

MANAGING PERSONAL FINANCES & BUDGETING

What you don't know
can hurt you

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Why Budget?

- Operating without a budget is like driving a car without a steering wheel...
- A plan to meet your goals
- Minimize anxiety of how to pay bills/expenses



The Planning Process



Set Savings Goals/Turn your NEEDS into GOALS

Long-term goals/Short-term goals



A realistic goal is
\$MART (in more ways
than one)

Specific
Measurable
Adjustable
Relevant
Time-related

Building a Budget

Money In

- Determine your monthly income
- Identify other sources of money

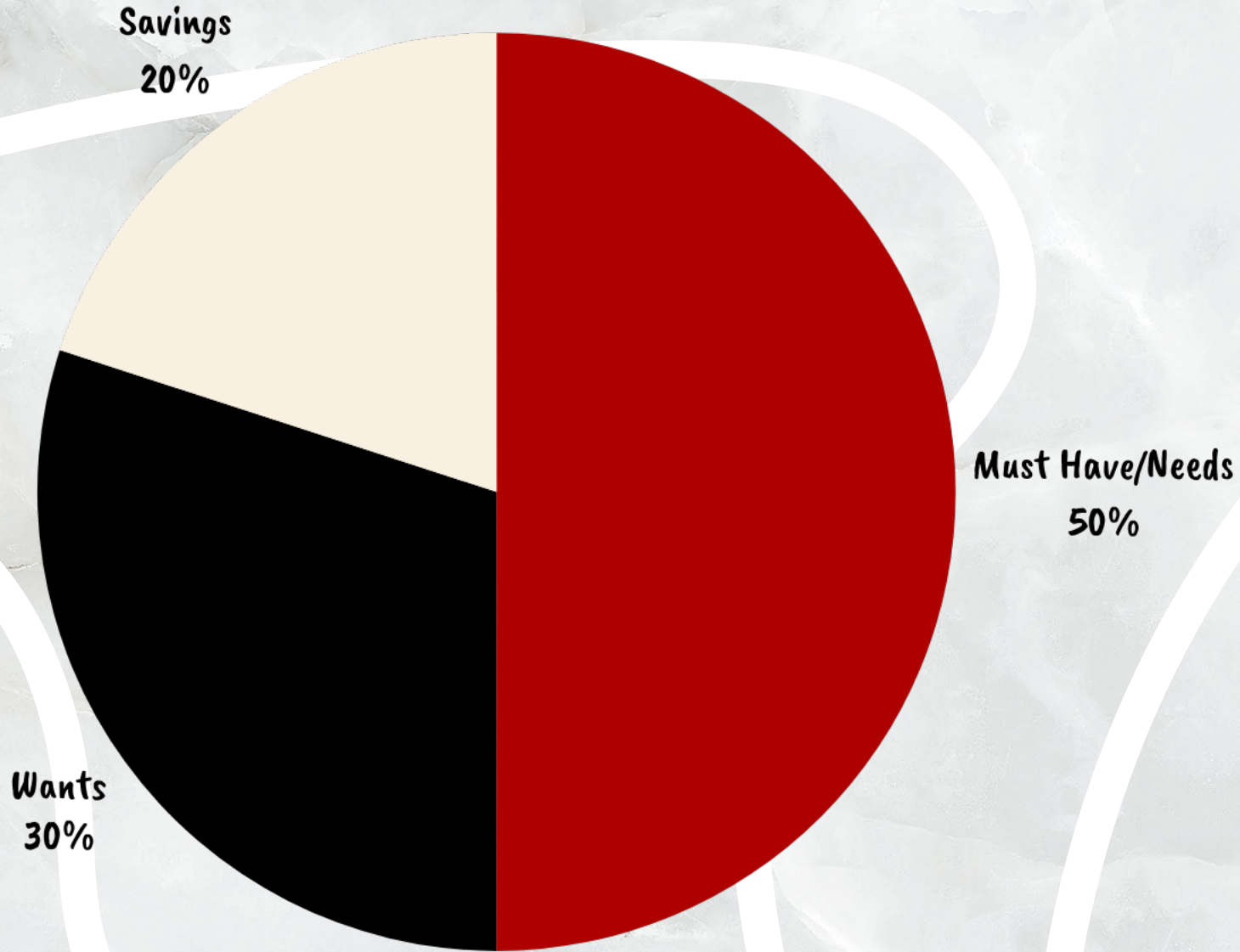
Money Out

- Estimate monthly expenses by category
 - Housing
 - Food
 - Books/Supplies
 - Clothing
 - Phone
 - Entertainment
 - Transportation
 - Healthcare



Basic Spending Plan Breakdown

■ Must Have/Needs ■ Wants ■ Savings



Special Offer

Make a Spending Plan

Where does my money go?

- Create a spending plan
- Set priorities
- Practice good spending habits:
 - Look for sales
 - Use coupons
 - Buy store brands
 - Price compare
 - Don't use credit cards for things you can't afford

SALE
SALE
SALE
SALE

Consumer spending decisions are about 95% related to emotional needs.

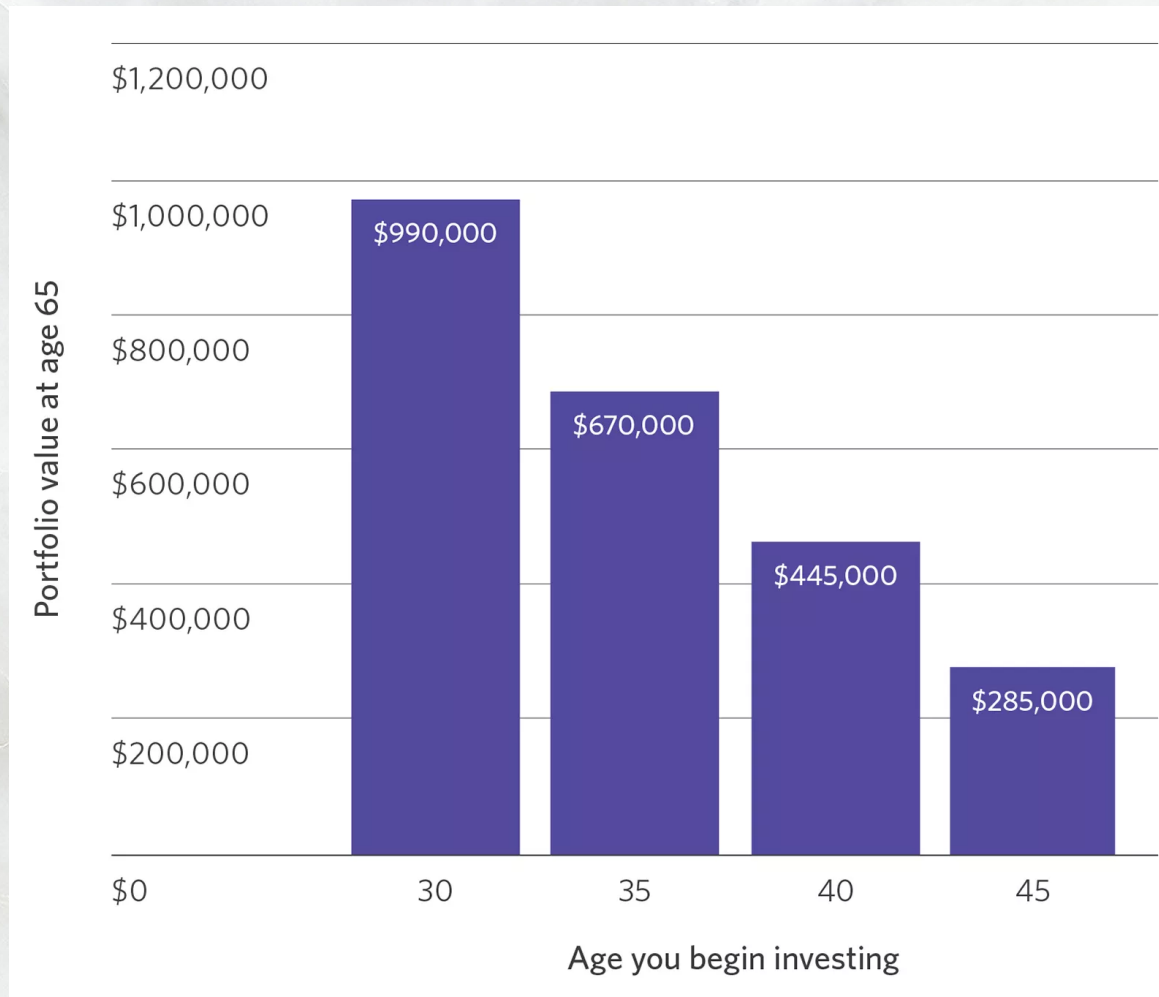
Personal Budget Worksheet

The screenshot shows the 'you can deal with it' website interface. At the top, there are navigation tabs for 'BORROWERS' (selected), 'PARENTS', and 'SCHOOLS'. Below the tabs is a search bar. On the left side, there is a sidebar menu with links: 'Student Aid 101', 'Making Payments', 'Trouble Paying', 'Managing Money', 'Calculators & Resources' (expanded), 'Repayment Estimator', 'Personal Stories', 'Other Online Resources', 'Student Aid Timeline', 'Graduate Students', and 'Nontraditional Students'. The main content area is titled 'Budget Calculator' and includes a brief instruction: 'Creating a budget just got easier! Use our online budget calculator and take control of your spending.' Below this, there are sections for 'Monthly Savings' (with input fields for Emergency Fund, Investments, and Retirement, each set to \$0) and 'Monthly Expenses' (with input fields for Food, Clothing, Shelter, Household, Transportation, Health, Student Loans, Personal, and Miscellaneous, each set to \$0). At the bottom, there is a section for 'Annual Expenses' with an input field for Tuition set to \$0. On the right side of the main content area, there is a section titled 'Other Calculators' with links to 'College Cost Calculator', 'Debt Repayment Calculator', 'Loan Repayment Calculator', 'Grace Period Calculator', and 'Interest Savings Calculator'.

- There are a variety of online budgeting calculators available to you!

<http://www.youcandealwithit.com/borrowers/calculators-and-resources/calculators/budget-calculator.shtml>

Savings/Investing and the Power of Time



Source: Edward Jones. Assumes investing \$550 per month and a 7% average hypothetical annual return. This example doesn't include taxes, fees and commissions, which could reduce the return. Figures rounded to the nearest \$5,000.

Credit Card Caution

- A powerful but dangerous tool
- A means for buying something you don't need, at a price you can't afford, with money you don't have.



Credit Basics

- Credit: Utilizing something now (e.g. education, car or home) and paying for it over a period of time.
- 3 C's of Credit
 - **Character** – How well do you honor your financial obligations
 - **Capacity** – How easy will it be for you to repay the debt
 - **Collateral** – Will the loan be secured by something



Who Reviews Your Credit?



Good Credit vs. Poor Credit – What Does it Mean?



GOOD CREDIT

- Lower interest rates
- Could save hundreds, if not thousands, of dollars in interest costs
- Allows you to be more selective when choosing a lender
- Can mean preferred rate on car insurance



BAD CREDIT

- Higher interest rates
- Can result in loan applications being rejected
- Can get denied for basic services
- Can mean high cost premium on car insurance

What's on the Credit Report?

Personal Information

Names, current, & previous addresses, employers,
date of birth

Credit Information

Records found on public documents: bankruptcies,
collection accounts, overdue child support

Public Record Information

Credit granted and history & timeliness of
repayment, revolving, installment or open ended,
payment patterns for past 7 years

Inquiries

List of creditors and agencies who have requested
your credit report

Credit Score – FICO Ranges

FICO Scores range – 300 to 850

Only 18% of population have a FICO Score of 800 or better

7% of population have scores below 500



What Is Your Credit Score?

- Forecast of how well you will repay a loan as agreed during the next 24 months – the higher the score, the better the forecast that you will repay
- Snapshot of your credit history at a particular point in time
- Only includes factors related to an individual's credit
- Always changing

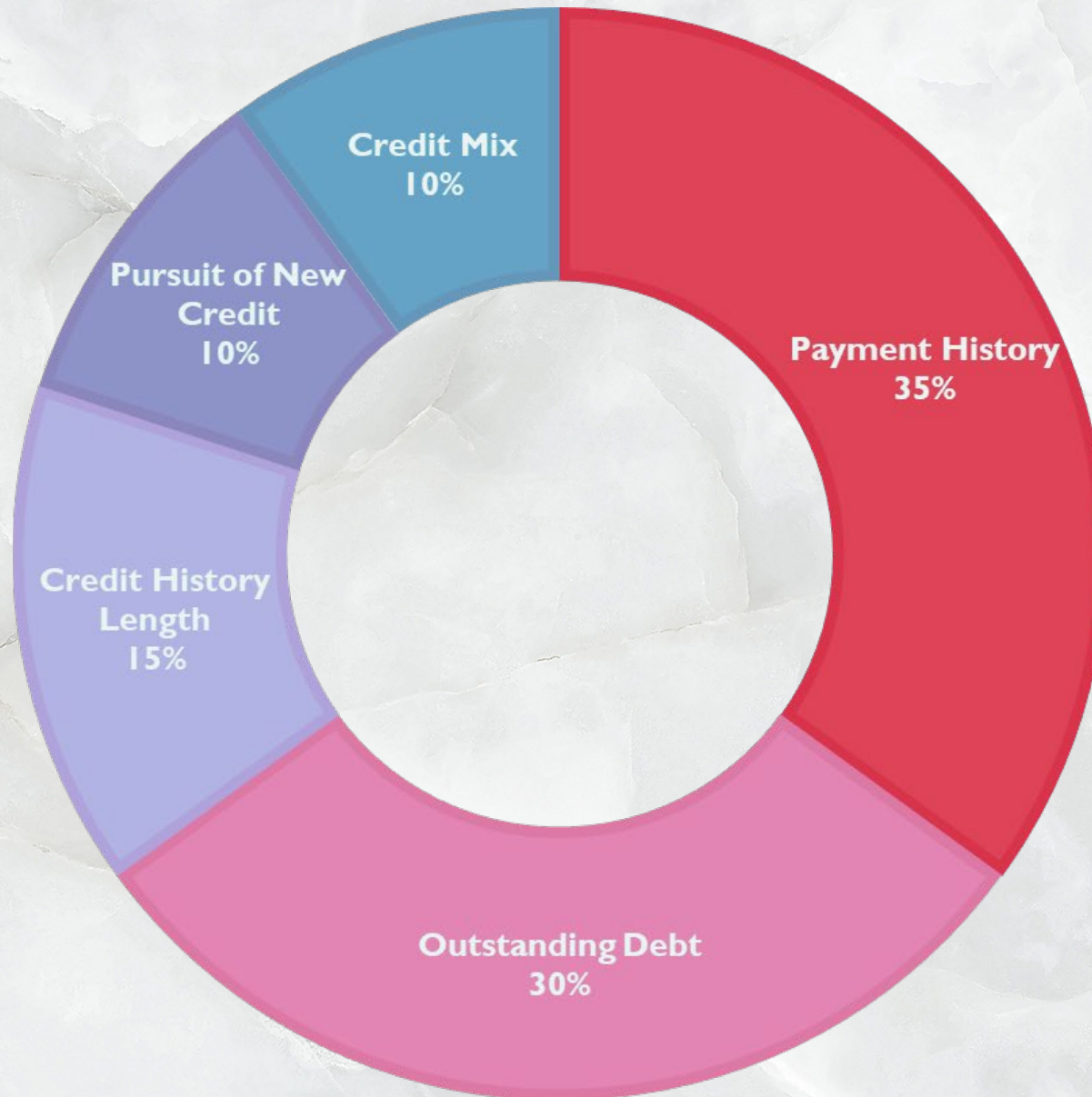


Credit Impact: Rates & Payments

Credit Score	APR	Monthly Payment
781-850	5.64%	\$703
661-780	7.01%	\$747
601-660	9.60%	\$782
501-600	12.28%	\$774
300-500	14.78%	\$740

Source: Experian State of the Automotive Finance Market, fourth quarter 2023
Based on a new car average price of \$47,420

FICO Credit Score Factors



National Credit Bureau Agencies

EQUIFAX

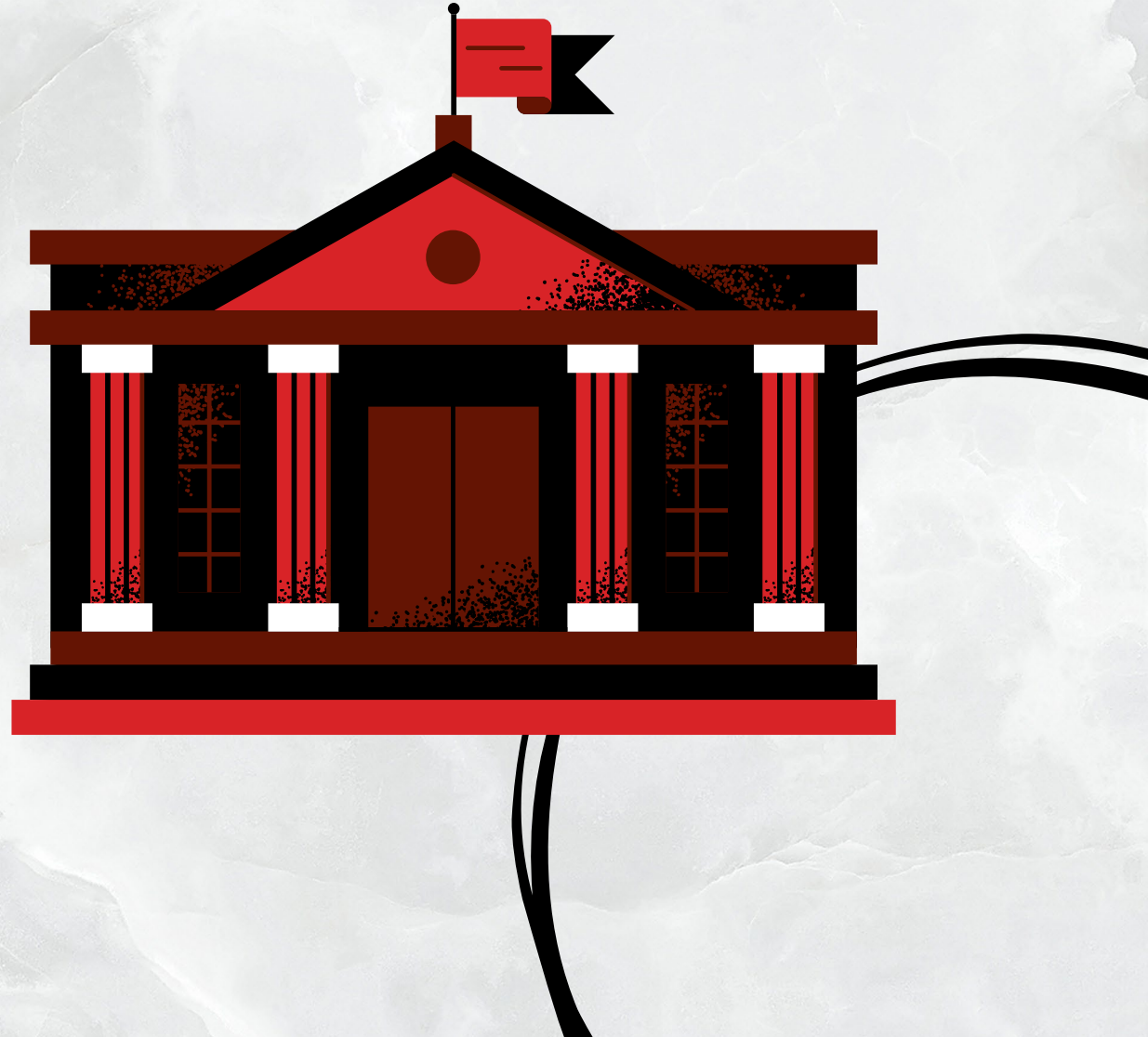
- Phone: 800-685-1111
- Website: www.Equifax.com

Experian

- Phone: 888-397-3742
- Website: www.Experian.com

TransUnion

- Phone: 800-916-8800
- Website: www.TransUnion.com



Getting Your Credit Report

- www.Annualcreditreport.com
 - Receive a free copy of report from each of 3 bureaus
 - Ability to order report every 4 months to monitor
- Must provide free if denied credit within 60 days
- Review for accuracy annually
- Dispute incorrect information
- MYFICO.COM



Final Takeaways

- Budget and plan how you will spend your money
- Check your credit report at least once a year – 3 times is even better!
- Dispute false information right away
- Pay your debts on time and avoid taking unnecessary debt
- Save early and consistently

