



**HARVARD UNIVERSITY
EMPLOYEES CREDIT UNION**

Secrets to Success: Personal Finance Management

Harvard University Employees Credit Union (HUECU)

A financial institution exclusively serving the Harvard University *students*, *alumni*, *faculty*, *staff*, and *affiliated hospital's staff*. Family members are also eligible.

- **Member Owned**

- Every member is an equal shareholder
- Volunteer Board of Directors elected by members

- **Safe and Stable**

- Federally insured by the National Credit Union Administration (NCUA)

- **Cooperative Model**

- Member deposits used to fund loans for other members.
- All earnings returned to the members in the form of better value and enhanced services.

Agenda

- Financial Personality
- Budgeting
- Credit
- Resources



Financial Personality



What are Your Financial Goals?

Financial Goals



SAVINGS



Where is Your Money Going?

Your Money is Going Towards



Don't Forget



Financial Personality

- Spender
 - *“Retail Therapy”*
- Saver
- *“Keeping up with the Joneses”*

95% Consumer spending decisions are related to emotional needs.

**Understanding why we buy
what we buy can help us make
smart financial decisions.**

Budget



Start with a Budget

Monthly Income	
Money that's coming in	\$3,000
Monthly Expenses	
Money that's going out	- \$2,000
Discretionary Income/Expense	
Money left over	\$1,000

Budgeting Tips

- You control your money. *Remove the emotions.*
- Smart Saver: *Pay Yourself First*
- Eliminate Expenses: *Needs versus Wants*

1. Do I **really** need it?
2. Do I **have** to have it today?
3. What will happen if I don't buy it **now**?
4. **Why** have I gotten along without it until now?

Budgeting Tips

- Minimize Expenses: *Downsize and Negotiate.*
 - “Can you do better?” or “I can’t afford that.”
- Use percentages.
 - *What percentage of your income are you spending on housing, savings, etc.?*
- Stay the course, even if you miss a few turns.
 - *Better to save something, than to give up and save nothing.*

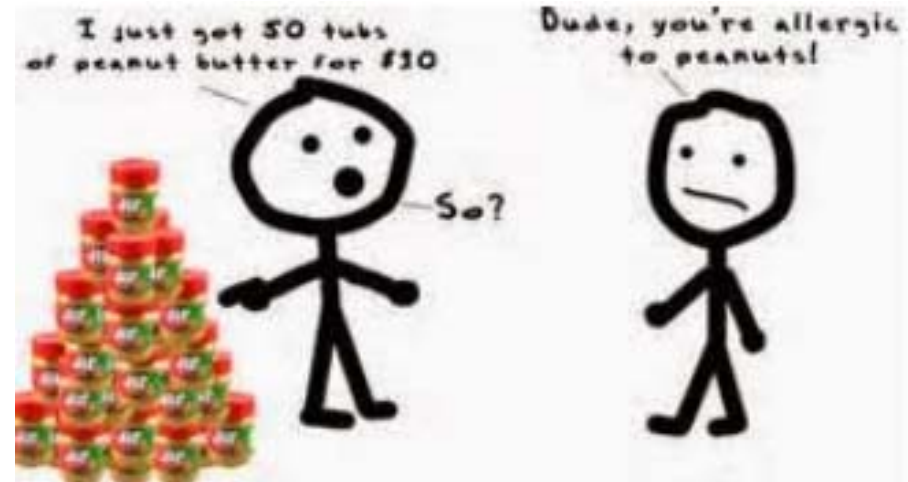
**DO SOMETHING
TODAY THAT
YOUR FUTURE
SELF WILL
THANK YOU FOR.**

Budgeting Tips

**Generally speaking,
most people will spend more with a
credit card than a debit card
and more with a debit card than cash.**

Budgeting Tips

- Make a list.
- Delay purchases.
 - Shop around, think it over, and research.
- Coupons and sales are marketing tools to get you to spend.
- Be green.
 - Instead of buying water, use a reusable water bottles.



Budgeting Tips

Know the true cost of your expenses

	Cost	Weekly Cost	Annual Cost
Coffee	\$2.50	\$17.50 (daily)	\$910
Lunch	\$10	\$30 (Three times a week)	\$192
Dinner	\$25.00	\$50 (twice a week)	\$2,600
Total		\$97.50	\$5,070

What else could you have done with \$5,000?

Budgeting Tips

**Spend Less
and/or
Increase Your Income**

Credit



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?

- Financial lenders
- Employers
- Landlords
- Automotive dealers
- Professional licensing boards
- Insurance companies



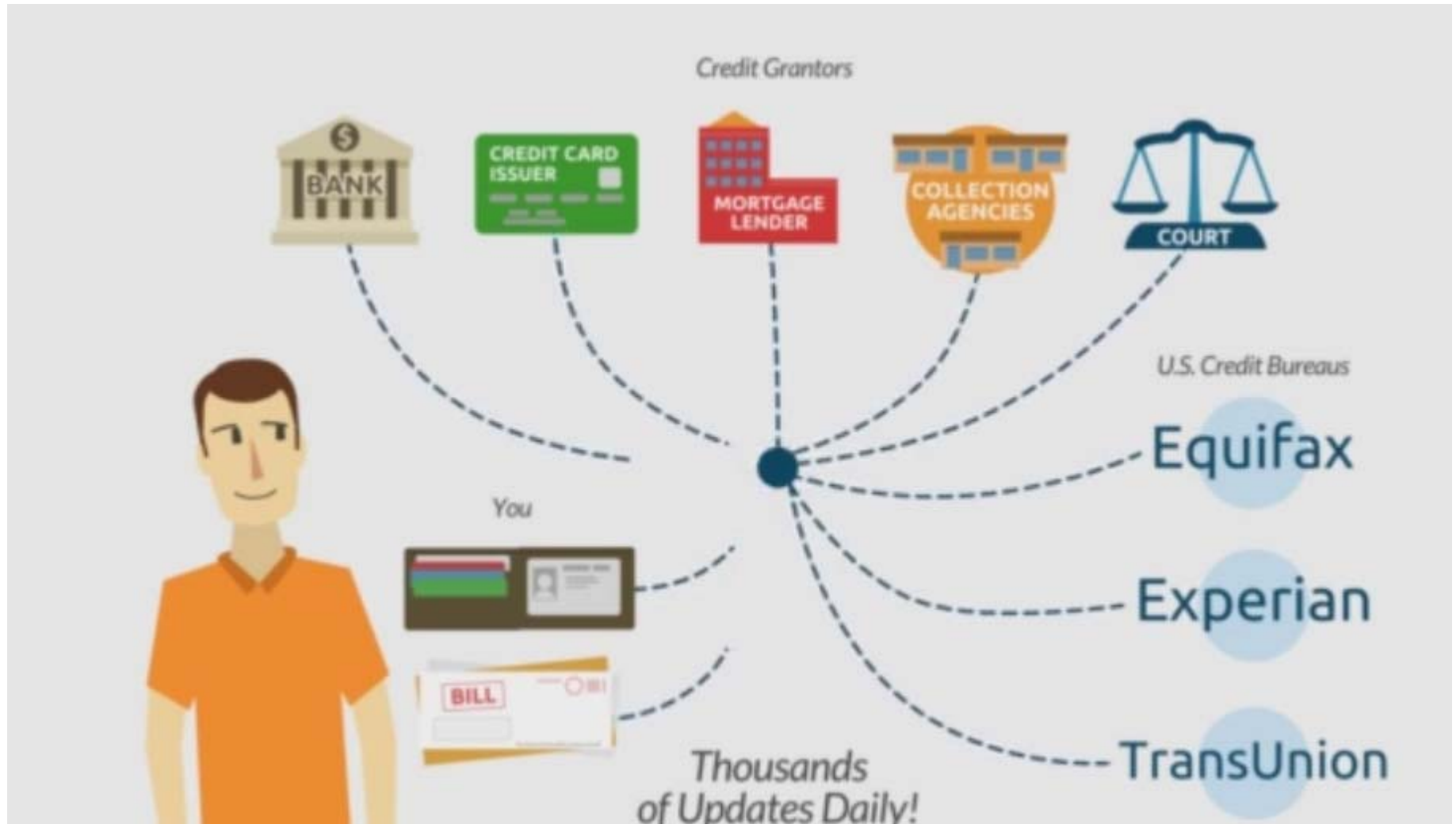
Credit Bureau Companies

- Collect financial information from:
 - creditors,
 - lenders,
 - utilities,
 - debt collection agencies,
 - the courts,
 - amongst other sources.
- Provides credit information on individual consumers for a variety of uses
- Summarizes information and issues a credit score using proprietary algorithms.

Three Major U.S.
Credit Bureau
Companies:



Credit



What is on a Credit Report

➤ Personal Information

- Names, current & previous addresses, employers, DOB, SSN.

➤ Credit Information

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

➤ Public Record Information

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

➤ Inquiries

- List of creditors and agencies who have requested your credit report

What is Not on a Credit Report

- Personal Information

- That you are a good person
- How much money you make

- Credit Information

- That you have a lot of credit card debt because you feel compelled to rehabilitate injured puppies
- If you went through an illness or layoff and had rough year or two and are trying to get back on track

Free Credit Report

- Receive a free copy of report from each of 3 bureaus.
- Order report every 4 months to check for inaccuracies.
 - Equifax – Atlanta, GA
 - (800)685-1111
 - Experian (TRW) – Allen, TX
 - (800)Experian
 - Trans Union – Springfield, PA
 - (800)888-4213

www.Annualcreditreport.com

AnnualCreditReport.com
The only source for your free credit reports. Authorized by Federal law.

Home All about credit reports **Request yours now!** What to look for Protect your identity Frequently asked questions Contact us

One of these things is not like the others.

You may think you have one credit report and one credit score. But you really have several, and they may differ. You should check all three reports regularly.

[Request your free credit reports](#)

PLAY ▶ SPOT IDENTITY THEFT GOOD CREDIT DON'T BE FOOLED MORE THAN A SCORE **NOT LIKE THE OTHERS**

Your credit reports matter.


- Credit reports may affect your mortgage rates, credit card approvals, apartment requests, or even your job application.
- Reviewing credit reports helps you catch signs of identity theft early.

[Request your free credit reports](#)


FREE Credit Reports. Federal law allows you to:


- Get a free copy of your credit report every 12 months from each credit reporting company.
- Ensure that the information on all of your credit reports is correct and up to date.

BROUGHT TO YOU BY

TransUnion. 

EQUIFAX

 **Experian**

 **HARVARD UNIVERSITY
EMPLOYEES CREDIT UNION**

How long is information kept on a report?



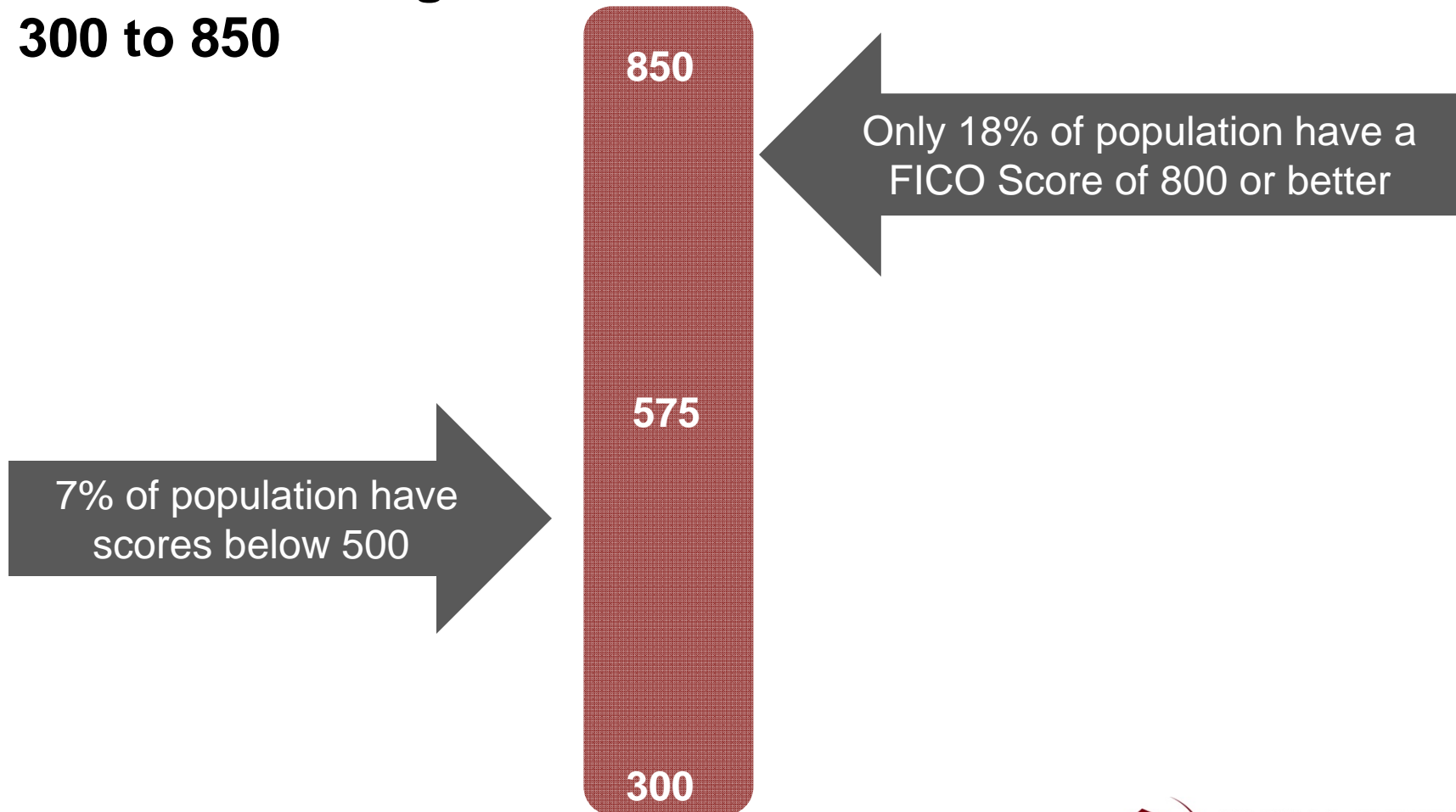
Open accounts in good standing	Indefinitely
Closed accounts in good standing	10 years
Late or missed payments	7 years
Collection accounts	7 years
Civil judgments	7 years
Chapter 7 bankruptcy	10 years
Chapter 13 bankruptcy	7 years
Unpaid tax liens	10 years
Paid tax liens	7 years
Credit inquiries	2 years

What Is Your Credit Score?

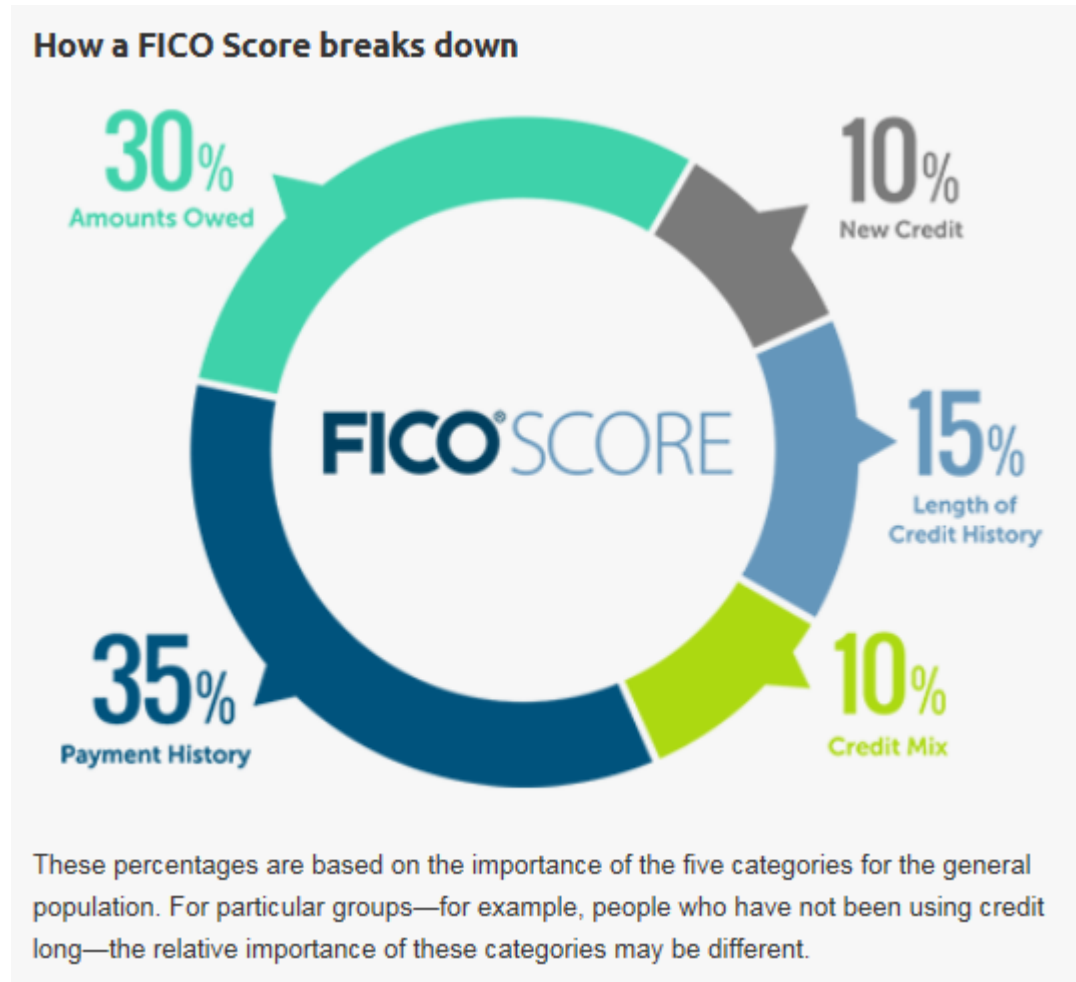
- Forecast of how well you will repay a loan as agreed during the next 24 months
- Snapshot of your credit history at a particular point in time
- Only includes factors related to an individual's credit
- Always changing

Credit Score Ranges

**FICO Score ranges
300 to 850**

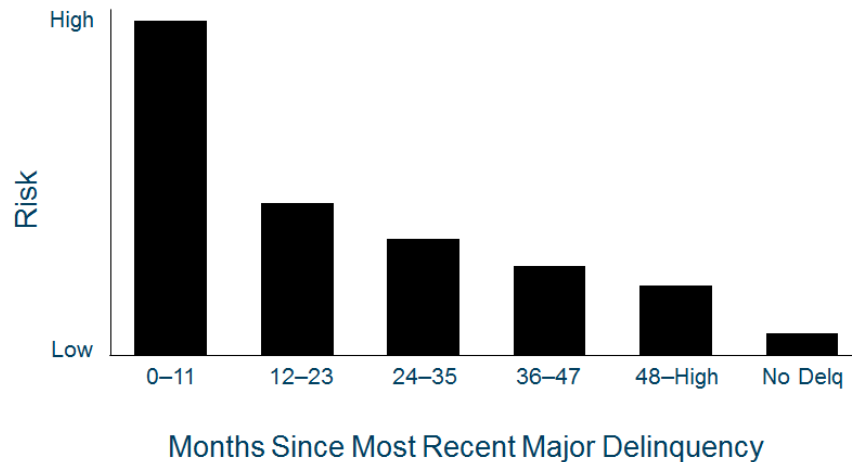


FICO Score

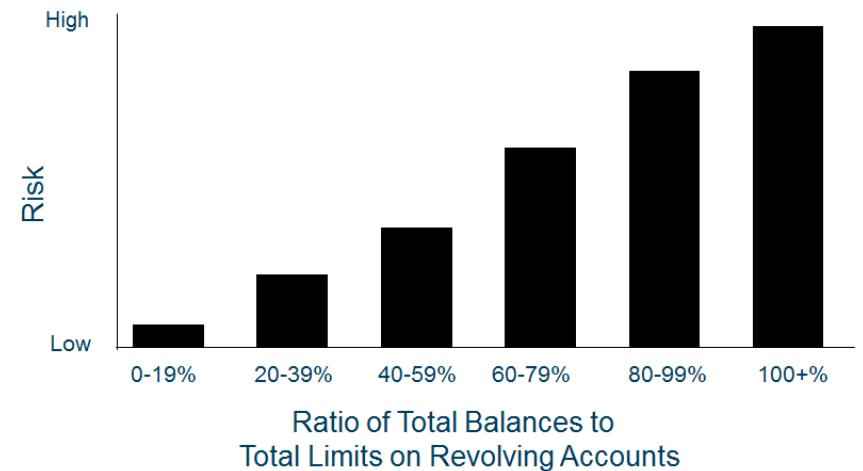


FICO Score

- ***Payment History (35%)***
Missed payments are BAD



- ***Outstanding Debt (30%)***
The lower the better.



FICO Score

- ***Credit History Length (15%)***

The older the better

- ***Pursuit of New Credit (10%)***

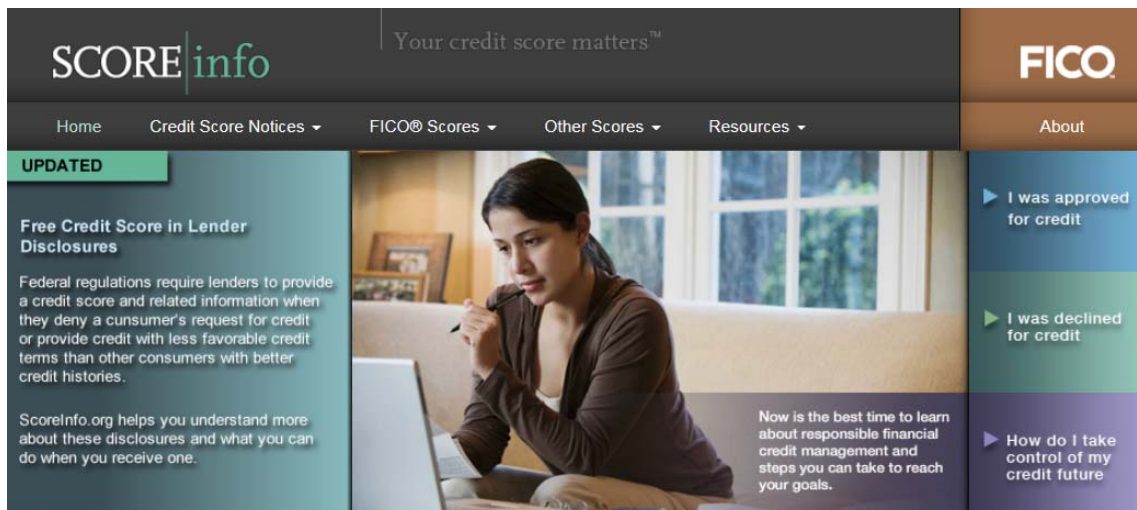
How often are you seeking new credit and why?

- ***Credit Mix (10%)***

Can you manage a credit card or only fixed amount and term loans? Are you only granted credit backed by an asset?

FICO Score Factors

- Listed on your credit report
 - Amount owed on accounts is too high
 - Amount past due on accounts
 - Derogatory public record or collection filed
 - Lack of recent revolving account information
 - Length of time accounts have been established



www.scoreinfo.org

Credit Impact: Slow or late Payments

- One 60-day delinquency can decrease a credit score by...

- 50...

- 75...

- even 100 points!

Credit Impact: Rates and Payments

Credit Score	APR	Monthly Payment	Additional Cost in a Year
720-850	4.23%	\$741	\$0
690-719	5.68%	\$757	\$192
660-689	7.73%	\$780	\$468
620-659	11.29%	\$822	\$972
590-619	16.28%	\$882	\$1,692
500-589	17.71%	\$900	\$1,908
<500	Not eligible	----	----

Source: Myfico.com – 36 month car loan - \$25,000

Poor Credit: Costs

- Mortgage costs
Extra \$200 to \$300 per month per \$100,000 borrowed
- Insurance costs, credit card costs, other borrowing - \$100's extra per month

*Pay extra by using future income
OR
save money by planning for purchases
with current and past income?*

Credit Tips

- Pay your bills on time.
 - Missed or late payments have a high, negative impact.
- Check your credit report for accuracy.
 - Address anything you believe to be in error.
- Payoff debt, rather than transferring it around.
- Utilize balance counseling resources

Credit Card Tips

➤ Borrow Responsibly

- Do you use your credit card out of necessity (as income) instead of as a tool?
- Can/do you pay your credit card off full every month?
- Is your credit card debt increasing?
- Are you only paying the minimum on your credit cards?

Resources



HUECU's BALANCE Counseling

- BALANCE is a financial education and money management counseling service available as a benefit to HUECU members

www.balancepro.org

888-456-2227

HUECU Referral



BALANCE

PROGRAMS

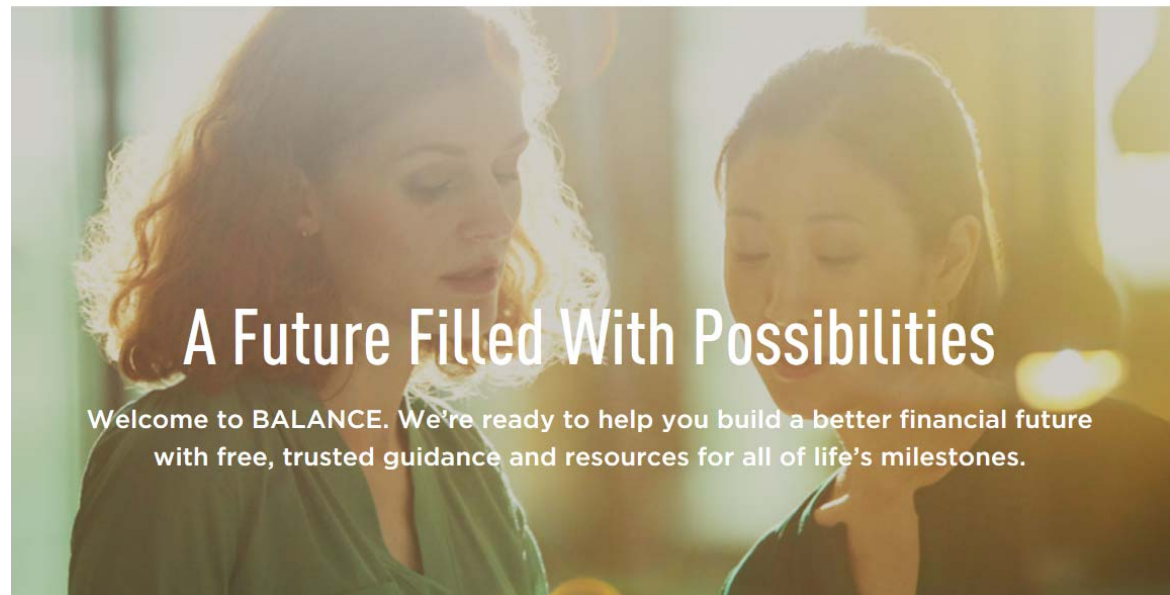
RESOURCES

WORKSHOPS

LIFE STAGES

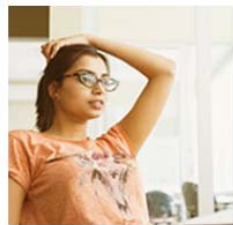
SUCCESSES

ABOUT US



HARVARD UNIVERSITY
EMPLOYEES CREDIT UNION

HUECU's BALANCE Counseling



Getting Started

- Saving for today and tomorrow
- Developing good financial habits
- About your 401(k)

[I'm Here](#)



New Beginnings

- Getting married
- Buying a home
- Raising children

[I'm Here](#)



Life's Curveballs

- Maintaining your health
- Unemployment
- Dealing with divorce

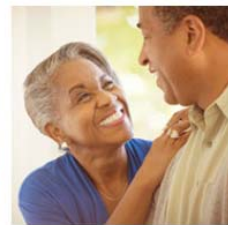
[I'm Here](#)



Managing Debt

- Controlling credit card use
- Maintaining your mortgage
- Student loans

[I'm Here](#)



Retirement

- Understanding Social Security
- Planning your estate
- Preserving your wealth

[I'm Here](#)

➤ Personal budget development

➤ Debt repayment options

➤ Credit report review

Thank You for Attending!

www. HUECU.org
(617) 495-4460
HUECU@harvard.edu

