Welcome!

I have over 15 years of financial services experience, with 8 of those years being spent in the credit union industry. I primarily serve the University of Maryland College Park faculty, staff and students, as well as Prince Georges County and the City of College Park businesses and residents. I take pride in providing a consistent exceptional and seamless experience while serving new and existing members by educating them with the benefits of establishing a financial relationship with SECU.
Financial Conversations to have with your Terp

Our focus today will be a sharing of best practices around key financial topics to keep top of mind post-college life. Specifically:

1. Budget Development
2. Building and Maintaining Credit
3. Loan Repayment
4. Effectively Managing Credit Cards
What is a Budget?

We know that financial goals are specific to what you plan to do with your money within a certain period of time. Introduce SMART financial goals to your Terp upon obtaining their job offer – don’t let them wait for their first paycheck.

Remind them to not just think about “I want to payoff my student loans”. Rather help them consider: “I would like to buy a car, I would like to own a home, I would like to purchase an iPad”, etc. They should:

- Be **Specific**
- Have **Milestones**
- State the **Action** to be taken
- Be **Realistic**
- Have a **Timeframe**
How to track expenses for an effective Budget?

Nowadays we want to rely solely on technology, however, it is true that we must still take ownership of ensuring accuracy. Encourage your Terp to track their spending thorough these methods:

- Receipt method
- Envelope method
- Calendar/Notebook method
- Checkbook method
- Computer method
- Mobile App
- Internet Banking
Building and Maintaining Credit

Credit: Who is FICO?

The ability to buy/have something now and pay for it later. How can lenders know if you will pay back a loan, credit card, financing, a service, etc.?

The 4 C's of Borrowing

- Credit
- Capacity
- Collateral
- Character

FEARLESS IDEAS
Debt To Income (DTI) Ratio!

The desired DTI ratio is between 37-42 percent. This gives your Terp an idea of how to balance the amount of money they are making to what they owe to others. All financial institutions and lenders use this as one factor when making a decision on future loan applications.

### Examples of Expenses:
- Car payment
- Medical Co-Pays
- Insurance
- Cell Phone Bill
- Cable/TV
- Credit cards
- Student Loans

### Examples of Income:
- Wages
- Interest
- Public assistance
What are the options for loan repayment?

Encourage your Terp to streamline the bill payment process and ensure that they are paid on time by doing the following:

- Auto Pay
- Bill Pay
- Payroll deduction
- Frequency options; biweekly, monthly, semi-annual, etc.
Effectively Managing a Credit Card
# The Impact of Having Credit Cards!

<table>
<thead>
<tr>
<th><strong>What is a Credit Card?</strong></th>
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<tbody>
<tr>
<td>• Unsecured loan</td>
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<tr>
<td>• Convenient form of borrowing</td>
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<th><strong>Features of a Credit Card</strong></th>
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<tr>
<td>• Revolving</td>
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<td>• Minimum monthly payment; flexibility</td>
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<td>• Variable rate</td>
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<th><strong>Benefits of a Credit Card</strong></th>
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<tr>
<td>• Peace of mind</td>
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<td>• Rewards</td>
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<tr>
<td>• Build’s Credit</td>
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<tr>
<td>• Convenient form of borrowing</td>
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<tr>
<th><strong>Types of Credit Cards</strong></th>
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<tr>
<td>• Secured</td>
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<td>• Student</td>
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<tr>
<td>• Store</td>
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<td>• Rewards etc.</td>
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Credit Score Matters

A Credit Score is:

- A number that predicts a person’s risk – how likely will they repay what they borrow
- Scores range from 300 to 850

Takes into account:

- Payment history
- Outstanding debt
- How long they’ve had credit
- New applications for credit
- Types of credit (those student loans count)
Reduce Debt

- Pay off highest interest debt first
- If holding saving, pay off high debt
- Ask for lower rates on current credit cards
- Consider debt consolidation (consult advisor)
Best Practices to Do More?

- Carry small amounts of cash to limit spending
- Avoid excessive shopping
- Buy only what they need vs. what they want
- Use a grocery shopping list to prevent impulse buying
- Instead of eating out, pack as much at home
- Use direct deposit, split direct deposit and payroll deduction for your paycheck

- Highest interest debt first
- If holding saving, pay off high debt
- Ask for lower rates on current credit cards
- Consider debt consolidation (consult advisor)
- Control use of their credit cards (remember DTI)
- Pay their bills on time to avoid late fees, extra finance charges, bad credit, etc.
Questions?