

Your Bottom Line

Your go-to resource for timely information about personal finance, college planning and student loan management

March 2021

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Lucky You: Building Your Pot of Gold

You don't have to be a leprechaun with a pot of gold to be lucky with money.

Mastering the basics of budgeting and creating a workable spending plan are your first step in money management. With a viable budget in place, you can focus on money maintenance and growth. We've put together some finance building tips to help guide you.

Visual reminders. What are your financial goals? How do you stay on track? Try creating a vision board to help you focus on your goals. Vision boards use imagery and words to represent your future wants and desires. Adding detailed checklists on how to manage your money will also provide you with practical steps to help you meet your goals and create accountability. Now take your vision board, checklist, and monthly spending plan and post them in a prominent spot to serve as a reminder of where you're headed.

Invest in yourself. It may be tempting to celebrate the money you've saved by making a fancy purchase. If you decide to spend a small amount of your savings, make sure to set a spending limit and stick to it. Or think about a cheaper way to get what you want; for example, find the outfit you'd love to buy and take note of all the details—accessories, fabric and patterns. Instead of making the purchase, try to recreate the outfit from similar items in thrift stores or even accessories from your own closet. Use [OKMM's 'Paid Off Calculator'](#) to see how long it will take to pay off an item you charge to your credit card. While a low-cost outing isn't discouraged, you may thank yourself later if instead, you decide to invest that money in yourself.

Watch your online presence. Protecting your identity is a part of building your wealth. [The FTC reports](#) that the number of identity

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theft cases doubled in 2020 from 2019, so it's imperative that you're mindful of all online interactions. In fact, your profile data on most sites could be an easy giveaway of your personally identifiable information (PII). Your name, date of birth, hometown, current occupation, family members' names and even pet names can be used by identity thieves to access your monetary records. Limiting or avoiding use of those details altogether may help to keep your information safe. Vary your passwords between accounts and never store passwords on notepads, under your keyboard or even in a computer file.

[HowSecureIsMyPassword.net](https://www.howsecureismypassword.net) is a free resource you can use to judge your password's strength.

Take care of your credit. As you progress in the mission to successfully manage your money and increase your savings, you should see an improvement in your credit score. You may also notice more credit card offers coming through the mail. Just because you're offered a low rate on a new credit card or your favorite store will deduct 30% from your total purchase if you sign up for their card doesn't mean it's a good idea to take them up on it. Every time you accept a new credit offer, the card issuer will look at your credit record. Those reviews can lower your credit score, whether you're approved for a new line of credit or not. Reduce the number of prescreened offers with [OptOutPrescreen.com](https://www.optoutprescreen.com) and keep an eye on your credit history at [AnnualCreditReport.com](https://www.annualcreditreport.com).

Find more information about how to manage and grow your personal finances at [OklahomaMoneyMatters.org](https://www.oklahomamoneymatters.org).

SCIENCE | TECHNOLOGY | ENGINEERING | MATH

SUMMER ACADEMIES

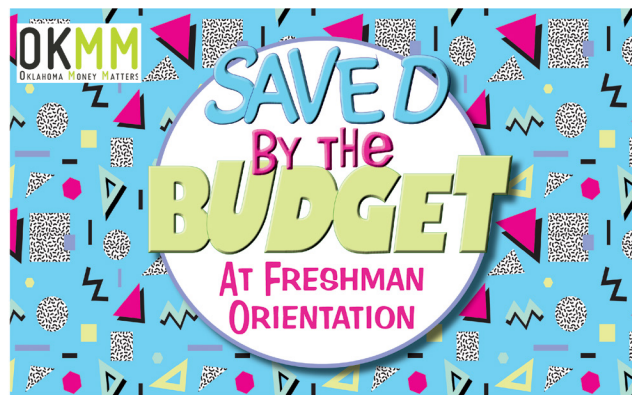
The State Regents for Higher Education offer FREE Summer Academies for students entering the 8th-12th grade.

Summer Academies provide students the opportunity to explore an Oklahoma college or university for a unique, hands-on learning experience. Academies are designed for all students entering the 8th-12th grade, and the only requirement is that you come ready to learn and challenge yourself in a fun and collaborative learning environment.

Don't miss your chance to attend — Academies fill up quickly. Register today!

For more information, visit www.okhighered.org/summer-academies

SUMMER ACADEMIES



Freshman Orientation

New students face a variety of challenges during their college career, including important financial decisions that could follow them for years to come. Incorporating a personal money management session into your orientation program or seminar classes can help students make smart financial choices, which can boost retention at your campus.

OKMM's services are FREE and our program allows you to choose options that best meet your students' needs.

- Customizable presentations on topics such as:
 - Managing Student Loans
 - Consumer Credit
 - Budgeting and Banking
 - Avoiding Identity Theft
- Online self-paced learning modules
- Downloadable lesson plans and activities
- Interactive budget calculator
- Online resource clearinghouse
- Complimentary publications
- *Financial Friday* and *Your Bottom Line* newsletters
- Personal finance question and answer forum
- Train-the-trainer workshops

If you're ready to talk about how OKMM can help your students improve their money management skills, contact us at 800.970.OKMM (toll free) or email OklahomaMoneyMatters@ocap.org. Workshops are subject to staff availability, so schedule yours today!



Tax Credits

Rob Sellers, Certified Public Accountant
Robert A. Sellers, CPA

Rob Sellers is a Certified Public Accountant for Robert A. Sellers, CPA. In this month's Q&A, Sellers answers questions about tax credits.

What is a tax credit?

A tax credit is an amount of money that can be offset against a tax liability. Tax credits are used by a government body to incentivize taxpayers to buy or donate to something that is important to its citizenry and allows the taxpayer to subtract the amount of the credit from their taxes. The tax credit can, by law, be associated to any form of tax collected by a governmental authority; however, it is usually seen as a reduction of income tax.

What is a standard deduction?

A standard deduction is the portion of income that is not subject to tax. This is different from a tax credit because it reduces the income that is applied to the taxpayer's tax rate, while the tax credit is a 100% reduction of the tax that is owed by the taxpayer. Common income tax deductions are state and local taxes, mortgage interest and contributions made to charities.

What are some of the most common tax credits?

There are many forms of tax credits. The most common ones are on a federal or state income tax return. These tax credits pertain to families (child and dependent care, earned income and education), energy (solar, wind, electric and other energy-efficient equipment), and most recently, several tax credits

associated with COVID-19 (recovery rebate, qualified sick and family leave, employee retention credit and others).

What tax credits are available for education, and how does someone qualify for them?

The most popular education tax credits include the [American Opportunity Tax Credit \(AOTC\)](#) and the [Lifetime Learning Credit \(LLC\)](#). The AOTC can save you up to \$2,500 in tax (\$1,000 of which can be refundable if a taxpayer's liability falls below zero) for the education expenses of each eligible student. To qualify, the student must pursue a degree only available to students in their first four years of attendance, who enroll at least half-time for one academic period during the tax year and do not have a felony drug conviction.

The LLC is available to all taxpayers who attend at least one course during the year at an institution of higher education. The maximum benefit of the credit is \$2,000. However, the lifetime learning credit is nonrefundable if it exceeds your tax bill for the year. It is not necessary that the student pursue a degree or certification to qualify. The credit covers the cost of tuition and fees plus any amount for books and supplies you are required to purchase directly from the school. This credit is of particular value to those students attending postgraduate programs.

My employer is still having us work from home because of COVID-19. Can I claim a home office deduction?

Employees (those that receive a W-2 rather than an independent

contractor that receives a 1009-NEC) are not eligible for a home office deduction; however, an employer can reimburse their employee tax-free and take a deduction for "reasonable and necessary" costs to establish a home office due to the pandemic. This can include everything from costs associated with establishing a home office (buying a desk) to maintaining a home office (upgrading to a faster internet). These payments are fully deductible for companies, offering a win-win situation for both employer and employee.

Also, business meals from restaurants (including takeout) may now be fully deductible under the [Consolidated Appropriations Act 2021](#), signed into law in December 2020.

Do I have to pay taxes on my stimulus payment money?

The stimulus payments received in 2020, and most recently in January/February 2021, are not taxable to the taxpayer. Known as the [Recovery Rebate Credit](#), the payments were advances to the taxpayers for the credit provided on a taxpayer's 2020 income tax return. If the taxpayer did not receive their stimulus payment and qualifies for the Recovery Rebate Credit, the taxpayer will receive a refundable credit equal to the stimulus payments that they should have received earlier. Some taxpayers received one round of payments but not the second round (a third round may be possible), but the Recovery Rebate Credit will catch-up the taxpayer with any missed payments. If a family grew through the birth of a new child in 2020, that new addition will receive a Recovery Rebate Credit as part of the tax return.



Using Spring Break to Prepare for College

With the ice of winter finally melting, the thought of spring break brings warmth and optimism to students of all ages. Spring break is the perfect opportunity for college planning, in preparation of a new stage of life. Here are some questions to ask the high school seniors in your life.

Have you submitted your [Free Application for Federal Student Aid \(FAFSA\)](#)? If not, complete it soon! Before you begin, round up the things you'll need:

- Your 2019 tax return and/or W-2(s)
- The current total of your cash, savings and checking accounts
- Other income not listed on your W-2(s)
- Social Security card
- Driver's license

High school seniors are usually considered 'dependent' students, so your parents will probably also need these items along with other income, amount of child support paid or received in 2019 (if applicable) and the net worth of their current investments. For a list of the questions you'll answer to determine your dependency status, see UCanGo2's [FAFSA Dependency Questionnaire](#).

Have you visited any college campuses? If you can't tour a campus in person, colleges are now offering virtual tours, and spring break is the perfect time to check out as many campuses as possible. [OKcollegestart.org](#) provides a list of virtual tours in Oklahoma that are available 24/7. Once you've made your decision, be sure to contact your college of choice and begin the application process ASAP.

Have you applied for scholarships? If the amount of financial aid a college offers you isn't enough to pay your entire Cost of Attendance for one year, scholarships may be used to help cover the rest. There's no limit to the number of scholarship applications you can submit. Since you probably won't get every one you apply for, submitting as many applications as possible will help to improve your chances of winning scholarship awards. Here's a tip: A 'local' scholarship offered by a source that's closer to home will usually have a smaller pool of applicants, meaning you'll have less competition. For more tips, check out our [Scholarship Success Guide](#).

To start your search, visit the [Scholarships page on UCanGo2.org](#) and the [Financial Aid Planning tab on OKcollegestart.org](#). The [Oklahoma City Community Foundation](#) is also a great place to find more localized scholarships for students in Oklahoma. Don't let your spring break slip by without preparing for your higher education!



The Oklahoma College Assistance Program, an operating division of the Oklahoma State Regents for Higher Education, provides college access and financial aid awareness, financial literacy and student loan management programs and services that benefit students, parents, schools and community partners.

