

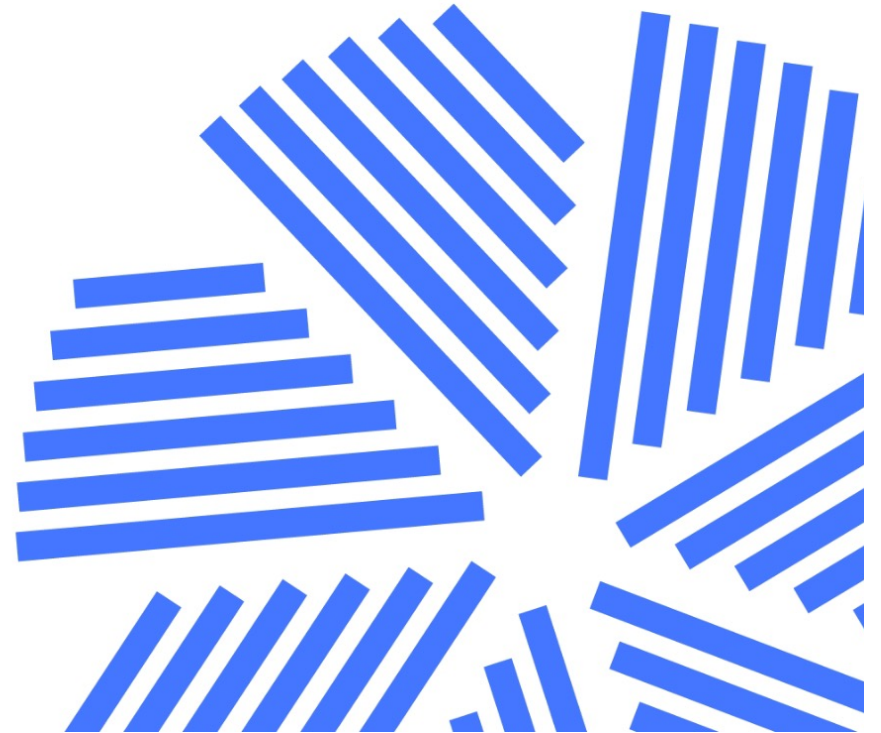


# Financial Wellness

Alliance Name

Volunteer 1

Volunteer 2



# Disclaimer

This presentation is the property of the CFA Society Boston. It may not be copied, duplicated, or disseminated in whole or in part without the prior written consent of CFA Society Boston.

The comments, suggestions, and advice provided in and during this presentation are of the applicable presenter and not of their respective employers or CFA Society Boston, its members, employees, or volunteers.

Please see the additional disclaimer provided at the end of this presentation.





## CFA Society Boston

- Non-profit professional society of over 5,800 investment professionals
- New England's largest investment professional membership organization
- Founded in 1946, CFA Society Boston is a founding society of CFA Institute.



## CFA Institute

- Global association of investment professionals
- Sets the standard for professional excellence and credentials
- Champions ethical behavior in investment markets
- Respected source of knowledge in the global financial community.



CFA Society  
Boston



# Who We Are

Volunteer Name, bio.....

Volunteer Name, bio.....



# What's Financial Wellness?


- ✓ **Health is the most important thing...**
  - ✓ **Physical Health**
  - ✓ **Mental Health**
  - ✓ **Financial Health**
  
- ✓ **Financial Wellness = You can meet current and future financial obligations, feel secure in your financial future and make choices that let you enjoy life!**

4



# Goal: Getting Started Toward Financial Wellness

## AGENDA:

 Purpose and benefits of a budget

 Credit Cards/ Credit Scores

 Make a plan and get started!






Image licensed under creative commons via [Google Image Search](#)

# What is a budget?

A budget is a **spending plan** based on income and expenses over a specific period of time. It is reevaluated on a periodic basis.

It helps you determine...

-  Your sources of income
-  How you are spending your money
-  How much you have left over to save or invest

# Why Budget?

- ✓ Ensures you don't spend money that you don't have
- ✓ Sheds light on bad spending habits
- ✓ Helps you prepare for emergencies
- ✓ Helps you save money for your financial goals
- ✓ Focus on things you Need vs things you Want
- ✓ Most importantly, it is the first step to reaching your financial goals!



# Needs vs Wants

## Need or Want?

Expense	Need?	Want?
Concert Tickets	?	?
Rent	?	?
Electric Bill	?	?
Netflix	?	?
Student Loans	?	?
Groceries	?	?



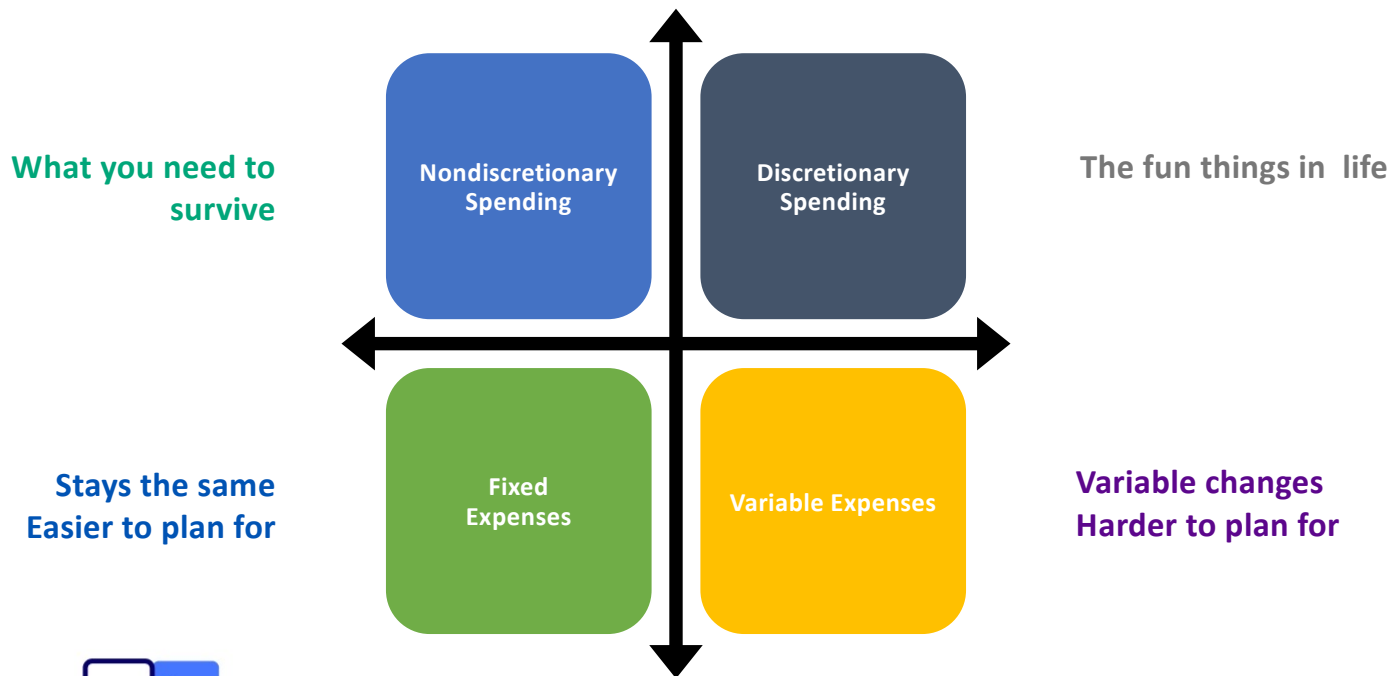
# Needs vs Wants

## Need or Want?

Expense	Need?	Want?
Concert Tickets		✓
Rent	✓	
Electric Bill	✓	
Netflix		✓
Student Loans	✓	
Groceries	✓	



# Terminology



# Budgeting Exercise

Item	Discretionary or Nondiscretionary?	Fixed or Variable?
Clothing	?	?
Groceries	?	?
Electric bill	?	?
Uber/Lyft	?	?
Restaurants/Takeout	?	?
Netflix	?	?
Student Loans	?	?
Credit Card	?	?



# Budgeting Exercise

Item	Discretionary or Nondiscretionary?	Fixed or Variable?
Clothing	<b>It Depends</b>	Variable
Groceries	Nondiscretionary	Variable
Electric bill	Nondiscretionary	Variable
Uber/Lyft	<b>It Depends</b>	Variable
Restaurants/Takeout	<b>It Depends</b>	Variable
Netflix	Discretionary	Fixed
Student Loans	Nondiscretionary	Fixed
Credit Card	Nondiscretionary	Variable

**Sometimes expenses can be both discretionary & nondiscretionary – it can depend on your own circumstances. It is ok to be flexible!**



# Budgeting Tips



A lot of things can get in the way!



- List the most important expenses 1st
- Identify Needs vs Wants
- Pay Yourself First — Tuck away some money for emergencies
- Before Charging — 24-Hour or 30-Day Rule
- Monitor your progress frequently

# What is Credit?

**The ability of a customer to obtain the goods or services you want now by promising to pay for them later at a financial cost.**

# Types of Borrowing



Image by katemangostar from Freepik



## Best Practices

- Always pay full balance every month
- Pay bill before due date if possible
- Use automatic payments to avoid late fees
- Don't use full credit limit
- Keep it simple - have no more than 2 credit cards
- Use card for specific purpose, not everyday spending



# Debit vs. Credit Cards – Which is Best for You?

## Debit (tied to your bank acct)

- Immediate payment/ATM
- Avoid debt
- Avoid annual fees
- Spend within your means
- Limited fraud protection

## Credit

- Pay after a grace period
- Build credit record
- Qualify for rewards/benefits
- Expand spending capacity
- Robust fraud protection (max liability \$50)



## PURCHASING A CELL PHONE WITH CREDIT CARD \$500

Time to pay off Months	Monthly Payments*	Total Amount Paid	Interest Paid
Immediately	\$0	<b>\$500</b>	0
3	\$173.40	<b>\$520.10</b>	\$20.10
6	\$89.30	<b>\$535.60</b>	\$35.60
9	\$61.30	<b>\$551.30</b>	\$51.30
12	\$47.30	<b>\$567.40</b>	\$67.40

\*24% - Annual Percentage Rate



# Important Things to Think about before Borrowing

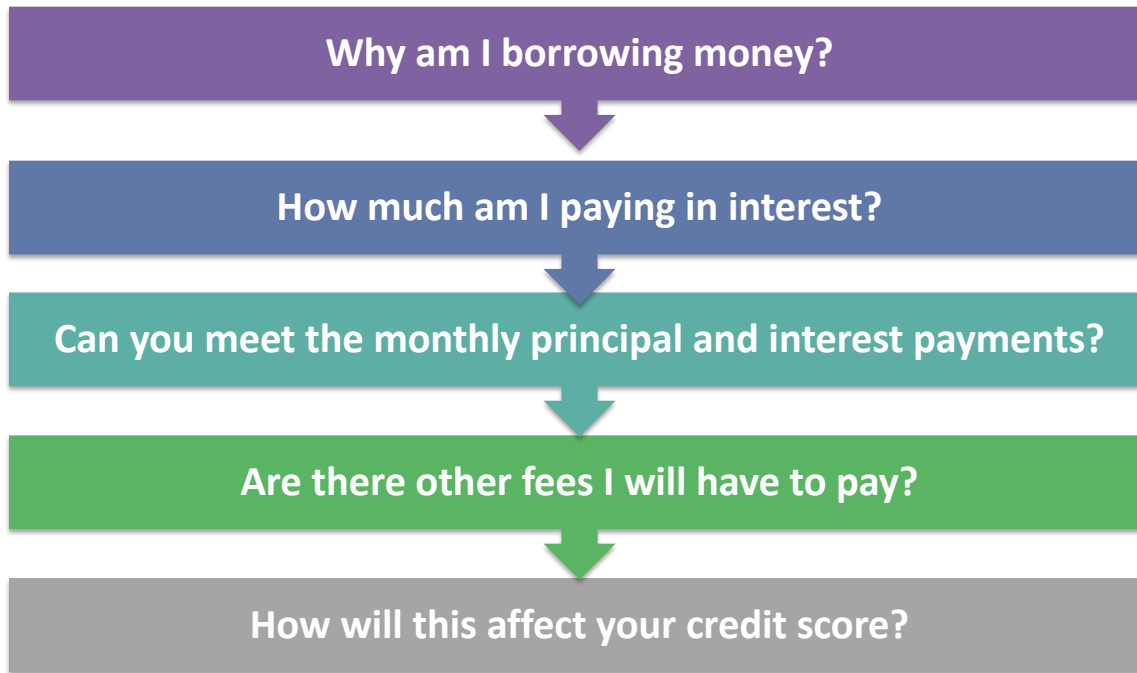


Image by [Patrick Pascal Schaub](#) from [Pixabay](#)

# Credit Score

A numeric score based on information in your credit report

Information comes from major credit bureaus (Experian, Equifax, and TransUnion)

Credit Score	Credit Rating
800 and Above	Exceptional
740-799	Very Good
670-739	Good
580-669	Fair
580 and Below	Poor



Source: [MyFICO.com](http://MyFICO.com)



True or False:

- The borrower with a high credit score will be eligible for a lender's best (cheapest) interest rate.

## How Credit Score Affects Borrowing \$10,000 for 5 years

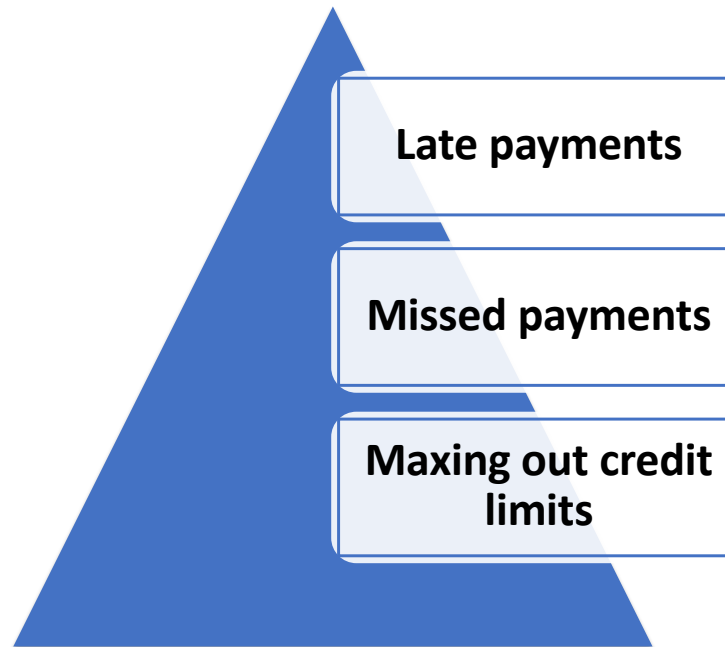
Credit Score	*APR	Monthly Payments	Difference in Monthly	Total Amount Paid	Amount over \$10,000
Exceptional 800 >	5%	\$188.70	\$0	\$11,322	\$1,322
Very Good/Good 670 - 799	10%	\$212.50	\$23.80	\$12,750	\$2,750
Fair 580 – 669	20%	\$264.90	\$76.20	\$15,894	\$5,894
Poor Below 580	25%	\$293.50	\$105.40	\$17,760	\$7,760

\*APR – Annual Percentage Rate

Source: [MyFICO.com](http://MyFICO.com), [Nerdwallet.com](http://Nerdwallet.com)

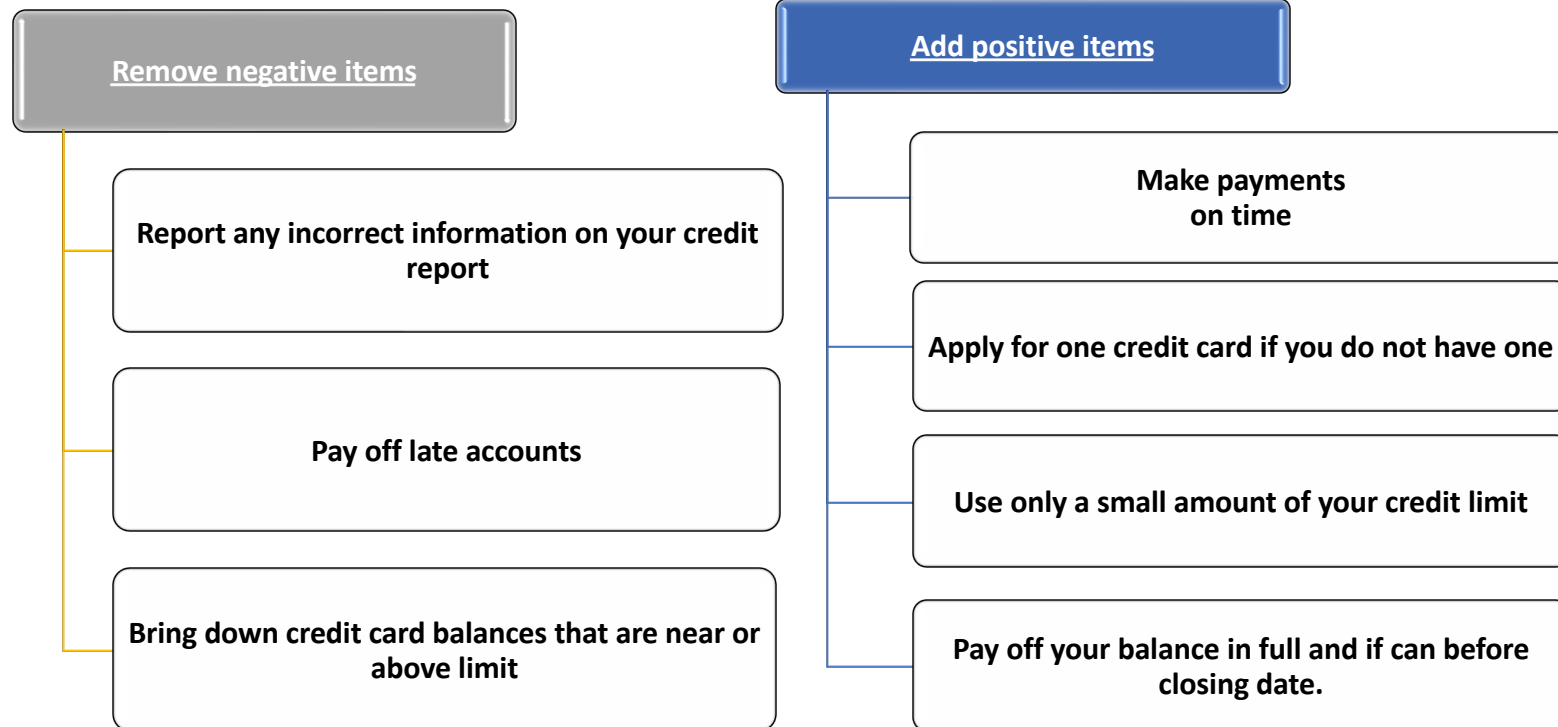


# Things that Hurt your Credit Score



Poll question: What helps establish good credit?

# How to improve your credit score



- Best practice: Pay credit card balances off in full every month!
- If you fall behind, pay down your balances as soon as you can.



# Pros & Cons of Borrowing



Convenience and protections

Build credit history



Pay interest

Managing it poorly = bad credit score

Spending more than you earn also hurts your future

# Takeaways

Credit cards are convenient but involve risks

Use debt wisely and for items that you need vs want

All types of borrowing affect your credit score -> be cautious

Your credit score affects your ability to borrow and your interest rate

# Financial goals: list your goals!

Buy a car

Buy a House

Pay off Debt

Education

Emergency Savings

Stable Housing

# TIMING YOUR Financial goals



## Short Term 0-3 years

- Pay off credit card debt
- Build emergency savings (e.g., 3-6M take home pay)
- Vacation



## Intermediate Term 3-7 years

- Buy/lease a car
- Take a nice vacation



## Long Term 7+ years

- Down payment on a house
- Pay off student loans
- Retirement (401(k), IRA)



# Conclusion: MAKE A PLAN & GET STARTED!



Purpose and benefits of a budget



Credit Cards/ Credit Scores



Saving/ Investing/ Retirement



Image licensed under creative commons via [Google Image Search](#)

# Q & A Session

How can we help?



CFA Society Boston  
[www.cfasociety.org](http://www.cfasociety.org)  
617-426-0270



# Disclaimer

This proprietary presentation is provided for general informational purposes only and was prepared based on the current information available, including information from public and other sources that have not been independently verified. No representation or warranty, express or implied, is provided in relation to the accuracy, correctness, appropriateness, completeness or reliability of the information, opinions, or conclusions expressed in the presentation and by the presenters.

Information in this presentation should not be considered as a recommendation or advice to own any specific asset class. This presentation does not take into account your needs, personal investment objectives, or financial situation. Prior to acting on any information contained herein, you should consider the appropriateness for you and consult your financial professional. All securities, financial products, and transactions involve risks, including unanticipated market, financial, currency, or political developments. Past performance should not be seen as a reliable indication of future performance and nothing herein should be construed as a guaranty of results.

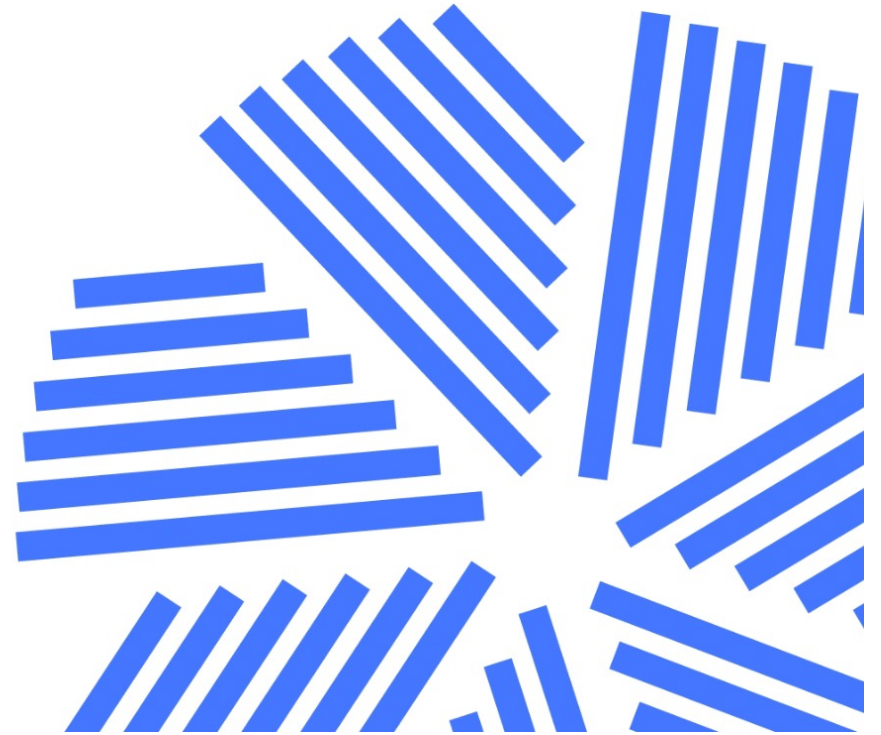
This presentation is not, and nothing in it should be construed as, an offer, invitation or recommendation of any specific financial services company or professional, or an offer, invitation or recommendation to sell, or a solicitation of an offer to buy, any securities in any jurisdiction.





# Thank You

[www.cfaboston.org](http://www.cfaboston.org)



# About CFA Society Boston Financial Literacy Program

## Who We Are

CFA Society Boston is dedicated to putting investors first and raising ethical standards within the investment profession. We unite Boston's investment community and provide a forum for collaboration, education, and innovation. Originally called the Boston Security Analysts Society, Inc., we are a non-profit professional society founded in 1946. In 2017, we became CFA Society Boston. More than 6,000 investment professionals locally and globally are members of CFA Boston, representing over 650 investment firms. 96 percent of CFA Boston members hold the Chartered Financial Analyst designation from CFA Institute.

## Our Financial Literacy Mission

This community outreach program aligns with non-profit groups to reach a wide variety of audiences, from late high school onward. Since its inception in 2014, the initiative has touched thousands of people, partnered with over 30 organizations, and currently has over 30 active volunteers. This community outreach program makes valuable financial literacy content available to the general investing public through collaboration with our alliance partners. The initiative addresses issues such as Personal Finance, Basics of Investing, Retirement, Bonds vs. Equities, Choosing a Bank, and more.

## How it Works

This community outreach program aligns with non-profit groups to reach a wide variety of audiences, from late high school onward. Since its inception in 2014, the initiative has touched thousands of people, partnered with over 30 organizations, and currently has over 30 active volunteers. This community outreach program makes valuable financial literacy content available to the general investing public through collaboration with our alliance partners. The initiative addresses issues such as Personal Finance, Basics of Investing, Retirement, Bonds vs. Equities, Choosing a Bank, and more.





## How to Partner with the CFA Society Boston Financial Literacy Program

### What CFA Society Boston Commits To

- Provide neutral, expert presenters
- Set up and present topics
- Supply the presentation / activity
- Bring a laptop and materials
- Be experienced in presenting in-person and in a virtual setting

### What Your Organization Commits To

- Provide the audience and venue, either in-person or virtual
- Promote the event onsite, local newspapers and website
- Make a projector or USB connection available
- Briefly introduce presenter(s) Complete a post offering survey

For more information on how CFA Society Boston can partner with you visit [www.cfaboston.org/financialliteracy](http://www.cfaboston.org/financialliteracy) or email [finlit@cfaboston.org](mailto:finlit@cfaboston.org).

