ABOVE AND **BEYOND** BANKING

FINANCIAL WELLNESS PACKET

We understand that managing finances can sometimes feel overwhelming, but with the right knowledge and tools, you can take control of your financial future. This packet is designed to provide you with essential information and practical strategies to enhance your financial well-being.

Each section includes informative and actionable resources. Take your time to read through the materials, reflect on your current financial situation, and consider how you can apply this information to your own life.

WHAT YOU'LL GAIN

In this packet, your will find a guide on key aspects of financial wellness:

- Budgeting
- Saving
- Debt Management
- Credit

BUDGET

A Budget is a financial plan that outlines expected income and expenses over a specific period of time. It serves as a guideline for managing financial resources.

Steps to Build a Budget

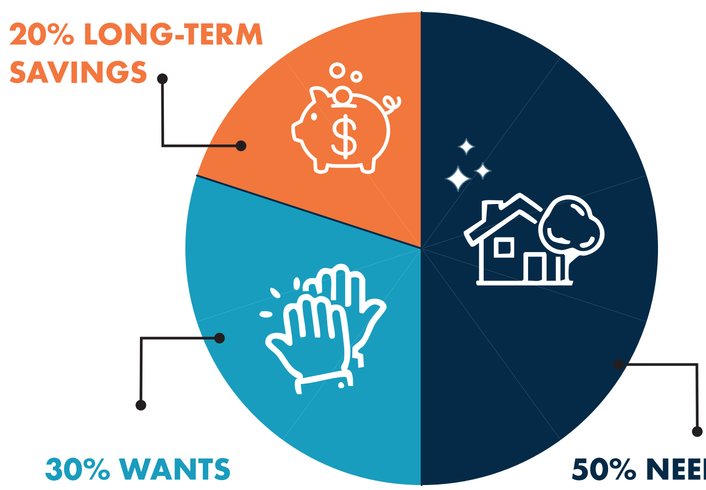
- **Organization:** It's important to know where your important financial documents are. Having a system to keep these documents organized and easy to find is important.
- **List Income:** Money you receive for work or through investments.
- **List Expenses:** Money spent on everyday expenses.
- **List Debt:** Money you owe to a person or business.
- **List Savings:** Money set aside for future use and not spent immediately.

Documents Needed to Plan a Budget

- Pay Stubs
- Bank Statements
- Any Social Benefits Receipt
- Bills
- Loan Statements
- Credit Card Statements
- Receipts showing debt and expenses

50-30-20 Rule

The 50-30-20 Rule is a straightforward and effective budgeting guideline that helps manage income wisely. It recommends allocating after-tax income into three categories: 50% for essential needs, 30% for personal wants, and 20% for savings or debt repayment. By following this rule, you can better control spending, prioritize savings, and work toward financial goals. It promotes financial stability, encourages mindful money management, and helps create a balanced financial future.



30% WANTS

Examples of Wants

- Entertainment
- Dining out
- Travel
- Electronics
- Monthly subscriptions or memberships

50% NEEDS

Example of Needs

- Rent or mortgage
- Utility bills
- Health care
- Medication
- Food

MONTHLY BUDGET

Income Source	Amount
	$
Total Monthly Income	$

Total Income	$
Minus Fixed Expenses	
Minus Misc. Expenses	
Minus Debt Payments	
Minus Savings/Investments	
Disposable Income	$

Fixed Expenses	Budget	Spent
	$	$
Total Fixed Expenses	$	$

Misc. Expenses	Budget	Spent
	$	$
Total Misc. Expenses	$	$

Debt Payments	Amount
	$
Total Debt Payments	$

Savings/Investments	Amount
	$
Total Savings/Investments	$

Total Expenses	

PAYMENTS DUE CALENDAR

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY

SAVINGS

Savings is income not spent and instead set aside for future use or investment. Savings can serve various purposes such as building wealth, preparing for emergencies, or funding specific goals.

Why Save?

Emergency Fund: allows you to handle unexpected expenses or emergencies without going into debt.

Financial Security: provide a safety net in case of job loss or other financial disruptions, reducing stress and uncertainty.

Achieving Goals: enables you to work towards goals such as buying a home, starting a business or retiring comfortably.

Opportunity: flexibility to take advantage of opportunities that may arise, such as investments or educational opportunities.

Peace of Mind: provides peace of mind, allowing you to focus on other aspects of life without constant financial worry.

Retirement: ensures you have enough funds to support yourself when you no longer have a regular income.

EMERGENCY FUND

Should cover 3-6 months worth of living expenses.

Examples of monthly expenses:

- Rent/Mortgage Payment
- Renter's/Home Insurance
- Utilities
- Groceries
- Transportation
- Fuel
- Phone
- Childcare
- Life Insurance

SAVINGS GOALS

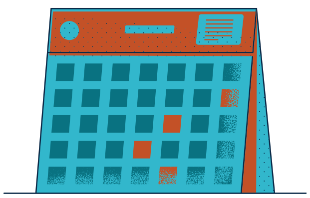
Expenses expected within the next 1-3 years, such as vacations, home repairs, or buying a new car.

Goals typically span 3-5 years and may include saving for a down payment on a house, funding a child's education, or starting a business.

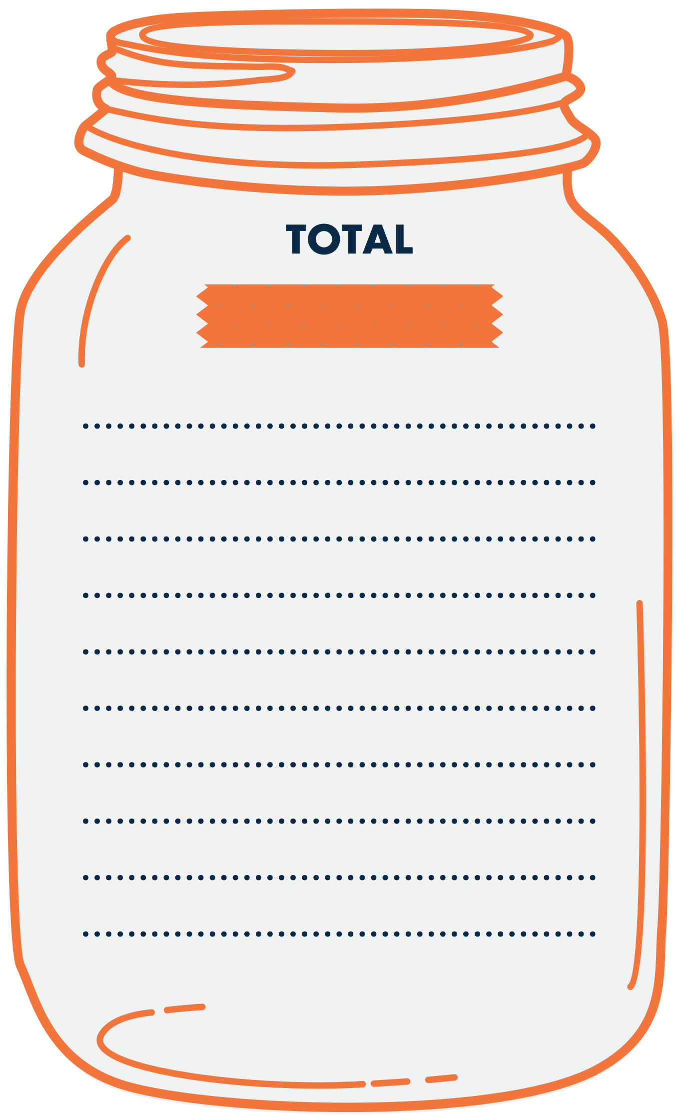
Long-term goals, typically 5+ years away, often require large sums of money—like saving for retirement, investing to build wealth, or buying a second home.

SHORT-TERM GOAL

SAVING FOR	DUE DATE

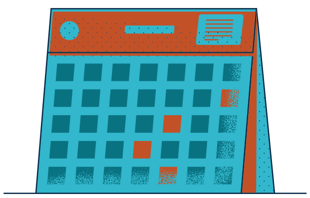


DATE	DEPOSIT AMOUNT

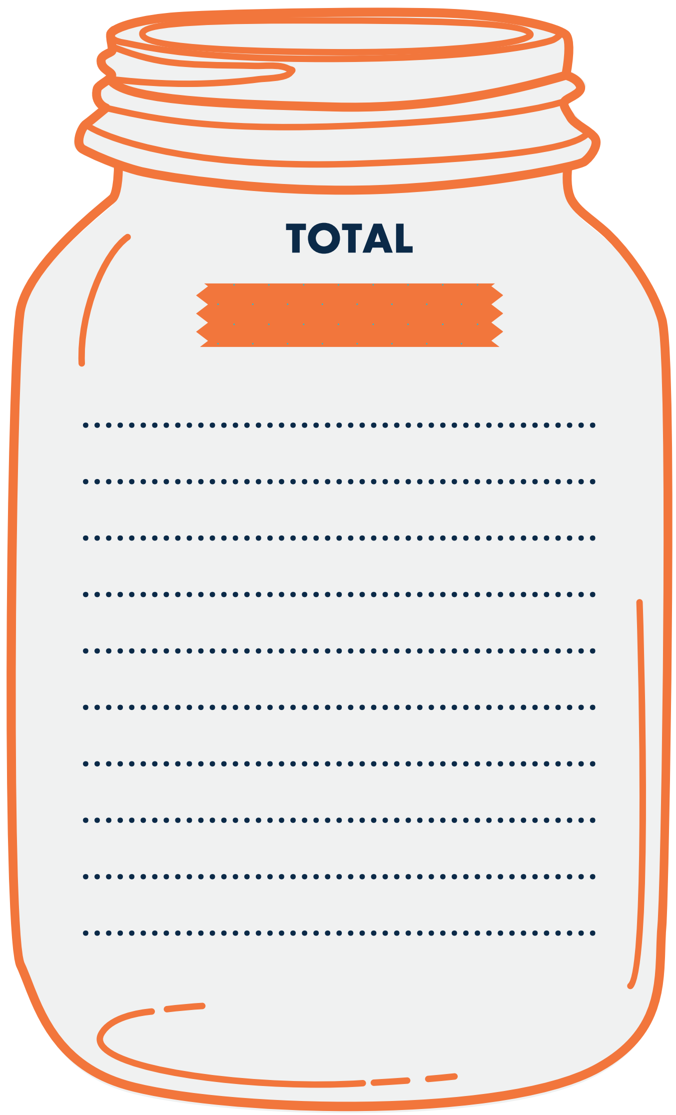


MEDIUM-TERM GOAL

SAVING FOR	DUE DATE

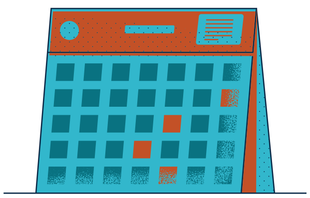


DATE	DEPOSIT AMOUNT

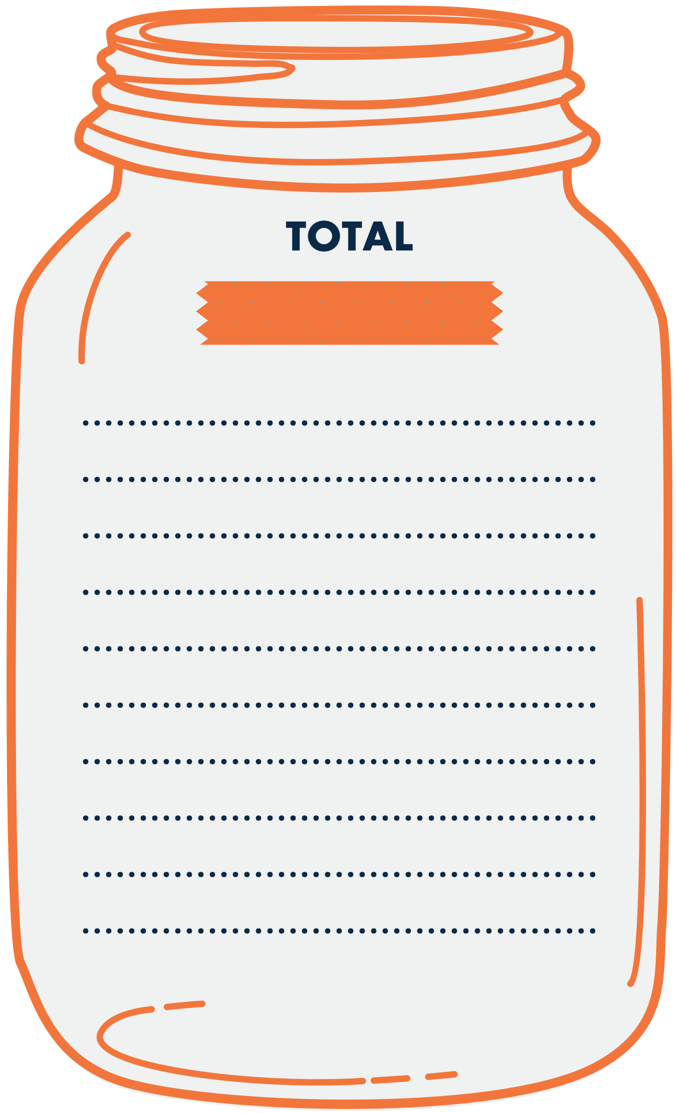


LONG-TERM GOAL

SAVING FOR	DUE DATE



DATE	DEPOSIT AMOUNT



DEBT MANAGEMENT

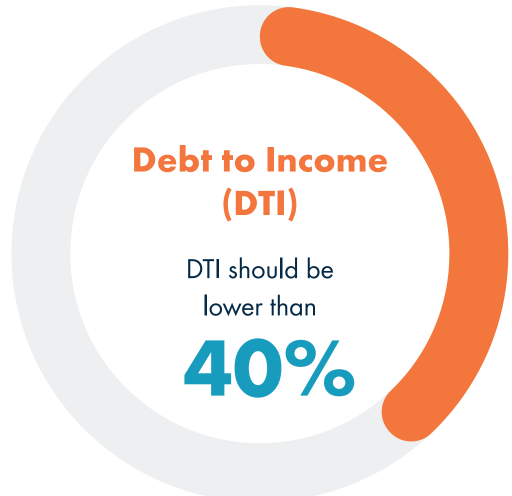
Debt is something that millions of people deal with. Learning how to manage debt is one of the most important things a person can do to improve their financial wellness.

What is Debt?

Debt is the amount of money owed by a person for products or services purchased on credit.

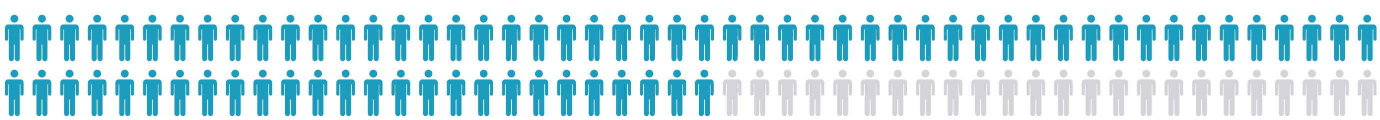
PRINCIPAL (amount originally borrowed)
+ INTEREST AND FEES (amount charged for the loan)

DEBT



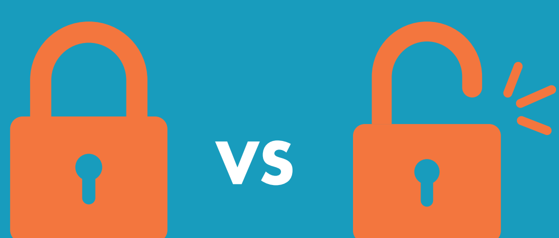
Source: Money Management International

Average Debt



- 77% of American households have at least some type of debt.
- The average American debt is $66,772.

Source: Ramsey Solutions



Interest rates can either be fixed, which means they stay the same during the life of the loan, or variable, meaning they change according to the economy or your credit agreement. Fixed interest rate is usually safer than a variable rate.

DEBT MANAGEMENT

The Avalanche Method

The Avalanche Method focuses on paying off debts that have the highest interest rates first, while paying the minimum payments on the rest of your debts.

Use this method if you want to pay high interest rate debt first because it will end up costing you more in the long run.

The Snowball Method

The Snowball Method focuses on paying off debt with the lowest balance first, while paying the minimum amount due on the rest of your debts.

Use this method if you want to reduce your debt to available credit ratio and give yourself a sense of accomplishment.

DO

- Do negotiate with creditors
- Do get credit counseling
- Do consolidate your debts

DON'T

- Don't close out credit card accounts
- Don't borrow from your retirement plan
- Don't trust debt settlement companies without research
- Don't hide from creditors

TYPES OF CREDIT

There are three different types of credit: revolving credit, open credit, and installment credit. Each form of credit is defined based on how debt is borrowed and repaid, which varies with each type.

Revolving Credit

A type of credit where you can borrow, pay off, and borrow again up to a predefined amount of money.

- Credit Cards
- Home Equity Lines of Credit

Open Credit

Payments are due in full each month, and the amount you have to pay may vary based on your usage.

- Utility Bill
- Cell Phone Bill

Installment Credit

A type of credit where you borrow an amount of money all at once and pay it back in predetermined chunks or installments.

- Car Loans
- Mortgages
- Student Loans

CREDIT SCORE

A credit score is a number lenders use to decide if they should lend you money, how much, and at what interest rate. It reflects your creditworthiness based on your past credit use, including borrowing amounts, payment history, and credit inquiries.

CREDIT SCORE RATING	FICO SCORE RANGE
800-850	Exceptional
740-799	Very Good
670-739	Good
580-669	Fair
580-300	Poor

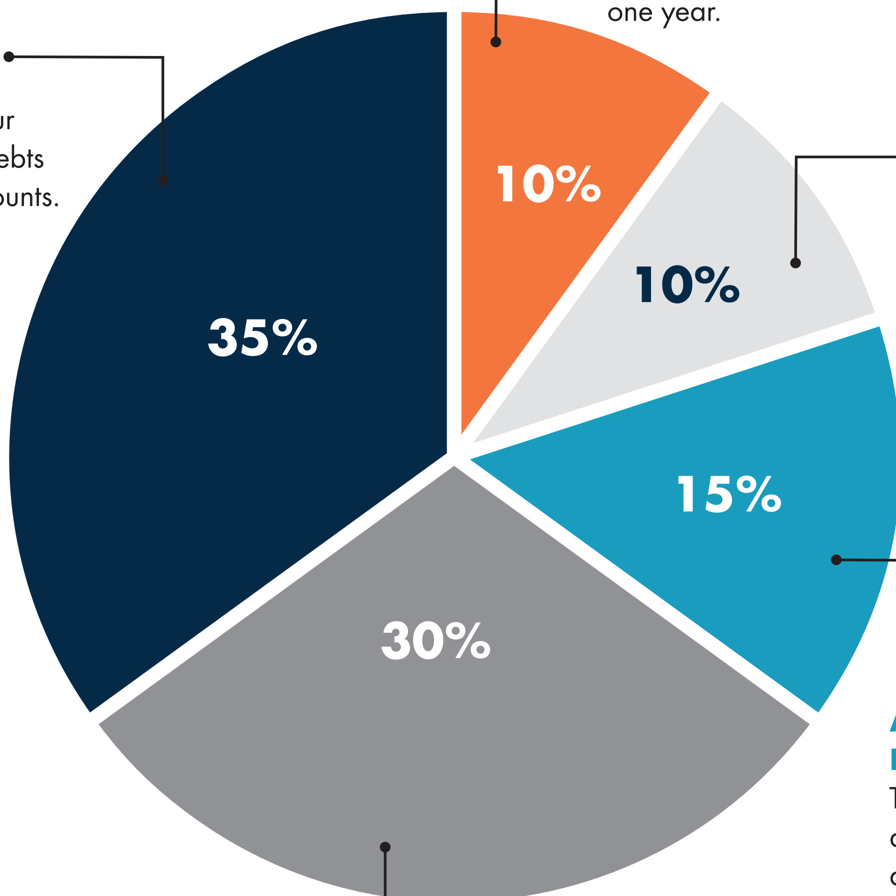
Source: MyFICO

Why is a Good Credit Score Important?

- **Access to Credit:** Easier to qualify for loans, credit cards, and mortgages at favorable interest rates and terms.
- **Lower Interest Rates:** Qualify for lower interest rates on loans and credit cards.
- **Higher Credit Limits:** Lenders may offer higher credit limits.
- **Insurance Premiums:** Some insurance companies use credit scores as a factor in determining premiums for auto, homeowners, and renters insurance.
- **Employment Opportunities:** Employers in certain industries may check credit scores as part of the hiring process.
- **Renting and Housing:** Landlords and property management companies often consider credit scores when evaluating rental applications. Utilities and Services: Utility company, cell phone providers and other service providers may check credit scores when determining whether to approve your application or require a security deposit.
- **Financial Stability:** Maintaining a good credit score demonstrates responsible financial management and stability, which can positively impact your overall financial health.

CREDIT SCORE

What makes up your credit score?



NEW CREDIT
The frequency you apply for credit influences your score one year.

PAYMENT HISTORY
A record of your payments on debts and credit accounts.

MIX OF ACCOUNT TYPES
Different types of credit accounts you have, including mortgages, installment loans, and credit cards.

ACCOUNT LENGTH
The longer an account has been active, the better it is for your credit score.

AMOUNT OWED
The balance of what you owe vs how much credit you have available.