



**HARVARD UNIVERSITY  
EMPLOYEES CREDIT UNION**



# Household Finances Simplified

Presented by:

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# “Empowering people to lead financially healthy lives.”



**FINANCIAL  
ASSESSMENTS**



**HOUSING  
COUNSELING**



**DEBT  
MANAGEMENT**

# Agenda



- Set a Foundation
- Know the Numbers
- Understand and Use Behavioral Science
- Tips for Communicating

# What is Financial Wellness?



# Financial Wellness



- Feel in control of day-to-day finances
- Capacity to absorb shock
- Able to meet financial goals
- Flexibility to make choices

Source: Consumer Financial Protection Bureau

# Set a Foundation



- Where are you now?

# Set a Foundation



- Where are you now?
  - With whom do you manage finances?
  - How are the finances managed?
  - How often do you communicate about money?

# Set a Foundation



- Where are you now?



# Set a Foundation



- Where are you now?
- Financial Fitness Checklist

# Financial Fitness Checklist



# Financial Fitness Checklist



1. I pay the rent/mortgage and utility bills on time.

# Financial Fitness Checklist



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2. I plan ahead for periodic expenses such as taxes and insurance.

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4. I check all three of my credit reports every year.

# Financial Fitness Checklist



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2. I plan ahead for periodic expenses such as taxes and insurance.
3. I set goals and budget for my net income.
4. I check all three of my credit reports every year.
5. I save a portion of my income every month.

# Set a Foundation



- Where are you now?
- Financial Fitness Checklist
- Money Personality



# Money Personality



<b>Saver</b>	Likes to save, budget, and prioritize
<b>Spender</b>	Likes to spend
<b>Planner</b>	Likes the “nitty-gritty,” takes it one-step-at-a-time
<b>Dreamer</b>	Hatches passionate schemes, but may lack ideas on how to make it a reality
<b>Merger</b>	Wants to pull all of the couple’s money together
<b>Separatist</b>	Wants at least some of his/her own money

# Set a Foundation



- Where are you now?
- Financial Fitness Checklist
- Money Personality

# Know the Numbers



- Have a budget / spending plan
  - Monthly plan, written down
    - Include all income and expenses for which you are responsible

# Budget Example

Category	Amount	Automate
Mortgage	\$1,200	
Gas/electric	\$150	
Cell phone	\$100	
Cable/internet	\$75	
Food/Household Items	\$800	
Life Insurance	\$100	
Childcare	\$700	
Car insurance	\$75	
Gasoline	\$100	
Various Savings Goals	\$200	



# Know the Numbers

- Find a tool to manage the budget
  - Worksheet/spreadsheet
  - Online banking
  - Apps
- Make changes as variables change



# Evaluate your Costly C's



# Coffee





**Coffee**



**Cell Phone**

**Coffee**



**Cell Phone**

**Cable**

**Coffee**



**Cell Phone**

**Cable**

**Car**

**Coffee**

**Carry-out**



**Cell Phone**

**Cable**

**Car**

**Coffee**

**Carry-out**



**Cell Phone**

**Cable**

**Car**

**Cigarettes**

**Coffee**



**Carry-out**

**Clothes**

**Cell Phone**

**Cable**

**Car**

**Cigarettes**

**Coffee**



**Carry-out**

**Children**

**Clothes**

**Cell Phone**

**Cable**

**Car**

**Cigarettes**

**Coffee**



**Carry-out**

**Children**

**Clothes**

**Cell Phone**

**Cable**

**Car**

**Children**

**Cigarettes**



**Coffee**



**Carry-out**

**Children**

**Clothes**

**Cell Phone**

**Cable**

**Car**

**Children**

**Cinema**

**Cigarettes**



<b>“Costly C”</b>	<b>Daily</b>	<b>5xWeek</b>	<b>Monthly</b>	<b>Yearly</b>
<b>Carry-out</b>	<b>\$7.50</b>	<b>\$37.50</b>	<b>\$150</b>	<b>\$1,800</b>
	<b>Daily</b>	<b>3xWeek</b>	<b>Monthly</b>	<b>Yearly</b>
<b>Carry-out</b>				



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<b>Carry-out</b>	<b>\$7.50</b>	<b>\$22.50</b>	<b>\$90</b>	<b>\$1,080</b>



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**Savings = \$720/year**

# Know the Numbers – Save!



- Pay yourself first
  - Save for emergencies
  - Save for future goals or expenses (ex: sinking funds)

**\$200**



**\$50**  
**Emergencies**

**\$50**  
**House maintenance**

**\$50**  
**Car/maintenance**

**\$50**  
**House Upgrades**



# Know the Numbers - Proactively Manage Debt



## Solutions:

- Pay more than the minimum payment
- Refinance
- Debt Consolidation Loan
- Debt Management Plan

# Simplify and Automate





# Simplify and Automate



- Sign-up for eStatements

# Simplify and Automate



- Sign-up for eStatements
- Use one debit or credit card for purchases

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- Automate expenses

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- Sign-up for eStatements
- Use one debit or credit card for purchases
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- Automate savings

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Car insurance	\$75	
Gasoline	\$100	
Various Savings Goals	\$200	

# Budget Example

Category	Amount	Automate
Mortgage	\$1,200	X
Gas/electric	\$150	X
Cell phone	\$100	X
Cable/internet	\$75	X
Food/Household Items	\$800	
Life Insurance	\$100	X
Childcare	\$700	
Car insurance	\$75	X
Gasoline	\$100	
Various Savings Goals	\$200	X

# Understand and Use Behavioral Science



What factors (internal or external) influence our financial decisions?

# Pre-commitment



Consequences and roadblocks you set up to keep yourself on track. These are temptation busters.

## **Tips:**

- Automatic savings deduction
- Set-up automatic payments
- Use cash or prepaid cards



# Scarcity



People are motivated by a shortage.

## **Tips:**

- What is the “source” of the scarcity?
- Balance needs vs. wants

# Tunneling



If it's an emergency, we can only think about the emergency.

## **Tips:**

- Try to see the big picture
- Get an objective opinion

# Lack of Self-Control



In general, people have a hard time deciding between doing what's good for themselves in the future and doing what feels good right now.

## **Tips:**

- Change habits
- Set-up pre-commitment safeguards
- Use cash or prepaid cards

# Tips for Communicating



- Discuss goals
- Verbalize what you need/expect
- Create a system where everyone can be involved
- Regularly check in

# Actions



- Have a budget / spending plan
- Create a communication plan
- Use behavioral science
- Utilize resources

# Utilize Resources



## THRIVE with HUECU

### Workshops

HUECU holds free workshops for our community throughout the year! A number of workshops are available in Spanish as well.

[LEARN MORE](#)

### Financial Counseling

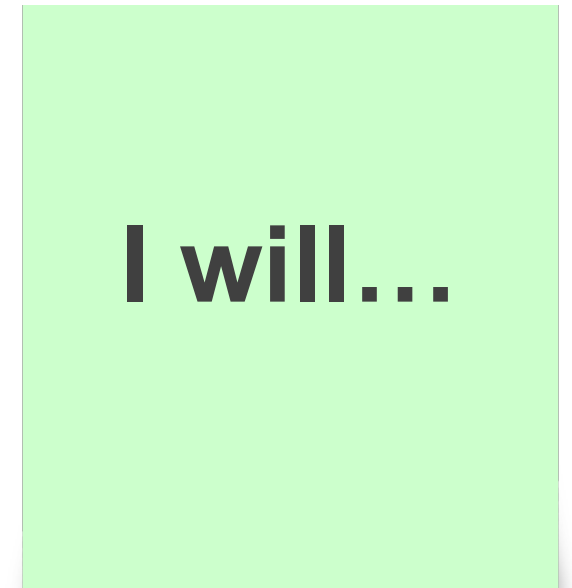
HUECU members have access to free budget, debt repayment, credit and federal student loan counseling through our partners at GreenPath Financial Wellness.

[LEARN MORE](#)

### Blog

HUECU's blog provides valuable content relating to everything from home buying to understanding your credit score. New blog posts are added weekly!

[LEARN MORE](#)





# Thank you!



**1-877-337-3399**

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