

REAL WORLD, REAL MONEY

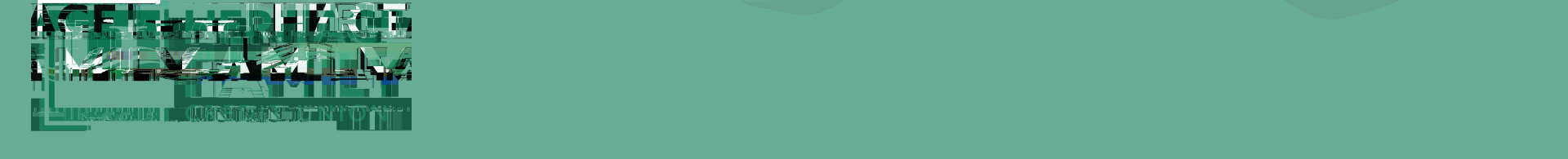


Presenter: Mark Grossarth

IN THIS WORKSHOP, WE WILL...

- EXPLORE THE FIVE STEPS TO FINANCIAL HEALTH
- LEARN ABOUT PAYCHECK DEDUCTIONS AND COMMON EMPLOYER BENEFITS
- DISCUSS WHY IT'S IMPORTANT TO PLAN NOW FOR YOUR FINANCIAL FUTURE
- EXPLORE THE TYPES OF CREDIT USED BY CONSUMERS
- LEARN HOW CREDIT REPORTS AND SCORES AFFECT THE





IN THE WORKFORCE: FINANCIAL HEALTH IN FIVE STEPS

- EARNING. STEP ONE IS TO EARN MORE THAN YOU SPEND.
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THE 50-30-20 RULE: NEEDS, WANTS, AND SAVINGS



PAYCHECK DEDUCTIONS

YOUR FIRST PAYCHECK MAY BE LESS THAN EXPECTED. COMMON DEDUCTIONS MAY INCLUDE:

- Social Security and Medicare (~7.5%)
- Federal income tax
- State income tax
- Health insurance, retirement savings and other potential employer benefits

CONTRACTORS AND GIG WORKERS MAY NOT HAVE AUTOMATICALLY HAVE THESE ITEMS DEDUCTED, SO GET ADVICE FROM AN ACCOUNTANT TO AVOID UNEXPECTED TAX BILLS.



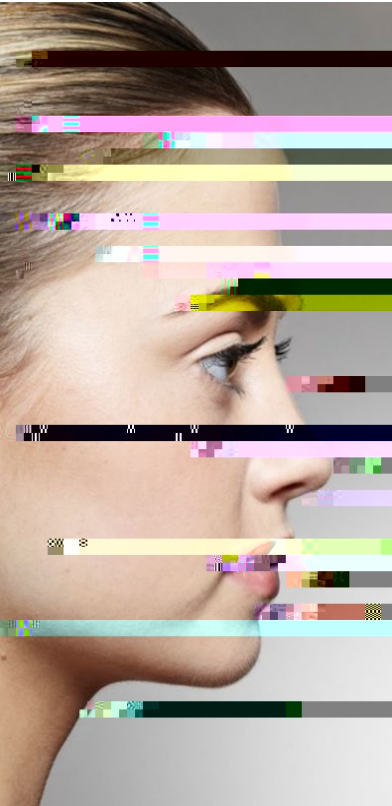
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EMPLOYER BENEFITS CAN VARY WIDELY

- IF THE BENEFITS YOU NEED AREN'T PROVIDED, YOU'LL NEED TO SEEK THEM INDEPENDENTLY.
- SUBSIDIZED HEALTH INSURANCE MAY BE AVAILABLE AT [HEALTHCARE.GOV](https://www.healthcare.gov).
- NO RETIREMENT PLAN? YOU CAN STILL SET UP AN INDIVIDUAL



WHY RETIREMENT SAVING MATTERS NOW

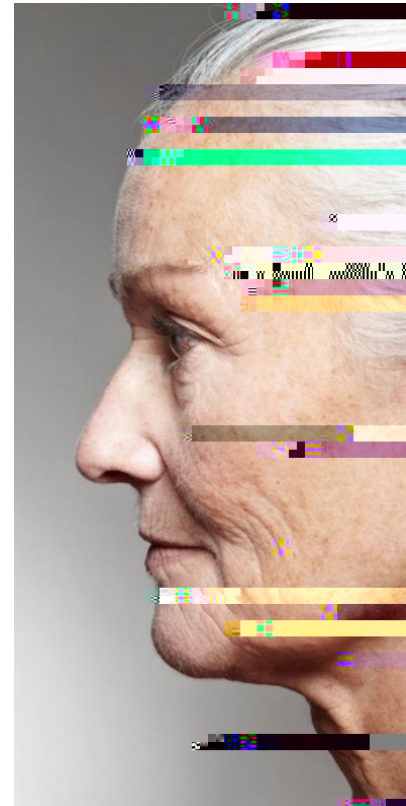


IT'S EASY TO PROCRASTINATE ABOUT SAVING FOR THE FUTURE.

EVEN STARTING SMALL CAN REALLY PAY OFF:

Starting at age 25, \$200/month at 10% average return yields nearly **\$2,000,000** at age 70.

STARTING AT 45, THE SAME INVESTMENT YIELDS JUST **\$265,000**.



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BORROWING & CREDIT

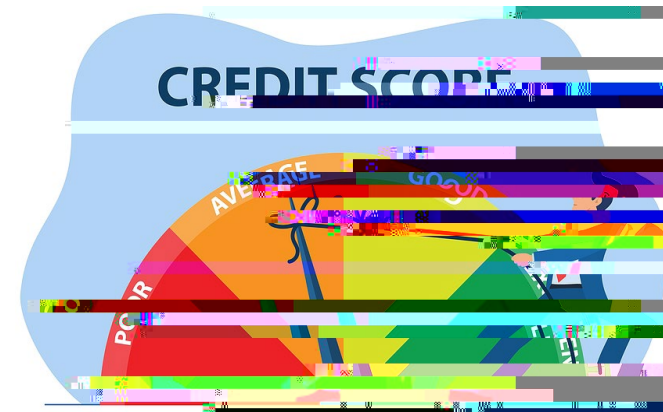


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CREDIT BASICS

- CREDIT IS A LENDERS FAITH IN THE BORROWER.

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PROS AND CONS: INSTALLMENT VS. REVOLVING CREDIT

INSTALLMENT

Pros:

Best for larger debts that will take years (or even decades) to repay.

Can often be refinanced if interest rates drop or you need a different payment.

Interest rates are often lower than revolving loans.

Cons:

Interest is typically front loaded, meaning much of your initial payments are applied to interest rather than reducing the debt.

REVOLVING

Pros:

Offers payment flexibility –



CREDIT REPORTS & SCORES

WHAT IS A CREDIT SCORE?

- A SINGLE NUMBER BETWEEN 300 AND 850 THAT'S YOUR "CREDIT GRADE" – THE HIGHER, THE BETTER.
- THERE ARE MULTIPLE PROVIDERS OF CREDIT SCORES (FICO IS THE MOST WELL-KNOWN), SO YOUR SCORE MAY VARY DEPENDING ON THE PROVIDER.

CREDIT SCORES ARE
TYPICALLY USED TO
DETERMINE LOAN
ELIGIBILITY AND INTEREST
RATES



HOW ARE CREDIT SCORES DETERMINED?

- FACTORS OF CREDIT SCORES OFTEN INCLUDE:
 - Payment history
 - Percentage of available credit being used
 - Length of credit history
 - Whether or not new accounts have been recently opened
 - Credit mix (credit cards, mortgages, etc.)
- THE EXACT FACTORS AND SCORING PERCENTAGES WILL VARY BASED ON PROVIDER.

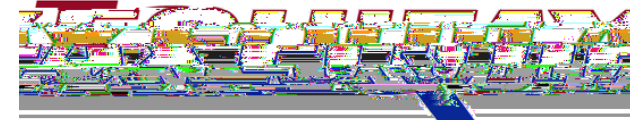
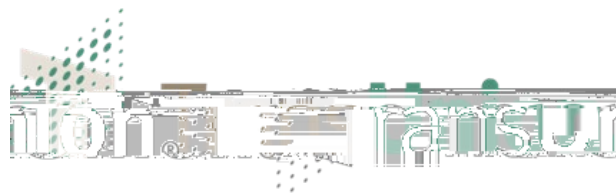


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OBTAINING YOUR CREDIT REPORTS

- EACH OF THE MAJOR BUREAUS MUST PROVIDE YOU WITH ONE REPORT PER YEAR AT NO COST.
- VISIT [ANNUALCREDITREPORT.COM](https://annualcreditreport.com) TO GET EACH OF YOUR REPORTS.
- YOU WILL NEED TO PROVIDE PERSONAL INFORMATION TO ACCESS EACH REPORT, SO MAKE SURE YOU USE A TRUSTED DEVICE.
- IT'S A GOOD PRACTICE TO REVIEW YOUR CREDIT REPORTS AT LEAST ONCE PER YEAR.

NOTE: SINCE THE BEGINNING OF THE COVID-19 PANDEMIC, CREDIT BUREAUS ARE NOW OBLIGATED TO PROVIDE CONSUMERS WITH NO COST CREDIT REPORTS MONTHLY.



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UNDERSTANDING YOUR CREDIT REPORT

- REVIEW EACH REPORT TO MAKE SURE THE INFORMATION IS ACCURATE.
- ERRORS COULD INCLUDE: PAYMENTS THAT WERE INCORRECTLY LISTED AS LATE OR MULTIPLE RECORDS FOR THE SAME CREDIT ACCOUNT.
- YOU CAN DISPUTE INFORMATION YOU FEEL IS INACCURATE.
- MINOR INACCURACIES, LIKE A DIFFERENT MAILING ADDRESS, ARE NOT UNUSUAL AND ARE TYPICALLY NO CAUSE FOR ALARM.



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I FOUND AN ACCOUNT THAT I DON'T RECOGNIZE... NOW WHAT?



- ACCOUNTS THAT YOU DON'T RECOGNIZE COULD BE A SIGN OF IDENTITY THEFT AND SHOULD BE ADDRESSED **RIGHT AWAY**.
- IF YOU FIND UNRECOGNIZED ACCOUNTS:
 - Contact the credit bureau ASAP.
 - Place a “freeze” or “lock” on your account to make sure no additional accounts are opened in your name.
 - File a police report.
 - Contact unrecognized lenders to have them remove the accounts.





HOW TO ESTABLISH CREDIT

MOST STUDENTS DON'T HAVE A CREDIT ACCOUNT. ONCE YOU'RE 18, YOU CAN FOLLOW THESE STEPS:

- OPEN A CREDIT ACCOUNT

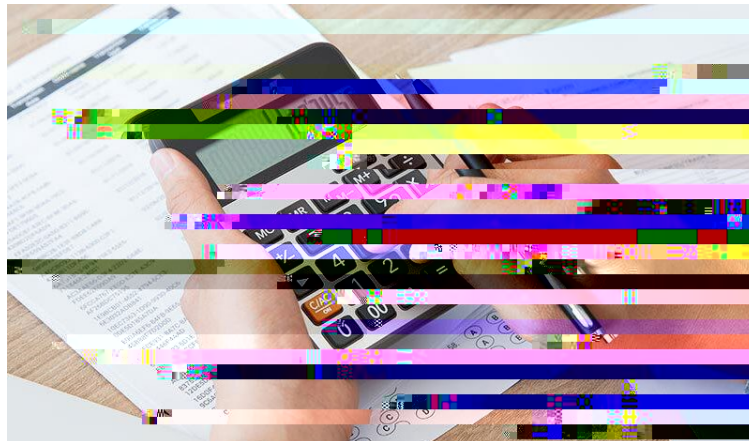
- If you can't qualify, consider a secured card, credit builder loan, or a co-signed account

- PAY BILLS ON TIME

- Late or partial payments can harm your credit, even for non-loan accounts (like utility or phone bills).

- MINIMIZE AVAILABLE USED CREDIT

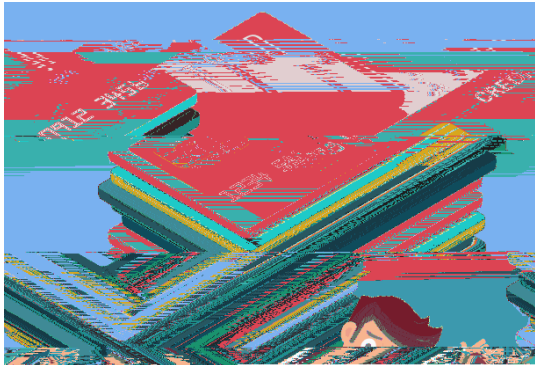
- Using a significant portion of your available credit may harm your score.



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CHOOSING A CREDIT CARD

- YOUR CREDIT CARD CAN OFFER MAJOR BENEFITS:

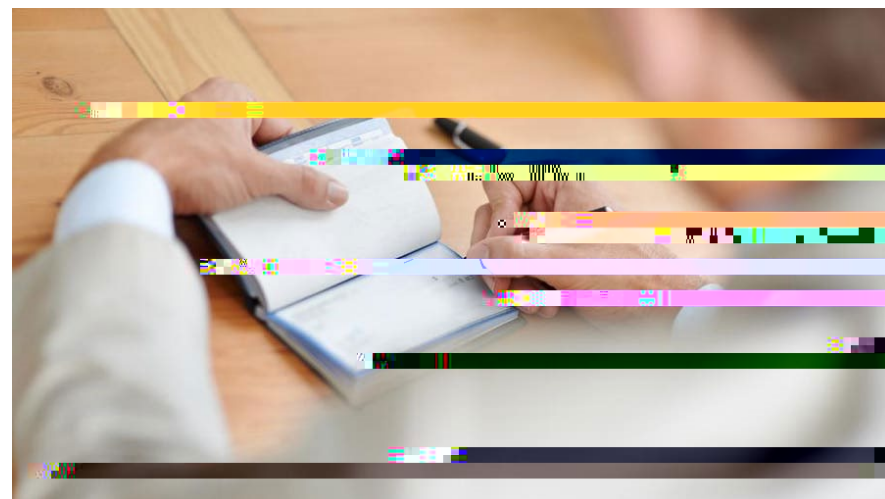


- Cash back rewards. Many credit cards offer rebates of between 1% and 2% of your total spending.
 - Trip protections, price protections, car rental insurance, and extended warranties.
 - Fraud protection and assistance in disputing unauthorized charges or bait-and-switch online purchases.
 - Some cards offer free credit monitoring and credit scores for customers.
- SPENDING WITH CREDIT ALSO INVOLVES THE RISK OF DEBT AND LATE PAYMENT THAT CAN DAMAGE YOUR CREDIT. CONSIDER STARTING WITH A SMALL CREDIT LIMIT.



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MANAGING YOUR CREDIT



TAKEAWAYS...

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