

FINANCIAL WELLNESS PROGRAM



**EMUCU**

# **FINANCIAL FITNESS**

**for College Students**



# WELCOME!

We are honored to be a part of this exciting new chapter in your life as you begin your academic career and also start on your path to financial independence.

From ways to manage money, tips to establish credit, ideas on how to save, and common financial mistakes to avoid, EMUCU is here to help. Our Financial Wellness Program is designed to teach you how to keep your financial life organized so you stay on top of your goals.

Financial wellness is about understanding and managing your financial situation effectively and making informed decisions that align with your personal goals and values. When you know you're in control of your finances, you'll feel a sense of security and peace.

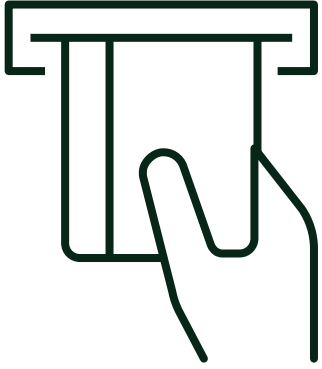
## EMUCU FINANCIAL EDUCATION TEAM



## ARE YOU FINANCIALLY FIT?

This guide will help develop an action plan to start building a foundation for your financial future.





## SPEND

Being able to successfully manage your cash flow and spend less than your income each month directly affects your ability to build savings and be resilient facing unexpected expenses. In addition, how well you keep up with monthly bill payments will reveal how you handle your financial commitments and begins to formulate your financial reputation.

### What to do ...

- Spend less than your income – the goal is to have a monthly surplus
- Pay bills on time and in full – no late or missed payments!

### How to do it ...

- Use a monthly budget or spending plan to manage income and expenses
- Have a clear picture of your needs versus wants
- Set up automatic bill payments
- Consider a budgeting app such as *You Need a Budget* or *PocketGuard*



## SAVE

Having sufficient savings is the foundation for financial health. You need short-term savings for periodic expenses like clothes or travel or for unexpected expenses such as a car repair or medical bill. Long-term, starting an investment plan as a young adult is important for financial security later in life.

### What to do ...

- Have sufficient short-term savings in your bank account
- Start a savings habit early – compound interest is powerful

### How to do it ...

- Make your savings deposits automatic with monthly transfers from checking to savings
- If working, split your direct deposits into both a checking and savings account
- In your monthly spending plan, consider savings as an expense similar to groceries and utilities – it's a bill you pay to yourself!
- Learn more about investing at [www.sec.gov](http://www.sec.gov)



## BORROW

Establishing good credit is an important step towards financial independence. Having a manageable debt load means that you will not be consumed by high interest charges or late fees. Credit scores (300-850) serve as your financial GPA: they are used by lenders and others to make decisions on your ability to access affordable credit and safely manage the payments.

### What to do ...

- Have a low debt-to-income ratio
- Have a credit score of at least 700

### How to do it ...

- Open an unsecured credit card, keep the balance low, and pay it to \$0 every month
- Pay all bills in full and on-time
- Use [www.annualcreditreport.com](http://www.annualcreditreport.com) and apps such as *Credit Karma* to track your credit reports and scores



## PLAN

Planning ahead and setting goals indicates that you are future-oriented and will use patience and resiliency to achieve financial wellness.

### What to do ...

- Look beyond the current month and identify your goals over the next 3, 6, and 12 months
- Establish specific targets (dates, dollar amounts, etc.) to work towards
- Protect yourself and your belongings with insurance coverage

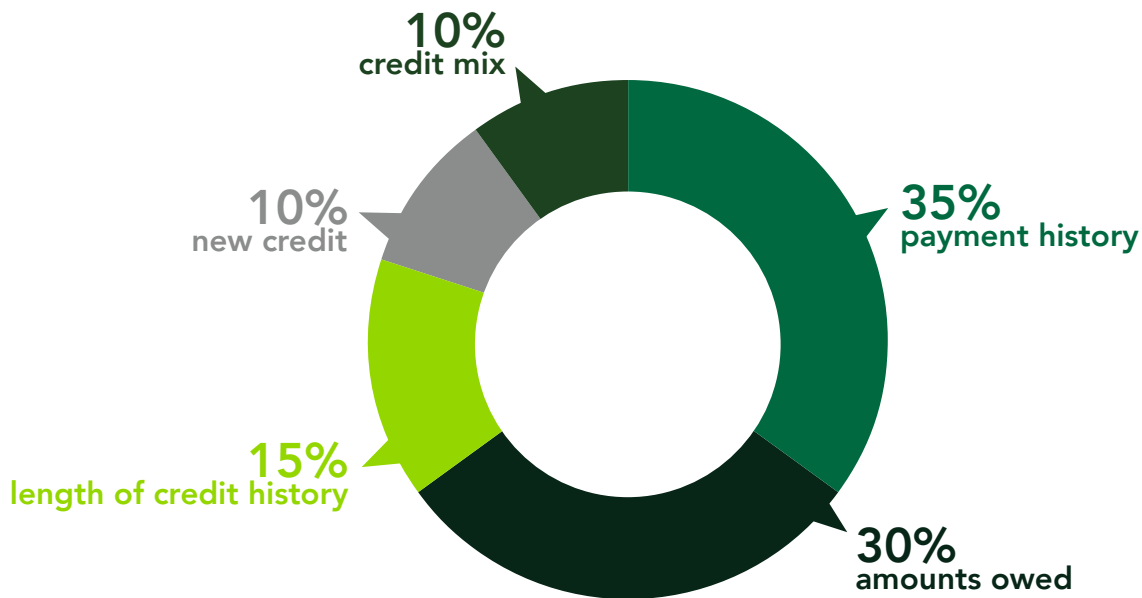
### How to do it ...

- Bring your goals to life by applying the S.M.A.R.T. formula (Specific, Measurable, Attainable, Realistic, and Timely)
- Habits are formed with repetition – set aside 30 minutes per month for financial planning
- Shop around for insurance (renters, auto, life, health) depending on your needs

## HOW IS YOUR CREDIT SCORE DETERMINED?

Credit scores are calculated using the information contained on your credit reports. There are three major bureaus – Experian, Equifax, and TransUnion. Data is grouped into five categories and each factor below goes into determining your overall score.

You can pull your three full credit reports for free at [annualcreditreport.com](https://annualcreditreport.com). It's beneficial to check all three to ensure accuracy and that there are no signs of identity theft. When you pull your credit reports or scores yourself, this is a soft inquiry and does not hurt the credit score.



Your credit scores are determined using both positive and negative (if any) information on your credit reports. Late payments, high credit card and line of credit balances, and too many hard inquiries will lower your score, but making payments on time and paying off revolving debts will increase your score.

**Payment History (35%)** - Thirty-day late payments on accounts, especially if they happened recently, will lower the score.

**Amounts Owed (30%)** - Keep revolving account balances (credit cards and lines of credit) less than 30% of the individual credit limits to avoid a negative impact to the score. Pay the balances to \$0 every month. Using a significant portion of your available credit suggests overextension and lenders might view this as an increased default risk.

**Length of Credit History (15%)** - The longer you keep credit accounts open, the better it is for your score. The FICO score considers the age of your oldest and newest accounts and an average age of all your accounts.

**Credit Mix (10%)** - Having a variety of open, on-time accounts can benefit your score. This includes revolving accounts, like credit cards and lines of credit, and installment accounts, like mortgages, auto loans, student loans, and personal loans.

**New Credit (10%)** - Every time you apply to borrow money, whether or not you're approved, your score will lower a bit. Applying for several loans or credit in a short period of time represents a greater lending risk. Only apply for new accounts when needed.



# FINANCIAL FITNESS

## for College Students

### EMUCU'S FREE FINANCIAL WELLNESS WORKSHOPS

offer a variety of options to assist students throughout the academic year.

In-person and virtual workshops are available for students, student groups, organizations, and university departments on relevant topics related to personal finance:

- Money management and budgeting
- Credit education
- Avoiding identity theft and fraud
- Savings strategies
- Managing debt, including student loans
- EMUCU members have access to individual meetings with our certified financial counselors who can assist with topics such as budgeting, credit, savings, and more.

Contact us at [education@umcu.org](mailto:education@umcu.org)

Visit [EMUCU.ORG](http://EMUCU.ORG) to unlock  
your financial potential.