



Welcome the stranger.  
Protect the refugee.

## Financial Literacy Guide

### Created by the HIAS Legal & Asylum Volunteer Program

#### Managing Your Money

##### Making decisions on spending money

- Before buying something, ask yourself: “Do I need this or just want it?”
  - Ask yourself: “What happens if I don’t buy this now? Can it wait 24 hours? What is influencing me to make this purchase?”
- Don’t use “rent to own” leases – there are many hidden costs and conditions

##### Budgeting

- Write down everything you spend for 1 month to see where the money goes
  - Group the purchases above into ‘needs’ and ‘wants’
  - Pick 2 or 3 types of spending to reduce (example: coffee, ride-shares)
- Set a monthly budget equal to 95% - 97% of your income
  - Save 3-5%
- Aim for creating an “emergency fund” equal to 1 week’s pay

##### Banks

- Your money is safe in banks in the US – the US guarantees it (up to \$250,000)
- A Social Security or ITIN# is needed to open a checking account
- Not enough money or credit history to open a checking account? Talk to the bank branch manager – they may be able to help
- Don’t use expensive check cashing services; deposit and withdraw funds from your bank instead; set up direct deposit for employment checks

##### Loans

- Don’t use “payday loans” – they have very high interest rates
- Don’t sell items to pawn shops – you get only 25-35 % of the item’s value
- Use a credit card when needed but use with caution (see below)

##### Credit and debit cards

- Debit card payments come directly and immediately out of your checking account
- Credit cards charge very high interest rates on unpaid monthly balances: the “APR” (the rate actually paid) may be even higher
- If you can’t pay the full balance every month, you’re charging too much



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- Treat your credit card like a debit card – don't charge it if you can't pay for it now

### **Credit scores**

- Everyone has a credit score – you can find yours at [Annualcreditreport.com](http://Annualcreditreport.com)
- Your credit score is based on your payment history – try not to pay bill late, as it will lower your score
- A high credit score will decrease your interest rates, rent payments, and security deposits
- Have to pay a bill late? Call the company you owe to explain. They may agree not to report it to the credit bureau
- No payment history? Don't qualify for a credit card? Start with a pre-paid credit card to establish payment history
- Watch out for credit score scams promising to erase late payment history

### **Working**

- Use Indeed.com, ZipRecruiter, LinkedIn and other safe websites to find jobs
- Build a resume – get help if needed
- Know if you are an employee or subcontractor when hired (see taxes)
- Discrimination in hiring is illegal -- report it at 212-416-0197 (NY) or 311 (MD)
- Minimum wage is \$16 per hour in NYC, \$15/hour in MD, \$17.50/hour in DC, and \$12/hour in VA

### **Scams and Identity theft**

- Don't respond to unsolicited emails, texts or calls – especially if marked "urgent" or 'disaster' related
- If the offer is too good to be true, it probably isn't real
- Be wary of winning a 'prize' that you have to pay to get
- Guard Social Security numbers, credit cards, phone, and important documents

### **Housing**

- Try to keep your housing costs close to 30% of your monthly income
- If you have to make a late rent payment, call the landlord to let them know when you will pay
- Discrimination in housing is illegal – report it by calling 718-722-313 (NY)- or 311 (MD)

### **Taxes**

- Income tax is owed to both the US and to the state where you reside
- Employers will require you to fill out IRS form W4 to withhold those taxes
- Don't claim too many 'exemptions' on your W4 - you could owe more tax later on



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- If you withhold too much tax – you'll get it back when you file your tax return
- 7% for Social Security/Medicare is also withheld every month
- Employers have to match your 7%; so 14% gets paid in total
- If you have a subcontract job you will have to pay the whole 14% yourself
- Use [Taxcalculator.com](https://www.taxcalculator.com) to estimate US tax