraudsters may impersonate support staff or persuade people to connect a wallet to a harmful service.

Names are not guarantees

A stablecoin aims to maintain a reference value, but reserves, redemption rights and operation can fail. A promise of yield on crypto may involve lending or other risks; it is not equivalent to savings APY at an insured bank. A crypto-linked exchange-traded product still has exposure to the underlying asset and its own structure and fees.

Price excitement can hide basic questions

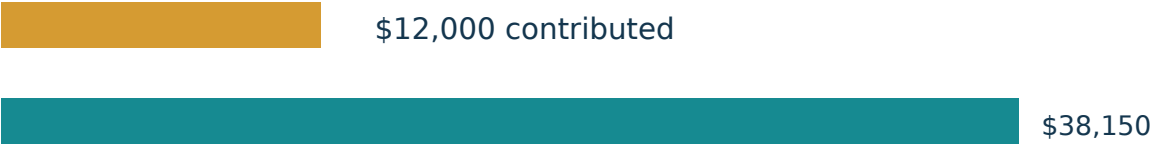
What rights do you receive? Who controls access? How can you sell or redeem? What fees apply? What happens if the platform fails? If the answers are unclear, the price chart does not solve the problem. Essential bills and emergency reserves should not depend on a volatile asset recovering.

Try it

Someone guarantees a fast profit if you send crypto now and keep it secret. Identify three warning signs: guaranteed returns, urgency and secrecy. Do not send money or share keys; verify independently and involve a trusted adult.

Start Learning About Retirement Accounts

\$25/month for 40 years



5% hypothetical investment return; no fees or taxes.

Retirement may feel far away, but time can help regular saving accumulate. Beginning with a modest amount teaches a habit. Investment returns remain uncertain, so plan for more than one possible outcome.

The account is the container

A 401(k) is a workplace retirement plan; some employers contribute a match under plan rules. An IRA is an individual retirement account. Investments inside these accounts might include funds, stocks, or bonds. Opening the account does not automatically mean the money is invested.

A Roth IRA generally uses after-tax contributions, and qualified withdrawals can be tax-free. A traditional IRA may provide a deduction if eligible, with withdrawals generally taxed under its rules. Eligibility, income restrictions, annual contribution limits, and withdrawal rules apply. An IRA contribution generally requires qualifying compensation and cannot exceed the applicable limits. A minor with qualifying earnings may be able to use a custodial IRA.

Keep the projection honest

Putting \$25 at the end of every month into an account for forty years contributes \$12,000. At a hypothetical constant 5% annual investment return with monthly compounding, it would grow to about \$38,150 before fees and taxes. At 0%, it remains \$12,000. The 5% is an investment scenario, not an available savings APY or a guaranteed market return.

Early withdrawals may create taxes, penalties, or lost future growth depending on account rules. Keep near-term money separate so you are less likely to raid retirement savings.

Try it

If a job offers a retirement plan, ask about eligibility, the match, vesting, investment fees, and what happens when you leave. Vesting determines when employer contributions become yours.

Retirement Accounts: A Container with Tax Rules

A retirement account organizes saving under particular tax and withdrawal rules. The investments inside determine much of the growth and market risk. Opening the account and choosing investments are two different steps.

Workplace plans

A 401(k) is a retirement plan offered by some employers. Similar workplaces can use other plan types. Employee contributions may come through payroll. An employer match adds money under the plan's conditions. Vesting determines when employer contributions become yours. Read eligibility, contribution rules and fees before choosing how much to contribute.

Individual retirement accounts

An IRA is opened separately from a workplace plan. A traditional IRA may provide a current tax deduction when eligible, with distributions generally taxed under its rules. A Roth IRA generally uses money already subject to income tax, with qualified withdrawals tax-free. Annual contribution limits, income rules and qualifying compensation matter; these are not unlimited savings accounts.

For students with earnings

A minor with qualifying compensation may be able to use a custodial IRA with an adult managing it under applicable rules. Gifts or an allowance are not automatically qualifying compensation. Keep accurate earnings records and ask about the contribution limits for the actual year. Do not assume a student's small paycheck removes every tax or account requirement.

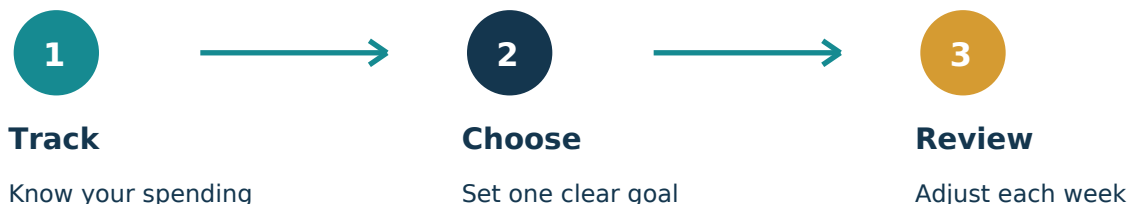
Money must have a timeline

A retirement account can hold permitted investments such as funds, but depositing cash does not always automatically buy them. Early withdrawals can have taxes, penalties or lost growth under the rules. Keep short-term spending and emergencies in an appropriate accessible place.

Try it

Is a Roth IRA itself a stock? No. It is an account framework that can hold permitted investments. Can a stock fund in a retirement account lose value? Yes. Tax benefits do not insure market returns.

Your First Money Plan and Fraud Defense



You can use this book without buying anything. Begin with one real goal, a simple budget, and a way to check your progress. Good habits are more useful than a prediction about the next hot investment.

Your first thirty days

Week one: record spending and choose a goal with a price and deadline. Week two: compare account fees and protections with a trusted adult. Week three: move an affordable amount into savings and review recurring subscriptions. Week four: compare the plan with what actually happened and change one thing.

Slow down a suspicious request

Pressure to act immediately, secrecy, guaranteed returns, gift-card payments, and demands to move money into a "safe" account are warning signs. Contact the institution using a number or website you find independently. Do not use the contact details in a suspicious message. Never give someone a one-time security code to prove your identity.

Use unique passwords and multifactor authentication. Send person-to-person payments only after independently confirming the recipient. If money or identity information is stolen, notify the financial provider promptly and visit [IdentityTheft.gov](https://www.identitytheft.gov) or [ReportFraud.ftc.gov](https://www.reportfraud.ftc.gov). A trusted adult can help you act quickly.

Capstone challenge

Taylor takes home \$500 each month, needs \$180 for essentials, spends \$100 on wants, and wants \$600 for training in six months. Saving \$100 a month meets the goal before interest and leaves \$120 for a buffer or other needs. What happens if income drops to \$400? Adjust the plan without assuming a credit card will fill the gap forever.

Your commitment

Write one habit you will start this week and one question you will ask before signing a financial agreement.

Practice: Choose an Account and Read a Loan

Use fictional people and amounts. Your explanation matters as much as your arithmetic. Do not share real family statements, passwords, income or debt in class.

Scenario A: first paycheck

Noah receives \$160 and needs \$45 for transportation and \$25 for school supplies. He wants to save \$30. Which account normally fits the payments, and how much remains for other uses? List one condition he should check before opening it.

Scenario B: two savings purposes

Ari has \$200 for an unexpected repair and \$150 for a trip in three months. Why might an accessible insured savings account suit these goals better than putting all \$350 into a twelve-month CD? Explain access as well as earnings.

Scenario C: loan terms

Use the book's \$3,000 example at the referenced 6.99% APR with no fees. One schedule is about \$92.62 per month for 36 months; another is about \$59.39 for 60 months. Which has the lower payment? Which has the lower total interest? What information would you still verify in a real offer?

Scenario D: school offer

A one-year program budget is \$18,000, grants are \$6,000 and an offered loan is \$4,000. What is net price? Does taking the loan change net price? Name one reason a first-year loan amount may understate eventual graduation debt.

Scenario E: similar abbreviations

A family sends money by EFT and buys an ETF in a brokerage account. Which action moves money, and which buys an investment? Can the ETF lose value?

Scenario F: mortgage affordability

A buyer budgets only for the principal-and-interest payment. Name at least three additional housing costs. Why might a fixed mortgage rate still be consistent with a rising total monthly housing bill?

Discuss

Choose one scenario and explain the decision to someone who has never used a bank. Use ordinary words before abbreviations. The next page provides answer explanations.

Practice Answers: Explain the Choice

A: use checking for routine payments

$\$160 - \$45 - \$25 - \$30 = \$60$ remains for other uses. A checking account normally supports daily payments. Noah should compare fees, access, holds or youth ownership requirements. Money moved to savings is still his money; it is simply reserved for another job.

B: match access to the deadline

The repair could happen before a CD matures, and the trip is due in three months. A twelve-month CD's early-withdrawal rules could interfere. An accessible insured savings account can keep the funds separate from spending, though transfer timing and fees still matter. A higher CD APY alone does not settle the decision.

C: distinguish payment from price

The 60-month schedule has the lower monthly payment. The 36-month schedule has lower total interest: about \$334.23 versus \$563.37. In a real offer, verify APR, fees, amount received, fixed or variable rate, payment schedule, collateral and early-payoff terms. The advertised low-end rate is not a guaranteed approval.

D: subtract gift aid, not debt

Net price is $\$18,000 - \$6,000 = \$12,000$. A \$4,000 loan finances part of that price and creates debt. It does not reduce net price. Additional years, new borrowing, changing costs or accrued interest can increase eventual debt. Renewal conditions also matter.

E: transfer versus investment

EFT is an electronic funds transfer, a payment method. ETF is an exchange-traded fund, an investment holding. Its price can fall. Similar letters do not mean similar products or protections.

F: budget for owning the home

Additional costs include property taxes, homeowners insurance, utilities, repairs, maintenance and possible association dues or mortgage insurance. A fixed rate fixes the contractual interest rate, not every other cost. Taxes or insurance can raise an escrow payment. Approval also does not guarantee that the full cost fits a household's priorities.

Knowledge Check and Answer Guide

Test yourself before reading the answers

1. Which account is normally designed for everyday payments?
2. Is a money market mutual fund an insured bank deposit?
3. What does \$500 become after two years at the referenced 3.50% APY, held unchanged, with no additions or fees?
4. On a card with a qualifying purchase grace period, what payment habit can avoid purchase interest?
5. A \$150 balance on a \$1,000 limit is what utilization percentage?
6. Does a smaller loan payment always mean a cheaper loan?
7. What are the first month's interest charges on a \$100,000 mortgage at the referenced 7.28%, using a monthly interest calculation?
8. Does a \$5,000 student loan reduce a school's net price by \$5,000?
9. What is the difference between an ETF and an EFT?
10. After a 50% investment loss, what gain is needed to recover?

Answers and explanations

1. Checking. Compare fees and access before choosing.
2. No. A money market deposit account and a mutual fund are different products.
3. \$535.61: $\$500 \times 1.035 \times 1.035$. A simple-interest comparison totals \$535. The referenced savings APY can change.
4. Pay the full statement balance by the due date and meet the issuer's grace-period conditions.
5. 15%: $\$150 / \$1,000 \times 100$.
6. No. A longer repayment term can lower payments and raise total interest.
7. \$606.67: $\$100,000 \times 0.0728 / 12$. Principal repayment and other housing costs are separate.
8. No. The loan finances the price and must be repaid.
9. An ETF is an exchange-traded fund; an EFT is an electronic funds transfer.
10. 100%. Moving from \$100 back to \$200 requires doubling.

Explain your reasoning

Which lesson will affect your next financial choice? Identify one benefit, one risk, and one term you would verify. Teachers can use these questions for discussion rather than grading students on their family circumstances.

Money Dictionary: Accounts and Everyday Banking

Account: a record of money held for you, investments you own, or money you owe. Its purpose and agreement determine what you can do.

Balance: the amount recorded at a particular time. Available balance and posted balance can differ because of pending transactions or holds.

Checking: a deposit account normally designed for regular payments. **Savings:** a deposit account normally used for goals and reserves.

Deposit / withdrawal / transfer: putting money in, taking money out, or moving it between accounts. A transfer between your own accounts is not new income.

Direct deposit: an electronic deposit, often wages sent by an employer. **ATM:** an automated teller machine used for supported cash and account services.

Debit card / credit card: debit normally uses deposit money; credit creates borrowing to repay. **Prepaid card:** spends money loaded in advance under its terms.

Hold: a temporary restriction on access to funds. **Overdraft:** a transaction that takes an account below zero when permitted.

APY: annual percentage yield, an annualized deposit yield including compounding.

Interest: payment for the use of money. **Principal:** the starting or remaining base amount, separate from interest unless it has been added under the rules.

CD: certificate of deposit, a deposit for a stated term. **Maturity:** the specified end date when a CD or debt investment reaches its repayment point under its terms.

Money market deposit account: an interest-paying deposit with provider-specific access rules. **Money market mutual fund:** an investment holding short-term instruments, not an insured deposit.

FDIC / NCUA: federal deposit or share insurance systems with eligibility rules and limits. They do not insure normal investment losses.

EFT: electronic funds transfer. **ACH:** an electronic payments network used for many transfers. Neither is an investment product.

Money Dictionary: Loans and Investing

APR: annual percentage rate used to disclose borrowing pricing, with applicable financing-cost rules. It is different from deposit APY.

Amortization: reducing a loan through scheduled payments. **Accrued interest:** interest accumulated but not yet paid. **Capitalization:** adding unpaid interest to principal at a permitted event.

Fixed / variable rate: a rate that stays fixed for the specified period versus a rate that can change under a rule. **Term:** the loan's repayment period.

Collateral: property pledged for a debt. **Cosigner:** a person accepting repayment responsibility under the agreement. **Default:** a serious failure to meet loan obligations under applicable rules.

Mortgage: a real-estate loan commonly secured by the home. **Equity:** property value minus debts secured by it. **Escrow:** money collected or held for specified purposes, often taxes and insurance in mortgage servicing.

FAFSA: Free Application for Federal Student Aid. **Grant / scholarship:** aid generally not repaid when conditions are met. **Work-study:** an opportunity to earn wages through qualifying employment. **Net price:** education cost of attendance minus grants and scholarships.

Stock: ownership shares in a company. **Bond:** a debt investment, lending to an issuer. **Dividend:** a distribution to shareholders; it is not guaranteed.

Mutual fund / ETF: investment funds pooling holdings; ETFs trade on an exchange. **Expense ratio:** ongoing fund operating cost as a percentage of assets. **Diversification:** spreading holdings to reduce some concentration risks.

Brokerage account: a container for cash and investments. **IRA / 401(k):** retirement account or plan frameworks with specific tax rules. **Vesting:** when employer contributions become yours.

Capital gain / loss: selling for more or less than your cost under applicable tax rules. **Liquidity:** ability to obtain cash without unacceptable delay or cost. **Volatility:** the degree of price movement. **Inflation:** a rise in the general price level.

Rate Directory: Published Examples

Current rates used in this edition

Rates checked October 5, 2026. These are selected examples, not rankings or endorsements. Deposit APYs can change; loan approval and pricing depend on eligibility and terms. Mortgage averages are market benchmarks. Investment projections are hypothetical.

Marcus Online Savings: 3.50% APY, October 5, 2026; variable, no fees or minimum deposit.

<https://www.marcus.com/us/en/savings/high-yield-savings>

Marcus 12-month CD: 4.40% APY, October 5, 2026; \$500 minimum, early-withdrawal penalties.

<https://www.marcus.com/us/en/savings/high-yield-cds>

Ally money market: 3.10% APY for displayed \$25,000 comparison, October 1, 2026; variable, no monthly maintenance fee. Displayed comparison is for California; check location and tier.

<https://www.ally.com/bank/money-market-account/>

Discover personal loans: 6.99% to 24.99% APR, no fees, 36 to 84 months. Current page checked October 5; comparison data through September 8, 2026. Individual offers vary.

<https://www.discover.com/personal-loans/>

Capital One Savor Student: 18.49% to 28.49% variable purchase APR; eligible higher-education students. Checked October 5, 2026.

<https://www.capitalone.com/credit-cards/savor-student/>

Freddie Mac PMMS: 7.28% 30-year fixed average for October 1, 2026. Market benchmark, not a personalized APR or rate lock.

<https://www.freddiemac.com/pmms>

Federal undergraduate Direct Loans: 6.52% fixed for first disbursement July 1, 2026, through June 30, 2027; fees may apply.

<https://studentaid.gov/understand-aid/types/loans/interest-rates>

These selected rates were rechecked October 5, 2026. They illustrate calculations, not a best-buy ranking. Confirm actual current disclosures before opening an account or borrowing.

Sources and Further Learning

Bank accounts, payments and borrowing

FDIC deposit insurance and covered products: <https://www.fdic.gov/resources/deposit-insurance/faq>

NCUA share insurance: <https://ncua.gov/consumers/share-insurance-coverage>

CFPB consumer tools for banking, credit, auto loans and mortgages:

<https://www.consumerfinance.gov/consumer-tools/>

CFPB compound interest:

<https://www.consumerfinance.gov/ask-cfpb/how-does-compound-interest-work-en-1683/>

CFPB simple-interest auto loans: <https://www.consumerfinance.gov/ask-cfpb/whats-the-difference-between-a-simple-interest-rate-and-precomputed-interest-on-an-auto-loan-en-841/>

Credit reports: <https://www.annualcreditreport.com>

Housing and education

CFPB home equity loans: <https://www.consumerfinance.gov/ask-cfpb/what-is-a-home-equity-loan-en-106/>

CFPB HELOCs:

<https://www.consumerfinance.gov/ask-cfpb/what-is-a-home-equity-line-of-credit-heloc-en-246/>

FHA mortgage program: <https://www.hud.gov/hud-partners/single-family-sfh203b>

VA home loans: <https://www.va.gov/housing-assistance/home-loans/>

USDA housing: <https://www.rd.usda.gov/programs-services/single-family-housing-programs/single-family-housing-guaranteed-loan-program>

Federal Student Aid program information: <https://studentaid.gov/understand-aid/types>

Subsidized versus unsubsidized: <https://studentaid.gov/articles/subsidized-vs-unsubsidized-loans/>

Current repayment eligibility: <https://studentaid.gov/articles/faqs-idr-plan/>

Official financial aid terminology: <https://studentaid.gov/articles/financial-aid-dictionary/>

Investments, taxes and fraud

SEC investment education and crypto bulletins: <https://www.investor.gov>

Brokerage accounts:

<https://www.investor.gov/introduction-investing/investing-basics/investment-accounts/brokerage-accounts>

SIPC protection: <https://www.sipc.org/for-investors>

IRA rules: <https://www.irs.gov/retirement-plans/individual-retirement-arrangements-iras>

Student tax information: <https://www.irs.gov/individuals/students>

Fraud reporting and identity recovery: <https://reportfraud.ftc.gov> | <https://www.identitytheft.gov>

For teachers and families

Original explanations, fictional scenarios and instructional graphics by State and Nation. Share and print the complete handbook for educational use, retaining the publisher name and sources. Use fictional financial information in class. Teach one lesson at a time and verify dated rules before real decisions.

<https://thestateandnation.com/consumer-family/teachers-resources>