Name: ____________________ **Date:** ____________

Money Basics

before you ever touch a stock — notes I actually use when I teach this · Aydin Ali

Every time someone asks me about investing, I ask them a question back first: do you know the difference between your checking account and your savings account? Most people pause. That's not an insult — nobody sits you down and teaches this on purpose, you're just supposed to absorb it somehow. So this is Handout 1 of a six-part series I actually use, in order: money basics, your paycheck and taxes, avoiding scams and bad debt, paying for college, halal investing, and zakat. Start here even if a later handout is the part you actually care about.

ACCOUNTS

Checking and savings aren't interchangeable

Checking is for money that's about to move — bills, lunch, gas, whatever you're spending this week or this month. Savings is for money you're protecting from yourself, basically. The most common mistake I see is one account doing both jobs, and then wondering at the end of the month where the money went. Give every dollar a job before you spend any of it.

One more thing nobody tells you: a real bank account is insured by the FDIC up to $250,000 if the bank itself fails. That's not a reason to trust any random app that calls itself a "bank" — check for FDIC coverage specifically. It's why keeping money in an actual bank beats a shoebox, and it's not just a habit, it's an actual guarantee.

TRY IT — THE 50/30/20 SPLIT

A simple rule for any paycheck or allowance: 50% needs, 30% wants, 20% savings. Take the last amount of money you got — a paycheck, birthday money, allowance — and split it below.

Total: $________ → Needs (50%): $________ Wants (30%): $________ Savings (20%): $________

CARDS

A debit card and a credit card are not the same tool

A debit card pulls money straight out of your checking account — you can't spend what isn't already there. A credit card is different: you're borrowing from the card company, and if you don't pay that back by the due date, you start owing interest on top of it. **A credit card is not extra money.** It's a 30-day loan that quietly resets every single month, whether you notice or not.

CREDIT

Your credit card statement has three numbers, not one

The **minimum payment** is just the smallest amount that keeps you out of trouble — it is not a plan. The **statement balance** is what you owed when the last bill closed. The **current balance** includes whatever you've spent since then. Pay the statement balance in full whenever you can.

> **Worked example:** say you owe $700 on a card with a 24% APR, and you only ever pay the $35 minimum. You're paying interest on the balance before you've made any real dent in it — a balance like that can take years to clear and cost hundreds of dollars extra along the way. "Minimum payment" and "plan" are not the same word.

CREDIT

A credit score isn't a report card on you as a person

It's a summary of a report, and the report is mostly: do you pay on time, and how much of your available credit are you actually using. Checking your own score doesn't hurt it — a lot of people don't know that and avoid looking, which helps nobody.

Score range	What it's called
300–579	Poor
580–669	Fair
670–739	Good
740–799	Very good
800–850	Excellent

> **What actually hurts it:** late payments, maxing out cards, opening a bunch of accounts at once, and letting an error on your report sit there uncorrected instead of disputing it.

BORROWING & GROWING MONEY

Starting early beats starting big

A mortgage spreads a home's cost out over years — but the rate, the term, and the fees are what actually decide what it costs you, not just the payment that fits your budget. A bond is the same idea flipped around: you're the one lending money now, for a promised return later, and taking on the risk the borrower doesn't pay it back on schedule.

Here's the number nobody bothers telling teenagers, probably because it sounds boring: what compound interest actually does over time.

$1,000 invested, ~7% average yearly return	Value after
1 year	~$1,070
5 years	~$1,403
10 years	~$1,967
20 years	~$3,870
30 years	~$7,612

Nobody added a single extra dollar in that table — that's the same $1,000 just sitting there, growing on itself. This is the actual argument for starting now instead of "when I have more money." Time is doing most of the work, not the amount.

INVESTING

The account, the investment, and the strategy are three different decisions

A Roth IRA is just an account with a tax rule attached — it isn't an investment by itself. An index fund is what you'd actually put inside it, tracking the market instead of trying to beat it. Diversifying spreads your risk around; it doesn't erase it. People mix these three up constantly, and it's worth keeping them separate in your head.

QUICK RECAP

- ☐ Checking is for spending soon, savings is for protecting from yourself.
- ☐ Debit spends what you have. Credit is a loan that resets monthly.
- ☐ Pay the statement balance, not just the minimum, whenever you can.
- ☐ Your credit score mostly tracks on-time payments and how much of your limit you're using.
- ☐ Time in the market matters more than the amount you start with.
- ☐ A Roth IRA, an index fund, and diversification are three separate ideas.

TRY THIS BEFORE NEXT SESSION

Run your own 50/30/20 split on your next paycheck or allowance. If you have a credit score you can check for free (most banking apps show it), look at it once — just to know the number, not to worry about it.

